

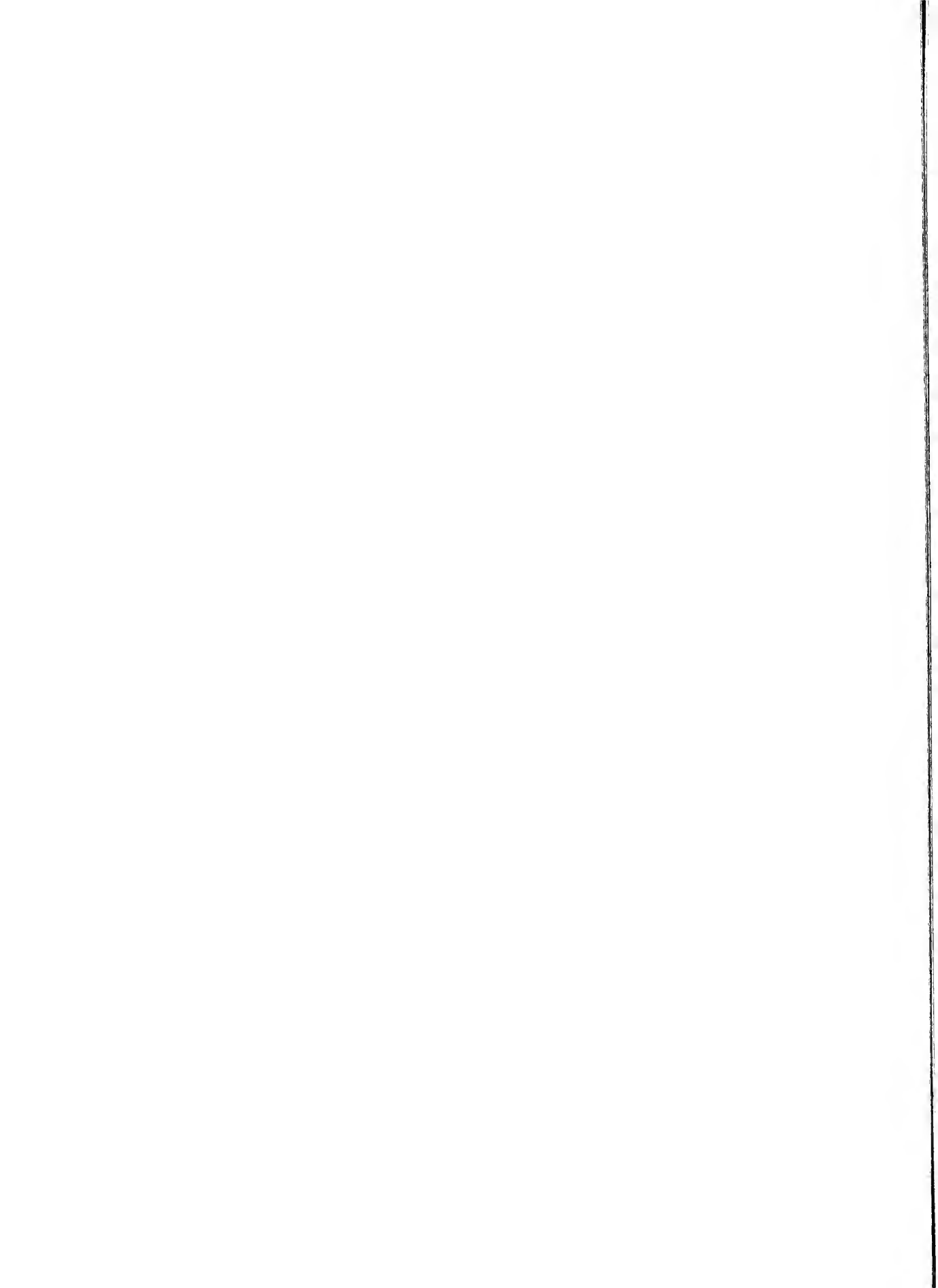


The page contains extremely faint and illegible text, likely bleed-through from the reverse side of the document. The text is scattered across the page and is not readable.

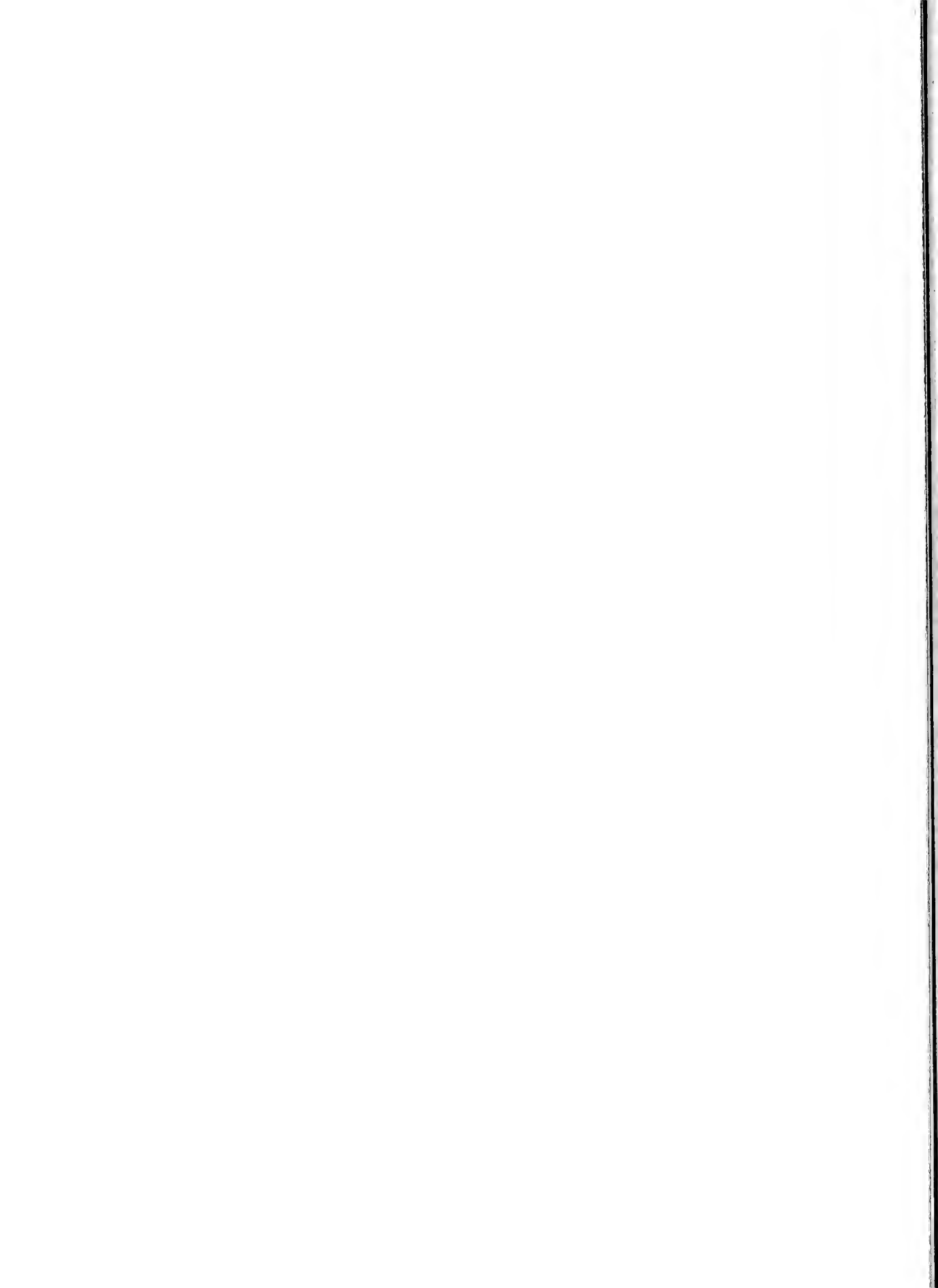
No. \_\_\_\_\_











Rev Doc

THE OFFICIAL WEEKLY RECORD OF UNITED STATES FOREIGN PO.

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

Vol. LVIII, No. 1488



January 1, 1968

WORLD TRADE AND FINANCE AND U.S. PROSPERITY

*Address by President Johnson 6*

THE FUTURE WORK PROGRAM OF GATT

*Statement by William M. Roth, Special Representative for Trade Negotiations 13*

UNITED STATES URGES RENEWED DEDICATION  
TO U.N. PEACE AND SECURITY ACTIVITIES

*Statement by Congressman L. H. Fountain  
in the U.N. Special Political Committee 20*

1967—A PROGRESS REPORT

*Address by Secretary Rusk 1*

*For index see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

Vol. LVIII No. 1488  
January 1, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

**PRICE:**

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

BOSTON PUBLIC LIBRARY



# 1967—A Progress Report

*Address by Secretary Rusk<sup>1</sup>*

It is a privilege to address this great organization which represents the management of so much of the tremendous productive capacity of the United States. In Washington we are keenly aware that both the living standards of our people and our security as a nation depend crucially on American industry.

I think that the most useful thing I can do on this occasion is to review some of the international developments of 1967. This has been a year of considerable pain and violence. I don't need to call the unhappy events to your attention—the news media have reported them hour by hour.

But 1967 has also been another kind of year: one of constructive developments, some of them momentous, others highly promising.

These include:

—The successful conclusion of the Kennedy Round negotiations, the most far-reaching assault ever made on barriers to international trade.

—Adoption by the International Monetary Fund of a plan for special drawing rights, an important step toward assuring adequate monetary reserves to support continuing expansion of international trade.

—The IMF loan to Britain in connection with the devaluation of sterling; and the gold pool, through which leading Western Powers helped to maintain orderly markets for gold and foreign exchange following sterling devaluation.

—Agreement by the Presidents of the Latin American Republics to move toward economic integration in the next decade, one of the most

important collective decisions our friends to the south have ever made.

—Modernization of the Charter of the Organization of American States.

—An agreement on the principles of temporary tariff advantages for developing countries, reached by the 21 members of the Organization for Economic Cooperation and Development.

—Agreement on the principles of an International Cocoa Agreement.

—The other 14 members of NATO dealt successfully with the problems arising from the French withdrawal:

a. We and our allies met the French request to close all foreign military installations in France by April 1. SHAPE and other key military headquarters were efficiently transferred to new sites in Belgium, the Netherlands, and Germany.

b. The North Atlantic Council and the Military Committee were located in Brussels in October.

—NATO made significant advances in planning:

a. The Fourteen agreed on a new strategic concept which incorporates a flexible response and thus better reflects a policy of credible deterrence, the current threat, and Allied capabilities.

b. Two new bodies were established to coordinate nuclear planning within NATO.

c. The NATO Defense Planning Committee completed work on an agreed force plan for 1968-72, a plan which we expect will be adopted at the NATO ministerial meeting next week.

d. We and our allies examined some basic questions about the North Atlantic alliance,

<sup>1</sup> Made before the National Association of Manufacturers at New York, N.Y., on Dec. 6 (press release 281).

particularly future political tasks, including relations with the Soviet Union and Eastern Europe.

—The threat of war between Greece and Turkey over Cyprus was relieved, with the help of mediation by the Secretary General of NATO, a representative of the Secretary-General of the United Nations, and a personal representative of our President.

—The war in the Near East was halted in 4 days without the intervention of great powers.

—An agreement on the Yemen was reached between Saudi Arabia and the United Arab Republic after 5 years of strife which threatened to embroil them and other nations in war.

—Voices of moderation gained ascendancy in the councils of the Organization for African Unity.

—The African Development Bank made its first loan.

—There was further progress in subregional cooperation in Africa—for example, by the creation of the new East African Community.

—Castro's efforts to promote guerrilla warfare and subversion in the Western Hemisphere suffered sharp reverses in Bolivia, Venezuela, and elsewhere.

—The space treaty was ratified and went into effect—bringing under a regime of law the marvelous enterprises of man in reaching out from his earthly home, attempting to assure that these activities will be peaceful and not become a deadly threat to the human race.

—The Soviet Union and the United States made substantial progress toward an agreed draft of a nonproliferation treaty.

—In our bilateral relations with the Soviet Union:

a. We ratified the Consular Convention; the Soviet Union has not yet done so.

b. Progress was made in arranging for the inauguration of commercial air service between Moscow and New York.

c. Agreement was reached on new embassy sites in Moscow and Washington.

—We made some progress in improving relations with a few of the smaller East European nations.

—A major Water for Peace Conference, held in Washington, gave new impetus to important cooperative undertakings which cut across ideological and national frontiers to serve fundamental needs of man as man.

—The war on hunger gained momentum as various developing nations became more sharply aware that they must greatly intensify their efforts to increase food production and must also come to grips with the population side of the equation.

—The Chamizal agreement between Mexico and the United States approved changes in boundaries, thus ending a century-old dispute.

—Our economic aid program to Iran was terminated because, after 15 years, it had achieved its goal: to help Iran to attain self-sustaining growth. Indeed, the economic and social progress of Iran under the Shah's "white revolution" is one of the great success stories of our time.

### Building a Structure of Peace

I have cited more than 25 important constructive developments in 1967. And I have not yet mentioned any in East Asia and the Pacific. I'll come to those in a moment.

But first I would emphasize that these promising developments were only a part of what was accomplished during 1967 to further the interests and security of the United States, to facilitate the affairs of mankind which require international arrangements, and to build a prosperous, stable, and peaceful world.

We participate in more than 50 international institutions and programs. We belong to several regional associations and institutions. We have more than 40 allies. During 1967 we took part in some 600 multilateral international conferences concerned with promoting economic, social, and cultural cooperation. During the year we signed new international agreements dealing with such diverse subjects as atomic energy, telecommunications, aviation, avoidance of double taxation, investment guarantees, claims, fisheries, defense, cultural exchanges, and the Peace Corps. During the year the Senate has given its advice and consent to 25 treaties, including amendments to the Safety of Life at Sea Convention, which provide for better fire protection of ships, and a convention consolidating and strengthening nine existing treaties regarding narcotic drugs.

Constructive tasks—most of them little noticed in the general news—comprise the bulk of the work of the Department of State. They account for the great majority of the 1,000 telegrams we receive daily and the equal number we send out and for most of the much larger

volume of official communications that go by mail.

Bit by bit, we are building a structure of peace. That is our goal: a lasting peace that is safe for ourselves and all others who believe in freedom.

Indeed, the consequences of another great war would be so catastrophic that the first question that we must ask about everything that we do or consider in the international arena is: Will it contribute to, or diminish, the prospects of achieving a lasting peace?

### **The Pacific and East Asia**

I turn now to major developments of 1967 in the Pacific and East Asia.

Naturally, our attention has been centered on Viet-Nam. But there were important developments elsewhere in East Asia and the Pacific. These included:

—Political, economic, and social progress in most of the non-Communist countries—in some, with dramatic speed.

—Further easing of some longstanding international tensions: for example, between Indonesia and its neighbors and between Japan and the Republic of Korea.

—Further advances in regional and sub-regional cooperation.

—Further strengthening of our relations with all but one of the non-Communist nations of the area.

—Continuing difficulties within Communist China.

—Rising confidence in the future in the non-Communist nations.

That the new Japan has made remarkable economic progress is well known. But I doubt that its full dimensions are widely realized.

In 17 years Japan's gross national product has grown from \$11 billion to more than \$100 billion—which is more than that of Communist China, with more than seven times Japan's population. At present relative rates of growth, Japan will soon be third in the world in GNP, trailing only the United States and the Soviet Union.

In 1950 per capita income in Japan was \$113. In 1960 it was \$360. This year it is tentatively estimated at \$818.

The economic growth of Japan has had a major impact on our trade. In 1960 our trade with Japan amounted to \$2.5 billion; in 1966

it was nearly \$5.5 billion. Japan has become our largest customer for agricultural products. Its economic growth has also enabled it to enlarge its assistance to developing nations. Last year this assistance amounted to about \$550 million; and increasingly we find Japan matching our contributions to major aid programs in Asia.

It is especially gratifying that Japan's rise to new heights of productivity has been achieved by peaceful means under democratic institutions and a system of free enterprise. The rise of this thriving democracy from the ashes of the Second World War is a triumph for the intelligence and industriousness of the Japanese people and for their wise choice of leaders. It also reflects some fundamental decisions by the United States—first of all, the decision to seek a peace of reconciliation, made by President Truman in 1950 and carried out in its initial stages by two of my distinguished predecessors, Dean Acheson and John Foster Dulles.

The policy of reconciliation and cooperation has been carried forward under Presidents Eisenhower, Kennedy, and Johnson. Our working relations with Japan have been steadily strengthened and broadened. This year the Joint Cabinet Committee of our two nations held its sixth meeting. And the distinguished Prime Minister of Japan, Eisaku Sato, has just paid us another visit. We are proud to have the great Japanese democracy as a friend and a partner on a basis of equality and mutual respect.

### **Economic Progress**

Looking at some of the other non-Communist countries in East Asia and the Pacific, we see:

*The Republic of Korea*—another success story. After growing at about 5 percent annually over most of the decade, its GNP rose by over 8 percent annually for 2 years and by 12 percent last year. Since 1963 a rise in industrial production of 43 percent, and in exports from \$87 million to \$250 million.

The Republic of Korea has not forgotten that when it was the victim of a Communist aggression, the United States and other free-world countries sent military forces to assist it. It is now a major contributor to the security of free Asia. Its troops stand shoulder to shoulder with ours on the north Asian rampart of the free world. And it has sent to South Viet-Nam two Army divisions and a Marine brigade—

49,000 superb troops. As President Park has said, Korea "knows how to requite an obligation." And, as he has said also, it is fighting in Viet-Nam "because in our belief any aggression against the Republic of Viet-Nam represented a direct and grave menace against the security and peace of Free Asia and, therefore, directly jeopardized the very security and freedom of our own people."

*The Republic of China:* Since 1956 its agricultural sector, although already highly developed, has increased by about 4.5 percent annually; while its industrial production has increased by an average of 12 percent a year and its exports by an average of 17 percent. In 1965, on the judgment that the economy of Taiwan had attained self-sustaining growth, we terminated our 15-year-old economic aid program. More and more observers from other countries are going to Taiwan to learn how its remarkable advances have been achieved. And it is now providing technical assistance to 23 developing countries in Asia, Africa, and Latin America. Its own progress contrasts sharply with mainland China, where the standard of living has declined over the past decade.

*The Republic of the Philippines:* The growth rate eased off in the early 1960's, but the Marcos administration is making noteworthy progress with a program concentrating on rice production and roadbuilding.

New rice strains are coming into use. They were developed at the International Rice Research Institute at Los Baños, organized in 1960 by the Ford and Rockefeller Foundations in cooperation with the Government of the Philippines. These new strains, combined with new techniques, including proper use of fertilizers and pesticides, are increasing production dramatically.

The Philippines has responded to the request for help from the Republic of Viet-Nam by sending a 2,000-man military engineering unit and other assistance.

*Thailand*—an annual economic growth rate of more than 8 percent; exports up from \$477 million in 1961 to \$688 million in 1966.

Politically, Thailand is moving toward adoption of a new constitution to be followed by elections. Its diplomatic leadership has made Bangkok a major center of regional international activity.

Thailand is a major contributor also to the military security of Southeast Asia. Several American air units engaged in the war in Viet-

Nam are based in Thailand. Thai military and police forces are dealing energetically with an organized campaign of subversion and terrorism directed from Hanoi and Peking, both of which have operated schools for training Communist Thai since 1962 or earlier. Thailand has also sent combat forces to Viet-Nam: a regiment, 2,600 men, in addition to some air and naval personnel. And it has announced that it will send 10,000 more combat troops.

*Malaysia*—from 1961 to 1966, a gain of 39 percent in GNP. It has the third highest per capita income in East Asia (approximately \$330).

*Singapore*—a rise in GNP from \$707 million in 1960 to \$949 million in 1965 (latest available figures), an increase of 34 percent. Its per capita income, \$520, is second only to Japan in East Asia.

Both Malaysia and Singapore are functioning democracies. And both have been making large investments in education, public housing, rural and industrial development, and social services, with noteworthy rises in literacy and health standards.

*Laos*—the non-Communist part has kept its economy going and made progress despite obstructions and military harassments by the Communists. Construction of the first major Mekong Valley project—the Nam Ngum Dam is now beginning through combined efforts of several organizations and nations, including the United States.

*Indonesia*—long strides since thwarting the Communist coup in October 1965. The slide into economic chaos of the late Sukarno years has been arrested, the budget rationalized, the inflation rate reduced, debts rescheduled. Incentives have been given for exports, various foreign properties returned to owners, foreign investment invited. Thus, with courage and tenacity, the present government of Indonesia has laid the groundwork for sound development in the world's fifth or sixth most populous nation—and potentially a very prosperous nation.

*Australia and New Zealand*—advanced countries by any test. Australia is enjoying rapid economic growth. Both Australia and New Zealand are assuming growing roles in the East Asian and Pacific community. Both have military contingents in Viet-Nam. And we look to them to take on greater responsibilities when the British withdraw from Malaysia and Singapore sometime in the 1970's.

*Republic of Viet-Nam*—major progress since

the summer of 1965—dramatic on the military side, and politically in adopting a Constitution and holding free elections. Also significant gains for much of the civilian population in education, health, roads, agriculture, and curbs on inflation.

### **Confidence in the Future**

This remarkable economic and social progress of most of the non-Communist nations of East Asia and the Western Pacific reflects political stability and confidence in the future. That stability and that confidence stem from the conviction in these countries that they are going to have the chance to develop in their own way under governments of their own choice. And that conviction is rooted in two developments: the internal failures of Communist China and the firm stand against aggression which we and our allies have taken in Viet-Nam. The non-Communist governments of East Asia know that communism is not the wave of the future. Most of them know that, economically and socially, they can far outstrip the Asian Communist states. And they know that the militant leaders of Peking and their disciples will not be permitted to destroy and take over their non-Communist neighbors in that part of the world.

During 1967, the free nations of East Asia and the Pacific also continued to make notable progress in regional cooperation:

—The Asian Development Bank began operating and announced its willingness to administer a special fund for agricultural development.

—Indonesia joined four of its neighbors in the new Association of Southeast Asian Nations.

—The Asian and Pacific Council (ASPAC), consisting of nine members and one observer, held its second annual ministerial conference.

—Older regional organizations continued to function constructively.

If anyone doubts that our stand in Viet-Nam has been a major contribution to these highly

favorable developments over a vast area, let him go there and talk with responsible government officials.

I cannot tell you how much longer it may take to achieve peace in Viet-Nam. Whenever anyone can produce anybody willing and able to discuss peace on behalf of Hanoi, I shall be there within hours. Meanwhile, the situation in South Viet-Nam is not a stalemate. And what has been done by the splendid Americans who are there has already yielded dividends of historic significance. Behind the shield which we have helped to provide, a new Asia is arising.

## **U.S. Extends Sympathy on Death of President Gestido of Uruguay**

*Statement by President Johnson*

White House press release dated December 6

In the death of President Oscar Gestido, Uruguay has lost its great leader, and the hemisphere a distinguished statesman.

His long record of public service to his country earned him a special place in the hearts of his fellow citizens. In the hours of fundamental change in the structure of the Uruguayan Government, they turned to him to direct their destinies.

Those of us who had the privilege to work with him at the Meeting of Presidents at Punta del Este last April appreciated the way he conducted that historic conference. His leadership helped to assure its success as a milestone in inter-American relations.

On behalf of the United States Government and people I extend deepest sympathy to the family of the late President and the Uruguayan nation.

At the same time I express my best wishes to President Jorge Pacheco Areco for success in carrying forward the objectives which he and President Gestido shared.

## World Trade and Finance and U.S. Prosperity

*Address by President Johnson*<sup>1</sup>

If we wanted to celebrate the triumphs of our economy tonight, we would have cause enough. We are now in the 82d month of the American economic miracle. This sustained prosperity is unparalleled in our history.

But it is not celebration which summons us. We are here, rather, to look at the other side of the ledger—to assess some of the challenges that now threaten our prosperity.

America's role in world trade and finance is crucial to our prosperity and that of all free nations.

World trade has quadrupled since World War II. We have helped to create that trade—and we have shared fully in its benefits.

In the world network of trade, America's role is doubly important. Our dollar stands at its center—the medium of exchange for most international transactions.

The recent devaluation of the British pound—with the tremors of uncertainty it stirred—makes it even more imperative that we maintain confidence in the dollar. In the wake of devaluation, we witnessed a remarkable display of international financial cooperation. A speculative attack on the system was decisively repelled.

It was repelled because we stood firmly behind our pledge—which I reaffirm today—to convert the dollar to gold at \$35 an ounce.

It was repelled because the leading governments of the Western World joined with us in that successful defense, at a relatively small cost in reserves.

But we cannot rest on this victory. We must

look ahead. As world trade expands, so must the liquidity required to finance it. That liquidity need not rest on the uncertainties of gold production, consumption, and speculation. Nor can its supply be the responsibility of any one country.

So, even as we reaffirm our pledge to keep our dollar strong—and every ounce of our gold stock stands behind that pledge—we must look beyond gold.

We will press the case for other reserves which can strengthen the international monetary system of tomorrow. We are joined with other nations in this venture. Already we have laid out a blueprint. The agreement reached at the International Monetary Fund meeting in Rio<sup>2</sup> is a first important step. It points the way to the creation of supplementary reserves backed by the full faith and credit of the participating nations.

### Balance of Payments

A healthy balance of payments is essential to a sound dollar.

After a decade of deficits, our balance-of-payments problem still challenges the best efforts of government and business.

In recent years we have made some very real progress. But we find some of that progress offset by the cost of our defense efforts in Southeast Asia and by events surrounding the devaluation of the pound.

This calls for special effort—by both govern-

<sup>1</sup> Made before the Business Council at Washington, D.C., on Dec. 6 (White House press release).

<sup>2</sup> For background, see BULLETIN of Oct. 23, 1967, p. 523.

ment and business—to press even harder for progress.

Our investments in defense and foreign aid are vital to the security of every American. But, for our part in government, we are reducing to the barest minimum the drain of these essential activities on our balance of payments.

Business, too, has responded to the challenge. In the voluntary balance-of-payments program, we have seen one of the finest examples of co-operative effort with government. Many firms have helped to reduce the deficit. They have borrowed funds overseas to finance foreign investments rather than borrow here and export our dollars abroad. Others have chosen to defer or scale down their investments.

We ask for even greater voluntary cooperation in 1968.

Before your dollars flow abroad to another industrial nation, ask yourself: Is this for an essential project? If it is, why can't you finance it overseas?

I know that borrowing overseas may cost an extra point or so in interest. But it is a necessary investment. It will strengthen the economy in which we all have a share.

### **Expanding Our Exports**

The best way to strengthen our balance of payments is to expand our exports.

We used to talk of the world market in terms of billions of dollars—and more recently hundreds of billions. Now the economists tell us those measures no longer suffice. The size of the economy outside the United States today exceeds \$1 trillion.

American business has only begun to fight for this market. I hope you will take this message back to the board rooms of America: Get going on exports.

We in government have helped you to promote and finance your sales to other markets abroad. We hope to do even more in the future.

But I ask business to remember this: Trade must be a two-way street. Trade must be a fair and competitive race.

You cannot win this race confined by the quotas or high tariff walls the protectionists demand. Those walls have always been barriers to profits. You will win the race with time-tested American business methods: efficiency, better products, lower costs and prices.

Even though we know that a key to balance of payments is to export more, we also know this: If our prices rise faster than those of our overseas competitors, our exports will suffer and our imports will grow.

A growing export surplus demands that we maintain a higher degree of price stability than our competitors. We have done that over the past 7 years.

### **Responsibility of Business and Labor**

The challenge to business and labor is no less compelling than the challenge to government.

We know that wage and price changes are inevitable—and desirable—in a free enterprise system. But those changes must be restrained by a recognition of the fundamental national interest in maintaining a stable level of overall prices.

If strong labor unions insist on a wage rise twice the nationwide increase in output per man-hour—even where there is no real labor shortage—we are bound to have rising prices.

If members of an industry attempt to raise prices and profit margins—even when they clearly have excess capacity—we are bound to have rising prices.

Nobody benefits from a wage-price spiral. Labor knows that it does not. You know that business does not. And surely the American people do not.

Yet business says it is labor's responsibility to break the spiral, and labor says it is yours. I say it is everyone's responsibility. It is the responsibility of government, of labor, and of business.

I intend to urge labor to restrain its demands for excessive wage increases.

I am urging business tonight to refrain from avoidable price increases and to intensify its competitive efforts.

To both I say: It is your economy—your jobs and profits we need to protect. It is your dollar whose strength we must maintain.

For the first time, America is fighting for freedom abroad without resorting to wage and price controls at home.

Voluntary restraint has made involuntary curbs unnecessary.

This is the way it should be done. This is the way it can be done—if business and labor meet their responsibilities.

# The Contours of Change in the Home Hemisphere

by Covey T. Oliver<sup>1</sup>

In 1961, with the signing of the Charter of Punta del Este, the member nations of the Alliance for Progress formally dedicated themselves to replace fear with hope. We promised to work together to reform old habits of societal neglect. The Latin American countries would reform the structures of societies that had handsomely benefited the few without giving opportunities for a decent life to the great majority. All peoples of this hemisphere would be enlisted in this common task to achieve development. We would help, not only with technical assistance but also with ideas and money.

The promise of Punta del Este has touched all our lives in some way. I am sure many of you have taken active roles, either through your business or your church or in "people-to-people programs," to help in some part of this development effort. Some of you may have sons or daughters working in the Peace Corps or as AID or foundation men in the remote high Andes or rain forest hinterlands. And all of us, subject to the will of our elected representatives while in office, help a little with our taxes, the taxes that are the price—not too dear—that we pay for civilization.

But, as is natural, the impact of the Alliance is felt much more strongly in Latin America. There both wise men and humble people sense it may be the last best hope against chaos, violence, the herd state. There ordinary villagers come alive with ideas and energy when they begin to see that they can, often with very little help other than from the concept of self-help itself, do things themselves to improve their village lives, such as building a schoolroom or piping good water down from the mountain. There brilliant, dedicated—but still too few—young administrators go at the challenges of modernizing government agencies and business enterprises. There the promise of better gains from greater consumer purchasing power spurs entrepreneurs, many of these rising in status to

<sup>1</sup> Excerpt from an address made at New Orleans, La., on Dec. 7 upon accepting the Thomas F. Cunningham award (for full text, see press release 285). Mr. Oliver is Assistant Secretary for Inter-American Affairs.

broaden the middle class. There men of innate scholarly bent begin to hope that they may sometime expect to be paid enough to be full-time teachers in vivid contact with students and to add by research to the world's body of knowledge.

There is in our home hemisphere a new pride and a new hope for a better future. New leaders have come forward, dedicated to development and with vision and political courage second to none. They were among the Presidents at Punta del Este last April who pledged themselves and their nations to even greater efforts and greater sacrifices to hasten and intensify the development process. These leaders have promised their peoples that change would be achieved by due process of law and without recourse to tyranny. Your Government supports such leadership. As President Johnson once said:<sup>2</sup>

... we are on the side of those who want constitutional governments. We are not on the side of those who say that dictatorships are necessary for efficient economic development or as a bulwark against communism.

But in human affairs change is never without its traumas for some. Wise and humane governments recognize that it is not always easy for men to adapt, that frequently politics must include doses of social therapy. We call this leadership. There is only one kind of government that treats change in these ways and provides for adjustments when mistakes are made. It is a democratic government. Think about this point: How many totalitarian governments have permitted any significant variations from the dictator's original premises? And of the very few authoritarian regimes that have, at what cost?

But I have no time here to deal with the old-fashioned, highly privileged few who have narrowly and selfishly set themselves against the whole idea of the Alliance because to them it is "radical" or "communistic." Like the dinosaurs, they have gone—or at least are going, fast. They vanish because they are not intelligent enough socially to survive in modernizing societies.

A far more important challenge of change is to those literate, privileged, intelligent people in Latin America who consider themselves individually to be modern, who generally support

<sup>2</sup> For an address by President Johnson made at Denver, Colo., on Aug. 26, 1966, see BULLETIN of Sept. 19, 1966, p. 406.



the goals of the Alliance, either from idealism or from fear of the alternative, but who are afraid that they will be required to carry a greater share of the development burden or that their societies simply cannot achieve effective change. This type of person should be no stranger to those of us who have lived politics in this country over the last 40 years. But just as we of that age are not always well understood by our affluent youth of today, the Latin Americans I am talking about here do not find much toleration from the impatient, poor young in Latin America. Demographically, Latin Americans are very young. This observation presents a related second challenge: that of the urgency of change.

Now, we in this country have gone through many periods of massive change: the depression, the war years, and various technological revolutions. We not only have grown to accept the temporary disequilibrium brought by change, we almost seem to regard it as the very stuff of survival. We are inclined to forget that in countries that have not changed enough for centuries, change is psychologically difficult.

It is in this area that we in government need your help.

We who work in the Alliance every day have tried to foresee the dislocations and temporary inequalities—the personal sacrifices—that are and will be required if our hemisphere is to succeed in its grand design for progress. We have made plans, whenever possible, to soften the individual blows that some sectors must suffer. But you and I know that there can be no panacea for all traumas of change.

The people of New Orleans and Louisiana have always played a unique role in the history of this country's relations with Latin America. Thousands of Latin Americans come here every year to trade their goods, to enjoy your city, to use your fine medical centers, or to study in your schools and universities. The beauty of this city has done much to counter the widespread belief in the countries to the south that we are a materialistic and uncouth people. You are one of our great cultural bridges.

With your traditional ties of friendship and understanding, you can do much to imbue your Latin American friends and acquaintances with your own belief in the Alliance and to offer them the benefit of your own experiences in meeting the demands of a rapidly changing world.

Many of you have had to face and resolve the

problems inherent in our changing society. What was your experience? How did you do it? What were some of the bad effects you could have avoided and which might be avoided by those in Latin America who, for the first time, may face similar problems?

Some of you have had invaluable experience as to world trade and the European Economic Community. How much of what you learned there can be applied in Latin America as that common market comes into being?

Others of you have gone through the throes of modernization required by the changing markets and changing tastes in our own country. How did you meet this challenge?

Improving relations between the Latin American private sector and Latin American education is just one of the areas in which you have much to offer. It is axiomatic in this country that private citizens such as Thomas F. Cunningham take an active and leading role to insure that our schools produce the trained manpower needed by our society. Our relatively new schools of business, economics, and public administration are examples of how our educational systems change to meet our changing needs. In law, so vital to democratic society, our great law schools, including those of Tulane and LSU, have been in the forefront of change. And I wish to recall that the Tulane Law School has long led in our legal associations with Latin America. American business has contributed much to the founding of such schools. Some of you have donated scholarships in fields particularly important to your work.

And this is only one example of the work private citizens such as you can do so much better than we in government. We can help identify the needs. You can do much to generate the imaginative answers to them. You all have experience and knowledge which neither we nor the governments of Latin America can buy. We depend on your good will and dynamism to make this experience available. I ask all of you to make the extra effort—to go to your counterpart in the hemisphere not as teacher to pupil but rather as fellow businessman, fellow teacher, or fellow church leader to identify the problem and, from your experience, suggest a solution or open a dialog.

We are all in this together—not because the Alliance Charter or the Presidents' Declaration say we should be, but because we have recognized that our well-being depends on the well-

being of our neighbors; that if they suffer, so, sooner or later, shall we. Or in Secretary [of Defense Robert S.] McNamara's words: "Security is development. Without development, there can be no security."<sup>3</sup>

Twenty-six years ago today, we suffered the bitter consequences of isolationism. Isolationism was blind tradition, fear, even selfishness and cynicism. In our home hemisphere, especially in the past 6 years, we have done much to make certain that another kind of Pearl Harbor does not take place in our doorstep. We have already given the lie to those whose loyalties are to dictatorial political systems alien to this hemisphere and our common tradition of liberty. We have shown here that great changes can be achieved without recourse to violence and tyranny. We have begun a true revolution in peace. We must jealously guard what we have gained as we work together for even more rapid progress.

And, with your help, ladies and gentlemen, we and other like-minded peoples in the home hemisphere will prevail—prevail for peace, for justice, for social virtue.

## Mexican-U.S. Trade Committee Holds Third Meeting

### *Joint Communiqué*

Press release 290 dated December 9

The Joint Mexican-United States Trade Committee held its third annual meeting from December 6 to 8, 1967, in Washington to discuss matters related to U.S.-Mexican trade. The Delegation of Mexico was headed by His Excellency Hugo Margáin, the Mexican Ambassador to the United States, and the United States Delegation by Mr. Joseph A. Greenwald, Deputy Assistant Secretary of State for International Trade Policy. Previous meetings of the Committee have been held alternately in Mexico City and Washington.<sup>1</sup>

This Committee provides a forum for the regular exchange of views between the two gov-

<sup>3</sup> For an address by Secretary McNamara made at Montreal, Canada, on May 18, 1966, see *ibid.*, June 6, 1966.

<sup>1</sup> For texts of communiqués issued at the close of the meetings, see BULLETIN of Nov. 8, 1965, p. 738, and Jan. 9, 1967, p. 70.

ernments on trade issues and other matters closely related to trade between Mexico and the United States.

This year's meeting, as in previous years, was held in an atmosphere characterized by cordiality and frankness. The United States Delegation informed the Mexican Delegation of the benefits which would accrue to Mexico from U.S. trade concessions in the Kennedy Round of tariff negotiations. The Mexican Delegation told the U.S. Delegation that during the past year the Mexican Government had created over one thousand new sub-items in the Mexican tariff schedule on which tariff charges were reduced, most of these being of interest to U.S. exporters.

The two delegations reviewed recent trade performance, particularly over the past year, and discussed several factors influencing trade flows, including trade barriers. Suggestions were made on both sides respecting measures which might be taken to remove or reduce the impact of these barriers upon trade. The delegations agreed to keep these matters under close review over the forthcoming year and to continue their search for mutually beneficial solutions to the problems identified. They also agreed to develop further information in certain areas of agriculture production.

The Committee recommended expanded programs of trade promotion on the part of both countries designed to identify new trade potentials in both markets. It was noted that exchanges of trade missions composed of businessmen from each country would be an especially valuable means of accomplishing this end.

Among other matters related to trade, the Committee discussed the Mexican programs related to industrialization of the border areas. In this connection, it was agreed that the two delegations would recommend to their governments the fullest possible exchange of information on the progress of the programs and their economic and social effects on both sides of the border.

The two delegations agreed that it would be useful to exchange mutual visits by experts to supplement the normal diplomatic channels by which the two governments follow up on matters discussed at the annual meetings.

It was agreed that the next meeting would take place in Mexico City during the fall of 1968.

## U.S. and Philippines Begin Talks on Future Economic Relations

*Statement by Eugene M. Braderman*<sup>1</sup>

The talks that we are beginning here today mark another major milestone in the evolving relationship between the United States and the Philippines.

The Philippine and U.S. teams have been charged by our Presidents with the task of identifying the concepts which should underlie a new instrument to replace the Laurel-Langley Trade Agreement<sup>2</sup> after its scheduled expiration in 1974.

I am delighted to participate in this endeavor for many reasons. First, because it is always a source of satisfaction to be engaged in an important and constructive task. But there are additional personal reasons for my pleasure in undertaking this assignment.

I have been interested in and concerned with U.S.-Philippine relations for more than 17 years. I first visited your country in 1951 and have been back many times. I have many friends here. I served as a member of the U.S. delegation that negotiated the Laurel-Langley Trade Agreement and remember with gratitude the warm reception I received from President Magsaysay and the other members of the Philippine community on that occasion. I traveled to all parts of your country in 1960 as head of the first U.S. trade and development mission to visit the Philippines. Most recently, I was here as a participant in the Philippine-American Assembly that met in Davao. I hope you will pardon these personal references, but I cannot be with you without expressing the warmth and, I can assure you, the understanding with which I approach our forthcoming discussions.

The subject of economic relations between the Republic of the Philippines and the United States of America is, in our judgment, one of major importance and one which has many ramifications. Some are fairly clear, and others are involved and complex. That is why, in their

wisdom, our Presidents suggested an early beginning of intergovernmental discussions.

This beginning which is taking place today in your great Capital City of Manila will give us the opportunity to exchange views on the whole range of issues that govern our economic relations. Following this exchange of views we will have a better idea of the concepts which should underlie our economic relationships in the future. We may find that our views are so much alike that we will be able to recommend to our Governments the early negotiation of a new agreement. Or we may wish to reflect more fully on the ideas and concepts that we have exchanged and decide to hold further discussions at a later date. One thing is clear: We must have a true and genuine meeting of the minds if we are to develop a solid base for the negotiation of treaty arrangements to govern our future economic relations.

It is our considered view that the Laurel-Langley Trade Agreement has been of mutual benefit to both the Philippines and the United States. For both countries it offered opportunities for trade and for investment—opportunities which were utilized in some instances and ignored in others.

On the trade side, the 20-year period between 1954 and 1974, during which there were to be declining preferential tariff rates and duty-free quotas, was meant to provide a reasonable period in which trade adjustments could be made. Both the U.S. and Philippine delegations were agreed on this point when the agreement was negotiated in 1954.

The trade preferences provided by that agreement are not in fact equal. They are actually unequal in favor of the Philippines. Special concessions were made by the United States because of its friendship for the Philippines and its recognition at the time that as a developing country, Philippine exports might require larger preferences for a longer period than would U.S. exports. While U.S. exports to the Philippines have declined because of the more rapid reduction in preferences on U.S. articles, Philippine exports to the United States have increased substantially.

During the negotiation of the Laurel-Langley Agreement, it was stated many times that the Philippines would use the 20 years until 1974 to diversify its exports both by product and by market. The facts indicate that thus far there have been appreciable increases in trade with

<sup>1</sup>Made at the first joint meeting of the U.S. and Philippine teams to discuss future economic relations held at Manila on Nov. 20 (press release 266 dated Nov. 18). Mr. Braderman, who is Deputy Assistant Secretary for Commercial Affairs and Business Activities, is chairman of the U.S. team.

<sup>2</sup>For text, see BULLETIN of Sept. 19, 1955, p. 467.

Japan and the European Economic Community, and to a lesser extent with other areas, but there has been little product diversification.

In this connection, we have noted with interest the announcement made last month by President Marcos that the Philippines will renew its efforts to promote Philippine exports.

I believe you are all aware that the United States has supported a worldwide liberal trade policy based on the principle of most-favored-nation treatment. The preferential trading arrangement with the Philippines was an exception. In April of this year at Punta del Este, President Johnson indicated that we had been examining the kind of trade initiatives that the United States should propose in the years ahead.<sup>3</sup> He noted our conviction that future trade policy must pay special attention to the needs of the developing countries. Since comparable tariff treatment may not always permit developing countries to advance as rapidly as desired, our President suggested that temporary tariff advantages for all developing countries by all industrialized countries might be one way to deal with this.

As promised by President Johnson at Punta del Este, the United States has been exploring this idea with other industrialized countries and we hope to have a proposal to put forward at the second United Nations Conference on Trade and Development, which will be held at New Delhi next February. We look forward to discussing these trade concepts with you.

The provisions in the Laurel-Langley Agreement governing investment relations between our two countries were designed to benefit both the Philippines and the United States. The opportunities provided Filipinos in the United States are the same as those provided Americans in the Philippines. While we recognize the equal legal status of citizen investors of both countries, we are all well aware that this equality does not necessarily lead to equal utilization of investment opportunities. This is simply because

capital availabilities in the United States are much greater than those in the Philippines—and U.S. capital has been invested not only at home but also in countries around the world where it is welcomed. While some Philippine capital has been invested overseas, your Government has recognized that the great bulk of it has been needed at home for the development of the Philippine economy.

Because of this differing use of investment opportunities, the subject of investment has developed strong nationalistic overtones in the Philippines. This is not true in the United States, where the welcome mat is out for foreign capital.

For us, this has been a continuing policy. As a young nation we actively sought foreign investment, aware of the significant contribution that it could make to our economic development. Today, we and most other developed countries still seek to attract foreign investment, recognizing that new investments, whatever their source, are important to continued growth. In whatever stage of development a nation may be, the development process never ceases. In this sense we are all developing countries.

In this part of the world, countries in varying stages of development, such as Australia, the Republic of China, the Republic of Korea, Singapore, and Thailand, are all actively bidding for foreign investment.

The economic development goals that you set for the Philippines are for you to determine, just as my country's goals will be determined by our citizens. We are eager to learn from the Philippine team as much as possible about your investment goals, how they will be met, and the role you wish foreign investment capital to play in your economic development effort.

We welcome this opportunity to discuss and explore together the many facets of our economic relationships. We are certain that these discussions can lead only in one direction: to increased understanding which will further solidify a friendly and enduring relationship between our two countries.

---

<sup>3</sup> For background, see *ibid.*, May 8, 1967, p. 706.

## The Future Work Program of GATT

*Statement by William M. Roth  
Special Representative for Trade Negotiations<sup>1</sup>*

Five months after the completion of the Kennedy Round, it seems strange to be here in Geneva again discussing our mutual problems in trade. But perhaps it is not so strange when we appreciate the twofold nature of our pilgrimage. We are here first to celebrate the past and secondly to map the future.

The past is the expanding flow of trade throughout the world under the aegis of the GATT. The past is a series of trade negotiations which has immeasurably reduced the barriers to world commerce. But above all else, the past is the leadership of Eric Wyndham White, the Director General of this great institution.

A great deal has already been said both in this room and others about the achievements and contributions of the Director General. Let me add as simply and shortly that I would like to record the deep gratitude of the United States Government to Eric Wyndham White for all that he has done both for our country and for the world over the period of his devoted service. Let me say on a personal basis—as many of my colleagues here could do as well—that without his firm hand, his intuitive sense of timing, and his magical compromises, the Kennedy Round in those last desperate days and hours could have failed—and failed miserably.

So much for the past. The Director General would be the first, I believe, to say, Leave off praising our history, let us discuss the present and more particularly the future—both immediate and in the longer run. GATT after all should be the place to work. What, therefore, is our future?

First, we must take all practical measures to

implement fully the results of the Kennedy Round.<sup>2</sup> In this respect I can report that the United States administration intends, within the near future, to send the American Selling Price package to the Congress for its consideration. We have now signed the International Grains Arrangement and are this week readying that for consideration by the United States Senate.

On July 1 we expect to implement new regulations consonant with the recently negotiated antidumping code. Finally, this coming January 1, we expect to implement the first stage of the Kennedy Round concessions and to implement without staging concessions on a number of products of interest to the developing countries.

It is essential that all our negotiating partners also move ahead to full implementation as rapidly as possible.

But there is another aspect to implementation—the negative side. This is the need for all contracting parties firmly to resist the internal pressures each of us face for restrictive trade measures. These pressures exist in the United States, as you know full well; but it is, as I hope you also know, the firm policy of the President and his administration to oppose these efforts strenuously, firmly, and continually. As you probably have noted in the press within recent weeks, enlightened and influential industrial and agricultural groups are already mobilizing strongly in support of our position. But I would mislead you if I did not acknowledge that we shall continue to face a difficult period in coming months and indeed throughout 1968.

I am convinced that we can win this battle

<sup>1</sup> Made before the special ministerial meeting at the 24th session of the Contracting Parties to the General Agreement on Tariffs and Trade at Geneva on Nov. 23.

<sup>2</sup> For a summary of the Kennedy Round agreements, see BULLETIN of July 24, 1967, p. 95.

for expanding world trade. We believe that the American people will not permit the destruction of a trade policy which has benefited them so well for so many years. But we are not alone in facing such internal pressures. Protectionism is endemic in all countries. All governments must be equally firm in resisting the demands of special interests. The trade of my country has suffered in recent months from restrictive devices in other countries. Trade protectionism, like many sicknesses, is highly contagious.

Now for the longer future: We all recognize, I believe, that no major country is prepared so shortly after the Kennedy Round to embark on a major trade initiative. Neither do we believe, however, that we can cease the pursuit of expanding world commerce. In my country, therefore, we have already initiated a trade policy study to gain better understanding of the remaining problems we face. Others are undoubtedly doing the same. Our work in the GATT in the months ahead accordingly should be directed toward complementing and phasing together these individual national efforts. We need a live and active forum in which our individual trade concerns can be examined in their global context.

The questions we all must study are varied and complex. Let me mention a few. First: nontariff barriers. As tariffs are reduced, these barriers take on an increasing significance. Indeed, they are already a matter of sharp concern to most of us.

We think the first need is for an inventory of these restrictions. We do not yet have sufficient understanding of their scope, their significance, and their intricate workings. But a useful examination will require positive effort by all nations, because many of these restrictions relate to basic national policies and practices. When this inventory is complete, the Contracting Parties should analyze their trade effects and examine various possible negotiating techniques which might be applied to them. In the United States preparation of such an inventory is already underway.

Agriculture is another area of major and increasing concern to us. It is widely recognized that trade liberalization in agriculture has lagged behind that in industry and that the problems we face are complex and have deep social and political content. In most countries farm incomes are only half those received by workers in other economic sectors. To boost incomes, governments intervene with price and

income support policies, and this in turn has a serious impact on trade. We know it will not be easy to deal with problems involving sensitive elements of national policy. Nevertheless, they must be tackled. We therefore support the idea of establishing an agriculture committee.

But there are also immediate and specific problems before us. The Governments of New Zealand, Australia, and Denmark have mentioned one of them;<sup>3</sup> and there are others as well. These critical matters pose a challenge which the GATT cannot ignore. We must find new ways and perhaps more flexible means of dealing with them as they occur. But I also believe that solutions to individual problems must be sought in the light of our longer range goals.

In placing the emphasis I have on nontariff barriers and on agriculture, I do not mean to imply that import duties on industrial products are no longer a problem. That is definitely not the case. There are still many products on which tariffs are serious obstacles to trade. Before the next step forward, we must analyze the level and structure of tariffs which will remain after the Kennedy Round. But we shall also explore new techniques with energy and imagination, including the possibility of dismantling tariff and other trade barriers within individual industrial sectors on a worldwide basis.

Another serious problem area is the relationship of countervailing duties and subsidies. The United States has already raised this question in the plenary under agenda item 16. At that time, we emphasized that it was essential to undertake a broad-ranging examination of all aids to exports along with countervailing duties, since one could not be considered in isolation from the other. We are very much concerned about the consequences of conflicting policies and practices in this area, both in agriculture and industry. This broad and complex area of fiscal adjustment is filled with danger for all of us where practices conflict. If order is to be brought into this field, we must have a clear idea of the nature and effects of these rapidly expanding practices, their relation to one another and to the rules by which we carry on our trade.

Finally, GATT must now work—and work hard—to find new ways to help the developing countries expand their export earnings. The developing countries will, of course, realize substantial benefits from the Kennedy Round,

<sup>3</sup> Trade in dairy products.

especially as their exports of semimanufactures and manufactures begin to expand. But, their main problem at this time, and for several years ahead, must be in the area of exports of primary products. Difficult as it may be, the developed countries must work, must work to provide expanded opportunities in their markets.

In this connection, we must also recognize that the problem of expanding exports of the developing countries is by no means only a problem of eliminating barriers to trade. Equally as important is the need for developing countries to produce at competitive prices the kind of products for which there is a demand in world markets and to market these products effectively. The GATT International Trade Center, working with UNCTAD [United Nations Conference on Trade and Development], can play a very constructive role in the marketing area, and we strongly support the work of the Center.

Later, after further broad discussions in other forums among interested countries, the GATT will be called upon to deal with the possibility of a general system of preferential access to developed countries for the exports of developing countries. My nation has joined with a number of others to explore the feasibility of such a preference system and of some of the principles which might be embodied in it. Eventual consideration of such a system of general preferences by the GATT will be one of the important tasks before us.

The work of the GATT will not, however, be confined only to the issues we can now foresee. New problems will undoubtedly arise from time to time, and we shall have to work together on them. One possible difficulty may arise out of the plan of some of the important trading countries in Europe to make significant changes in their tax systems. These will increase their border tax adjustments. We are seriously concerned, as we have indicated before, that these adjustments in certain cases adversely affect our exports. Should these fears prove in fact to be justified, we would expect to take up this matter in accordance with normal GATT procedure. If it becomes evident in the coming months that there is a general multilateral problem here, it might then become advisable for the Contracting Parties to give this kind of problem their attention.

There are of course basic continuing questions which require perhaps an even broader outlook than we have traditionally taken in the GATT. For example, the expansion of world trade must

be accompanied by continuing improvement in the income of workers and in the working conditions of labor. We must recognize that unreasonable labor conditions, particularly in production for exports, create serious difficulties in international trade. This is an area which the Contracting Parties might wish to explore jointly with the International Labor Organization.

So much then for the future work of GATT. If there is perhaps an underlying theme that may be developing in our consultations over the last several days, it is that the trading nations of the world must press ahead patiently and imaginatively into an even broader expansion of world commerce. To do this, we need, both within our individual countries and within the GATT, to analyze in general and in specific terms the complex and deeply rooted barriers to trade that still exist. We must not use the words "general studies" to mask a failure to grapple with immediate and specific problems. Neither, however, can we forget that underlying the various complexities of trade there lie basic questions of policies that must be understood to be improved.

We learned, I think, in the Kennedy Round how much intensive work was necessary before those final months of negotiations. Let us build then on that experience and do our work thoroughly and well in a positive and constructive spirit, so that the world may hold what it has now gained and move forward with new vigor in the years ahead.

## **U.S. and Japan Hold Talks on Softwood Log Trade**

### *Joint Statement*

Press release 294 dated December 14

In accordance with the understanding reached during the Sixth Meeting of the Joint United States-Japan Committee on Trade and Economic Affairs in September 1967,<sup>1</sup> representatives of the two Governments met December 11-13 to examine the current problem of reconciling conservation and trade interests involved in the use of timber resources of the Pacific Northwest and Alaska.

---

<sup>1</sup> For background, see BULLETIN of Oct. 9, 1967, p. 451.

The Japanese delegation was headed by Shinsuke Hori, Economic Counselor of the Japanese Embassy, and included representatives of the Ministry of Agriculture and Forestry and the Ministry of International Trade and Industry. The United States delegation was headed by Joseph A. Greenwald, Deputy Assistant Secretary of State for International Trade Policy, and included representatives of the Departments of Agriculture, Commerce, Interior, Labor, and Treasury and the Office of the Special Representative for Trade Negotiations, the Council of Economic Advisers, and the Small Business Administration.

They jointly examined the demand, supply and price situation in forest products, the organization and employment of the forest products industries, and the impact of the log trade on the timber consuming and processing industries.

It was agreed that the importance of the log trade problem required a continuation of discussions which would contribute to mutually acceptable solutions to deal with the problem in the Pacific Northwest. The next meeting will be held in Tokyo in early 1968.

## **U.S. Protests Soviet Failure To Give Notice of Scientific Tests**

Press release 288 dated December 9

*Following is the text of a note delivered to the Soviet Ministry of Foreign Affairs by the American Embassy in Moscow on December 8.*

The Embassy refers to an announcement by the official Soviet news agency TASS on December 2 that Soviet research vessels intend to carry out hydroacoustic research involving underwater explosions in an area near the Aleutian Islands from December 3 to December 15. The United States Government regrets the Soviet

Government did not find it possible to inform the United States directly well in advance of the beginning of these experiments which will take place in close proximity to United States territorial waters. This failure to provide adequate advance notification could have jeopardized United States marine craft in the area, which were obliged to take urgent measures to leave the zone specified in the TASS announcement. Beyond this, the United States Government would appreciate being informed as to what precautions the Soviet Government will take in order to minimize the possibility of damage to fish and other natural resources including marine mammals in the area.

The Soviet Government should recall that when the United States Government made plans to conduct a similar seismological field experiment in the North Pacific in October 1966, it informed the Soviet Government of this fact by note (No. 313, dated August 19, 1966) several weeks in advance. The United States Government outlined in detail preparations for the experiment and invited the Soviet Government to provide an observer to be a member of the scientific party of the vessel carrying out the experiment. Further information on the United States experiment was provided to the Soviet Government in notes dated October 18, 1966, and February 8, 1967. Moreover, when the Soviet news agency TASS on October 19, 1966, expressed the Soviet desire that no explosions be conducted in certain areas, the United States Government responded to this appeal by instructing United States scientists not to conduct explosions in the areas specified. On May 24, 1967, the United States Government in its Note No. 1716 informed the Soviet Government of plans to conduct another seismological field experiment off the Aleutian Islands.

The United States Government believes that such experiments are of general interest and hopes the Soviet Government will share the knowledge derived from its current series with the world scientific community.



## Recent International Developments Concerning the Ocean and Ocean Floor

*Statement by Joseph J. Sisco*

*Assistant Secretary for International Organization Affairs*<sup>1</sup>

I am happy to appear before this committee to discuss some recent international developments concerning the ocean and ocean floor and, in that light, the joint resolutions being considered by this committee. Leonard Meeker, the Department's Legal Adviser, and Herman Pollack, the Department's Director of International Scientific and Technological Affairs, are accompanying me to provide any information you may desire within their fields of activity.

In recent years we have seen an upsurge of interest, both here and abroad, in marine problems, especially those having to do with the ocean depths and the seabed and subsoil of the outer oceans. In the United States, the Congress passed the Marine Resources and Engineering Development Act, which became law on June 17, 1966. The Marine Council and the Marine Commission established pursuant to that act are engaging in an active program of planning, study, and coordination looking toward the adoption of sound national policy for the exploration and exploitation of the oceans in years to come.

Internationally, a similar interest in marine affairs has been apparent. The Intergovernmental Oceanographic Commission, an organization of UNESCO [United Nations Educational, Scientific and Cultural Organization], has carried on invaluable scientific activities in oceanography: the Food and Agriculture Organization is closely concerned with fisheries; the World Meteorological Organization is concerned with the effect of the oceans on climate; the International Maritime Consultative Organization is interested in shipping problems and safety of lives at sea; and the International

Telecommunication Union is concerned with communications over the ocean.

In this sense a large number of international organizations are exploring marine problems as seen from their own particular points of view. We run the risk of confusion, duplication, and chaos unless something is done to relate all these activities more purposefully. Under strong U.S. leadership, the Economic and Social Council of the United Nations asked the U.N. Secretary-General in mid-1966 to begin a study of what might briefly be described as "who does what" in international marine activities, excluding fisheries. Specifically, the Council's resolution called for a study of the current state of knowledge of marine resources and techniques for their exploitation.

Building on this foundation, the U.N. General Assembly a year ago asked the Secretary-General in effect to broaden this study so as to review the current state of knowledge as regards ocean sciences and to improve international cooperation.<sup>2</sup> This study is also going forward. The Secretary-General has been directed to report to the next U.N. General Assembly, just a year from now.

Meanwhile, more and more people have recognized that we stand at the threshold of what may be a very exciting period in scientific development in the marine field. We are already able to put a man down to the bottom of the deepest ocean trench, just as we are able to put a man above the earth's atmosphere into outer space. Soon we shall be able to perform a variety of tasks in what Senator [Claiborne] Pell calls "ocean space," just as we are learning to do more and more useful tasks in outer space. As

<sup>1</sup>Made before the Senate Committee on Foreign Relations on Nov. 29.

<sup>2</sup>U.N. doc. A/RES/2172 (XXI).

recently as 1958, we thought it sufficient to provide for exploitation of the continental shelf in a convention prepared under U.N. auspices by the Conference on the Law of the Sea.<sup>3</sup> That convention provided for the exercise of sovereign rights over adjacent ocean floor to areas to a depth of 200 meters and beyond to the limit of exploitability.

What we must ask ourselves now is whether we do not need new legal arrangements for the exploitation of the outer oceans and the deep seabed and whether we do not need a concerted international effort to stimulate and coordinate scientific exploration there. Essentially, that is what the discussion in the United Nations today is all about.

Our objectives with respect to a legal regime concerning exploitation of the deep ocean floor are readily identifiable. We desire a legal regime that will encourage the development and use of the deep ocean floor, that will avoid dangerous conflicts among the nations that will be exploiting the floor's resources, and that will be broadly acceptable to the nations of the world.

The focal point of international discussion is the proposal made by Ambassador Arvid Pardo, the representative of Malta, in the current U.N. General Assembly. Ambassador Pardo has proposed that the Assembly look toward a new international treaty which in brief would reserve the ocean floor beyond the limit of national jurisdiction exclusively for peaceful purposes and establish an international agency to assume jurisdiction over the deep ocean floor and its resources. In the original Pardo proposal the financial benefits from the exploitation of these resources were to be allocated primarily to the less developed countries.

This is an interesting and suggestive proposal, but it obviously raises a great many difficulties and problems to which the answers are not easily found. The plain fact is that no one has yet had the time or the opportunity to think through completely the implications of the Pardo proposal and of other proposals calling for radical action on the subject of the oceans.

Specifically, we have little knowledge of the economic factors involved in exploiting the deep seabed resources presumed to exist but not actually located. No one has considered seriously the question of how to induce enterprise to

undertake the risks of deep sea exploration and exploitation if the financial benefits are to go to others. We are far from ready to establish a new international organization to preside over this amalgam of uncertainties. Nor is there yet broad agreement on the general legal principles which ought to govern activities in the deep ocean floor. We must be concerned with these economic and legal factors, as well as the very important security considerations involved.

The discussion of the Pardo proposal in the General Assembly thus far has surfaced these problems and a great many more besides. As delegates have come to realize how little they actually know about these matters, many of them have been understandably cautious about moving too far or too quickly. The Soviet bloc, notably, has taken a most restrictive attitude, even doubting the advisability of setting up a General Assembly committee on the subject. And others, while agreeing to a temporary committee, would give it only a highly restrictive mandate for the time being.

Our own position, as set forth by Ambassador Goldberg on November 8,<sup>4</sup> was, we think, a balanced and judicious presentation of both the possibilities and the problems of international cooperation as regards the oceans, and I would like to submit that statement for the record. The Ambassador stressed the importance we attach to a comprehensive and responsible study, to the growth of international cooperation in exploration of the ocean floor, and to the development of general principles to guide the activities undertaken in this field.

Ambassador Goldberg maintained that the deep ocean floor should not become a stage for competing national sovereignties. Rather, it should be open to exploration and use by all states without discrimination. Recognizing that the first issue before the Assembly was how to organize itself to implement the objectives it considered desirable, the Ambassador recommended the establishment of a committee on the oceans which would act for the General Assembly in considering all marine questions brought before the Assembly. Such a committee would assist the General Assembly in promoting long-term international cooperation in the marine sciences and in particular assist the Assembly on questions of law, arms control, and problems of pollution.

<sup>3</sup> For text of the Convention on the Continental Shelf, see BULLETIN of June 3, 1958, p. 1121.

<sup>4</sup> *Ibid.*, Nov. 27, 1967, p. 723.

Ambassador Goldberg pointed to the importance of beginning now to tackle the legal issues involved by developing general principles to govern states in their activities on the deep ocean floor. He emphasized the complexity of the issues and noted that treaties already exist which bear on the subject. The Ambassador affirmed the willingness of the United States to participate fully in whatever studies are necessary in determining the future legal regime of the deep ocean floor.

Some 47 countries have spoken in the debate on this subject in the political committee of the General Assembly. An informal working group is now engaged in an effort to arrive at a broadly acceptable resolution. The working group should reach its conclusions within a very few days. I cannot foresee precisely what action it would recommend; but I can say that on the basis of the information we now have, it is probable that a committee will be established, with an initial life of 1 year, to carry out on behalf of the General Assembly a review of some of the issues involved. We would expect to participate actively in such a committee, together with a representative selection of other countries drawn from all regions and including states with important maritime interests.

In our consultations with the Members of Congress, we in the executive branch have stressed the complexity of the problems confronting us and the time it would take to reach satisfactory solutions of these problems. We have made it clear that we are only at the beginning of what will certainly be a lengthy process of national and international deliberation. In such a situation we see great advantages in keeping open every desirable option. We are, moreover, fully sensitive to the rights, claims, and interests of American citizens and American enterprises in the various aspects of maritime, fisheries, and other marine activities; and of

course, we are always guided in the first instance by national security considerations.

In these circumstances we do not believe it would be desirable or helpful for the Congress at this time to go on record with any of the resolutions introduced in the two Houses. With specific reference to the two resolutions before the Senate, I believe that the proposal presented by Senator [Norris] Cotton, stressing the importance of caution, has already been reflected in the position we have taken in the General Assembly. I do not believe that the General Assembly will be taking the kind of action against which Senator Cotton's resolution was designed to guard. I would therefore suggest that no action need be taken on this proposal.

Senator Pell has introduced two resolutions. The first would express the sense of the Senate on six broad propositions concerning the use of ocean resources, conservation, freedom of exploration, arms control, the limits of the continental shelf, and criminal jurisdiction. Senator Pell's second resolution expands on these propositions and sets out in great detail a number of legal principles that might be adopted by the General Assembly. A great deal of value has been accomplished by the mere introduction of these resolutions. They provide a useful focus for thought and planning. The Department is directing serious attention to the broad range of problems enumerated in these resolutions. The Arms Control and Disarmament Agency is studying the practicability and national security implications of nuclear arms control measures applicable to the deep ocean floor. This activity is being coordinated with the Department of Defense and other branches of the Government concerned.

Let me assure the committee that we intend to continue our consultations with interested committees and Members of the Senate and House of Representatives as the international discussion on this subject moves forward.

## United States Urges Renewed Dedication to U.N. Peace and Security Activities

*Statement by Congressman L. H. Fountain  
U.S. Representative to the United Nations*<sup>1</sup>

At the very outset, let me state on behalf of my Government that the United States assigns particularly high priority to the peace and security activities of the United Nations. The United States has supported United Nations peacekeeping in the past. We shall continue to do so. But we must also emphasize that we believe in collective action, in shared responsibilities for peace.

Within recent weeks, the United States Congress, of which I have the honor to be a Member, passed an amendment to the Foreign Aid Act expressing the sense of the Congress that the cause of international order and peace can be enhanced by the establishment within the United Nations of improved arrangements for standby forces. The amendment requested the President, through the United States Representative to the United Nations and in cooperation with other members of the United Nations and the United Nations Secretariat, to explore both the means and the prospects of establishing such peacekeeping arrangements.

We believe that the United Nations can succeed as peacekeeper only to the extent that sovereign states are willing to make the necessary political commitments and provide the required financial support. Responsibility for peace cannot rest with the great powers alone—although peace is a vain hope without their support. No one power or group of powers can or should assert such responsibility.

Mr. Chairman, with each passing year it becomes clearer that the key test of this or-

ganization is its will and ability to respond, rapidly and effectively, to peacekeeping emergencies. For much of mankind, this is what the United Nations is all about. Nations should be able to put their trust in this organization as an impartial and effective guardian of peace. To merit this trust, the United Nations must demonstrate its readiness and its capacity to respond to appeals for help when peace is threatened or when violence menaces the sovereignty or political independence of member states.

### Preserving U.N.'s Peacekeeping Capacity

In all candor it must be said—in fact we all know—that skepticism and pessimism about the prospects for effective United Nations peacekeeping have mounted since this matter was considered by the special General Assembly 6 months ago.<sup>2</sup> The Special Committee on Peacekeeping Operations has remained deadlocked in its search for acceptable guidelines for the successful conduct of future peacekeeping operations. The precipitate withdrawal of UNEF [United Nations Emergency Force] 6 months ago also stirred serious doubts about the practicality and reliability of the United Nations in emergencies. Let us not minimize the effect of these events on the calculations and attitude of many governments.

Despite these doubts, however, we should not forget that UNEF helped keep the peace in a troubled area for 10 years—and that fighting was brought to a halt by the intervention of the

<sup>1</sup> Made in the Special Political Committee on Nov. 28 (U.S./U.N. press release 214).

<sup>2</sup> For a U.S. statement made in the fifth special session of the Assembly on May 22, see BULLETIN of June 12, 1967, p. 894.

U.N., which was able to move impartial truce observers acceptable to both sides to the cease-fire lines.

The lesson to be learned from these events is that a new dedication is needed to the work of building a stronger foundation for United Nations peacekeeping.

Mr. Chairman, our purpose here today is to consider how to provide the United Nations with the tools and support it needs to enable it to keep and make peace in the family of nations. It is in this spirit that I wish to address myself to the item under consideration.

Through the Committee of 33, various working groups that antedate that committee, informal consultations, and discussions in the General Assembly, we have for many years been wrestling with this question. We have faced the double task of defining acceptable guidelines for future peacekeeping and of improving the capacity and reliability of the United Nations to undertake peacekeeping operations.

Unfortunately, despite very broad support both in the General Assembly and in the Special Committee on the procedures which should be followed in authorizing, financing, conducting, and manning such operations, there has been no agreement thus far on guidelines for the future.

Imaginative and constructive suggestions for strengthening peacekeeping have been made by member states, but the Assembly has been reluctant to implement these suggestions because of the stubborn opposition of a few recalcitrant powers.

Despite these disagreements, the capacity of the United Nations, limited though it may be, to send peacekeeping forces promptly to a troubled spot must be preserved. If precise and agreed "principles" cannot be arrived at to govern United Nations peacekeeping in the future, there is all the more need to persevere in efforts to meet the United Nations' practical requirements for successful peacekeeping.

### **Practical Requirements**

I should like to summarize the position of the United States on three practical requirements for a workable and durable system of collective action for peacekeeping. I will also point out the direction in which I believe we should move to help meet these requirements.

First and foremost, we must persevere in efforts to devise reliable and equitable methods of financing peacekeeping operations.

There are many obstacles that must be overcome before these efforts can bear fruit. The most immediate obstacle is the substantial unliquidated deficit.

Members are reluctant to assume new financial burdens so long as this deficit—caused by the failure of certain countries to pay their apportioned share of the costs of particular operations—hangs over the organization. Moreover, this unliquidated debt places an unfair burden on members to whom bills are owing for past services. There is great danger that failure to honor long-overdue bills could discourage participation in future operations, particularly by smaller and less affluent members.

For example, the United Nations owes governments almost \$12 million for unpaid bills on the Congo account. A large part of this is owed to developing countries. Let me mention some: \$1,879,000 is still owed to India; \$1,200,000 to Ghana; \$955,000 to Nigeria; \$244,000 to Liberia; \$105,000 to Senegal. The honor and the credit of the United Nations are involved in this matter.

In all honesty, Mr. Chairman, is it not dismaying that more than 2 years have passed since the consensus of August 1965 which ended the impasse over article 19—and yet the long-promised substantial voluntary contributions to overcome this deficit have not yet been received from the Soviet Union or France?

In adopting the formula that broke the deadlock over article 19, this organization (and certainly the United States, which considered this a matter of principle) yielded a critical point on the applicability of collective financing. This point was yielded in order to get the General Assembly moving, with the clear understanding that substantial voluntary contributions would be forthcoming. Yet they have not appeared; and once again, early this year, indications that these countries would tender voluntary contributions proved illusory and new conditions were posed.

Let us clear up this deficit once and for all and restore the United Nations to solvency. Financial implications of political decisions should be recognized and honored. It is irresponsible and in the end self-defeating to call on the United Nations to undertake an activity and then turn one's back when the bills are presented.

I should like to stress that this remains a matter of deep concern to the people of the

United States and to our Congress, where I have had the honor of serving for 15 years. The continued generous support of the people of the United States and the Congress cannot be taken for granted if others who benefit from United Nations peacekeeping do not lend their own support.

Mr. Chairman, in addition to overcoming the liabilities of the past, my delegation believes the following considerations for future methods of financing must be clearly established.

Expenses should, insofar as possible, be the collective responsibility of all. If peacekeeping is to be a truly collective effort, its costs must be both widely and equitably shared.

At the same time, flexibility must be maintained. A variety of ways to finance an operation should be considered: regular budget apportionment, sharing of costs by beneficiaries, voluntary contributions, and various formulas for fair-shares allocation. All practical methods for any given operation should be carefully considered and the most appropriate methods adopted.

Also, Mr. Chairman, a renewed effort should be made to devise a fair-shares scale for operations involving heavy expenditures. Any such scale should take into account capacity to pay and other relevant considerations. My Government's views on this matter are clear. We support the principle of a special scale. We hold that a practical and equitable approach would be to draw up such a scale to serve as a model or guideline for allocation of shares to be adapted case by case.

We continue to believe that in applying a special scale the United Nations must take steps to make sure financial support will be forthcoming by assuring the larger contributors an appropriate voice in financing decisions. One way to do this is through a finance committee—an idea put forward in various forms by delegations of Nigeria, France, the United States, and others. My Government urges a renewed examination of the possibilities of such a finance committee especially for operations involving heavy expenditures.

The second requirement for efficient peacekeeping is that the Secretary-General must have the latitude and staff and tools he needs to administer operations effectively.

United Nations peacekeeping, like any other complex operation, requires a single executive. There is no substitute, in practice, for the Secretary-General and the Secretariat as the

administrative center for implementing peacekeeping assignments. Responsibility and authority must be given if the United Nations is to act efficiently in the collective interest of us all. The Secretary-General must, of course, operate within the scope of this authority, remaining fully responsible to the authorizing body. But under the United Nations Charter and notably chapter XV thereof, the administering authority and responsibility are his. There is no viable substitute. It is sophistry to suggest that peacekeeping operations can be administered under the committee system.

The third practical requirement for effective peacekeeping operations is that the necessary forces and facilities must be in readiness—skilled, mobile, and equipped.

The most practical way to accomplish this is to encourage and aid countries to earmark standby forces, including police units and service units and facilities, to be made available to the U.N. in event of emergency.

Out of our deliberations over the years—and particularly discussions in the Committee of 33—have come many constructive suggestions for steps to improve the readiness and competence of volunteer standby forces. My Government supports the provision, adopted by this committee last year, that members inform the U.N. about forces and facilities which they are prepared to place at its disposal. This would provide the Secretariat with useful information on which to draw when a new peacekeeping operation is authorized.

Mr. Chairman, these three requirements are not new, although we believe they need continuing reemphasis. They are needs long recognized and pointed up by actual peacekeeping operations. Let us concentrate our energies on how best to meet these practical requirements.

### **Support for a Peacekeeping Study**

At this stage my delegation believes that the most constructive step would be to support the suggestion in the Secretary-General's introduction to his annual report for a study of standby forces, the relationship of the U.N. to governments providing such forces, and the constitutional and financial aspects of employing them.

Such a study would assist the development of peacekeeping concepts and techniques. Although the members would not be committed to any of its conclusions, the study could point up the lessons of experience and provide useful

practical ideas. It could examine measures that the U.N. and member states might take to improve their readiness to respond to a U.N. call. As part of this work, it could consider what agreements between governments and the Secretary-General might contribute to the stability of future peacekeeping operations.

We are all aware of the great practical difficulties involved in carrying out effective peacekeeping operations in situations in which the host country may withdraw its consent, or the troop contributors withdraw their troops, without advance notice or consultation.

Obviously, peacekeeping operations rest upon the consent of the host country. Nonetheless, my Government believes that it should be possible to draw up arrangements which would give greater stability to U.N. peacekeeping operations without infringing in any way on the sovereign rights of member nations.

The distinguished Foreign Minister of Ireland [Frank Aiken] last Friday made several valuable suggestions for the drawing up of a standard arrangement between the U.N. and countries to which U.N. peacekeeping forces were sent. My delegation believes these proposals deserve serious consideration. This subject could be approached either through the study of peacekeeping operations recommended by the Secretary-General or in other ways.

We believe that the U.N. might also explore the possibility of arrangements whereby a suitable waiting period, during which consultations could take place, would elapse between the time host country consent is withdrawn and the time U.N. peacekeepers depart.

Such arrangements could be entered into on an *ad hoc* and voluntary basis. But if a country desires a U.N. presence—if it desires the U.N. to commit its resources and its prestige to keeping the peace on its borders or between hostile factions within its own country—it seems only reasonable that the U.N. should in turn receive the cooperation it needs to make its operations effective.

It is equally difficult for the Secretary-General to plan peacekeeping operations satisfactorily when the troops or facilities which have been committed to the U.N. can be withdrawn by the contributor country without advance notice or consultation.

Peacekeeping operations would be stabilized—and the effectiveness and ability of the U.N. to keep the peace would be enhanced—if advance notice were required for withdrawal of

troops or facilities. Exception could be made in the event of national emergency in the contributing country. Such arrangements would in practice require very little additional obligation on the part of the contributing country than under present arrangements. But the added stability would contribute greatly to the effectiveness of United Nations peacekeeping and to the ability of the U.N. to carry out its charter purpose of maintaining international peace and security.

Some members have suggested that the study of peacekeeping operations be entrusted to a committee, and, true enough, the Secretary-General himself suggested the alternative of a committee especially authorized by the General Assembly for this purpose.

My delegation believes, however, that this would head us down the wrong path. No international committee suddenly seized of a problem of such complexity and in which it has had no experience—no matter how able its members—could make this study as effectively as the Secretary-General. The Secretary-General and his staff can draw on the experience and expertise of 20 years and on studies of individual cases already undertaken by the Secretariat. Apart from other considerations, the Secretary-General and his staff would be able to complete such a study expeditiously.

We do not believe that the Military Staff Committee should be expected to undertake this task. The Military Staff Committee has never been concerned with consent-type peacekeeping. Its realm is enforcement action. The provision for consent-type peacekeeping is another matter. We must be sure that no steps taken will in any way impair the availability of volunteer standby units. Countries which have indicated a readiness to do so might be discouraged from proceeding with plans to train and equip contingents for peacekeeping if we bring into this effort the Military Staff Committee, which was set up under the charter to provide backstopping for enforcement action.

Of course, progress in strengthening peacekeeping arrangements need not and should not await completion of the study. Numerous interim steps can be taken by the U.N. and by members to improve readiness to respond to peacekeeping needs.

One such step is to support and cooperate with the U.N. in the peacekeeping operations now under way, particularly in Cyprus and in meeting the expanded responsibilities of

UNTSO [United Nations Truce Supervision Organization]. It is unconscionable that the Secretary-General should be faced month after month with a running deficit for the Cyprus force and that as a consequence the continuance in service of some contingents remains in doubt. Only 49 members have made contributions, and the burden falls inequitably.

Another step is for each of us to consider how best we can provide U.N. peacekeeping operations with the technical skills and services that may be needed. This is apart from earmarking and training regular troop contingents and military observers. In almost every operation the U.N. needs specialists in supply, in transportation, and in communications under crisis conditions. The U.N. may at times need skilled engineers to build and repair roads and bridges. It may need medical personnel and equipment for mobile medical units. Each of us should be taking a good look at what we can best do.

The United States is prepared to aid and cooperate in two ways.

First, my Government reaffirms its readiness to cooperate in practical plans to aid countries which earmark troop contingents for U.N. peacekeeping.

Second, the United States will continue to consider various actions we might take to assist in sustaining U.N. peacekeepers and to assure that an operation will not be hampered for lack of ready logistical support. Our nation is deeply concerned with insuring the adequacy of procedures and arrangements for effective U.N. peacekeeping. We are prepared to do our full share in advancing this objective.

### **The Irish Proposal**

Mr. Chairman, at this point let me say a word about the proposal for a special scale of assessments for costly peacekeeping operations submitted by the distinguished Foreign Minister of Ireland on behalf of Ceylon, Costa Rica, Ghana, Ireland, Ivory Coast, Liberia, the Philippines, Togo, and Upper Volta.<sup>3</sup>

My delegation wishes to reaffirm what Ambassador Goldberg and Senator [Clifford P.] Case have said on this proposal in the past 2 years: that we consider Foreign Minister Aiken's approach a constructive contribution to U.N. thinking on the complex problem of peacekeeping. Special credit is due to Mr. Aiken for his

perseverance and the leading role he has played in stimulating a meaningful discussion on the need for reliable and equitable means of financing. We agree with his thought that we need to find a more equitable distribution of the burden of peacekeeping.

However, we continue to have reservations about the specific proposal. We are unable to subscribe to a plan which could require the United States either to pay up to 50 percent of the cost of any operation that it supported or to opt out entirely.

Among other problems, under existing legislation we could not vote for any assessment for which the United States share would be more than one-third—although, as members know, the United States, including assessed and voluntary contributions, has paid 40 percent and more toward the cost of larger peacekeeping operations in the past. Therefore, the United States will abstain on the Irish proposal.

### **Peacemaking—Integral Part of Peacekeeping**

Mr. Chairman, one dimension of the peacekeeping problem has been neglected. I refer to peacemaking: the development of procedures for coping with underlying causes of conflict and achieving a settlement.

The United Nations has often intervened successfully to stop fighting, but too often it has been unable to go to the root of the trouble and proceed from peacekeeping to peacemaking. The point was made in the Secretary-General's introduction to the annual report that "The capacity of the United Nations to settle disputes or promote constructive and peaceful solutions to disputes is as much in need of study as the problems of peace-keeping—perhaps more so."

Mr. Chairman, there are several ways in which we can make further progress in developing the U.N.'s capacity for peacemaking.

First of all, we need to underscore again the charter obligations of member states to resort to peaceful settlement of disputes. The conflict in the Middle East points up forcefully that the primary requirement of a peaceful resolution of conflict is the readiness of the parties concerned to make the necessary accommodations and to use whatever processes are available to them for moving toward a just and lasting peace.

Second, while the primary responsibility rests on the parties to a conflict, others can

<sup>3</sup> U.N. doc. A/SPC/L. 148.



help. We can improve our methods and machinery for peaceful settlement and make greater use of the machinery which we already have. I grant you that methods or machinery have limited utility without the underlying political will to resolve an item. But they can play a significant part in encouraging recourse to peaceful processes and in achieving an acceptable settlement.

We need to take a fresh and imaginative look at existing institutions both inside and outside the U.N. system and at various new proposals for improved methods of arbitration and fact-finding, such as the proposals now being discussed by the Sixth Committee as a result of the initiative of the Netherlands. Future consideration of these proposals might also be aided by studies by UNITAR [United Nations Institute of Training and Research].

I should also like to suggest, as an interim measure, that the Assembly give serious consideration to reviving the Panel for Inquiry and Conciliation. A regularly constituted panel of experts might advise the Secretary-General on ways in which the officials of the United Nations, as well as special representatives, might be more widely used to promote the peaceful settlement of disputes.

The panel might include as members *ex officio* the Presidents of each of the five preceding General Assemblies. It should meet frequently with the Secretary-General to examine current activities by the U.N. for the peaceful settlement of disputes and to consider measures for improving these activities. The members of this panel could also be available for specific U.N. assignments whenever their services were needed.

Finally, our concern with peacekeeping is inadequate unless we recognize that the peaceful settlement of disputes is an integral part of the process of maintaining or restoring peace and security. As Ambassador Goldberg pointed out in this committee 2 years ago:<sup>4</sup>

Clearly peacekeeping operations should not be a sofa to provide a comfortable respite from efforts at peaceful settlement—they should be a springboard for accelerated efforts to eliminate the root causes of conflict. And no less clearly, we must develop the same sense of urgency in dealing with the causes of conflict that we have demonstrated in the containment of conflict.

We have learned from the harsh lessons of Kashmir, of Cyprus, and of the Middle East that we cannot be content merely to keep the lid on trouble, to live with unresolved issues that fester and then erupt periodically into war. Our first concern should of course be to stop the fighting. Beyond this, we need to examine each situation which calls for a peacekeeping operation to determine how the U.N. can best move the conflict to a settlement.

In some cases this may mean the appointment of a mediator as part of the U.N. peacekeeping presence. In others U.N. involvement in peacemaking may more profitably be undertaken as a separate activity. My delegation urges that wherever possible, specific actions for peacemaking be made an integral part of the mandate of future peacekeeping operations.

Mr. Chairman, the United States is proud of its record over the years as one of the staunch supporters of U.N. peacekeeping efforts.

We are pledged to cooperate in improving the effectiveness of the U.N.'s peacekeeping arrangements and will continue to support them.

The U.N.'s future depends on its success in involving itself actively in the cause of peace.

Much has been made in Assembly discussions of the limitations in the charter—limitations on the U.N. and on members. Some have tended to emphasize the don'ts in the charter—what is prohibited, stressing noninterference and non-involvement.

Of course, we must operate within the limits of the charter. But in most instances the perils of inaction outweigh the perils of action. Our preference should be to act to carry out the purposes of the charter.

Let me conclude by saying that, important as adequate machinery is, the key problem is not machinery but political will.

Improvements in peacekeeping machinery will not serve the cause of peace without the readiness of all of us to back U.N. peacekeepers both with our political commitment and with our financial support. We must reject negativism and resignation. We must choose renewed dedication to the hard work of keeping the peace.

---

<sup>4</sup>For text, see U.S./U.N. press release 4748 dated Dec. 14, 1965.

## U.S. Gives Views on Soviet Proposal for Convention on "Nonuse" of Nuclear Weapons

*Statement by Adrian S. Fisher  
U.S. Representative to the General Assembly*<sup>1</sup>

The Foreign Minister of the Soviet Union has proposed for the consideration of this General Assembly an item entitled "Conclusion of a convention on the prohibition of the use of nuclear weapons."<sup>2</sup> Moreover, when he inscribed this item on our agenda he offered a draft of such a convention.<sup>3</sup> We are now debating the issues which this draft convention raises.

By way of preface I would like to point out that no nation has tried harder than the United States to deal with the threat to us all posed by the development of the atomic bomb and the growing stockpiles of nuclear weapons. Indeed, when there was only one nuclear power and that power was the United States, we tried to remove nuclear weapons wholly from the military arena. Thus it was that the United States introduced the Baruch plan to the United Nations in 1946.<sup>4</sup> To the great misfortune of all mankind this proposal was not accepted, for reasons which I am sure are known or remembered by all of us here today.

Following the initiative of the United States, first reflected in the Baruch plan, the United Nations has continued to study various measures by which man can use his mind to prevent the nuclear holocaust which his weaponry has made possible. But it is clear that man's development of nuclear weapons has thus far outpaced his ability to reach agreement on such measures.

<sup>1</sup> Made in Committee I (Political and Security) on Nov. 20 (U.S./U.N. press release 198).

<sup>2</sup> Item 96 was included in the agenda by the General Assembly on Sept. 26.

<sup>3</sup> U.N. doc. A/6834.

<sup>4</sup> BULLETIN of June 23, 1946, p. 1057.

The United States therefore continues earnestly to seek meaningful measures which will subject these weapons of mass destruction to the kind of effective control that will prevent their use. It is in this spirit that my delegation offers the following comments on the Soviet proposal.

The concept of an unqualified agreement not to use nuclear weapons is not new to this Committee. We have discussed it intermittently here for about 20 years. Last year, as I am sure you well remember, the General Assembly approved a resolution requesting the then proposed World Disarmament Conference to give serious consideration to this subject.<sup>5</sup> Before that time, in 1963, the question of the convening of a special conference to conclude a convention of nonuse of nuclear weapons had been referred to the Eighteen-Nation Disarmament Committee for study. Still earlier the Secretary-General had been requested to poll member governments as to their attitude toward the conclusion of such a convention. We must note that no agreements have evolved from these efforts.

It is not surprising that we appear unable to make any progress on an unqualified agreement not to use nuclear weapons, since throughout the history of the consideration of this concept the basic issues have remained substantially unaltered. And these are most contentious issues, Mr. Chairman. The United States position on these issues has been set forth many times. Secretary Rusk explained the views of the United States in his letter to the Secretary-General dated June 30, 1962, and Mr. [William

<sup>5</sup> U.N. doc. A/RES/2164 (XXI).

C.] Foster restated them at the 82d meeting of the UNDC [United Nations Disarmament Commission] in 1965.

A review of these issues is essential in considering the Soviet draft. There are two substantive articles in the proposed draft convention contained in the attachment to the letter inscribing the Soviet item now under consideration. The first involves as its principal part an undertaking by each party to the convention not to use nuclear weapons under any circumstances.

At first glance this seems like a direct and sensible approach to the problem. Any nation whose leadership retains its sanity wants to avoid nuclear war. It is therefore understandable that there should be a certain attraction to a draft convention which gives the impression that it will prevent nuclear war by the simple expedient of requiring the parties to it to agree not to use nuclear weapons if they should become involved in military conflict.

But merely wanting to avoid nuclear war—seeking an agreement to outlaw it—is not enough. Instead what we must do is to embark on a course of conduct which decreases the possibilities of such a nuclear war ever happening. We must do so in the light of the realities of the dangerous age in which we live, an age in which there already exist enormous nuclear weapons stockpiles and rapid means of delivery.

### **The Hard Test of Reality**

It is against the hard test of reality that we should examine the first article in the Soviet draft convention.

This article involves an unqualified undertaking by the parties to the convention not to use nuclear weapons under any circumstances.

Such an obligation would be applicable whether or not all the states involved in a conflict had accepted the same obligation; it would prohibit the use of nuclear weapons against a nuclear-weapon state which had itself expressly refused to accept such an obligation and which was itself threatening a nuclear attack.

Its protection would extend to a non-nuclear-weapon state even if it were engaged in an act of aggression in which it was supported by a nuclear-weapon state.

Such an obligation would be applicable to prevent nuclear-weapon states signatory to the convention from using their nuclear power to

assist any state that has forsworn nuclear weapons and which was the victim of nuclear aggression by a state not party to the convention.

Such an obligation would be applicable to a conflict between nuclear-weapon states, regardless of the circumstances surrounding the initiation of the conflict. Its terms would prohibit the use of nuclear weapons in self-defense against the forces of another nuclear-weapon state engaged in an act of aggression. This would be the case even if the use of those weapons in self-defense was confined to their use on or over the territory of the state using them or the territory of non-nuclear-weapon states that it was defending.

Mr. Chairman, in considering this item we must consider the role that the present nuclear forces play in the relatively stable strategic balance which now exists between the major nuclear powers in the world and the effect on that balance of an obligation not to use nuclear weapons under any circumstances. So long as a situation exists under which these major nuclear powers have massive stockpiles of nuclear armaments arrayed against each other as well as massive conventional forces, so long as there is the possibility that a massive attack might threaten a country's national survival or the integrity of all or a substantial part of its effective armed forces, the most effective way of minimizing the risk of nuclear war will be through the maintenance of this mutual deterrence. Inherent in the preservation of this deterrence is the existence of offsetting postures of deterrence under which a nation, even after absorbing a surprise nuclear first strike, would have a reliable ability to inflict in turn an unacceptable degree of damage on the aggressor. It is this retaliatory capability which deters aggression.

### **Credibility of Mutual Deterrence**

As long as such a posture continues, an agreement not to use nuclear weapons, even in self-defense or in retaliation, would be, at worst, deceptive and therefore dangerous and, at best, unrealistic.

In the worst case, it would be deceptive and therefore dangerous if potential aggressors were to believe that nuclear stockpiles would not be used for their designed purpose of deterrence or defense. Such a deception would be dangerous

if it were to lead to a miscalculation by one power concerning another's deterrent posture, a type of miscalculation which represents the greatest danger of nuclear war ever occurring.

Such deception would be equally dangerous if it were to lead a nuclear-weapon state not party to the treaty to believe that it could engage in acts or threats of nuclear aggression against a state which had forsworn nuclear weapons without other nuclear-weapon states using their nuclear power to counter any such blackmail or aggression.

Almost as unsatisfactory is the case in which states would regard as unrealistic a convention under which it was agreed that powerful nuclear forces created and maintained for deterrence and defense were not to be used for the purposes for which they were created. The presentation of a treaty which was artificial and lacking in credibility would be to debase the currency of international treaty making and to create a sense of false security among nations regarding the risks of nuclear war.

In the present balance which now maintains the peace, we cannot afford either deception or unreality. The emphasis must be on credibility of intentions and capabilities; each major nuclear power must have no doubt as to precisely where the others stand. It is this growing credibility of effective mutual deterrence and maturing sense of responsibility on the part of the major powers in recent years which tends to reduce the risk of a nuclear holocaust.

### **Elimination of Nuclear Stockpiles**

If we are to reduce further this risk, rather than increase it, we must find some way to work out properly safeguarded agreements first to limit, and later to reduce, and finally, in the context of general and complete disarmament, to eliminate these weapons from national arsenals.

With this in mind the United States noted with interest the second article of the draft convention offered by the Soviet Union. Under this article each party would undertake "to make every effort to arrive as soon as possible at agreement on the cessation of the production and destruction of all stockpiles of nuclear weapons in conformity with a treaty on general and complete disarmament under effective international control."

In putting forth this language, the U.S.S.R.

appears to have tacitly recognized at least two important points: first, that its nonuse proposal would not be a meaningful document unless something were done about nuclear stockpiles; second, that the elimination of nuclear weapons from national arsenals could only be accomplished in the context of general and complete disarmament under effective international control.

As is apparent from these remarks, the United States disagrees with the priority which the Soviet text assigns to these two tasks. We believe that prohibiting the use of nuclear weapons and then doing something about nuclear stockpiles in the context of general and complete disarmament puts the cart before the horse, so to speak. But the fact that there appears to be agreement that the two subjects are related does afford a foundation upon which something must be built.

I would therefore like to dwell for a moment on the second point of the Soviet draft convention: that the elimination of nuclear weapons from national arsenals should be accomplished pursuant to a treaty on general and complete disarmament under strict international control. This is a point with which we are familiar. It has been explicit in both the U.S. Outline of Basic Provisions of a Treaty on General and Complete Disarmament in a Peaceful World<sup>6</sup> and the Soviet Draft Treaty on General and Complete Disarmament under Strict International Control, as amended by the provision for retention of a limited number of strategic delivery vehicles.

Let me speak first of the U.S. draft treaty outline. It provided that in the first stage the parties to the treaty would halt the production of fissionable materials for use in nuclear weapons and would transfer agreed quantities of weapons-grade fissionable material from weapons use to peaceful purposes. During the first stage the parties would also examine questions relating to the means of accomplishing, during stages II and III, the reduction and eventual elimination of nuclear weapons from national stockpiles. This elimination would not take place until the end of stage III.

Let me now discuss the Soviet draft treaty on general and complete disarmament. The initial Soviet draft provided for the destroying of the

<sup>6</sup> For text, see BULLETIN of May 7, 1962, p. 747.

means of delivery of nuclear weapons during the first stage of disarmament and the destroying of the nuclear weapons themselves during the second stage. Later, the Soviet Union indicated its willingness to amend its treaty and finally offered a formal amendment providing for the retention, until the completion of the process of general and complete disarmament, of an "umbrella" of intercontinental missiles, antimissile missiles, and ground-to-air anti-aircraft missiles, together with the nuclear warhead launching devices and guidance systems for these various missile systems.

I do not now propose to deal with the difficulties which the United States has had with the Soviet-proposed strategic umbrella. In brief, it is based on our feeling that it was not consistent with paragraph 5 of the Joint Statement of Agreed Principles for Disarmament Negotiations<sup>7</sup> that all measures of general and complete disarmament should be balanced so that at no stage could any state or group of states gain military advantage and that security must be insured equally for all.

I do propose to point out, however, that even the Soviet proposal recognizes that the elimination of nuclear warheads could take place realistically only in the context of general and complete disarmament and then only at the completion of that process. If we were to agree that nuclear forces were to remain in existence until the completion of the disarmament process, whether as proposed by the United States or as proposed in the Soviet-proposed strategic umbrella, we would be doing so in recognition that these forces have come to serve an indispensable function—the function of mutual deterrence. No one would believe us—and we would have debased the currency of international negotiations—if we were at the same time to agree that they would never be used even for this purpose.

The reason for the fact that under both disarmament plans nuclear weapons are not eliminated from national arsenals until the end of the disarmament process is not hard to find. It is due to the problem of verification. A nuclear weapon need not be very large, and a great many have been produced by the nuclear-weapon powers; it would be very hard to satisfy

all countries to a disarmament agreement that they have all been destroyed.

And the possibilities of successful evasion are substantial. It would not take many nuclear weapons secreted in the caves of an evading country to threaten completely the security of another country which had destroyed its nuclear stockpiles. A covert nuclear stockpile coupled with adequate delivery means which might seem insignificant in relation to the present nuclear arsenals could threaten the world if all other nuclear countries had destroyed their own stockpiles. As the epigrammist once put it: "In the world of the blind, the one-eyed man is king." I need not labor further the point that verified elimination of all nuclear stockpiles by all nuclear states is a *sine qua non* for a world free of the threat of nuclear holocaust.

### Realistic Measures

The United States has presented to the ENDC realistic measures for the reduction of the national arsenals of weapons of mass destruction, including nuclear and thermonuclear weapons, measures which can be put into effect before the completion of the processes of general and complete disarmament.

With specific reference to the cutoff of the production of fissionable material for weapons purposes, Mr. Foster made a comprehensive statement to the ENDC on February 13, 1964, in which he indicated that the United States was prepared to agree either to a complete halt in the production of fissionable materials for use in nuclear weapons or to a reciprocal plant-by-plant shutdown. In addition, the United States has stated that it is prepared to transfer 60,000 kilograms of weapons-grade U-235 to peaceful uses if the U.S.S.R. would agree to transfer of 40,000 kilograms for such purposes. This material would be obtained by the demonstrated destruction of nuclear weapons by each party.

The United States has also put forth workable measures dealing with the reduction of delivery systems for nuclear weapons. President Johnson proposed in his message to the ENDC in January 1964<sup>8</sup> that "the United States, the Soviet Union and their respective allies should agree to explore a verified freeze of the number and characteristics of strategic nuclear offensive

<sup>7</sup> For text of the U.S.-U.S.S.R. joint statement of Sept. 20, 1961, see *ibid.*, Oct. 9, 1961, p. 589.

<sup>8</sup> *Ibid.*, Feb. 10, 1964, p. 225.

and defensive vehicles," thereby opening the path to reductions in all types of forces. More recently, the President last March reconfirmed our willingness to discuss with the Soviet Government means of limiting the arms race in such missiles.<sup>9</sup> And as recently as September of this year Secretary [of Defense Robert S.] McNamara reiterated our willingness to enter into safeguarded agreements first to limit, and later to reduce, both offensive and defensive strategic nuclear forces.<sup>10</sup> As Assistant Secretary of Defense Mr. [Paul C.] Warnke has pointed out:<sup>11</sup>

We believe a number of possibilities for parallel action and even for formal agreement with the Soviets would permit our reliance on unilateral means of verification. Other more far-reaching agreements, particularly any involving substantial reductions, would require agreed international inspection.

Agreement on these various proposals dealing with the material to make nuclear weapons, the weapons themselves, and the means of their delivery is, we believe, the way to start the process toward the eventual elimination of nuclear weapons and the means of their delivery pursuant to general and complete disarmament under strict and effective international control. When we reach this point, we will have reached a stage where we will have provided mankind with lasting security against the threat of a nuclear holocaust.

However, it seems premature to speak of a sweeping and unqualified agreement not to use nuclear weapons that is not a part of a comprehensive program leading to general and complete disarmament under effective international control. I have raised the issues connected with the Soviet draft convention now not in any contentious spirit but because the problems that are associated with them are matters of vital concern to the security of all of us.

The United States believes that the best ways to get on with the work of disarmament—all aspects of disarmament—is to continue, through the ENDC, to discuss and arrive at agreements on the serious measures that have been proposed

there and elsewhere to limit and later reduce and eliminate our nuclear forces.

These are the considerations my delegation will have in mind in considering any proposal which may come forward in this debate.<sup>12</sup>

## Current U.N. Documents: A Selected Bibliography

*Mimeographed or processed documents (such as those listed below) may be consulted at depository libraries in the United States. U.N. printed publications may be purchased from the Sales Section of the United Nations, United Nations Plaza, N.Y.*

### General Assembly

Report of the Special Committee on Principles of International Law concerning Friendly Relations and Co-operation among States. A/6799. September 26, 1967. 216 pp.

Report of the Committee on the Peaceful Uses of Outer Space. A/6804. September 27, 1967. 101 pp.

Report of the Secretary-General on the implementation of paragraphs 8 and 9 of General Assembly Resolution 2252 (ES-V) concerning contributions to humanitarian assistance in the Middle East. A/6847. October 4, 1967. 8 pp.

Report of the Secretary-General on the Effects of the Possible Use of Nuclear Weapons and on the Security and Economic Implications for States of the Acquisition and Further Development of These Weapons. A/6858. October 10, 1967. 102 pp.

United Nations Institute for Training and Research. Report of the Executive Director. A/6875. October 25, 1967. 109 pp.

United Nations Program of Assistance in the Teaching, Study, Dissemination and Wider Appreciation of International Law. Report of the Secretary-General. A/6816. October 28, 1967. 35 pp.

### Economic and Social Council

#### Population Commission:

Promotion of Improvement in Demographic Statistics; Progress Report on Improvement of Demographic Statistics. Note by the Secretary-General. E/CN.9/215. September 8, 1967. 34 pp.

World Demographic Survey: Urban and Rural Population, 1920-1980. Summary Report of the Secretary-General. E/CN.9/209. September 22, 1967. 24 pp.

<sup>12</sup> On Dec. 4, by a vote of 56 to none, with 23 abstentions (U.S., France, and U.K.), Committee I adopted a draft resolution (A/C.1/L.409) urging all states "to examine . . . the question of the prohibition of the use of nuclear weapons and the draft convention on the prohibition of nuclear weapons." The committee's draft resolution was adopted on Dec. 8 by the General Assembly (A/RES/2289 (XXI)) by a vote of 77 to none, with 29 abstentions (U.S., France, and U.K.).

<sup>9</sup> For a statement by President Johnson on Mar. 2, see *ibid.*, Mar. 20, 1967, p. 445.

<sup>10</sup> For Secretary McNamara's address at San Francisco, Calif., on Sept. 18, see *ibid.*, Oct. 9, 1967, p. 443.

<sup>11</sup> In an address made before the Advocates Club of Detroit on Oct. 6.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Atomic Energy

Agreement for the application of safeguards by the International Atomic Energy Agency to the bilateral agreement between the United States and Indonesia of June 8, 1960, as amended (TIAS 4557, 6124), for cooperation concerning civil uses of atomic energy. Signed at Vienna June 19, 1967.

*Entered into force:* December 6, 1967.

Agreement for the application of safeguards by the International Atomic Energy Agency to the bilateral agreement between the United States and Iran of March 5, 1957, as amended (TIAS 4207, 6219), for cooperation concerning civil uses of atomic energy. Signed at Vienna December 4, 1964.

*Entered into force:* December 4, 1967.

##### Coffee

International coffee agreement, 1962, with annexes. Open for signature at United Nations Headquarters, New York, September 28 through November 30, 1962. Entered into force December 27, 1963. TIAS 5505.

*Accession deposited:* Cyprus, November 2, 1967.

##### Maritime Matters

Amendment to article 28 of the convention on the Intergovernmental Maritime Consultative Organization (TIAS 4044). Adopted at Paris September 28, 1965. Enters into force November 3, 1968.

*Senate advice and consent to acceptance:* December 11, 1967.

##### Postal Matters

Constitution of the Universal Postal Union with final protocol, general regulations with final protocol, and convention with final protocol and regulations of execution. Done at Vienna July 10, 1964. Entered into force January 1, 1966. TIAS 5881.

*Ratifications deposited:* Iraq (with a declaration), September 22, 1967; Senegal, September 26, 1967.

*Adherence deposited:* Barbados (with reservations), November 11, 1967.

##### Telecommunications

International telecommunication convention with annexes. Done at Montreux November 12, 1965. Entered into force January 1, 1967; as to the United States May 29, 1967. TIAS 6267.

*Ratification deposited:* Mexico, November 2, 1967.

Partial revision of the radio regulations (Geneva, 1959), as amended (TIAS 4893, 5603), to put into effect a revised frequency allotment plan for the aeronautical mobile (R) service and related information, with annexes. Done at Geneva April 29, 1966. Entered into force July 1, 1967; as to the United States August 23, 1967, except the frequency allot-

ment plan contained in appendix 27 shall enter into force April 10, 1970. TIAS 6332.

*Notification of approval:* Bulgaria (with statement), August 29, 1967.

#### United Nations

Amendment to article 109 of the Charter of the United Nations (TS 993). Adopted at New York December 20, 1965.<sup>1</sup>

*Ratification deposited:* Venezuela, November 9, 1967.

#### BILATERAL

##### France

Consular convention, with protocol and exchanges of notes. Signed at Paris July 18, 1966. Enters into force January 7, 1968.

*Proclaimed by the President:* December 11, 1967.

Consular convention. Signed at Washington February 23, 1853.

*Terminated:* January 7, 1968 (replaced by convention of July 18, 1966, *supra*).

## PUBLICATIONS

### Second Volume in Foreign Relations Series for 1945 Released

The Department of State on December 13 released *Foreign Relations of the United States: Diplomatic Papers, 1945, Volume II, General: Political and Economic Matters* (lviii, 1,611 pp.).

This volume covers a wide variety of the most significant developments in U.S. multilateral diplomacy both in the political and economic spheres. Among the subjects covered by the documentation are the first session of the Council of Foreign Ministers in London; the meeting of the American, British, and Soviet Foreign Ministers at Moscow; the efforts of the United States to rescue Jews and other refugees in Germany and German-occupied territory; and measures taken by the United States to provide relief for the peoples of the occupied and devastated areas of Europe. Documentation is also included on American efforts to establish a system of international control of atomic energy.

Copies of this volume (Department of State publication 8314) may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$5.25 each.

<sup>1</sup>Not in force.

## Recent Releases

*For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Address requests direct to the Superintendent of Documents. A 25-percent discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders.*

**Background Notes.** Short, factual summaries which describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, and, in some cases a selected bibliography. Those listed below are available at 5 cents each.

Bulgaria. Pub. 7882. 6 pp.  
Cameroon. Pub. 8010. 5 pp.  
Haiti. Pub. 8287. 4 pp.  
Iraq. Pub. 7975. 4 pp.  
Laos. Pub. 8301. 8 pp.  
Libya. Pub. 7815. 5 pp.  
Mauritania. Pub. 8169. 5 pp.  
Mexico. Pub. 7865. 6 pp.  
Pakistan. Pub. 7748. 8 pp.  
El Salvador. Pub. 7794. 5 pp.

**Sample Questions from the Written Examination for Foreign Service Officer (revised).** A description of the written examination and samples of the kinds of questions asked in the several parts of the test. Pub. 7640. Department and Foreign Service Series 123. 88 pp. Limited distribution.

**Your Department of State (revised).** Pamphlet giving concise information on the history, organization, and activities of the Department (including basic facts about the Department of State building). Pub. 7644. Department and Foreign Service Series 124. 16 pp. 15¢.

**Answering Aggression in Viet-Nam.** Text of remarks by President Johnson on Sept. 29, 1967, before the National Legislative Conference at San Antonio, Texas. Pub. 8305. East Asian and Pacific Series 167. 12 pp. 15¢.

**Foreign Aid: An Essential Element of United States Foreign Policy.** Address by Under Secretary of State Nicholas deB. Katzenbach before the New England Jaycee Convention at Hyannis, Mass., Sept. 30, 1967. Pub. 8309. General Foreign Policy Series 221. 12 pp. 15¢.

**U.S. Viewpoint on Four Current World Problems.** Statement by Arthur J. Goldberg, U.S. Representative to the United Nations, made in plenary session of the U.N. General Assembly on Sept. 21, 1967. Reprinted from *Department of State Bulletin* of Oct. 16, 1967. Pub. 8310. International Organization and Conference Series 78. 8 pp. 5¢.

**The Central Issue in Viet-Nam: Secretary Rusk Discusses U.S. National Interests in Asia.** Text of a news conference held by Secretary of State Dean Rusk on Oct. 12, 1967, relating principally to Viet-Nam (excerpts). Preprinted from full text which was published in *Department of State Bulletin* of Oct. 30, 1967. Pub. 8313. East Asian and Pacific Series 168. 9 pp. 15¢.

**Concert and Conciliation: The Next Stage of the Atlantic Alliance.** Address by Under Secretary of State for Political Affairs Eugene V. Rostow before the Atlantic Treaty Association at Luxembourg on Sept. 11, 1967. Reprinted from *Department of State Bulletin* of Oct. 2, 1967. Pub. 8315. International Organization and Conference Series 79. 9 pp. 15¢.

**Load Lines.** Convention, with Regulations, between the United States of America and Other Governments—Done at London April 5, 1966. Date of entry into force July 21, 1968. TIAS 6331. 234 pp. \$1.25.

**Alien Amateur Radio Operators.** Agreement with Venezuela. Exchange of notes—Signed at Caracas September 18, 1967. Entered into force October 3, 1967. TIAS 6348. 4 pp. 5¢.



**Africa.** 1967—A Progress Report (Rusk) . . . . . 1

**Asia.** 1967—A Progress Report (Rusk) . . . . . 1

**Congress.** Recent International Developments Concerning the Ocean and Ocean Floor (Sisco) . . . . . 17

**Developing Countries.** The Future Work Program of GATT (Roth) . . . . . 13

**Disarmament.** U.S. Gives Views on Soviet Proposal for Convention on "Nonuse" of Nuclear Weapons (Fisher) . . . . . 26

**Economic Affairs**  
 The Future Work Program of GATT (Roth) . . . . . 13  
 1967—A Progress Report (Rusk) . . . . . 1  
 U.S. and Japan Hold Talks on Softwood Log Trade (joint statement) . . . . . 15  
 U.S. and Philippines Begin Talks on Future Economic Relations (Braderman) . . . . . 11  
 World Trade and Finance and U.S. Prosperity (Johnson) . . . . . 6

**Europe.** 1967—A Progress Report (Rusk) . . . . . 1

**Foreign Aid.** 1967—A Progress Report (Rusk) . . . . . 1

**International Organizations and Conferences.** The Future Work Program of GATT (Roth) . . . . . 13

**Japan.** U.S. and Japan Hold Talks on Softwood Log Trade (joint statement) . . . . . 15

**Latin America**  
 The Contours of Change in the Home Hemisphere (Oliver) . . . . . 8  
 1967—A Progress Report (Rusk) . . . . . 1

**Mexico.** Mexican-U.S. Trade Committee Holds Third Meeting (joint communique) . . . . . 10

**North Atlantic Treaty Organization.** 1967—A Progress Report (Rusk) . . . . . 1

**Philippines.** U.S. and Philippines Begin Talks on Future Economic Relations (Braderman) . . . . . 11

**Presidential Documents**  
 U.S. Extends Sympathy on Death of President Gestido of Uruguay . . . . . 5  
 World Trade and Finance and U.S. Prosperity . . . . . 6

**Publications**  
 Recent Releases . . . . . 32  
 Second Volume in Foreign Relations Series for 1945 Released . . . . . 31

**Science**  
 Recent International Developments Concerning the Ocean and Ocean Floor (Sisco) . . . . . 17  
 U.S. Protests Soviet Failure To Give Notice of Scientific Tests (text of note) . . . . . 16

**Trade**  
 The Future Work Program of GATT (Roth) . . . . . 13  
 Mexican-U.S. Trade Committee Holds Third Meeting (joint communique) . . . . . 10  
 U.S. and Japan Hold Talks on Softwood Log Trade (joint statement) . . . . . 15

**Treaty Information**  
 Current Actions . . . . . 31  
 1967—A Progress Report (Rusk) . . . . . 1

**U.S.S.R.** U.S. Protests Soviet Failure To Give Notice of Scientific Tests (text of note) . . . . . 16

**United Nations**  
 Current U.N. Documents . . . . . 30  
 Recent International Developments Concerning the Ocean and Ocean Floor (Sisco) . . . . . 17  
 U.S. Gives Views on Soviet Proposal for Convention on "Nonuse" of Nuclear Weapons (Fisher) . . . . . 26  
 United States Urges Renewed Dedication to U.N. Peace and Security Activities (Fountain) . . . . . 20

**Uruguay.** U.S. Extends Sympathy on Death of President Gestido of Uruguay (Johnson) . . . . . 5

*Name Index*

Braderman, Eugene M . . . . . 11  
 Fisher, Adrian S . . . . . 26  
 Fountain, L. H . . . . . 20  
 Johnson, President . . . . . 5, 6  
 Oliver, Covey T . . . . . 8  
 Roth, William M . . . . . 13  
 Rusk, Secretary . . . . . 1  
 Sisco, Joseph J . . . . . 17

**Check List of Department of State  
 Press Releases: December 11-17**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to December 11 which appear in this issue of the BULLETIN are Nos. 266 of November 18, 281 of December 6, 285 of December 7, and 288 and 290 of December 9.

No.	Date	Subject
†291	12/11	Transmittal letter and text of proposed bill concerning travel to restricted areas.
†292	12/11	U.S.-Korean cotton textile agreement.
*293	12/13	U.S. Government establishes award for civilian employees in Viet-Nam.
294	12/14	U.S.-Japanese meeting on softwood log trade; joint statement.
†295	12/15	1967 NATO ministerial meeting; final communique.

\*Not printed.

†Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

---

OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

THE OFFICIAL WEEKLY RECORD OF UNITED STATES FOREIGN POLICY

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

*Vol. LVIII, No. 1489*



*January 8, 1968*

**"A CONVERSATION WITH THE PRESIDENT"**

*Excerpts From Television Interview 33*

**AMERICA WILL STAND FIRM IN VIET-NAM**

*Address by President Johnson (Excerpt) 39*

**NORTH ATLANTIC COUNCIL MEETS AT LUXEMBOURG**

*Text of Final Communique 49*

**THE MIDDLE EAST CRISIS AND BEYOND**

*by Under Secretary Rostow 41*

*For index see inside back cover*

# THE DEPARTMENT OF STATE **BULLETIN**

Vol. LVIII No. 1489

January 8, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE.

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

## “A Conversation With the President”

*Following are excerpts from an interview with President Johnson which was taped in the President's office on December 18 and broadcast on nationwide television and radio on December 19. Interviewing the President were Dan Rather of the Columbia Broadcasting System, Frank Reynolds of the American Broadcasting Company, and Ray Scherer of the National Broadcasting Company. The transcript of the interview was released by the White House on December 19.*

*Mr. Rather: Mr. President, I think any American seated in this chair tonight would want to ask you about peace. Do you have any fresh, new ideas about getting peace in Viet-Nam, or are we stuck with, as I think Secretary Rusk has put it, “waiting for some sign from the other side”?*

*The President: Peace is the number-one subject in the mind of every leader in the Government. We are searching for it a part of every day.*

There are four or five specific things that we think should be agreed upon. We think that the war now going on at the DMZ, at the 17th parallel, should stop. We think that infiltration of Laos should stop. They have previously agreed to that.

We think that the people of South Viet-Nam have demonstrated that they want to be governed on the basis of one-man one-vote, and people who are prepared to live under that kind of an arrangement could live under that kind of arrangement.

The thing that we must recognize about peace is that it is much more than just wishing for it. You can't get it just because you want it. If that were true, we would have had it a long time ago, because there are no people in the world who want peace more than the President, the Cabinet, and the people of the United States.

But if we are to find the solution of uniting the people of South Viet-Nam and solving the problems in South Viet-Nam, it must be done not by some Senator or Congressman Ryan, or Senator Hartke, or Senator Fulbright, or some of our best-intentioned people who want peace. This peace is going to be found by the leadership of South Viet-Nam, the people of South Viet-Nam, in South Viet-Nam.

We are encouraging that. We are going to continue to do our dead-level best to see this constitutional government, where 70 percent of their people registered and 60 percent of their people voted, develop some kind of a plan that we think will ultimately unite South Viet-Nam and bring peace to that area.

This will take time. This will take patience. This will take understanding.

The great problem we have is not misleading the enemy and letting him think—because of some of the statements he hears coming from us—that the way is cheap, that it is easy, or that we are going to falter.

*Mr. Scherer: Mr. President, there seems to be a growing impression throughout the world that the United States will settle for nothing less than military victory in Viet-Nam. What is your view on that?*

*The President: I have just explained what I thought would be a fair solution. I will repeat it as briefly and as succinctly as I can.*

The demilitarized zone must be respected as the 1954 agreements require. The unity of Viet-Nam as a whole must be a matter for peaceful adjustment and negotiation.

The North Vietnamese forces must get out of Laos and stop infiltrating Laos. That is what the 1962 agreement required, and it must be respected.

The overwhelming majority of the people of South Viet-Nam want a one-man-one-vote constitutional government.

About 70 percent of all the citizens who might have voted in South Viet-Nam registered in the election, and 60 percent of them voted.

The 20 percent or so of the population now under Viet Cong control must live under a one-man-one-vote constitutional system if there is to be peace.

President Thieu has said that the South Vietnamese Government is not prepared to recognize the NLF as a government, and it knows well that NLF's control is by Hanoi. And so do we. But he also has said that he is prepared for informal talks with members of the NLF, and these could bring good results.

I think that is a statesmanlike position. And I hope the other side will respond. That is why our statement in early December said we believe that the South Vietnamese must work out their own future, acting through electoral processes of the kind carried forward in the last 2 years.<sup>1</sup>

The political future of South Viet-Nam, Mr. Scherer, must be worked out in South Viet-Nam by the people of South Viet-Nam.

It is our judgment that this war could be ended in a matter of weeks if the other side would face these five simple facts and if some of our own people here in this country would encourage that that be done instead of broadcasting alarms that may give false signals both to Hanoi and to the Viet Cong.

### South Vietnamese Self-Determination

*Mr. Rather: Mr. President, are we willing to accept Communists in a coalition government if the South Vietnamese Government and the NLF got together to negotiate? Are we willing to accept Communists in a coalition government?*

*The President:* I think we must bear in mind that what happens in South Viet-Nam is up to the people of South Viet-Nam, not to North Viet-Nam, not to China, the Soviet Union, or the people of the United States—but the people of South Viet-Nam.

We are prepared to have every man in South Viet-Nam under their constitutional government, one-man one-vote—for those people themselves to determine the kind of government they want. We think we know what that determination would be from the 70 percent who are regis-

<sup>1</sup> For text of a statement by the Department spokesman on Dec. 8, see BULLETIN of Dec. 25, 1967, p. 854.

tered and the 60 percent who have voted. It is a matter for them to determine, not for me to determine.

I think that we might add one other thing here: When Mr. Reynolds says what are the minimum conditions for this or that, we don't want to get sparring with each other.

But I can say that so far as the United States is concerned, we are ready to stop fighting tonight if they are ready to stop fighting. But we are not ready to stop our side of the war, only to encourage them to escalate their side of the war.

We will reciprocate and meet any move that they make, but we are not going to be so soft-headed and puddingheaded as to say that we will stop our half of the war and hope and pray that they stop theirs.

Now, we have tried that in some instances. We have leaned over backward. Every time we have, they have escalated their efforts and they have killed our soldiers. We have got no result from it. A burnt child dreads the fire.

But if you want us to stop our bombing, you have to ask them to stop their bombing, stop their hand grenades, stop their mortars.

At San Antonio I laid out the formula, and I said we will stop bombing immediately provided you will have prompt and productive discussions.<sup>2</sup>

Now, that is about as far as anyone can go. That is as far as anyone should go. That is as far as we are going.

*Mr. Scherer: Mr. President, is it your feeling that you have now made our proposition and the next move is up to them?*

*The President:* Well, it is my feeling that our position in the world is very clearly known. If it is not, I have tried to repeat it enough tonight that the people can understand it.

### Hanoi's Attitude

*Mr. Reynolds: Mr. President, what is your assessment of Hanoi's attitude at this point in the war? Do you believe they are counting, sir, on your defeat next November?*

*The President:* I think that Hanoi feels that if they can hold out long enough, that they will not win a military victory against General Westmoreland. They haven't done that. They

<sup>2</sup> *Ibid.*, Oct. 23, 1967, p. 519.

can't point to one single victory they won from our Marines or from our Air, from our Navy or from our Army.

They think, though, that they can repeat what happened to them with the French: that if their will is strong and they continue to remain firm, that they will develop enough sympathy and understanding in this country, and hatred for war in this country, that their will will outlast our will.

Now, I don't think that is true. I think in due time, if our people will understand and recognize what is happening, I think they will help me prove it is not true.

*Mr. Scherer: Mr. President, just to make this abundantly clear, what you seem to be saying here tonight is: (a) that peace in Viet-Nam is principally up to the Saigon Government rather than the United States, and (b) that the Saigon Government can have useful talks with the Viet Cong without recognizing them.*

*The President:* Yes, I have said that I think the war could be stopped in a matter of days if President Thieu's suggestions that he informally talk with members of the NLF are carried out and if they would agree to what they have already agreed to in the 1954 accords and the 1962 accords and the other points that I mentioned this morning, like one-man one-vote under the present constitutional government.

I think that would be a useful starting point. And I think the result could be that we could find a way to stop the war.

#### **Question of Recognition of Viet Cong and NLF**

*Mr. Rather: Mr. President, I think what bothers some people, though, is that President Thieu and the South Vietnamese Government, as it is now constituted, say that they do not recognize the Viet Cong, they do not recognize the NLF. How are they going to have negotiations with them if they don't recognize them?*

*The President:* They could have informal talks with them, Dan. I said that the President had made clear that he would not recognize NLF, but we have made clear for many, many months that their views can be heard and we can respond to them; their recommendations can be received and we can react to them.

President Thieu, himself, in a very statesman-like manner, has said that he would be agreeable

to having informal talks with their representatives. We would hope that out of that some understanding could be reached. I believe if it could be reached, the war could be brought to a close.

#### **Support of Asian Effort in South Viet-Nam**

*Mr. Scherer: Mr. President, much has been made of your 1964 campaign statement about not sending American boys to fight in an Asian war. As you look back on that now, was that a pledge, a hope, or was it simply a statement of principle in a larger context?*

*The President:* Well, it was one of many statements, if you will look back upon it, as a part of a policy; namely, our policy then and now was to keep our hand out for negotiations and for discussions, and for peace, and our guard up that would support the South Vietnamese to keep them from being enveloped.

We made clear all through that campaign—and in this speech which you have extracted one little single sentence out of—that we felt that the South Vietnamese ought to pledge every resource they had, their men, their materials, all of their resources, to defending themselves; that we would never supplant them. But we would supplement them to the extent that it was necessary.

We did not plan to go into Asia and to fight an Asian war that Asians ought to be fighting for themselves. But if Asians were fighting it for themselves and were using all the resources that they had in South Viet-Nam, there was no pledge, no commitment, or no implication that we would not supplement them and support them as we are doing, and as we agreed to do many years before in the SEATO Treaty, and as we had agreed to do in the Gulf of Tonkin resolution before that statement.

*Mr. Rather: Mr. President, if the South—*

*The President:* That has just been a part of the politicians' gambit of picking out one sentence before you get to the "but" in it, and say, "We are not going to take over all the fighting and do it ourselves. We are not going to do what Asian boys in South Viet-Nam should do."

They are doing it. They have over 700,000 men there, out of 17 million population, and they are raising another 65,000 compared to the additional 40,000-odd that we are sending.

So we don't plan to supplant them at all. But

we do plan to supplement them to whatever is necessary to keep the Communist conspiracy from gobbling up that nation.

### Performance of South Vietnamese Army

*Mr. Rather: Mr. President, if the South Vietnamese are as dedicated to freedom as you say, and as many who have been there say, why is it that they don't fight as well motivated, or at least seemingly, as the Viet Cong and the Communist North Vietnamese? To put it more bluntly, why don't our South Vietnamese fight as well as theirs?*

*The President:* I don't think that all people do everything alike. I know some television broadcasters are better than others. I know some Presidents that can perform in a conversation better than others.

General Abrams [Gen. Creighton W. Abrams, Deputy Commander, U.S. Military Assistance Command, Viet-Nam], who is giving leadership to the South Vietnamese people, thinks that their army is developing very well.

Now, that is not to say that they are equal to the best troops of every other nation, but they have made great improvements. They are working at their job. They still have some problems to correct in leadership. That is what really determines what kind of a fighting force you have. But they are getting at it, and they are getting results.

It is mighty easy to blame someone else. That is what we do. I don't think we get much out of blaming our allies or talking about how much better we are than they.

Most of the people out there tell us that they believe that the South Vietnamese Army at this time is equal to the Korean troops in 1954. If they are, I don't think we will have to apologize too much for them. They are taking up their positions on the DMZ now.

They have been giving very good results from their actions. General Abrams thinks they are doing all right. I would prefer his judgment to anybody's judgment that I know.

*Mr. Reynolds: Mr. President, you have always credited the Russians with a sincere desire for peace in Viet-Nam. Do you still hold to that view? If they really want peace, why don't they stop supplying the North Vietnamese?*

*The President:* Without going into your statements as to my views, I would say this: We are not sure just at this point of all that moti-

vates the Chinese or the Russians or any of the other Communists who are supporting the North Vietnamese.

I don't think I could honestly tell you just what their motivations are. We have always hoped that they would like to see this war brought to an end. That has been their indication to us. Whether that would work out in the long run, I don't know.

### Glassboro Conference; the Middle East Crisis

*Mr. Scherer: Mr. President, that brings us back to Glassboro and your conversations this summer.<sup>3</sup> How much of a factor in the restraint that we and the Russians seem to show in the Middle East crisis was a product of the dialog that you established with Mr. Kosygin at Glassboro?*

*The President:* I think that the Glassboro conference was a very useful conference. I am not sure that it really solved any of the problems of the Middle East. I think the situation in the Middle East is a very dangerous one.

I think we have made clear our viewpoint in my statement of June 19th,<sup>4</sup> the five conditions that ought to enter into bringing about peace in that area. We stressed those to Mr. Kosygin at Glassboro. He understands them. He did not agree with them. But I think that the Soviet Union understands that we feel very strongly about this matter, that we do have definite views.

I think Ambassador Goldberg, at the United Nations, has made our position very clear. As a result of the action of the United Nations in sending Ambassador Gunnar Jarring there as a mediator,<sup>5</sup> we are hopeful that the conditions I outlined on June 19th can be worked out and that a permanent solution can be found to that very difficult problem.

I would say it is one of our most dangerous situations and one that is going to require the best tact, judgment, patience, and willingness on the part of all to find a solution.

*Mr. Rather: Mr. President, do you consider that this country has the same kind of unwavering commitment to defend Israel against invasion as we have in South Viet-Nam?*

*The President:* We don't have a SEATO

<sup>3</sup> For background, see *ibid.*, July 10, 1967, p. 35.

<sup>4</sup> For text, see *ibid.*, p. 31.

<sup>5</sup> For background, see *ibid.*, Dec. 18, 1967, p. 834.



treaty, if that is what you are asking. We have made clear our very definite interest in Israel and our desire to preserve peace in that area of the world by many means. But we do not have a mutual security treaty with them, as we do in Southeast Asia.

*Mr. Reynolds: Mr. President, if we might come back for just a moment to the question of our relations with the Soviet Union, it has often been said that one of the tragic consequences of the war in South Viet-Nam is the setback in American-Soviet relations. Do you agree with that? Do you think we are making progress in getting along?*

*The President:* There are a good many things said, Mr. Reynolds, that people have to take with a grain of salt. First, they ought to look at the sources of these statements. I have tried to analyze our position in the world with other nations. We do regret that we don't see everything alike with the Soviet Union or other nations. We hope that there wouldn't be this tension and these strains that frequently are in evidence. Now, we don't say that everything is 100 percent all right, because we have very definite and very strong differences of opinion and philosophy.

But if you are asking me if the tension exists today that existed when the Berlin wall went up, the answer is no.

Now, we can understand the Soviet Union's inhibitions and the problems they have as long as Viet-Nam is taking place. They are called upon to support their Communist brother, and they are supporting him in a limited way with some equipment. We wish that were not so.

We would hope that they would exercise their duties and their responsibilities as cochairmen and take some leadership and try to bring this war to an end.

But we don't think that things are as tense or as serious or as dangerous as they were when the Berlin wall went up, in the Cuban missile crisis, or following Mr. Kennedy's visit with Mr. Khrushchev at Vienna.

#### **Headway Made on Agenda for Europe**

*Mr. Scherer: Mr. President, moving now to Europe, what about the complaint of Europe that our preoccupation with Viet-Nam has caused United States relations with Europe to take a back seat?*

*The President:* I don't find that complaint

in Europe. I find it in Georgetown among a few columnists, generally.

The European leaders—we are having very frequent exchanges with them, generally. Prime Minister Wilson will be here early in February. He has been here several times. We have been to Germany, and Mr. Kiesinger and ahead of him Mr. Erhard and ahead of him Mr. Adenauer have been here. Many of the Scandinavian leaders have come here. The Dutch leaders have come here.

This year in Europe we have had a very long agenda that has produced what we think are very excellent results. We have just concluded an agreement on the Kennedy Round, which involved very far-reaching trade concessions. We think it will stand as a monument to the relationship of the people of Europe and the people of the United States and very much to both of their advantages.

We had a challenge of NATO, and General de Gaulle asked us to get out of France. We sat down with the other 14 members of NATO, the other European nations, and we looked at our problem. We decided that we would go to Belgium. Thirteen of those nations joined the United States, and 14 of us went there.

NATO is now intact, as solid as it can be, unified. Secretary Rusk has just returned from very successful meetings with them.\*

So the challenge to NATO has been rebuffed. The difficulties of the Kennedy Round have been solved. The frequent predictions that the Germans would reduce their troop strength 60,000 and we would bring our divisions back from Europe—those matters have been worked out.

We are working feverishly every day trying to bring about a nonproliferation agreement, and we are making headway.

So I think, if you take the results of this year's efforts in Europe, that most European statesmen who have engaged in those efforts would think we have been quite successful and probably more successful than any other period. And I do not see that we have either ignored them or neglected them.

*Mr. Rather: Mr. President, French President de Gaulle, in light of his picking at NATO, his attacks on the dollar, and now even training of Russian troops, do you consider him a friend or an enemy of this country?*

\* For text of a NATO communique, see p. 49.

*The President:* I believe that the French people have an understanding, an interest and affection for the American people, and I think it is greatly reciprocated.

I am sorry that the relationship between the President and Mr. de Gaulle is not a closer one and that we don't see matters alike any more often than we do. We have tried to do everything that we know to do to minimize the differences that exist in the leadership of the two Governments. We strongly feel that the peoples of the two countries have a long history of friendship, and we are determined to preserve that.

We are also determined to minimize our differences and, from my part, to do nothing to unjustly or unduly provoke the French Government.

*Mr. Rather:* To get precisely to the point about General de Gaulle as apart from the French people—

*The President:* I got precisely to the point. I don't want to do anything to accentuate, aggravate, or contribute to emphasizing the differences that we have and straining the relations. I think basically our people are friendly, and I am going to do all I can to keep them friendly.

### The World of the Future

*Mr. Scherer:* As you look ahead to the world that your grandson is going to grow up in, what kind of a world would you like that to be?

*The President:* I would hope that it would be a more knowledgeable world and a better educated world. There are four people out of every 10 today who cannot read "cat," who cannot spell "dog," who cannot recognize the printed word "mother." I would like to see every boy and girl who is born in the world have all the education that he or she can take.

We are making great gains in that direction in this country. I would like to see other nations make great gains. I would like to see an enlightened program of family planning available to all the peoples of the world.

I would like to see the problem of food production faced up to and nations take the necessary steps to try to provide the food that they are going to need to support their populations.

I would like to see the miracles of health extended to all the peoples of the world as they

were to the fellow who was operated on with the heart change the other day.

I know that the infant mortality rate is going down. I should like to see it reflected in all the 110 nations.

In short, I believe that our ancient enemies are ignorance and illiteracy, are disease and bigotry. I would like to see my descendants grow up in a world that is as educated as possible, as healthy as science will permit, as prepared to feed itself, and which certainly has sufficient conservation forces to permit enjoyable leisure for the people who work long and late.

And I think we are moving to that end.

### Communist China

*Mr. Scherer:* Mr. President, what about China? Many people, as they peer off into the midst of the future, see our future problem with China. If you could sit down with the rulers of China, what would you tell them about America's intentions toward them?

*The President:* I have said to them in several public statements that we hope that they can conduct themselves in such a way as will permit them to join the family of nations and that we can learn to live in harmony with each other.

We have no desire to be enemies of any nation in the world. I believe that it is possible, over the years, for them to develop a better understanding of the world in which they live.

We think there are some very important things taking place right in China today that will contribute to, we hope, a better understanding and a more moderate approach to their neighbors in the world.

We have observed their failures in Africa and in Latin America and in Southeast Asia, where they have undertaken aggressive steps that have resulted in failure for them. And we hope that they will profit by their experiences. We believe they will.

We don't know all that we would like to know about what is going on in China. It is a rather closed society, and we don't have all the information that we would like to have. But we are hopeful and we believe that over a period of time that the opportunity exists for them to gain a better understanding of the other peoples of the world and thus be able to live more harmoniously with them.

## America Will Stand Firm in Viet-Nam

*Following is the closing portion of President Johnson's address before the AFL-CIO Convention at Bal Harbour, Fla., on December 12 (White House press release).*

I cannot close without sharing a few thoughts with you on a matter that I think troubles all of our hearts—that is the tragic but the vital struggle in Viet-Nam that is going on there tonight.

You have long stood in the front ranks of this fight for freedom. But here in Florida this winter you have added bright new testimony to your resolve, and you have given new heart to all who stand with you in search of peace.

I am very proud and very grateful, Mr. Meany [George Meany, president of the AFL-CIO], for the resolution that you all have passed here in support of freedom's cause. It is a ringing declaration of your firm resistance to aggression. That stanch spirit is constantly personified by that great, courageous leader—"Mr. Labor"—George Meany. I thank him, and I thank all of you from the bottom of my heart.

I thank you, too, for another man.

He does not live in the White House. He does not guide the destiny of the Nation, and he doesn't have the responsibilities throughout the world on his shoulders alone. But he is face down tonight in the mud of the DMZ. Or he is out there storming a hill near Da Nang, or crouched in a rice paddy in the Mekong Delta.

The American soldier thanks you from the bottom of his heart. He knows, even if some others don't, that your expressions of support are not just so many flag-waving words.

Whoever thinks that has never heard the question that comes to me so often from the fox-holes in my letters every day. He has never felt the ache of a soldier who writes his Commander in Chief and asks him—and this comes in letter after letter: "We are doing okay—but are the folks back home really behind us?"

American labor has answered that question with a resounding "Yes," and a firm "Yes, sir." You have said it before, and you have repeated it here—so strongly that even Hanoi cannot mistake its meaning or misinterpret what it says.

I know that many of labor's sons have left their parents and their homes to risk their lives

for liberty and freedom in Viet-Nam. I know that is torture for you, as it is for me. I know that you regret every single dollar that we spend on war—dollars that we want to spend on the works of peace here at home.

But you and I know that we must persevere. The torture we feel cannot beg the truth. It is only our unswerving will. It is only our unshakable determination that can ever bring us peace in the world.

It is very easy to agonize over the television or to moralize or to pin your heart on your sleeve or a placard on your back—and think to yourself that you are helping somebody stop a war.

But I only wish that those who bewail war would bring me just one workable solution to end the war.

The peacemakers are out there in the field. The soldier and the statesman need and welcome the sincere and responsible assistance of concerned Americans. But they need reason much more than they need emotion. They must have a practical solution and not a concoction of wishful thinking and false hopes, however well intentioned and well meaning they may be.

—It must be a solution that does not call for surrender or for cutting and running now. Those fantasies hold the nightmare of world war III and a much larger war tomorrow.

—It must be a solution that does not call for stepping up our military efforts to a flashpoint where we risk a much larger war today.

The easiest thing in the world for the President to do is to get in a larger war. It is very difficult to continue day after day to pressure the enemy without involving yourself in additional problems.

I, for one, would be glad and grateful for any help that any citizen can give me. Thousands of our soldier sons would also thank anyone who has a plan or a program or a solution. I cannot help but feel that we would be joined in our gratitude and our gladness by all of our allies and by millions of thoughtful Americans. They are really the concerned Americans who recognize the responsibilities that accompany their rights and the duties that accompany their freedom and liberty and who see it as a duty of citizenship to try to be constructive in word and constructive in deed.

For as long as I have borne the responsibility of conducting our foreign policy, I have known what I want you to know: I want all America to know that it is easier to protest a policy than to conceive one.

And so your President has followed a rather simple practice:

—If someone has a plan, I listen to it.

—If it seems worth pursuing, I ask the best Americans I can find to give me their judgment on it. I have asked your president many times for his judgment on these matters.

—If they like it and it seems wise to the President, then I try to put it into operation.

I can promise all who shout their opposition, as well as any who have quieter doubts—and no political aspirations—that I will continue this practice. I will always be ready and anxious to hear and to act on any constructive proposal they offer.

But in the meantime, I want you to know, and I want all America to know, that I am not going to be deterred. I am not going to be influenced. I am not going to be inflamed by a bunch of political, selfish men who want to advance their own interests. I am going to continue down the center of the road, doing my duty as I see it for the best of all my country, regardless of my polls and regardless of the election.

—I will devote my days and my nights to supporting and to supplying half a million of the bravest men who ever wore the American uniform and who ever left these shores to fight to protect us.

—I will honor and respect our sworn commitments to protect the security of Southeast Asia, because in protecting their security I protect your security, your home, and your family, too. We will not now betray the troubled leaders and the hopeful people of that region who have relied on Uncle Sam's word to shield them from aggression—not after other Presidents who preceded me gave their solemn word. I am going to see that that word is carried out.

—We will hold the line against aggression as it has been drawn so often by the Congress and by the President. We will not now nullify the word of the Congress or the people, as expressed in the SEATO Treaty, that we would come and take our stand in the face of common danger—that treaty was ratified by a vote in the Senate of 82 to 1—or the Tonkin Gulf resolution, where there were only two votes against it, when they said they would support the President in whatever means it was necessary to take to deter ag-

gression. I call on all of them to support him now.

—At all times and in all ways and with all patience and all hope, your President and your country will strive for peace.

Let no man, friend or foe, American or Asian, mistake our meaning.

I remind all of you again tonight, and my fellow Americans who may be viewing this proceeding, of our exchange of correspondence with Ho Chi Minh.<sup>1</sup> The North Vietnamese themselves released my letter on March 21st. In it, the President of the United States, on behalf of the United States, made what we thought was a fair and a firm offer. I said:

There is one good way to overcome this problem and to move forward in the search for a peaceful settlement. That is for us to arrange for direct talks between trusted representatives in a secure setting and away from the glare of publicity. . . .

As to the site of the bilateral discussions I propose, there are several possibilities. We could, for example, have our representatives meet in Moscow where contacts have already occurred. They could meet in some other country such as Burma. You may have other . . . sites in mind, and I would try to meet your suggestions. . . .

Can we be any more specific? Hanoi has spurned that olive branch. They answered with a rude "No," and they have repeated it time after disappointing time. Until they relent, until they see room for compromise and area for agreement, we must stand firm and we must stand unafraid. And we will.

Peace will come—I am convinced of that. But until peace does come, I will continue, with the support of our loyal, determined people, to hold the line that we have drawn against aggression—and to hold it firm and to hold it steady.

In all that I do I will be strengthened by the powerful testimony for freedom that you sons of labor have given here in this hall. You courageous men of labor have supported our fighting men every time they needed you. You have spoken as free men under fire must speak. May all the world hear you. And may God bless you for what you have said and what you have done. May God keep those men until we can bring them back home in honor and in victory.

Thank you very much.

<sup>1</sup> BULLETIN of Apr. 10, 1967, p. 535.

*“. . . the Middle East is like much of the rest of what is called the ‘third world.’ It is a region of promise and yet of instability. There are many divisive forces native to the region which promote unrest and intermittent turbulence. . . . Turmoil of this kind prevents the economic and social progress that might in the end remake the whole environment. If we turn away from these developments in the third world, the result would be serious: harm to our friends and to our vital interests.”*

## The Middle East Crisis and Beyond

*by Eugene V. Rostow*  
*Under Secretary for Political Affairs*<sup>1</sup>

I thought tonight I should follow the custom of law schools and discuss the Middle Eastern crisis with you as a case study in modern American foreign policy. The problems we face in the Middle East are unique in one sense: No region of the world, no peoples, and no combination of events can ever be exactly like any others. But the basic processes of world politics which are at work in the Middle East are closely related to those with which we have to deal elsewhere. And the national interests we are defending there are those we are defending also in Europe and in the Far East.

This is hardly the first time we have been involved in the Mediterranean. Some of the earliest episodes of our diplomatic and military history took place in the Mediterranean. Part of our undeclared war with France in John Adams' time involved maritime hostilities in that area. And in the early 19th century we engaged in a series of undeclared wars with the rulers of some of the North African states. The memory of those efforts is enshrined, as you all know, in the song of the Marine Corps, which recalls our landings on the shores of Tripoli.

But these dramas were at the periphery of world affairs. We stoutly defended our mari-

time rights in the Atlantic and the Mediterranean against blockades and piracy. But other nations, the leading powers of Europe, were engaged in the central struggles of world politics. The Napoleonic wars led to the Concert of Europe—an arrangement for managing the balance of power which kept the general peace for a century and organized a world environment in which we and other small nations could develop in safety without the need to be actively concerned in world politics at all, save occasionally to insist on respect for the flag, as we did in the Mediterranean at the turn of the 19th century.

Since 1945, however, we live in a new world. The map of power and politics bears little resemblance to that of 1900, or even of 1940. The Concert of Europe has gone the way of Humpty-Dumpty. The traditional leaders of European diplomacy were exhausted by two wars and by the tragedies and follies of the years between the wars. Step by step, they have withdrawn from their military positions in Asia, Africa, and the Middle East, leaving vacuums behind. Vast new powers and new political forces have emerged. The Soviet Union, China, Japan, and the United States are countries on a new scale. The nuclear weapon is a fact. The developing countries are moving along the uncertain road toward political and economic maturity. Many of them have achieved freedom from imperial tutelage since 1945. They

<sup>1</sup> Address made before the Lamar Society of the University of Mississippi Law School at Oxford, Miss., on Dec. 8 (as-delivered text; for advance text, see press release 289 dated Dec. 9).

are all groping their way toward modernity under conditions of weakness which tempt aggression. The Communist movement achieved new strength in the aftermath of defeat both in 1917 and in 1949. The Communist countries are no longer united in a common discipline. But on some issues they still cooperate. They have power, energy, and ambition. Separately and as a group, they thrust outward, probing our defenses and testing our will.

Time has transformed the problem of the balance of power. Equilibrium is now altogether beyond the reach of the old entente.

We have come to understand, but not quite to accept, the fact that in the small unstable nuclear world in which we have no choice but to live, the security of the United States depends on maintaining a tolerably stable balance of power not merely in the Western Atlantic, in Europe, and in the hemisphere but in the world as a whole. And we perceive as well that if the security of the United States is to be protected, we are going to have to undertake the major part of the job ourselves. There is no one else to take the lead in organizing coalitions for order and progress. In President Truman's phrase, "The buck stops here."

This reality has determined both the tasks we have had to undertake abroad since the war and the recurrent spasms of domestic political conflict we have experienced in facing them.

The process of entering the mainstream of world politics has imposed a crisis of self-searching on the people of the United States. The fever comes in cycles. There was a revolt against the League of Nations after the First War; resistance to any involvement in the thirties; political protest against Korea and the Truman doctrine 20 years ago; and now our inner conflict over Viet-Nam.

We have been forced to redefine the responsibilities our national security requires us to undertake in world politics. The effort demands a confrontation between reality and cherished concepts of self built up over generations. In essence, it is a struggle to accept the 20th century. In the nature of things, it is a debate between the present and the past, between facts and hopes, between reason and feeling. It is a slow and painful effort, difficult to resolve. All of us would prefer it if we could to escape into the past and leave the task of national security to someone else. But there is no one else.

The Middle Eastern crisis should be viewed

in this perspective—as one among many problems we have inherited as the consequence of the withdrawal of Europe, the weakness of many parts of the third world, and the fervent ambitions of many schools and sects of revolutionaries.

### **The Root of the Trouble in the Middle East**

The root of trouble in the southern part of the Mediterranean basin is endemic political and social instability. It is typical of similar problems in many other parts of the third world. But in the Middle East and North Africa it is complicated—and made more dangerous as a burden to world peace—by special factors of history, geography, and proximity to Europe.

For centuries the region has not had a stable and independent political life sustained by its own inherent strength. The proud peoples of the area, who have made great contributions to our common civilization, have been governed by a succession of imperial regimes. The rise and fall of alien governments—Turkish, British, or French—have complicated the effort of the peoples of the Middle East and North Africa to establish communities which could actively participate in the common educational, economic, and political life of the modern world. The struggle of the people of the area to achieve independence has strengthened the spirit of their nationalism. But their nationalism has sometimes taken extreme forms and resulted in political fragmentation, tempting outside intervention. The temptation to intervene has been reinforced by the fundamental human, economic, and strategic importance of the region.

The United States and nations of Europe have had close and friendly relations with the peoples and governments of the Middle East for generations. The Middle East links three continents. Its airspace and waterways are vital to communication between Asia, Europe, and Africa. And they have fundamental strategic significance. The oil resources of the region are a major factor in world commerce. The power to deny access to the Middle East and its resources would be a matter of grave concern to the United States and its allies in Europe and elsewhere.

The reciprocal relationship between inherent weakness and the force of real interests led to the European presence in the region. Until the end of the Second World War, Britain and France sought to protect their many interests in the

area through a system of protectorates and other devices of control.

The split between America and her allies in 1956 marked our unwillingness to support an imperialist policy for today's world. In our view, imperialism is inadmissible in an era which accepts the principle of national self-determination and independence. In the 20th century, imperialism would lead not to stability but to endless, brutalizing civil war. It would defeat the goal of order it seeks to fulfill.

### **U.S. Goal: To Promote a System of Peace**

Our policy, on the contrary, has been to protect our national interest in stability by other means. We have used our influence in the Middle East, as we do in other regions of the world, to promote a system of peace, achieved in collaboration with other nations and sustained with their consent and support—a system of diversity, in the spirit of the United Nations Charter, “based on respect for the principle of equal rights and self-determination of peoples”—above all, a system of peace. We believe in reaching that goal through political means and on the indispensable basis of the responsible decisions of the people of the region themselves.

Therefore we have sought to foster an environment in which the countries of the region would come to terms with each other and turn their attention toward cooperative efforts necessary for developing their own immense resources. Only such a stable order, rooted in the region itself and at the same time an integral part of the world's economy and society, could deter intervention from without. To assist that process, we have repeatedly announced our purpose to support the territorial integrity and political independence of all the states of the Middle East, with sympathy and understanding for all and special favor for none.

### **Obstacles to Stability and Progress**

In recent years there have been three main obstacles to achieving such conditions of stability and progress. First, there are bitter divisions among the Muslim peoples of the Middle East; secondly, some Arab states have refused to accept the creation of Israel and have insisted on their right to attack its existence; and finally, since 1955 there has been an increasing Soviet presence in the area, as a military, political, and economic influence and, above all, as a source of arms.

I should like to discuss each of these three factors briefly.

1. Some of the divisions among the peoples of the Middle East derive from their history. During the long, slow decline of the Ottoman Empire, many of the peoples of the area lived under conditions of stagnation, isolated from the modern world. The drama of Arab liberation during World War I left a legacy of fervent misunderstandings, haphazard boundaries, and disappointed expectations. After the First World War, Ottoman rule was replaced in many areas by the British and the French, both long active in the region.

The era of European control came to an end after the Second World War. The French lost Syria and the Lebanon and gave up Morocco, Tunisia, and Algeria as well. Britain's postwar withdrawal from empire ended her presence in Cyprus, Aden, Egypt, Jordan, Palestine, and Iraq.

But the political and military departure of the Western Powers did little to resolve the divisions among the peoples and governments of the Middle East and North Africa. They had had differing experiences under foreign tutelage: different levels of education and different patterns of participation in the work of modern societies. The movements against foreign control gave rise to strong nationalist movements throughout the area. But those movements took many forms. It soon became clear that the peoples and governments of the region had different views about how to organize their political, social, and economic life.

In Egypt a revolutionary government led by President Nasser looked to a new pan-Arab state uniting the whole region. For a time at least, revolutions in Syria and Iraq and strong popular support in other countries made this prospect seem likely to succeed.

At present, the states of the area represent a wide spectrum of political forms: There is an extremist revolutionary government in Syria and a traditionalist monarchy in Saudi Arabia. Meanwhile, Iran and Turkey, to the north, are becoming vigorous modern communities with close ties to the West. Thus the Middle East has remained divided, and some parts of the area are in turmoil.

This state of affairs is hardly surprising. In a world where the most advanced technological facilities exist side by side with medieval social customs and appalling poverty, it is no wonder

that there is widespread social and spiritual dislocation. Moreover, there is a notable lack of balance between population and resources among the various Arab countries. The principal country of the region, Egypt, has a population of 30 million but has up to now developed almost none of the great oil wealth characteristic of sparsely settled Saudi Arabia or the tiny Shiekhdom of Kuwait. Indeed, Egypt, for all its efforts at economic development, today has a national income of \$150 per capita and difficult prospects for the future. Even the benefits of so massive a project as the Aswan Dam are expected to be absorbed by the rapid growth of population.

In short, it is not difficult to explain a high degree of friction and frustration among the peoples of the region as they struggle to adapt themselves and their rich traditions to a new world.

But the inherent difficulties of the task of modernization are only one dimension of the troubles of the region; another is the history of Israel.

2. The modern State of Israel stands as a tribute to the power of an ideal, the ancient Zionist dream of a return of the Jews from their dispersal, revived in modern times by Theodor Herzl.

Herzl's movement appealed to many Western European and American Jews and to many other Europeans and Americans as well. Starting in the late 19th century, support and sympathy rallied steadily to the Zionist cause. Waves of East European Jewish refugees, fleeing the Russian pogroms of the late 19th and early 20th century, swelled the Zionist movement and became the backbone of the early Jewish settlements in Palestine.

In 1917 Great Britain issued the Balfour declaration. That famous document promised the Jews a "national home" in Palestine at the end of the war. The development of this community, according to the declaration, should not prejudice the rights of "existing communities in Palestine." With the British mandate over Palestine at the end of World War I, Jewish immigration expanded. While some Arab leaders welcomed the Jews to Palestine, tension developed between the two communities. A new wave of immigration followed the Second World War, as the survivors of Hitlerism fled from Central Europe. The British authorities struggled to control the flood of immigrants in

the interests of peace between the Arab and Jewish communities. In 1947, however, the British Government found the task impossible and yielded its mandate to the United Nations. The U.N. tried to mediate; but in 1947 the Arabs rejected its partition plan. The result was a war between the Arabs and the newly created State of Israel.

Armistice agreements finally concluded the fighting in 1949, but few people expected these interim arrangements to become the basis for stable relations between Israel and its Arab neighbors. Many questions remained unsettled, including a final definition of some borders. A peace settlement was expected to follow soon after the armistice. In the early 1950's the U.N.'s Palestine Conciliation Commission brought the Arabs and Israelis together for negotiations, but the positions of the two sides gradually became irreconcilable.

Many Arab spokesmen profess the view that the establishment of Israel was an injustice that can never be accepted. They insist that the Arab states are at war with Israel and that they have the right, at an appropriate moment, to join in a holy war to destroy it. The Arab states do not recognize Israel, exchange ambassadors, or allow normal trade with it.

On the other hand, many other nations, including the United States, have taken a sympathetic interest in the remarkable development of Israel as a progressive and democratic society. They have steadily insisted that, while they agree with the Arabs on some important aspects of the Middle Eastern conflict, Israel has a right to live, and no member of the United Nations can claim the right to destroy another.

3. The Russian interest in the Middle East has many antecedents. After the Second World War the Soviet Union attempted to gain control of Greece and Iran and sought the Italian mandate in Tripolitania. It began to give active support to Egypt as early as 1955, both in arms and in economic assistance, notably in connection with the Aswan Dam project. Through its arms sales and through its association with revolutionary parties, it became deeply involved in the internal politics of Syria, Algeria, and the other states of the area.

Increasingly massive arms shipments to Arab states complemented another aspect of Soviet policy in the Middle East: a growing hostility toward Israel. While the Soviet Union had



supported the establishment of Israel in 1948, it changed its course during the early 1950's when it undertook its ambitious campaign to gain influence throughout the area. As a matter of political doctrine at least, hostility to Israel is a policy in which most Arab states concur. By siding with the Arabs against Israel, the Soviet Union allied itself with these passionate feelings. At the same time and as a result, the Western Powers could be identified with Israel, depicted as a tool of "Western imperialism." Such a posture could strengthen the radical leaders, parties, and revolutionary groups of the region, who hoped to displace moderate regimes oriented to the West.

### Events Leading to the 1967 Crisis

Given these trends, it is hardly surprising that peace is not the natural state of affairs in the Middle East. The process of decolonization led to the British and French intervention in Suez, the protracted war in Algeria, and to the wars still in progress in the Arabian Peninsula. Among the Arabs, there has been a long history of a continuing covert struggle, resulting from time to time in attempted coups and revolutions, as in Syria and Iraq, or in open civil war and invasion, as in the Yemen. Meanwhile, since the armistice agreements of 1949, there has been a smoldering guerrilla war with Israel, a conflict that in 1956 and now in 1967 erupted into full-scale hostilities.

By the middle of 1966 it was becoming clear that the situation around Israel was heading for another explosion. Organized bands of terrorists, trained in Syria, were penetrating Israel at an increasing pace, directly and through Jordan. Their raids caused damage, anxiety, and major Israeli retaliation. The issue came before the Security Council twice in the fall of 1966.<sup>2</sup> There was no argument about the facts on either occasion. In the first episode, the Government of Syria boasted of its responsibility. But even a mild and ambiguous condemnation of Syria was defeated by a Soviet veto. In the second case, that of the Israeli retaliatory raid against Sam'u in Jordan, Israel was rightly censured.

In the spring of 1967 terrorist penetration of Israel from Syria increased. Rumors spread that Israel was mobilizing against Syria. Arab spokesmen began to taunt President Nasser for

his inactivity in the face of the supposed threat to Syria. President Nasser responded by moving troops into the Sinai Peninsula and asked the United Nations to remove the forces that had patrolled the border between Israel and Egypt since 1957. The Secretary-General responded at once, without going through the type of consultations his predecessor had indicated he would undertake before withdrawing the troops. The United Nations Emergency Force was suddenly removed, not only from the border but from the Gaza Strip and Sharm-al-Sheikh as well. Egyptian troops promptly replaced them, and President Nasser announced that the Strait of Tiran would be closed to Israeli shipping.

At that moment the situation became one of full crisis. Sharm-al-Sheikh controls access through the Strait of Tiran to the Israeli port of Eilat on the Gulf of Aqaba. Since Egypt has kept the Suez Canal closed to Israeli shipping in the teeth of two Security Council resolutions, the Strait of Tiran was Israel's only direct opening to Africa and Asia and its most important source of oil. Closing the strait was in effect an act of blockade.

Egypt's announcement that it would use force to close the strait had another set of consequences. In 1957 the United States had taken the lead in negotiating the withdrawal of Israeli troops from Sharm-al-Sheikh and the Sinai as a whole. At that time Israel made it clear that if force were used to close the strait, it would regard itself justified in responding with force as an act of self-defense authorized under article 51 of the United Nations Charter. This carefully considered formal statement was noted at the time as part of the process of settlement. The international understanding was that the Strait of Tiran would be kept open as an international waterway. The United Arab Republic, it is true, never took formal responsibility for this understanding, as it refused to recognize Israel or to deal directly with her. But in every other sense Egypt was a party to and beneficiary of this arrangement, through which Israeli withdrawals had been secured.

As President Johnson remarked later:<sup>3</sup> "If a single act of folly was more responsible for this explosion than any other, I think it was the arbitrary and dangerous announced decision that the Strait of Tiran would be closed."

<sup>2</sup> For background, see BULLETIN of Dec. 26, 1966, p. 969 and p. 974.

<sup>3</sup> For an address made by President Johnson on June 19, 1967, see *ibid.*, July 10, 1967, p. 31.

Throughout this period, President Johnson directed an active diplomatic effort, which had started as a matter of urgency many months before the events of May and June. The goal of our policy was to prevent the outbreak of hostilities and to help deal with the underlying cause of tension in the Middle East.

### U.S. Diplomatic Efforts

The President's strategy had several essential elements.

First, all the parties were urged to refrain from using force in any way. We attempted to mobilize world opinion in behalf of peace. Our views on the nature of the crisis and the dangers of the use of force were communicated to other governments and made public in a Presidential statement on May 23.<sup>4</sup> We invited Great Britain, France, and other interested nations to join with us in a concerted diplomatic effort to prevent war and then to make peace.

Second, we urgently sought a Security Council resolution calling on the parties to heed the Secretary-General's appeal to exercise restraint, forgo belligerence, and avoid all actions which could increase tension.<sup>5</sup> But several key nations refused to take responsibility for a resolution which might have helped to prevent war.

Third, we tried to initiate a series of talks with the United Arab Republic in the interest of finding a basis for a fair and peaceful settlement. The Vice President of that Government, Mr. Zachariah Moheiddin, was scheduled to come to Washington on June 7th, 2 days after hostilities broke out.

Meanwhile, as a fourth element in President Johnson's strategy, we and the British proposed to the leading maritime nations a draft declaration reaffirming the view that the Strait of Tiran and the Gulf of Aqaba were international waters, through which innocent passage could not be denied. The maritime nations had taken this position in 1947, and it had been upheld in 1958 in the International Convention on the Law of the Sea. The declaration was to be issued publicly during what turned out to be the week of hostilities.

While these efforts and others were being urgently pursued, the situation in the area

changed radically. Mobilization and counter-mobilization had replaced the closing of the strait as a threat to the peace. A menacing array of force was approaching the borders of Israel from every side. Jordan put her forces under Egyptian command, and troops from Iraq, Algeria, and Kuwait joined the Egyptians and Syrians. President Nasser openly proclaimed the day of the holy war.

The air grew dry with menace.

The explosion occurred on the morning of June 5th.<sup>6</sup>

### Principles for Peace in Middle East

President Johnson immediately announced the policy we have pursued ever since: to end hostilities as soon as possible and at the same time to begin the process of seeking to establish true peace in the area—a condition of peace that could replace the precarious armistice agreements whose inadequacy has been proved so often since 1949.

Our policy of peace to replace the armistice regime—a true peace based on the responsible assent of the nations directly concerned—has far-reaching implications for all the issues between Israel and her neighbors: for the achievement of stable and agreed borders, for security arrangements, and, above all, for the tragic plight of the Arab refugees, who have been hostages to politics for nearly 20 years.

The United States sought an immediate cease-fire resolution in the Security Council on the first day of hostilities. But the Soviets and Arabs did not favor such a proposal. Therefore the Security Council was unable to agree on terms. On Tuesday, June 6th, it was at least possible to obtain cease-fire resolutions from the Security Council. Further resolutions, demanding compliance with the earlier call for an end to hostilities, were adopted on June 7th and 9th.<sup>7</sup>

The final acceptance of these resolutions, at least by Israel, Egypt, Syria, and Jordan, opened a period of intense discussions, which have yet to reach a conclusion. The Soviet Union transferred the problem to the General Assembly, a maneuver which delayed the quest for

<sup>4</sup> For text, see *ibid.*, June 12, 1967, p. 870.

<sup>5</sup> For U.S. statements in the U.N. Security Council on May 29, 30, and 31, 1967, see *ibid.*, June 19, 1967, p. 920.

<sup>6</sup> For background, see *ibid.*, June 26, 1967, p. 949.

<sup>7</sup> For U.S. statements and texts of the resolutions, see *ibid.*, p. 934.

peace for several months.<sup>8</sup> Despite the unceasing efforts of the United States and other governments to get peace negotiations started, it took more than 5 months to achieve a Security Council resolution under which negotiations might begin. According to the British resolution, which was finally passed, a representative of the Secretary-General is to start talks with the parties on the basis of certain agreed principles stated in the resolution itself.<sup>9</sup>

These principles follow rather closely those stated by President Johnson in his speech of June 19th. That address has been generally recognized as a fair and even-handed statement of the issues and a proper guide to a just and permanent solution of the Arab-Israeli conflict.

The essential idea of the President's statement is that the continuation of claims of a right to wage war against Israel has become a burden to world peace. It is therefore a world responsibility and a responsibility of the parties to achieve an end to such claims—a condition of peace in the area. It should be a fair and dignified peace reached by the parties, not one imposed by conquest or by the great powers. It should recognize each nation's right to live and to live in security. And it should rest on the principle of the territorial integrity and political independence of all the nations of the area.

On the basis of such a peace, the other principal features of the Arab-Israeli controversy should be resolved by the parties through any procedure on which they can agree. Israeli forces should of course withdraw to agreed and secure boundaries, which should replace the fragile armistice lines of 1948 and 1949. Those armistice agreements expressly contemplated agreed boundary adjustments when they were superseded by arrangements of peace. The tragic problem of the Palestinian refugees should at least be solved and solved justly. Guarantees should be provided for the use of international waterways by all nations on equal terms. The special interest of three great world religions in the holy places of Jerusalem should

<sup>8</sup> For U.S. statements in the Security Council and in the fifth emergency special session of the U.N. General Assembly, together with texts of resolutions adopted in the two bodies, see *ibid.*, July 3, 1967, p. 3; July 10, 1967, p. 47; July 24, 1967, p. 108; July 31, 1967, p. 148; and Aug. 14, 1967, p. 216.

<sup>9</sup> For U.S. statements and text of the resolution adopted in the Security Council on Nov. 22, see *ibid.*, Dec. 18, 1967, p. 834.

be recognized and protected. No unilateral solution of the problem of Jerusalem can be accepted. The international interests in this sacred city are too important to be set aside. Failure to resolve this crucial problem to the general satisfaction could well prevent a lasting settlement in the region. And a start should be made on agreements of arms limitation for the area, which could protect the world and the peoples of the region from the risk of another war. An arms race is a tragic waste of resources for any country but above all for countries with urgent economic problems. Moreover, the constant need for armaments causes nations to compromise the very independence they have fought so fiercely to gain and hold. It makes the whole region a cockpit for the external rivalries of the great powers, runs the risk of involving its people in alien quarrels, and postpones indefinitely the achievement of internal stability in the region based on the determination and strength of its own societies.

The United States has made it unmistakably clear that it is unalterably opposed to any resumption of hostilities and that its full support will be given to any procedure which gives promise of fulfilling the principles of the President's statement of June 19th.

The effort to translate those principles into a program of negotiation took many months in the Security Council, the General Assembly, and the foreign offices of the entire world. Some of the Arab states and other governments fought tenaciously in the United Nations for a resolution that would seek to restore the situation as it was on June 4th before any negotiations could begin. As the President remarked on June 19th, such a policy "is not a prescription for peace but for renewed hostilities."

On the other hand, the movement from armistice to peace could not condone expansionism. As President Johnson said on June 19:

... no nation would be true to the United Nations Charter or to its own true interests if it should permit military success to blind it to the fact that its neighbors have rights and its neighbors have interests of their own. Each nation, therefore, must accept the right of others to live.

The Security Council resolution of November 22, 1967, should permit discussions among the parties for a settlement of the Arab-Israeli war at long last to begin. It is 5 months late, but it is nonetheless a welcome and constructive step. The United States will of course actively sup-

port the negotiating process under that resolution.

But peace between Israel and its neighbors is only a beginning, though an indispensable beginning, to the task of achieving a stable and progressive order in the area—an order resting on internal stability not external force. The bitter heritage of the past will not vanish overnight. The risk of war cannot be exercised until the environment is transformed by fundamental changes in the relations of the states and peoples of the region. Such transformations are occurring in Europe, under the powerful influence of the ideas and arrangements of the European Community. Similar efforts have been launched in other areas of the world—in Central America and in Southeast Asia, for example.

Like efforts are needed to help the peoples of the Middle East adapt their societies and economies to the level of their aspirations. The Arabs of the area must themselves find the means to restore the fertile gardens of their past. In such an area effort they could have no better partners than the Israelis, their ancient cousins, who have struggled for centuries to preserve their culture and adapt it to the tasks of modern life. What a tragedy it would be if the opportunity for so fruitful a partnership should be lost in fratricide.

Our Government will persevere in the search for peace. As President Johnson has said:<sup>10</sup>

If the nations of the Middle East will turn toward the works of peace, they can count with confidence upon the friendship and the help of all the people of the United States of America.

In a climate of peace we here will do our full share to help with a solution for the refugees. We here will do our full share in support of regional cooperation. We here will do our share—and do more—to see that the peaceful promise of nuclear energy is applied to the critical problem of desalting water. . . .

But success in such efforts to achieve regional cooperation—and cooperation between the region and the rest of the world—can hardly be taken for granted. It will not be easy for the Middle East to become a stable and progressive region, open to the world but free from outside interference.

Success in that effort cannot be imposed from without, either by the United States or by anyone else. We and other friendly nations can discourage the coercive designs of others. We can and will encourage progressive forces and

<sup>10</sup> *Ibid.*, July 10, 1967, p. 31.

initiatives originating within the region. We can hope to see a gradual transformation of the environment that will turn people away from the quarrels of the past to the promise of the future.

### The Paradox of Interdependence

In these respects, the Middle East is like much of the rest of what is called the "third world." It is a region of promise and yet of instability. There are many divisive forces native to the region which promote unrest and intermittent turbulence. But these internal divisions are frequently fueled from without and thus prolonged. Turmoil of this kind prevents the economic and social progress that might in the end remake the whole environment. If we turn away from these developments in the third world, the result could be serious: harm to our friends and to our vital interests.

What the world faces, not only in the Middle East but in the Far East, Latin America, and Africa as well, is a race between the forces of order and rational progress and the forces of discord and retrogression. The problems of building a stable world order will not go away. For reasons of security—and reasons of humanity—we must help these troubled peoples to solve their problems of order and development. If we and they fail, we could ourselves be embroiled in the resulting turmoil.

We cannot solve these problems alone. We do not have the wealth, the power, the wisdom, or the imperial will to build a world after the manner of the Romans. Ours is a better vision. But it requires, above all, that other people take the principal responsibility for solving their own problems. We cannot ourselves build a new order throughout the third world, but we shall suffer along with the rest of mankind if that order is not achieved. That is the paradox of interdependence in our nuclear world. If we cannot command an end to the world's problems, neither can we refuse to do our part in solving them.

That lesson is hard for utopians, who wish to solve all problems immediately or else retreat in disgust. But it is a lesson that should be easier for lawyers. None of us should be surprised that nature yields reluctantly to improvement or that the world can be changed for the better only by the slow, patient advance of good sense and good habits.

## North Atlantic Council Meets at Luxembourg

*The North Atlantic Council held its regular ministerial meeting at Luxembourg December 12-14. Following are texts of the final communique and annex which were released by the Council at the close of the meeting on December 14.*

Press release 295 dated December 15

### TEXT OF FINAL COMMUNIQUE

The first Ministerial Meeting of the North Atlantic Council to be held at the new Brussels headquarters ended on 14th December, 1967.

2. Ministers approved the report on the Future Tasks of the Alliance, prepared in conformity with the decisions taken on 16th December, 1966 on the initiative of the Belgian Foreign Minister.<sup>1</sup> The report is annexed to this communique.

3. The Council examined developments in the international situation since their last meeting. Ministers reviewed the efforts made by their governments to improve East/West relations and noted the extensive bilateral contacts made in recent months. They expressed the hope that these efforts might lead to progress in the settlement of outstanding European problems. Ministers also discussed long-range policy questions, especially those covered in the report on Future Tasks of the Alliance.

4. The Council discussed proposals presented by the "North Atlantic Assembly" of Parliamentarians at their recent meeting for closer co-operation between themselves and the Council. The Secretary General was authorised to study ways and means for this purpose and to submit suggestions to the Council.

5. Ministers emphasised the importance of

<sup>1</sup>For text of a communique and annexes issued at Paris on Dec. 16, 1966, see BULLETIN of Jan. 9, 1967, p. 49.

promoting progress in disarmament and arms control, including concrete measures to prevent the proliferation of nuclear weapons. They reaffirmed their view that, if conditions permit, a balanced reduction of forces on both sides could constitute a significant step towards security in Europe.

6. The Council recalled the views expressed in the declaration on Germany issued on 16th December, 1966. Ministers emphasised that the peaceful settlement of the German question on a basis which would take account of the German people's fundamental right to re-unification was an essential factor for a just and lasting peaceful order in Europe. In reviewing the present state of the German question, Ministers were informed by their German colleague about his Government's increased efforts to improve relations with Eastern European countries and to promote East/West détente. He emphasised that it was in this spirit that his Government was also trying to handle the problems arising from the division of Germany. Considering the difficulties of reaching an early solution, Ministers agreed that at present the only realistic possibility for progress remained the step-by-step approach advocated and applied by the Federal Government. With regard to Berlin, the Ministers confirmed their declaration of 16th December, 1958.<sup>2</sup>

7. Ministers noted the Secretary General's report on his "Watching Brief" and invited him to continue his activities in this sphere. They expressed their appreciation of the important rôle played by the Secretary General in reducing the recent crisis concerning Cyprus and Greek-Turkish relations. They expressed satisfaction with the agreement between Turkey and Greece on the steps being taken to resolve the crisis, taking advantage, as appropriate, of the actions of the United Nations.

<sup>2</sup>For text, see *ibid.*, Jan. 5, 1959, p. 4.

They reaffirmed their conviction that Turkey and Greece should, in the spirit of the solidarity of the Alliance, continue their efforts to facilitate a peaceful and rapid solution of the Cyprus problem.

8. Ministers considered the report on Technological Co-operation prepared in response to the Resolution adopted on 14th June, 1967<sup>3</sup> on the initiative of the Foreign Minister of Italy. They invited the Council in Permanent Session assisted by competent organs of the Alliance to continue its studies on the Alliance's rôle in the field of technology, including the possibilities for applying defence technology to civil needs. The aim is to encourage co-operation between member countries and to contribute towards narrowing the technological disparities which may exist between these countries. Ministers also invited the Council in Permanent Session to develop the most efficient and economical ways for co-ordinating the various activities of the Alliance in the field of defence technology.

9. Ministers considered and approved a report on Civil Emergency Planning. Stressing the vital importance of such planning, they noted the progress which had been achieved and the tasks which remained to be accomplished.

10. Ministers met as the Defence Planning Committee on 12th December 1967, to review the work accomplished since their previous meeting on 9th May 1967, and to give directions for future work.

11. They agreed that one of the foundations for achieving an improvement in East/West relations and a peaceful settlement in Europe must be NATO's continuing military strength and capability to deter aggression. In this connection they noted that the Soviet Union continues to expand increasing resources upon its powerful military forces and is developing types of forces designed to enable it to achieve a significant military presence in other parts of the world. They also observed that during the past year there has been a marked expansion in Soviet forces in the Mediterranean.

12. Ministers recalled that at their previous meeting they had given political, strategic, and economic guidance to the NATO Military Authorities for the development of an up-to-date strategic concept and an up-to-date five-year force plan covering the period up to the end of

1972. They adopted the revised strategic concept submitted by the Military Committee following the first comprehensive review of NATO's strategy since 1956. This concept, which adapts NATO's strategy to current political, military, and technological developments, is based upon a flexible and balanced range of appropriate responses, conventional and nuclear, to all levels of aggression or threats of aggression. These responses, subject to appropriate political control, are designed, first to deter aggression and thus preserve peace; but, should aggression unhappily occur, to maintain the security and integrity of the North Atlantic Treaty area within the concept of forward defence.

13. Ministers also noted the force commitments undertaken by member nations for the year 1968, and for the first time adopted a five-year NATO force plan, covering the period 1968-1972. They gave directions for the development in 1968 of a force plan for the period 1969-1973 in accordance with the procedures for five-year rolling planning adopted in December 1966.

14. Ministers devoted particular attention to the security of the flank regions of Allied Command Europe.

15. They decided to transform the "Matchmaker" Naval Training Squadron into a Standing Naval Force Atlantic of destroyer-type ships. This force, continuously operational, will enhance existing co-operation between the naval forces of member countries.

16. France did not take part in the discussions referred to in paragraphs 10 to 15 and did not associate herself with the corresponding decisions.

17. The regular Spring Ministerial Meeting for 1968 will be held in Reykjavik.

## ANNEX TO COMMUNIQUE

### FUTURE TASKS OF THE ALLIANCE

#### Report of the Council

A year ago, on the initiative of the Foreign Minister of Belgium, the governments of the fifteen nations of the Alliance resolved to "study the future tasks which face the Alliance, and its procedures for fulfilling them in order to strengthen the Alliance as a factor for durable peace". The present report sets forth the general tenor and main principles emerging from this examination of the future tasks of the Alliance.

2. Studies were undertaken by Messrs. Schütz,

<sup>3</sup> For text, see *ibid.*, July 3, 1967, p. 15.

Watson, Spaak, Kohler and Patijn. The Council wishes to express its appreciation and thanks to these eminent personalities for their efforts and for the analyses they produced.

3. The exercise has shown that the Alliance is a dynamic and vigorous organization which is constantly adapting itself to changing conditions. It also has shown that its future tasks can be handled within the terms of the Treaty by building on the methods and procedures which have proved their value over many years.

4. Since the North Atlantic Treaty was signed in 1949 the international situation has changed significantly and the political tasks of the Alliance have assumed a new dimension. Amongst other developments, the Alliance has played a major part in stopping Communist expansion in Europe; the USSR has become one of the two world super powers but the Communist world is no longer monolithic; the Soviet doctrine of "peaceful co-existence" has changed the nature of the confrontation with the West but not the basic problems. Although the disparity between the power of the United States and that of the European states remains, Europe has recovered and is on its way towards unity. The process of decolonisation has transformed European relations with the rest of the world; at the same time, major problems have arisen in the relations between developed and developing countries.

5. The Atlantic Alliance has two main functions. Its first function is to maintain adequate military strength and political solidarity to deter aggression and other forms of pressure and to defend the territory of member countries if aggression should occur. Since its inception, the Alliance has successfully fulfilled this task. But the possibility of a crisis cannot be excluded as long as the central political issues in Europe, first and foremost the German question, remain unsolved. Moreover, the situation of instability and uncertainty still precludes a balanced reduction of military forces. Under these conditions, the Allies will maintain as necessary, a suitable military capability to assure the balance of forces, thereby creating a climate of stability, security and confidence.

In this climate the Alliance can carry out its second function, to pursue the search for progress towards a more stable relationship in which the underlying political issues can be solved. Military security and a policy of détente are not contradictory but complementary. Collective defense is a stabilizing factor in world politics. It is the necessary condition for effective policies directed towards a greater relaxation of tensions. The way to peace and stability in Europe rests in particular on the use of the Alliance constructively in the interest of détente. The participation of the USSR and the USA will be necessary to achieve a settlement of the political problems in Europe.

6. From the beginning the Atlantic Alliance has been a co-operative grouping of states sharing the same ideals and with a high degree of common interest. Their cohesion and solidarity provide an element of stability within the Atlantic area.

7. As sovereign states the Allies are not obliged to subordinate their policies to collective decision. The Alliance affords an effective forum and clearing house for the exchange of information and views; thus, each of the Allies can decide his policy in the light of close

knowledge of each others' problems and objectives. To this end the practice of frank and timely consultations needs to be deepened and improved. Each Ally should play its full part in promoting an improvement in relations with the Soviet Union and the countries of Eastern Europe, bearing in mind that the pursuit of détente must not be allowed to split the Alliance. The chances of success will clearly be greatest if the Allies remain on parallel courses, especially in matters of close concern to them all; their actions will thus be all the more effective.

8. No peaceful order in Europe is possible without a major effort by all concerned. The evolution of Soviet and East European policies gives ground for hope that those governments may eventually come to recognise the advantages to them of collaborating in working towards a peaceful settlement. But no final and stable settlement in Europe is possible without a solution of the German question which lies at the heart of present tensions in Europe. Any such settlement must end the unnatural barriers between Eastern and Western Europe, which are most clearly and cruelly manifested in the division of Germany.

9. Accordingly the Allies are resolved to direct their energies to this purpose by realistic measures designed to further a détente in East-West relations. The relaxation of tensions is not the final goal but is part of a long-term process to promote better relations and to foster a European settlement. The ultimate political purpose of the Alliance is to achieve a just and lasting peaceful order in Europe accompanied by appropriate security guarantees.

10. Currently, the development of contacts between the countries of Western and Eastern Europe is now mainly on a bilateral basis. Certain subjects, of course, require by their very nature, a multilateral solution.

11. The problem of German reunification and its relationship to a European settlement has normally been dealt with in exchanges between the Soviet Union and the three Western powers having special responsibilities in this field. In the preparation of such exchanges the Federal Republic of Germany has regularly joined the three Western powers in order to reach a common position. The other Allies will continue to have their views considered in timely discussions among the Allies about Western policy on this subject, without in any way impairing the special responsibilities in question.

12. The Allies will examine and review suitable policies designed to achieve a just and stable order in Europe, to overcome the division of Germany and to foster European security. This will be part of a process of active and constant preparation for the time when fruitful discussions of these complex questions may be possible bilaterally or multilaterally between Eastern and Western nations.

13. The Allies are studying disarmament and practical arms control measures, including the possibility of balanced force reductions. These studies will be intensified. Their active pursuit reflects the will of the Allies to work for an effective détente with the East.

14. The Allies will examine with particular attention the defence problems of the exposed areas e.g. the South-Eastern flank. In this respect the current situation in the Mediterranean presents special problems, bearing in mind that the current crisis in the

Middle-East falls within the responsibilities of the United Nations.

15. The North Atlantic Treaty area cannot be treated in isolation from the rest of the world. Crises and conflicts arising outside the area may impair its security either directly or by affecting the global balance. Allied countries contribute individually within the United Nations and other international organizations to the maintenance of international peace and security and to the solution of important international problems. In accordance with established usage the Allies or such of them as wish to do so will also continue to consult on such problems without commitment and as the case may demand.

16. In the light of these findings, the Ministers directed the Council in permanent session to carry out, in the years ahead, the detailed follow-up resulting from this study. This will be done either by intensifying work already in hand or by activating highly specialized studies by more systematic use of experts and officials sent from capitals.

17. Ministers found that the study by the Special Group confirmed the importance of the role which the Alliance is called upon to play during the coming years in the promotion of détente and the strengthening of peace. Since significant problems have not yet been examined in all their aspects, and other problems of no less significance which have arisen from the latest political and strategic developments have still to be examined, the Ministers have directed the Permanent Representatives to put in hand the study of these problems without delay, following such procedures as shall be deemed most appropriate by the Council in permanent session, in order to enable further reports to be subsequently submitted to the Council in Ministerial Session.

## President Asks Senate Approval of U.S. Membership in BIE

### *Letter of Transmittal<sup>1</sup>*

#### *To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to accession, I transmit herewith a certified copy, in the authentic French text with an English translation, of the convention relating to international exhibitions signed at Paris on November 22, 1928, together with two protocols, signed on May 10, 1948 and November 16, 1966, modifying the convention. The convention and protocols were signed in behalf of certain States but not the United States of America.

The convention established the Bureau of In-

ternational Expositions, the "BIE", the purpose of which is to provide basic rules regarding international expositions.

The United States has never become a member of the BIE mainly because of a concept that international expositions, or "world fairs" as they are popularly termed in this country, should be left to the initiative of private groups with the principal support coming from city and state governments, and more limited support and endorsement by the Federal Government. However, the more the organization of these complex undertakings is studied the more the responsibility of the Federal Government to play an active role in scheduling their appearance and in defining their basic character is appreciated.

The subject of international expositions and the role of the BIE is one that has been carefully reviewed in recent years. In 1959 the Senate Foreign Relations Committee sponsored a resolution (SR 169) seeking a study to determine, among other things, whether the United States should consider membership in the BIE. This was at a time when several cities in this country were contemplating a major exposition in the mid 1960's.

In May, 1963, the President directed the Secretary of Commerce to develop criteria for an expositions policy in view of the fact that the number of cities in the United States with exposition plans under consideration had grown to sixteen.

In May, 1964, as a result of interdepartmental study, the President sent letters to the Secretaries of Commerce and State in which he emphasized the need to leave 1975-76 open for a possible Bicentennial Exposition to commemorate American Independence. In these letters he instructed the Secretary of State, in attempting to protect the 1975-76 dates with the BIE, to determine whether a realistic framework existed for United States participation in that organization.

In October, 1964, the Department of Commerce published in the Federal Register rules governing official United States assistance to sponsors of international expositions in the United States. These rules were designed as a further means of clearing the horizon for the Bicentennial. They also clearly identified the role of the BIE, and the importance of its sanction, in the organization of international expositions.

During the past three years, discussions have

<sup>1</sup> President Johnson's letter of transmittal and the accompanying documents are printed in S. Exec. P., 90th Cong., 1st sess.



been held with representatives of the BIE on all aspects of the 1928 Convention and the role of the Bureau. These discussions indicate quite clearly that there are no barriers to effective United States participation in the BIE. In addition, senior BIE officials visited Washington in September, 1966, for informal discussions with officials of the Executive Branch and several Members of Congress.

Following careful review of this matter since 1963 and for the reasons expressed by the Secretary of State, it has been concluded that membership in the BIE would be in the best interests of the United States. That conclusion is confirmed by the example of Canada, a BIE member, in staging Montreal's magnificent Expo 67.

I, therefore, recommend that the Senate give early and favorable consideration to the convention, and the two protocols.

LYNDON B. JOHNSON

THE WHITE HOUSE  
November 28, 1967.

## Department Seeks Criminal Penalties on Travel to Restricted Areas

Press release 291 dated December 11

### LETTER FROM ACTING SECRETARY KATZENBACH

DECEMBER 11, 1967

Honorable JOHN W. McCORMACK  
*Speaker of the House of Representatives*  
Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit a bill authorizing the Secretary of State to determine that travel to certain foreign countries by United States citizens should be prohibited and prescribing criminal penalties for those who travel in violation of such a prohibition.

This proposed legislation is intended to fill a gap in existing law. More than two years ago, in *Zemel v. Rusk*, 381 U.S. 1, the Supreme Court sustained the authority exercised by the Secretary of State for over fifty years to endorse passports as invalid for travel to specified countries or areas when travel to those regions would seriously impair our foreign policy. Recognizing that such a restriction might effectively prevent

travel by American citizens to the area, the Court found nonetheless that an inhibition on travel was a constitutionally permissible means of implementing policies justified by "the weightiest considerations of national security."

Such considerations of national security are clearly illustrated by two current examples. At a time when our military forces are engaged in protecting South Viet-Nam against aggression from the North, it would be plainly self-defeating to authorize unrestricted travel of our citizens to North Viet-Nam. Travel in these circumstances provides assistance and support in derogation of the military effort to which the nation has turned its energies.

The recent situation in the Middle East is another illustration of the importance of effective limitations upon travel of American citizens in times of extraordinary crisis. When emergency evacuation of American citizens from an area is required by heightened tensions or armed combat in that region—as was true of countries in the Middle East—steps must be taken to keep other Americans from the crisis area. Experience has demonstrated that the mere presence of Americans in a country where passions have been inflamed against the United States may result in unintended incidents, and these may have severe consequences to our foreign policy and to the safety of the nation.

Until recently it was assumed that the provisions of Section 215 of the Immigration and Nationality Act of 1952 and the criminal penalties provided therein applied to knowing violations of geographical passport restrictions in times of national emergency. In January of this year, however, the Supreme Court determined unanimously that Section 215 did not apply to such conduct (*United States v. Laub*, 385 U.S. 475; *Travis v. United States*, 385 U.S. 491).

The Secretary of State has, pursuant to published regulations been exercising the authority to revoke passports of individual violators in order to prevent repeated violations of area restrictions. This administrative measure has, however, proved inadequate to secure the foreign policy interests which are at stake. Our law presently contains no effective and practical deterrent for violations of travel restraints deemed necessary in the implementation of our foreign policy.

The proposed bill accomplishes five objectives:

1. It explicitly grants authority to the Secretary of State, acting pursuant to such policies as the President may prescribe, to specify for-

eign countries or areas where travel by United States citizens or nationals is prohibited;

2. It defines the limits of that authority;

3. It establishes a procedure whereby geographical restrictions are subject to continuing examination;

4. It grants authority to the Secretary to permit travel to restricted areas by those whose travel is deemed to be in the national interest; and

5. It prescribes an enforceable and fair criminal penalty for violations of geographical restrictions.

Legislation affecting the travel abroad of American citizens must, of course, take account of the established constitutional principle that travel is a "liberty" secured by the Fifth Amendment to the United States Constitution. The Supreme Court recently sustained a restriction upon travel to Cuba, however, recognizing that "the fact that a liberty cannot be inhibited without due process of law does not mean that it can under no circumstances be inhibited." The proposed bill accords full respect to the constitutionally protected liberty to travel abroad; it authorizes official restraints on such travel only in the most compelling circumstances and after a public announcement of the basis for the restriction. And by requiring annual re-examinations of the countries to which travel is restricted, the bill ensures that the announced limitations will be in keeping with current needs.

It is the Secretary of State's present practice to authorize certain categories of citizens, such as professional journalists, scholars or doctors, to travel to restricted areas notwithstanding the passport limitations. The proposed bill permits continuation of this practice by specifically empowering the Secretary to grant exceptions to the general prohibition for travel which is "in the national interest."

Finally, the bill imposes a criminal sanction for unauthorized travel by a citizen to a restricted area irrespective of whether the traveler uses or possesses a passport, and whether or not limitations are endorsed in the travel document he is carrying. The heart of the offense is not the violation of a passport condition; the citizen's entry to a restricted area is the act which jeopardizes our foreign policy. It is appropriate, therefore, that the statute define the proscribed conduct directly and not to relate it to passport restrictions.

I urge the Congress to give prompt and favorable consideration to this important legislation.

The Bureau of the Budget advises that enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

NICHOLAS DEB. KATZENBACH  
*Acting Secretary*

Enclosure : A Bill

## TEXT OF PROPOSED BILL

### A BILL

To promote the foreign policy of the United States by authorizing the Secretary of State to restrict the travel of citizens and nationals of the United States where unrestricted travel would seriously impair the conduct of foreign affairs, etc.

*Be it enacted by the Senate and House of Representatives of the United States of America in the Congress assembled, That,*

(a) Chapter 45 of title 18 of the United States Code, relating to foreign relations, is amended by adding at the end thereof the following new section:

"§ 970. Travel in violation of area restrictions.

(a) Subject to such policy or policies as the President may prescribe for carrying out the authority granted to the Secretary of State by this section, the Secretary may restrict travel to a foreign country or area by citizens and nationals of the United States if he determines that the country or area is

(1) a country or area which is at war,

(2) a country or area where insurrection or armed hostilities are in progress,

(3) a country or area whose military forces are engaged in armed conflict with forces of the United States, or

(4) a country or area to which travel must be restricted in the national interest because such travel would seriously impair the conduct of United States foreign policy.

(b) Such restriction shall be announced by public notice which shall be published in the *Federal Register* and shall state the grounds for imposing the restriction. The restriction shall expire at the end of one year from the date of publication unless sooner revoked by public notice issued by the Secretary. Any such restriction may be extended by public notice by the Secretary for periods not to exceed one year at a time.

(c) The Secretary may authorize travel to a restricted country or area by any person when the Secretary deems such travel to be in the national interest. The authorization shall take such form as the Secretary shall by regulation prescribe.

(d) Any citizen or national of the United States who willfully enters or travels in or through any country or area to which travel is restricted pursuant

to this section without having received the Secretary's authorization for such travel shall be punished by imprisonment for a period not exceeding one year or by a fine not exceeding \$1,000, or both."

(b) The analysis of such chapter 45, immediately preceding section 951, is amended by adding at the end thereof the following new item:

"970. Travel in violation of area restrictions."

## Foreign Area Research Guidelines Adopted

Press release 297 dated December 19

### DEPARTMENT ANNOUNCEMENT

The following guidelines have been adopted by the Foreign Area Research Coordination Group (FAR) to provide general guidance to the FAR agencies. These agencies of the United States Government—21 in number—seek through their voluntary association in FAR "the systematic coordination of government-sponsored foreign area and cross-cultural research in the social sciences."

These guidelines deal with two sets of problems: (A) those that arise when a Government agency contracts with an academic institution for behavioral and social science research dealing with foreign areas and international relations and (B) those that arise when such contracts call for the conduct by academic personnel of some or all of the research in foreign countries.

It should be recognized that these guidelines have been formulated and adopted by Government departments and agencies that have a variety of missions and a great diversity of programs for supporting research. Thus not every guideline will have equal applicability to all research programs of every member agency. The guidelines are meant to deal with what, from the point of view of government-academic relations, are usually perceived to be the most troublesome cases of foreign area and foreign affairs research involving the social and behavioral sciences. Typically, those cases involve a contractual relationship between a policy or operating department or agency of Government and an academic institution in which the latter undertakes to conduct research which the

former has determined is pertinent to its policy or action responsibilities in the foreign affairs field. Though they may have some applicability, the guidelines were not designed to deal with consultant relations between an individual scholar and a Government agency or with non-contractual research grants made by a foundation-like Government agency to academic institutions or individuals.

In formulating the first set of guidelines (section A below), FAR members recognized the importance in an open society of strong, independent universities. FAR members worked from the premise that the Government, in carrying out various foreign affairs missions on behalf of an open society, needs to seek contributions from all sectors of American society, including the resources of knowledge, analysis, and insight available on university campuses. The problem—in which the Government, the universities, and society at large all have a stake—is for Government agencies to arrange to draw upon university resources for this purpose without diminishing either those resources or the status of the universities as centers of independent teaching and research. This problem takes on added dimensions when scholars associated with American universities go to foreign countries to carry out government-supported contract research. Thus the second set of guidelines (section B below) is designed to reflect the desire of Government agencies to avoid adverse effects on foreign relations as well as concern with restrictions on the access of American scholars overseas and increased difficulties in carrying out many types of foreign area research.

Many of the factors behind these latter restrictions and difficulties are not amenable to government action, and certain of them should not be. Some stem from the cultural and political sensitivities of other nations, especially newly independent ones. Others derive from the relative scope, size, sophistication, and affluence of American social science research, which have resulted in high concentration in certain countries and in high visibility of research personnel. Still others result from the inadequate preparation of the researcher himself or from his personal characteristics. Insofar as these problems lend themselves to solution, responsibility must ordinarily lie with the academic profession itself. Thus the Government looks to the academic community to formulate its

own standards of conduct in performing research overseas and welcomes the initiatives which have already been taken in this regard. However, the Government recognizes that its own research programs can sometimes affect not only official U.S. foreign relations but also the overseas relationships and access of private scholars. The role of the Government is therefore significant and carries an obligation to insure that government-supported foreign area research is conducted in ways that reflect favorably on the United States and on the integrity of American scholarship.

FAR members hope through the promulgation of these guidelines to alleviate some of the difficulties encountered in government-supported foreign area research and to participate with the academic community in constructive and clarifying interaction. Through the FAR and similar mechanisms, Government agencies concerned with foreign area research will try to strengthen their liaison with the scholarly community. While the guidelines will neither solve every problem of relations between government and the academic world nor be applicable to every situation, the process of application by individual agencies and discussion with the academic community should help to illuminate the interests and obligations of the parties concerned.

## TEXT OF GUIDELINES

### *A. Guidelines for Research Contract Relations Between Government and University*

A1. *The government has the responsibility for avoiding actions that would call into question the integrity of American academic institutions as centers of independent teaching and research.* A large portion of government-supported contract research carried out by American universities is long-range, unclassified and of academic interest to the faculties concerned; it poses no more serious challenges to academic integrity than do public and private research grants. The issues of acknowledgment and classification may pose problems and are dealt with below in paragraphs A2 and A3. In addition, there are certain specialized research needs—sometimes involving foreign sensitivities—for which government agencies should continue to use or develop their own capabilities or those of nonacademic institutions in order,

among other things, to avoid possible embarrassment to academic research personnel and institutions.

A2. *The fact of government research support should always be acknowledged by sponsor, university, and researcher.* Covert support to institutions of higher education is contrary to national policy,<sup>1</sup> on the broad and vital principle that it runs contrary to the spirit of our institutions, and on the pragmatic basis that it may reduce the reliability and credibility of the research project's conclusions and eventually result in damage to the reputation of our scholarly community.

A3. *Government-supported contract research should in process and results ideally be unclassified, but the practical needs of the nation in the modern world may require that some portion be subject to classification; the balance between making work public or classified should incline whenever possible toward making it public.* The free flow of ideas is basic to our system of democracy and to academic freedom. There are other reasons why the government should make generally available the results of its contract research; to do so not only results in the advancement of learning and public enlightenment, but also subjects government-supported research to the closest possible professional scrutiny.

Nevertheless, other responsibilities of the government sometimes must prevail. Material which cannot be declassified must sometimes be used in research required for important purposes. There are other reasons why the use of confidential limitations is as legitimate a practice in the government as it is in the private sector, where the substance of information is sometimes withheld even when its existence is known. In exploring alternative courses of action, the government often needs research-based analysis and reflection which, if made public, could produce serious misunderstandings and misapprehensions abroad about U.S. intentions. To abandon restrictions of these sorts altogether would impose serious limitations on the agencies' use of contract research.

However, to the maximum extent feasible, agencies should design projects in such ways that only those portions requiring restrictive

<sup>1</sup> As stated in the report of the committee chaired by Under Secretary of State Katzenbach which was accepted by the President on Mar. 29, 1967 (*Department of State BULLETIN* of Apr. 24, 1967, p. 665). [Footnote in original.]

treatment are so treated. If classification is necessary, the university is its own judge of whether or not it wishes to contract for research in this category. In any case, the researcher should always be notified in advance of entering into the contract if the project is to be classified or if the results will need to undergo final review for possible security classification or administrative control.

A4. *As a general rule, agencies should encourage open publication of contract research results.* Subject to the ordinary canons of confidentiality and good taste which pertain in responsible privately-supported academic research, and subject to paragraph 3 above, open publication of research results in government or private media serves the greatest general good, both at home and abroad. The best guarantee that government-supported research will be of high quality is to have its results exposed to peer-group judgment; open publication is the most effective means for this purpose. To assure maximum feasible publication of research results and to minimize the risk that research publications will be misconstrued as statements or indicators of public policy, government agencies should give careful attention to the language and places in which their support is acknowledged and their responsibility for accuracy, findings, interpretations, and conclusions asserted or disclaimed. The researcher should be given a clear understanding of the agency's position on these matters before entering into the contract.

A5. *Government agencies that contract with university researchers should consider designing their projects so as to advance knowledge as well as to meet the immediate needs of policy or action.* Few agencies have as their central mission the advancement of knowledge for its own sake or for its general utility. Most agencies that contract for research look to research—and rightfully so—for assistance in carrying out specific missions or tasks in policy or action, in short, for applications of scholarly knowledge. It is therefore often assumed that these agencies consume a tailored product and do not contribute to the nation's intellectual capital. Consumers they certainly are; however, scholars, as they work on applied problems, may also collect new data and gain new insights into the theoretical and methodological strengths and weaknesses of their scholarly fields; thus they generate as well as apply scholarly knowledge.

Agencies should entertain research proposals and encourage research designs which permit such contributions to basic knowledge to the maximum degree consistent with the project's sensitivity and mission-related purpose.

A6. *The government agency has the obligation of informing the potential researcher of the needs which the research should help meet, of any special conditions associated with the research contract, and generally of the agency's expectations concerning the research and the researcher.* The researcher has a right to prior knowledge of the use to which the agency expects to put his research even though, as in the case of privately-supported research, no assurances can be given that it will in fact be used or that other uses will not also be made of it, by either the supporting agency or others.

Nothing is more conducive to bad relations between researcher and government agency than failure to establish mutual understanding in advance concerning a research project. The best research designs are often those that emerge from extensive discussion between potential contractor and supporting agency; if elements of the design cannot or should not be completed until the project is under way, this prospect should be explicitly acknowledged and provided for.

A7. *The government should continue to seek research of the highest possible quality in its contract programs.* As scholars have much to contribute in assessing the quality of research designs and the capabilities of colleagues, their advice should be sought at key stages in the formulation of projects. Advice can be obtained through consultants, advisory panels, independent review, or utilization of staff scientists.

#### B. *Guidelines for the Conduct of Foreign Area Research Under Government Contract*

B1. *The government should take special steps to ensure that the parties with which it contracts have highest qualifications for carrying out research overseas.* Some of the points to be considered in assessing qualifications are professional competence, area experience, language competence, and personal alertness to problems of foreign sensitivity. Scholars in the same field or discipline are usually in the best position to judge the qualifications of a given researcher. Whenever feasible, consultation with academic experts should be a part of the process of contracting for foreign area research.

B2. *The government should work to avert or minimize adverse foreign reactions to its contract research programs conducted overseas.* All other things being equal, government-supported projects are more likely than private ones to be misinterpreted by both government and non-government institutions in foreign countries. Sponsoring agencies should keep in mind that ordinarily research supported by government will be held abroad to have a very practical purpose—often a purpose more immediate and direct than the agency intended, or even imagined. Thus, some combinations of topic, place, time, and agency support result in sensitivity so great as to make pursuit of some research projects actually harmful. While the existing procedures for review of government-supported foreign area research projects in the social and behavioral sciences have clarified and alleviated many of the problems, the supporting agency should always be on the watch to ensure that its research projects do not adversely affect either U.S. foreign relations or the position of the private American scholar.

B3. *When a project involves research abroad it is particularly important that both the supporting agency and the researcher openly acknowledge the auspices and financing of research projects.* (See paragraph A2 above.) One source of difficulty for the scholar overseas is the unfounded suspicion that all American researchers are covertly supported by the U.S. Government. A policy of full disclosure of support will help to eliminate the suspicion of *all* American research—whether private or government, classified or unclassified—and will allow that which is supported by the government to be judged on its own merits. If the research is of such a character, as in opinion sampling, that the objectivity of its research techniques is substantially destroyed when respondents know of the project's auspices, then it is doubly important that either the host government or collaborating local researchers, or both, be fully informed about the nature of the project.

B4. *The government should under certain circumstances ascertain that the research is acceptable to the host government.* In most cases the open acknowledgment of auspices and financing discussed in paragraph B3 is sufficient to satisfy the interest of the host government in the research. In some cases it is desirable to take specific steps to inform the host government. For example, when the U.S. Government supports a classified research project involving substantial

field work abroad by scholars associated with American universities, sufficient information about the project should be communicated to the host government to convey a true picture of the character and purpose of the project. Similar steps may often be desirable for unclassified projects which either deal with very sensitive matters or easily lend themselves to misunderstanding and misrepresentation.

B5. *The government should encourage cooperation with foreign scholars in its contract research programs.* Cooperation with local scholars not only adds valuable viewpoints to a foreign area research project, but also goes far to remove antagonisms and suspicions. This cooperation must, in large part, be the responsibility of the American scholars who carry on the projects, but the government should, where legislation permits, look favorably upon research proposals that contain provisions for cooperative ventures and should otherwise seek to facilitate and encourage these ventures within the limits imposed by local resources and needs. The supporting agency should encourage and assist American researchers to distribute to those foreign colleagues who have cooperated in the research copies of open publications arising from the project. The supporting agency should also consider distribution of such publications to other interested persons and institutions in the host country, either directly through appropriate sections of the U.S. Embassy or by submitting copies to the FAR Secretariat for transmittal to the Embassy.

B6. *Government agencies should continue to coordinate their foreign area research programs to eliminate duplication and overloading of any one geographic area.* Agencies planning projects will continue to make use of the various FAR facilities for information exchange and consultation in order to ascertain whether similar projects have already been completed or are underway and in order to coordinate with other agency plans where feasible. Since the proliferation of American researchers overseas has been one source of irritation, government agencies should continue to ensure that their programs do not arouse foreign sensitivities by concentrating too many researchers and research projects in any one overseas area.

B7. *Government agencies should collaborate with academic associations on problems of foreign area research.* Professional scholarly associations, both American and international, and especially those related to specific areas, have

much experience with the problems of research abroad, and they have an interest like that of the government in ensuring that research relationships across national boundaries flow smoothly. Government agencies, through such mechanisms as the FAR, should consult with these associations on the problems involved to arrive at mutually agreeable procedures and solutions.

## AGENCIES PARTICIPATING IN FAR

Press release 297 (Annex)

Agency for International Development  
Arms Control and Disarmament Agency  
Central Intelligence Agency  
Department of Agriculture  
Department of Defense

Advanced Research Projects Agency  
Director of Defense Research and Engineering  
International Security Affairs  
Defense Intelligence Agency  
Department of the Air Force  
Department of the Army  
Department of the Navy

Department of Health, Education, and Welfare  
Department of Labor  
Department of State  
National Aeronautics and Space Administration  
National Endowment for the Humanities  
National Science Foundation  
U.S. Information Agency  
Executive Office of the President  
National Academy of Sciences (*Observer*)  
Peace Corps (*Observer*)

## U.S. Participation in the U.N. During 1966

*Following is the text of a letter from President Johnson transmitting to the Congress the annual report on U.S. participation in the United Nations for the calendar year 1966.*<sup>1</sup>

*To the Congress of the United States:*

I am pleased to transmit the annual report on United States participation in the United Nations for the calendar year 1966.

This report documents our continuing support for the United Nations, and our efforts to help it move toward the lofty goals set forth in its Charter.

Its pages reflect encouraging progress in the effort to further international peace and security, economic and social progress, human

rights, and the rule of law among nations. They also reveal some discouraging setbacks.

One outstanding accomplishment during 1966 was the successful negotiation of the Outer Space Treaty,<sup>2</sup> which bans weapons of mass destruction from space and calls for peaceful cooperation in its exploration and use. By unanimous vote, the General Assembly commended the Treaty and urged all nations to adhere to it.<sup>3</sup>

Not all progress made by the United Nations was dramatic, or widely reported. Within the U.N. system—as elsewhere—disputes and crises make headlines, while the quiet works of peace go largely unnoted. Yet, day by day, in the capitals of more than a hundred nations and in thousands of villages around the world, U.N. representatives work with governments and peoples to carry on man's endless struggle against ignorance, hunger and disease. About 80 percent of the U.N. resources—not including those of international financing institutions—are used to promote economic and social development.

To improve these efforts, two particular U.N. activities during 1966 deserve special attention:

—The United Nations Development Program completed its first year of operation. Merging two previously separate agencies, the new organization is designed to provide a more uniform and effective U.N. program of economic assistance. It is becoming one of the key organizations for multilateral assistance.

—The General Assembly approved the charter of the U.N. Industrial Development Organization, which will help new nations create industries best suited to their development needs.

The General Assembly adopted two covenants to protect basic rights of mankind. One pertained to civil and political rights, the other to economic, social and cultural rights.<sup>4</sup> Their passage completed a task which the United Nations set for itself in 1948 with its Universal Declaration of Human Rights.

In addition, Ambassador Goldberg signed,

<sup>1</sup> *U.S. Participation in the UN: Report by the President to the Congress for the Year 1966* (H. Doc. 180, 90th Cong., 1st sess.); Department of State publication 8276, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, price \$1.50.

<sup>2</sup> For text, see BULLETIN of Dec. 26, 1966, p. 953.

<sup>3</sup> For background and text of A/RES/2222(XXI) adopted by the Assembly on Dec. 19, 1966, see *ibid.*, Jan. 9, 1967, p. 78.

<sup>4</sup> For background and texts of the covenants, see *ibid.*, Jan. 16, 1967, p. 104.

on behalf of the United States, the Convention on the Elimination of All Forms of Racial Discrimination.<sup>5</sup> Our signature reflects this Government's commitment to promote the cause of human rights and the end of racial discrimination.

Race repression still exists, however; and during 1966 the United Nations was intensively concerned with its manifestation in southern Africa.

The United States proposed and supported measures designed to deal with the problem realistically, peacefully and with concern for the provisions of the United Nations Charter.

We endorsed the limited economic sanctions invoked by the Security Council against the rebel regime in Southern Rhodesia.<sup>6</sup> This was an effort to deal in moderate but responsible fashion with an emerging threat to the peace in the region. It is this Government's hope that the cumulative effect of the sanctions—and of the aroused international opinion which produced them—will persuade the Rhodesian regime to return to constitutional rule.

The United States also supported responsible efforts to enable the people of the former Mandated Territory of South-West Africa to advance toward self-determination and freedom from race discrimination.<sup>7</sup>

We did not, however, join in extreme proposals which we considered unrealistic and consequently harmful to the United Nations and the achievement of its human rights goals.

One great disappointment during the year was the failure to find a peaceful solution to the war in Viet-Nam.

The United States sought unsuccessfully to obtain action on the problem in the Security Council.<sup>8</sup> It persistently encouraged the Secretary-General and member states to do what they could to bring about negotiations.

Those efforts have never abated. This nation continues to search for an honorable settlement in Viet-Nam. It continues to hope that the United Nations will make its contribution toward such a settlement.

Another setback was the failure to prevent the violence which later broke out in the Middle East.

Throughout 1966 there was evidence of increased tension in that part of the world. The Security Council met three times to consider terrorism and reprisal raids on Israel's borders.<sup>9</sup> The United States maintained the position that the parties concerned should refrain from the use of violence, and instead use U.N. peace-

keeping machinery to seek redress.

As the world was to learn later to its sorrow, counsels of moderation did not prevail.

Deep differences over the organization and financing of future peacekeeping operations continue. The constitutional and financial deadlock which had severely hampered the Organization during 1964 and 1965 no longer stood in the way of day-to-day operations, but little headway was made in settling financial problems for the future. The United States endeavored to seek agreement—and will continue to, for fundamental issues of peace are clearly involved.

On other financial matters, the United Nations made greater progress. In March, I directed the Secretary of State to help the Organization achieve the greatest possible efficiency in the planning and operation of its programs. Pointing out that the United States is the largest single contributor to U.N. programs, I said in that directive:<sup>10</sup>

If we are to be a constructive influence in helping to strengthen the international agencies so they can meet essential new needs, we must apply to them the same rigorous standards of program performance and budget review that we do to our own Federal programs.

In line with this objective, the General Assembly approved recommendations to introduce a more effective use of funds and better coordination into its operation.

Our national interest and the high ideals of our tradition combine in American support of the United Nations.

Like other U.N. members, we seek to advance our own interests in this international forum.

But using the processes of persuasion, we also seek to foster that wide community of interest among nations which is man's best hope of establishing peace with honor and progress with justice.

We shall continue that search in the years ahead.

LYNDON B. JOHNSON

THE WHITE HOUSE, November 15, 1967.

<sup>5</sup> For a statement by Ambassador Goldberg on Sept. 28, 1966, see *ibid.*, Oct. 24, 1966, p. 653.

<sup>6</sup> For background and text of S/RES/232 (1966) adopted by the Council on Dec. 16, 1966, see *ibid.*, Jan. 9, 1967, p. 73.

<sup>7</sup> For background, see *ibid.*, Oct. 31, 1966, p. 690, and Dec. 5, 1966, p. 870.

<sup>8</sup> For background, see *ibid.*, Feb. 14, 1966, p. 229.

<sup>9</sup> For background, see *ibid.*, Aug. 29, 1966, p. 313, and Dec. 26, 1966, p. 969 and p. 974.

<sup>10</sup> For text, see *ibid.*, Apr. 11, 1966.



## INTERNATIONAL ORGANIZATIONS AND CONFERENCES

### Calendar of International Conferences <sup>1</sup>

#### Scheduled January Through March 1968

Conference of the Eighteen Nation Committee on Disarmament (to be resumed Jan. 18, 1968).	Geneva . . . . .	Mar. 14, 1962-
International Conference on Input and Output Techniques . . . . .	Geneva . . . . .	Jan. 8-13
ECAFE Seminar on the Development of Building Materials . . . . .	Bangkok . . . . .	Jan. 8-15
International Coffee Council: 12th Session . . . . .	London . . . . .	Jan. 8-17
ECE Working Group on Activity and Commodity Classifications . . . . .	Geneva . . . . .	Jan. 8-19
ICAO Panel on Economics of Route Navigation . . . . .	Montreal . . . . .	Jan. 8-19
ECOSOC Commission on Narcotic Drugs: 22d Session . . . . .	Geneva . . . . .	Jan. 8-26
OAS Symposium on Nuclear Energy and Agricultural Productivity . . . . .	Viña del Mar . . . . .	Jan. 9-12
OECD Science Policy Committee . . . . .	Paris . . . . .	Jan. 9-12
UNDP Governing Council: 5th Session . . . . .	New York . . . . .	Jan. 9-26
ECE Inland Transport Committee: 27th Session . . . . .	Geneva . . . . .	Jan. 15-18
ECE Preparatory Group for Meeting of Senior Economic Advisers . . . . .	Geneva . . . . .	Jan. 15-20
Inter-American Committee on the Alliance for Progress: Working Group of Government Experts on Financing of Integration.	Washington . . . . .	Jan. 15-26
OECD Special Committee for Oil . . . . .	Paris . . . . .	Jan. 16-17
IMCO Subcommittee on Ship Design and Equipment . . . . .	London . . . . .	Jan. 16-19
ICAO Panel on Obstacle Clearance . . . . .	Montreal . . . . .	Jan. 16-31
ECAFE Trade Committee: 11th Session . . . . .	Bangkok . . . . .	Jan. 18-26
OECD Program Committee of Conference on Thermoionic Electrical Power Generation.	Paris . . . . .	Jan. 23-24
ECE Group of Rapporteurs on Automation . . . . .	Geneva . . . . .	Jan. 23-26
OECD Fiscal Committee . . . . .	Paris . . . . .	Jan. 23-26
FAO Consultative Subcommittee of Study Group on Hard Fibers . . . . .	Rome . . . . .	Jan. 23-26
IMCO Subcommittee on Oil Pollution: 4th Session . . . . .	London . . . . .	Jan. 23-26
WHO Executive Board: 41st Session . . . . .	Geneva . . . . .	Jan. 23-Feb. 2
OECD Industry Committee . . . . .	Paris . . . . .	Jan. 24-26
FAO Consultative Committee of Study Group on Jute, Kenaf, and Allied Fibers.	Rome . . . . .	Jan. 29-31
ECAFE Inland Transport and Communications Committee: 16th Session.	Bangkok . . . . .	Jan. 29-Feb. 5
ECOSOC Commission on the Status of Women . . . . .	Geneva . . . . .	Jan. 29-Feb. 19
U.N. Commission on International Trade Law . . . . .	New York . . . . .	Jan. 29-Feb. 23
International Commission for the Northwest Atlantic Fisheries: Standing Committee on Regulatory Measures.	London . . . . .	Jan. 30-Feb. 1
IMCO Subcommittee on Bulk Cargoes . . . . .	London . . . . .	Jan. 30-Feb. 2
ECE Experts on the Study of Market Trends and Prospects for Chemical Products: 3d Meeting.	Geneva . . . . .	Jan. 30-Feb. 2
U.N. Legal Subcommittee on Peaceful Uses of Outer Space . . . . .	Geneva . . . . .	January
BIRPI Working Group on a Patent Cooperation Treaty: 1st Session . . . . .	Geneva . . . . .	January
Ad Hoc Meeting of Food Aid Convention Signatories . . . . .	London . . . . .	January
United Nations Conference on Trade and Development: 2d Session . . . . .	New Delhi . . . . .	Feb. 1-Mar. 25
IMCO Subcommittee on Tonnage Measurement: 9th Session . . . . .	London . . . . .	Feb. 5-9

<sup>1</sup> This schedule, which was prepared in the Office of International Conferences on Dec. 15, 1967, lists international conferences in which the U.S. Government expects to participate officially in the period January-March 1968. The list does not include numerous nongovernmental conferences and meetings. Persons interested in those are referred to the *World List of Future International Meetings*, compiled by the Library of Congress and available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Following is a key to the abbreviations: BIRPI, International Bureau for the Protection of Industrial and Intellectual Property; CCITT, International Telephone and Telegraph Consultative Committee; CENTO, Central Treaty Organization; ECAFE, Economic Commission for Asia and the Far East; ECE, Economic Commission for Europe; ECLA, Economic Commission for Latin America; ECOSOC, Economic and Social Council; FAO, Food and Agriculture Organization; IAEA, International Atomic Energy Agency; IA-ECOSOC, Inter-American Economic and Social Council; IBE, International Bureau of Education; ICAO, International Civil Aviation Organization; ILO, International Labor Organization; IMCO, Intergovernmental Maritime Consultative Organization; ITU, International Telecommunication Union; OAS, Organization of American States; OECD, Organization for Economic Cooperation and Development; SEATO, Southeast Asia Treaty Organization; U.N., United Nations; UNDP, United Nations Development Program; UNESCO, United Nations Educational, Scientific and Cultural Organization; WHO, World Health Organization; WMO, World Meteorological Organization.

## Calendar of International Conferences—Continued

### Scheduled January Through March 1968—Continued

ECE Working Group on Population Censuses . . . . .	Geneva . . . . .	Feb. 5-9
ECE Group of Rapporteurs on Safety Provisions . . . . .	Geneva . . . . .	Feb. 5-9
ECOSOC Commission for Social Development . . . . .	New York . . . . .	Feb. 5-Mar. 1
ECOSOC Human Rights Commission . . . . .	New York . . . . .	Feb. 5-Mar. 8
International Commission for the Northwest Atlantic Fisheries: Special Subcommittee on Finance and Administration.	Dartmouth, Nova Scotia.	Feb. 7-8
ILO Governing Body: 171st Session . . . . .	Geneva . . . . .	Feb. 7-Mar. 1
ECE Working Group on Housing Censuses . . . . .	Geneva . . . . .	Feb. 12-16
ECE Symposium on Factors Influencing the Consumption of Wood-Based Panel Products.	Geneva . . . . .	Feb. 12-16
ECAFE Asian Industrial Development Council: 4th Session . . . . .	Bangkok . . . . .	Feb. 12-19
ICAO Limited European and Mediterranean Conference on Rules of the Air and Air Traffic Control and Communications.	Paris . . . . .	Feb. 12-Mar. 2
Inter-American Cultural Council . . . . .	Maracay, Venezuela.	Feb. 15-22
13th International Diplomatic Conference on Maritime Law . . . . .	Brussels . . . . .	Feb. 18-26
ECE Group of Rapporteurs on Customs Questions Affecting Transport .	Geneva . . . . .	Feb. 19-23
FAO Conference on Pig Production and Diseases in the Far East . . . . .	Bangkok . . . . .	Feb. 19-24
FAO/WHO Codex Alimentarius Commission: 5th Session . . . . .	Rome . . . . .	Feb. 19-Mar. 1
ECE Committee on Gas . . . . .	Geneva . . . . .	Feb. 20-23
IMCO Fire Protection Subcommittee: 7th Session . . . . .	London . . . . .	Feb. 20-23
IAEA Board of Governors . . . . .	Vienna . . . . .	Feb. 20-23
ECAFE Committee on Industry and Natural Resources: 20th Session .	Bangkok . . . . .	Feb. 20-27
ECOSOC Statistical Commission . . . . .	New York . . . . .	Feb. 26-Mar. 8
CENTO Countersubversion Committee . . . . .	Washington . . . . .	Feb. 28-Mar. 15
UNESCO Special Committee of Government Experts to Prepare Draft Recommendation on Preservation of Cultural Property Endangered by Public and Private Works.	Paris . . . . .	February
IBÉ Executive Committee: 45th Meeting . . . . .	Geneva . . . . .	February
IAEA Scientific Advisory Committee . . . . .	Vienna . . . . .	February
8th Inter-American Conference on Social Security . . . . .	Panama City . . . . .	February
SEATO Intelligence Assessment Committee . . . . .	Bangkok . . . . .	February
General Assembly of the International Institute for the Unification of Private Law.	Rome . . . . .	February
ICAO Joint Frequency Conference on North Atlantic Ocean Station . .	Paris . . . . .	Mar. 5-22
ECE <i>Ad Hoc</i> Group of Experts on Air and Water Pollution Arising in the Steel Industry.	Geneva . . . . .	Mar. 11-12
OECD Ministers of Science . . . . .	Paris . . . . .	Mar. 11-12
ECLA Committee of the Whole . . . . .	Santiago . . . . .	Mar. 11-13
ECOSOC Council Committee on Nongovernmental Organizations . . . .	New York . . . . .	Mar. 11-15
IMCO Maritime Safety Committee: 17th Session . . . . .	London . . . . .	Mar. 11-15
ECE Working Party on the Construction of Vehicles . . . . .	Geneva . . . . .	Mar. 18-22
ITU/CICIT Working Party on Reviewing ITU Teletype Regulations . . .	Geneva . . . . .	Mar. 18-29
IMCO Subcommittee on Safety of Navigation: 5th Session . . . . .	London . . . . .	Mar. 19-22
U.N. International Conference of Plenipotentiaries on the Law of Treaties.	Vienna . . . . .	Mar. 24-May 28
UNESCO Intergovernmental Oceanographic Commission: 1st Meeting of Coordinating Group for the International Tsunami Warning System of the Pacific.	Honolulu . . . . .	Mar. 25-28
OAS Permanent Technical Committee on Ports: Seminar on Containerization.	Bogotá . . . . .	Mar. 25-30
North Pacific Fur Seal Commission and Standing Committee . . . . .	Moscow . . . . .	Mar. 25-Apr. 11
ICAO Legal Committee . . . . .	Montreal . . . . .	Mar. 25-Apr. 11
IMCO Legal Committee . . . . .	Montreal . . . . .	Mar. 26-29
UNCTAD Trade and Development Board: 6th Session . . . . .	Geneva . . . . .	Mar. 26-30
WMO Commission for Hydrometeorology: 3d Session . . . . .	Geneva . . . . .	Mar. 26-Apr. 5
BIRPI Working Group on a Patent Cooperation Treaty: 2d Session . .	Geneva . . . . .	March
6th Annual IA-ECOSOC Meeting at the Ministerial and Expert Level . .	Trinidad and Tobago.	March or April
Inter-American Special Committee on Labor Affairs: 4th Meeting . . . .	Trinidad and Tobago.	March or April

## United States Reviews Problems of Control of Peaceful Uses of Atomic Energy

*Statement by Joseph J. Sisco*

*Assistant Secretary for International Organization Affairs*<sup>1</sup>

Within the last few days we have passed the 25th anniversary of the first atomic chain reaction, an event which placed in man's hands the awesome power of the universe and the awesome responsibility of using this power for the benefit of all mankind.

The International Atomic Energy Agency has played an important part in the continuing development of the power of the atom for peaceful purposes. The United States expresses its appreciation to Dr. Eklund [Sigvard Eklund, Director General of the IAEA] for the statement he has made to us today and for the able leadership he has exercised in the International Atomic Energy Agency. The United States supports the draft resolution submitted by Argentina, Bulgaria, and Indonesia.<sup>2</sup>

The history of man is in many ways the history of his search for the energy he needs to build a better life. Today he stands close to realizing his age-old dream of having at his service all the energy he can use. Already, the atom is being used by man:

—to produce the energy which illuminates our cities, drives the machines of industry, and may increasingly be used to convert sea water into fresh water;

<sup>1</sup>Made in the U.N. General Assembly on Dec. 5 (U.S./U.N. press release 228).

<sup>2</sup>The draft resolution (U.N. doc. A/L.534), taking note of the report of the International Atomic Energy Agency to the General Assembly for the year 1966-67 (U.N. doc. A/6679), was adopted without objection by the Assembly on Dec. 5 (U.N. doc. A/RES/2284 (XXII)).

—to improve and increase the supply of food through new methods of processing and preserving food, of combating plant and animal disease, and of carrying out research on the more effective use of fertilizer and the use of conservation of water.

—to guard and improve human health through the use of radiation and radioisotopes and techniques for the diagnosis and treatment of disease.

The International Atomic Energy Agency has contributed to the practical application of knowledge in each of these areas. It has carried out important programs for the exchange of information and has provided technical assistance and training to scientists and technicians from all parts of the world. The United States congratulates the IAEA on the continuing work it has done in these fields during the past year.

In response to man's increasing knowledge of the peaceful uses of atomic energy, nuclear reactors are today being built in almost all parts of the world. More than 70 additional nuclear powerplants are planned or under construction in the United States alone. The total electric output of these plants will equal about 20 percent of all electrical power produced in the United States today—enough to meet the requirements of 45 million people. Other nuclear reactors are being planned and built on almost every continent of the earth. Although the purpose of these plants is peaceful, the fact remains that if only a small part of the plutonium they create was diverted to the making of weapons,

the dangers of a new arms race throughout the world would be greatly increased.

By 1970 about a dozen countries will be producing quantities of plutonium which could be used by them for nuclear weapons.

As has been noted by Dr. Eklund, by 1980 the world will be producing plutonium at a rate of several hundred kilograms a day—enough to produce thousands of bombs per year.

The original drafters of the statute of the IAEA had the wisdom and foresight to couple two objectives: The first was to promote and enlarge the peaceful uses of atomic energy; the second was to assure that the nuclear materials under its safeguards system are used only for peaceful purposes. One of the greatest achievements of the Agency has been its progress in developing the means to fulfill this mandate.

During the past year, the Agency's program for the development of safeguards has continued to shift from theoretical studies to the development of practical equipment and techniques.

The Agency has also extended its system by development of practical procedures for the application of safeguards to chemical reprocessing plants. The first inspection of a chemical reprocessing plant was carried out during August and September of this year at the Nuclear Fuel Services plant near Buffalo, New York. The inspection demonstrated that the procedures developed are fully satisfactory and that the Agency can safeguard fuel reprocessing facilities effectively.

We note with satisfaction that the Board of the IAEA approved last September our request to apply Agency safeguards to bilateral transfer agreements between the United States and Colombia, Korea, and Venezuela. There are now 29 countries which have nuclear facilities under Agency safeguards. As the Agency's report indicates, all existing peaceful nuclear facilities in Agency member states in Latin America, the Far East, Southeast Asia, and the Pacific are or will soon come under Agency safeguards.

For its part the United States strongly favors the application of international safeguards to all nuclear activities dedicated to peaceful purposes. This would be a meaningful contribution to the security of the world and to the continued development of atomic energy for peaceful purposes.

As a country with nuclear projects under

IAEA safeguards, the United States can testify that these safeguards are fairly and competently administered, with no interference with the normal operation of the facility, and that the safeguards do not involve undue burdens or risks to the host country.

In a speech last Saturday, on the 25th anniversary of the first atomic reaction, President Johnson spoke of the promise of the atom and of the importance that the United States places on the successful conclusion of an effective nonproliferation treaty for nuclear weapons. On that occasion President Johnson said:<sup>3</sup>

We are trying so hard to assure that the peaceful benefits of the atom will be shared by all mankind—without increasing, at the same time, the threat of nuclear destruction.

We do not believe that the safeguards we propose in that treaty will interfere with the peaceful activities of any country.

And I want to make it clear, very clear, to all the world that we in the United States are not asking any country to accept safeguards that we are unwilling to accept ourselves.

My own country's experience with the IAEA safeguards has involved both our own nuclear facilities and our bilateral programs for the supply of nuclear fuel to other countries for peaceful purposes. The most tangible evidence of our satisfaction that the IAEA safeguards have not hindered our peaceful nuclear programs is indicated by President Johnson's announcement last week. The President announced that the United States will permit the IAEA to apply its safeguards to all nuclear activities in the United States, excluding only those with direct national security significance, when safeguards are applied under an effective nonproliferation treaty.

The plants opened to IAEA inspection and safeguards under this offer will cover a broad range of United States nuclear activities, both governmental and private, including the fuel in nuclear-power reactors owned by utilities for generating electricity, and the fabrication and chemical reprocessing of such fuel. The facilities opened to inspection will include many which are among the most advanced and complex of their kind in the world.

Mr. President, there is no greater challenge faced by our generation than the challenge to

<sup>3</sup> BULLETIN of Dec. 25, 1967, p. 862.

devote the power of the atom to the benefit of man and not to his destruction. The International Atomic Energy Agency, through its system of safeguards, has developed valuable means to help insure that the atom will indeed be a blessing and not a curse—and that the new plants which are now being designed and built for the peaceful use of the atom will not be diverted from the purposes of peace for which they are intended.

I reaffirm here today the determination of the United States that the power of the atom will be dedicated not to death but to life.

And—as President Johnson has said—we invite the world's nations to join with us.

## **Southern Yemen Admitted to United Nations**

*Statement by Arthur J. Goldberg  
U.S. Representative in the Security Council*<sup>1</sup>

Mr. President, in turning to the item on the agenda, my Government cordially welcomes the application of the People's Republic of Southern Yemen to become a member of the United Nations.

We are particularly pleased that the distinguished Foreign Minister of Southern Yemen [Saif al-Dhalai] is with us in this Council chamber as we perform our very important duty of passing to the Assembly the credentials of a new nation. I have had the pleasure of meeting and talking with the distinguished Foreign Minister; and I should like to say to him here publicly in the Council what I have said to him privately: In our capacity as the host government to the United Nations, we extend to you, Mr. Foreign Minister, the hand of friendship; and we of the United States are anxious to do everything in our power to make your sojourn in New York and that of your countrymen as comfortable and enjoyable as possible.

Mr. President, in its application the Government of Southern Yemen has declared its intention to accept the obligations of membership contained in the United Nations Charter. My Government, believing that Southern Yemen is both willing and able to carry out these obliga-

<sup>1</sup>Made in the Security Council on Dec. 12 (U.S./U.N. press release 235).

tions, will be happy to vote in favor of the draft resolution which has been tabled.

Like so many of the present members of the United Nations, now probably a majority, Southern Yemen has achieved independence in the course of the worldwide independence movement which is one of the great and hopeful political phenomena of our age. The birth of this new nation, like the birth of all new nations, has not been easy. The fact that it has now been fully accomplished is a credit to all concerned—to the people and leaders of the new state, who have shown their courage and their determination to be free; to the United Nations, which has concerned itself with the problems of this new state; and also to the United Kingdom, whose statesmanship has contributed much to this historic development.

Like every independent state, Southern Yemen will face many problems in the years ahead. But it has a most substantial asset, among others, which it brings and will bring to the solution of these problems. Now, that most substantial asset is the people of the country. No asset can be greater than this. Its people, because of their location on a historic crossroads of international commerce and travel, have long been a part of the wide community of nations, in touch with the cultures and civilizations of Asia, Africa, and Europe. And they include able and experienced people in the civil service, in the educational system, in the military and police services, in the labor unions, and in the business community. And this is a very substantial asset indeed for any new country or old country. And these people have already made clear their commitment to popular self-government, as indicated in the stated intention of the new government of Southern Yemen to draw up a new constitution based on this great principle.

The United States has longstanding ties with the people of Southern Yemen, having had official representation in the area for over 80 years. And my Government now looks forward to developing friendly and mutually beneficial relations with the sovereign People's Republic of Southern Yemen. And we wish its people and its Government godspeed in their new independence.<sup>2</sup>

<sup>2</sup>The Council on Dec. 12 unanimously recommended that the People's Republic of Southern Yemen be admitted to the United Nations, and on Dec. 14 the General Assembly adopted that recommendation by acclamation.

Press release 301 dated December 21

On December 19 the American Ambassador at Port of Spain and the Permanent Secretary of the Ministry of External Affairs of Trinidad and Tobago exchanged instruments of ratification with respect to the convention between the United States and Trinidad and Tobago, signed at Port of Spain on December 22, 1966, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment.

The convention was brought into force by the exchange of instruments of ratification.

Limited in scope, the convention is designed primarily as an interim measure, pending the negotiation of a more comprehensive convention, to permit corporations of one of the countries to receive dividends from their subsidiary corporations operating in the other country at a reduced rate of withholding tax. (A subsidiary for this purpose is a corporation at least 10 percent of the outstanding shares of voting stock of which is owned by the recipient corporation.) Under existing internal law of each country, dividends paid by a corporation of one country to a resident of the other country are subject to a 30-percent withholding tax. Subject to prescribed conditions, the convention will have the effect of reducing this withholding rate to 5 percent with respect to such dividends.

In addition to its corporation tax which is imposed at a rate of 44 percent, Trinidad and Tobago imposes, under its Finance Act of 1966, a tax of 30 percent on profits (after payment of the corporation tax) derived in Trinidad and Tobago by a permanent establishment of a foreign corporation unless such profits are invested within Trinidad and Tobago. Subject to prescribed conditions, the convention will have the effect of reducing the rate of this "branch profits" tax to 5 percent in the case of a permanent establishment of a United States corporation.

In general, therefore, the convention prescribes a 5-percent rate limitation on the tax that can be imposed by the source country on dividends derived from sources within that country to certain corporations of the other country. It prescribes a 25-percent rate limitation on the tax that can be imposed by the source country on dividends derived from sources

## Income Tax Conventions Enter Into Force

### CANADA

Press release 300 dated December 20

On December 20 the American Ambassador at Ottawa and the Canadian Secretary of State for External Affairs exchanged instruments of ratification with respect to the supplementary convention between the United States and Canada, signed at Washington on October 25, 1966, modifying and supplementing the convention of March 4, 1942, for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, as modified by supplementary conventions of June 12, 1950, and August 8, 1956.<sup>1</sup>

The supplementary convention of October 25, 1966, was brought into force by the exchange of instruments of ratification.

Paragraph 1 of article XI of the 1942 convention as modified by the 1950 and 1956 conventions provided:

1. The rate of income tax imposed by one of the contracting States, in respect of income (other than earned income) derived from sources therein, upon individuals residing in, or corporations organized under the laws of, the other contracting States, and not having a permanent establishment in the former State, shall not exceed 15 percent for each taxable year.

The supplementary convention of October 25, 1966, modifies paragraph 1 by adding paragraph 6 as follows:

6. Paragraph 1 of this Article shall not apply in respect of income derived from sources in one of the Contracting States and paid to a corporation organized under the laws of the other Contracting State if such corporation is not subject to tax by the last-mentioned Contracting State on that income because it is not a resident of the last-mentioned Contracting State for purposes of its income tax.

<sup>1</sup> 56 Stat. 1399 and Treaties and Other International Acts Series 2347, 3916.

within that country to other corporations and individual residents of the other country.

In article 5(3) of the convention it is provided in effect that the convention shall terminate on December 31, 1967, unless the two contracting states, on or before that date, agree by notes exchanged through diplomatic channels to continue the convention in effect for the following year. Immediately following the above-mentioned exchange of instruments of ratification, the American Ambassador and the Minister of External Affairs of Trinidad and Tobago exchanged notes whereby the two contracting states agree that the convention of December 22, 1966, shall continue to be effective during the year 1968.

## U.S. and U.S.S.R. Extend Fisheries Agreements

The Department of State announced on December 19 (press release 298) that the United States and the Soviet Union on December 18 concluded an agreement extending for 1 year the provisions of two fishery agreements between the two countries in the northeastern Pacific Ocean. Delegations of the two countries had reviewed the operation of the agreements in talks in Washington, D.C., beginning December 7.

The first of these agreements, signed December 14, 1964,<sup>1</sup> established certain areas near Kodiak Island, Alaska, in which fishing with mobile gear would not take place during certain months of the year in order to reduce incidents of damage to fixed fishing gear. The second agreement, signed in February of this year,<sup>2</sup> established a number of areas of the high seas off Washington and Oregon in which Soviet fishing does not take place in order to permit access of U.S. vessels to certain key fishing grounds for ocean perch. It also established areas of substantial total size within the U.S. contiguous fishery zone, particularly near the Aleutian Islands, in which Soviet vessels are permitted to fish and/or conduct cargo transfer operations.

In considering the agreements each side felt that some modifications were desirable. The U.S. delegation wanted some expansion of and

additions to the high seas areas in which Soviet fishing does not take place off Oregon and Washington, since certain areas important to the U.S. trawl fisheries are not covered. The U.S. side also desired, in view of the growing king crab fisheries in Alaska in areas other than Kodiak, to add to the agreement some seasonal protective measures to minimize gear conflicts in these areas. Also, in view of developments in the Kodiak crab fishery, the United States wished to obtain further protection through both some expansion of the areas closed and extension of the period of closure.

On the other hand, the Soviet delegation took the position that the concessions the U.S.S.R. had made had been inadequately compensated. They therefore wanted certain additional areas within the U.S. contiguous fishery zone in which they could fish and/or conduct cargo loading operations.

During the discussions the various viewpoints were explored at some length but inconclusively. Consequently, it was decided that the agreements should be continued unchanged for another year. It was understood that since the king crab quota agreement in the Eastern Bering Sea would be coming up at the same time, all three of these agreements would necessarily be considered together.

The new agreement was signed for the United States by Donald L. McKernan, Special Assistant for Fisheries and Wildlife to the Secretary of State, and for the Soviet Union by M. N. Sukhoruchenko, Deputy Minister of Fisheries of the U.S.S.R.<sup>3</sup>

## Current Actions

### MULTILATERAL

#### Customs

Customs convention on containers, with annexes and protocol of signature. Done at Geneva May 18, 1956. Entered into force August 4, 1959.<sup>4</sup>  
*Accessions deposited:* Israel, November 14, 1967; Romania (with declarations and statements), November 1, 1967.

<sup>1</sup> Treaties and Other International Acts Series 5703.

<sup>2</sup> TIAS 6218.

<sup>3</sup> For names of members of the U.S. delegation, see Department press release 298.

<sup>4</sup> Not in force for the United States.

## Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna April 18, 1961. Entered into force April 24, 1964.<sup>1</sup>

*Accession deposited:* Spain, November 21, 1967.

## Postal Matters

Constitution of the Universal Postal Union with final protocol, general regulations with final protocol, and convention with final protocol and regulations of execution. Done at Vienna July 10, 1964. Entered into force January 1, 1966. TIAS 5881.

*Ratifications deposited:* Liechtenstein, October 5, 1967; San Marino, October 11, 1967.

## Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies. Opened for signature at Washington, London, and Moscow January 27, 1967. Entered into force October 10, 1967. TIAS 6347.

*Accession deposited:* Morocco, December 22, 1967.

## Sugar

Protocol for the further prolongation of the International Sugar Agreement of 1958 (TIAS 4389). Done at London November 14, 1966. Open for signature at London November 14 to December 30, 1966, inclusive. Entered into force January 1, 1967.<sup>1</sup>

*Senate advice and consent to ratification:* December 6, 1967.

## Trade, Transit

Convention on transit trade of landlocked states. Done at New York July 8, 1965. Entered into force June 9, 1967.<sup>1</sup>

*Ratification deposited:* Hungary (with a reservation and a declaration), September 20, 1967.

## BILATERAL

### Canada

Supplementary convention further modifying and supplementing the convention and accompanying protocol of March 4, 1942, for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, as modified by supplementary conventions of June 12, 1950, and August 8, 1956 (56 Stat. 1399, TIAS 2347, and 3916). Signed at Washington October 25, 1966.

<sup>1</sup> Not in force for the United States.

*Ratifications exchanged:* December 20, 1967.  
*Entered into force:* December 20, 1967.

## Cyprus

Convention and supplementary protocol relating to the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed by the United States and the United Kingdom at Washington April 16, 1945 (TIAS 1546), modified by supplementary protocols of May 25, 1954, and August 19, 1957 (TIAS 3165, 4124), and extended to Cyprus. Entered into force for Cyprus July 28, 1959.

*Termination:* As respects U.S. tax, for the taxable years beginning on or after January 1, 1968; as respects Cyprus income tax, for any year of assessment beginning on or after January 1, 1968.

## Trinidad and Tobago

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment. Signed at Port of Spain December 22, 1966.

*Ratifications exchanged:* December 19, 1967.

*Entered into force:* December 19, 1967.

## Union of Soviet Socialist Republics

Agreement extending the agreement of February 13, 1967, on certain fishery problems in the northeastern part of the Pacific Ocean off the coast of the United States (TIAS 6218). Signed at Washington December 18, 1967. Entered into force December 18, 1967.

Agreement extending the agreement of December 14, 1964, relating to fishing operations in the northeastern Pacific Ocean (TIAS 5703). Effected by exchange of notes at Washington December 18, 1967. Entered into force December 18, 1967.

## DEPARTMENT AND FOREIGN SERVICE

## Confirmations

The Senate on December 15 confirmed the nomination of Charles E. Bohlen to be a Deputy Under Secretary of State.



**Atomic Energy.** United States Reviews Problems of Control of Peaceful Uses of Atomic Energy (Sisco) . . . . . 63

**Canada.** Income Tax Conventions Enter Into Force (Canada, Trinidad and Tobago) . . . . . 66

**China.** "A Conversation With the President" (excerpts from television interview) . . . . . 33

**Congress**

Confirmations (Bohlen) . . . . . 68

Department Seeks Criminal Penalties on Travel to Restricted Areas (text of letter and proposed bill) . . . . . 53

President Asks Senate Approval of U.S. Membership in BIE . . . . . 52

U.S. Participation in the U.N. During 1966 (Johnson) . . . . . 59

**Department and Foreign Service.** Bohlen confirmed as Deputy Under Secretary . . . . . 68

**Economic Affairs**

Income Tax Conventions Enter Into Force (Canada, Trinidad and Tobago) . . . . . 66

U.S. and U.S.S.R. Extend Fisheries Agreements . . . . . 67

**Educational and Cultural Affairs**

Foreign Area Research Guidelines Adopted (text) . . . . . 55

President Asks Senate Approval of U.S. Membership in BIE . . . . . 52

**Europe.** "A Conversation With the President" (excerpts from television interview) . . . . . 33

**France.** "A Conversation With the President" (excerpts from television interview) . . . . . 33

**International Organizations and Conferences.** Calendar of International Conferences . . . . . 61

**Israel.** "A Conversation With the President" (excerpts from television interview) . . . . . 33

**Near East**

"A Conversation With the President" (excerpts from television interview) . . . . . 33

The Middle East Crisis and Beyond (Rostow) . . . . . 41

**North Atlantic Treaty Organization**

"A Conversation With the President" (excerpts from television interview) . . . . . 33

North Atlantic Council Meets at Luxembourg (final communique and annex) . . . . . 49

**Passports.** Department Seeks Criminal Penalties on Travel to Restricted Areas (text of letter and proposed bill) . . . . . 53

**Presidential Documents**

America Will Stand Firm in Viet-Nam . . . . . 35

"A Conversation With the President" (excerpts from television interview) . . . . . 33

President Asks Senate Approval of U.S. Membership in BIE . . . . . 52

U.S. Participation in the U.N. During 1966 . . . . . 59

**Southern Yemen.** Southern Yemen Admitted to United Nations (Goldberg) . . . . . 65

**Treaty Information**

Current Actions . . . . . 67

Income Tax Conventions Enter Into Force (Canada, Trinidad and Tobago) . . . . . 66

President Asks Senate Approval of U.S. Membership in BIE . . . . . 52

U.S. and U.S.S.R. Extend Fisheries Agreements . . . . . 67

**Trinidad and Tobago.** Income Tax Conventions Enter Into Force (Canada, Trinidad and Tobago) . . . . . 66

**U.S.S.R.**

"A Conversation With the President" (excerpts from television interview) . . . . . 33

U.S. and U.S.S.R. Extend Fisheries Agreements . . . . . 67

**United Nations**

The Middle East Crisis and Beyond (Rostow) . . . . . 41

Southern Yemen Admitted to United Nations (Goldberg) . . . . . 65

U.S. Participation in the U.N. During 1966 (Johnson) . . . . . 59

United States Reviews Problems of Control of Peaceful Uses of Atomic Energy (Sisco) . . . . . 63

**Viet-Nam**

America Will Stand Firm in Viet-Nam (Johnson) . . . . . 35

"A Conversation With the President" (excerpts from television interview) . . . . . 33

*Name Index*

Bohlen, Charles E . . . . . 68

Goldberg, Arthur J . . . . . 65

Johnson, President . . . . . 33, 35, 52, 59

Rostow, Eugene V . . . . . 41

Sisco, Joseph J . . . . . 63

**Check List of Department of State Press Releases: December 18-24**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to December 18, which appear in this issue of the BULLETIN are Nos. 289 of December 10, 291 of December 11, and 295 of December 15.

No.	Date	Subject
*296	12/18	Martin appointed Special Assistant for Refugee and Migration Affairs to the Secretary of State (biographic details).
297	12/19	Foreign Area Research Guidelines.
297	12/19	List of agencies participating in (Annex) Foreign Area Research Coordination Group.
298	12/19	U.S. and U.S.S.R. extend fisheries agreement (rewrite).
†299	12/20	Termination of U.S.-Cyprus income tax convention.
300	12/20	Entry into force of supplementary income tax convention with Canada.
301	12/21	Entry into force of income tax convention with Trinidad and Tobago.

\*Not printed.

†Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

---

OFFICIAL BUSINESS

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

*Vol. LVIII, No. 1490*



*January 15, 1968*

PRESIDENT JOHNSON'S CHRISTMAS MESSAGE TO THE NATION 79

UNITED NATIONS ENDORSES TEXT OF AGREEMENT ON RESCUE  
AND RETURN OF ASTRONAUTS AND SPACE VEHICLES

*U.S. Statements and Texts of Resolution and Agreement 80*

U.N. CONDEMNS SOUTH AFRICA'S VIOLATION  
OF RIGHTS OF SOUTH WEST AFRICANS

*Statement by Ambassador Goldberg and Text of Resolution 92*

PRESIDENT JOHNSON VISITS AUSTRALIA, THAILAND, SOUTH VIET-NAM,  
PAKISTAN, AND ITALY IN 4½-DAY ROUND-THE-WORLD JOURNEY 69

*For index see inside back cover*

# THE DEPARTMENT OF STATE **BULLETIN**

VOL. LVIII No. 1490  
January 15, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

**PRICE:**

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

# President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey

*President Johnson left Washington on December 19 to attend memorial services for the late Australian Prime Minister Harold Holt at Melbourne, Australia. After stopovers at Honolulu and Pago Pago, the President arrived at Canberra, Australia, on December 21, where he was met by Prime Minister John McEwen and where later that day he met with the Australian ministers, with President Park Chung Hee of Korea, and with President Nguyen Van Thieu of South Viet-Nam. President Johnson was in Melbourne for the memorial services on December 22. On December 23 the President made four stops: at Khorat, Thailand, and Cam Ranh Bay, South Viet-Nam, where he talked with U.S. servicemen; at Karachi, Pakistan, where he met with President Mohammed Ayub Khan; and at Rome, where he met with President Giuseppe Saragat and other Italian Government officials, and with His Holiness Pope Paul VI. President Johnson returned to Washington on December 24. Following in chronological order is the documentation of the President's trip.*

## VISITS EN ROUTE TO AUSTRALIA

### Arrival Remarks, Honolulu International Airport, Hawaii, December 19

White House press release (Honolulu, Hawaii) dated December 19

I am glad you have come out here in this inclement weather to greet us on our way down under.

Geographically, you are the closest American State to Australia. You understand, as Australians understand, the web of ties that makes the Pacific nations one family.

You knew, before most of your fellow countrymen knew, that the Pacific is an avenue, not a barrier.

Long ago you knew how important it was to have brave friends in the Pacific, friends who would share the burdens and the opportunities of freedom.

America had such friends in Australia in

1941 when the clouds of war rose over Pearl Harbor. We have such friends in Australia now when a new threat to peace looms over all of Asia.

Tragically, one of our best Australian friends has fallen. A leader in the prime of his life has been taken from his countrymen and from us, his friends and partners. Harold Holt was a statesman who believed that Australia's destiny was bound up with that of her neighbors in the Pacific.

In the tradition of his great predecessor, Sir Robert Menzies, Harold Holt called on his people to meet the responsibilities that freedom always brings. He asked them to join with the people of South Viet-Nam, with the people of the United States, and with five other nations to turn back the new aggressor in Asia. His people responded as Australians always have responded in the hour of need. Their men are with us in battle at this hour, standing shoulder to shoulder and side by side with ours.

Harold Holt's vision of Asia—and of Australia's role there—was not limited to the battlefield. The end he sought was not military conquest. It was the building of a new Asia, where nations with a common interest in peace might help one another build the foundations of peace: better lives for their people.

We mourn the loss of this good man, this brother in arms, this friend in the works of peace. What he was cannot be replaced, though what he built will always endure.

I am going many thousands of miles to join his countrymen, and leaders from all over Asia and the Commonwealth, to pay tribute to Harold Holt. I carry with me the affection and admiration of the American people for the people of Australia. And I know that I carry your deep regret that your fellow citizen of the Pacific has been taken from us at a critical hour when the work he shared with us is beginning to bear fruit.

#### **Arrival Remarks, International Airport, Pago Pago, American Samoa, December 20**

White House press release (Pago Pago, American Samoa) dated December 20

We have enjoyed very much your entertainment this evening. We thank all of you for coming here and giving us this very warm greeting.

We prize very highly the friends that we have here. We recall very vividly when Mrs. Johnson and I dedicated the school you had been generous enough to name in her honor.

I remember many months ago first hearing of the great success you had made with your educational TV and how it excited the interest of many of our people in our country and in the Congress. I am glad to tell you now that we are trying to follow in your footsteps. Very shortly we will set up a public TV of our own.

What you are doing here in the way of schools and education is something we are very proud of, as we are proud of the new hospital that you will shortly be dedicating.

Governor [Owen S.] Aspinall referred to the contribution that your men are making in our armed services. We salute them, and we thank them.

Our concern always will be with your health, with your education, and with your advancement.

We want each of you to know that we do care, that we are happy that you are making progress. We trust that the good Lord will give us the strength and the leadership to permit us to continue to move ahead.

Thank you so much for your wonderful entertainment. I have enjoyed it. I appreciate your interest in coming here at this late hour. I thank you all very much.

#### **THE VISIT TO AUSTRALIA**

#### **Exchange of Arrival Remarks, Fairbairn RAAF Base, Canberra, December 21**

White House press release (Canberra, Australia) dated December 21

*Prime Minister John McEwen*

It is with great sadness in all our hearts that you come to Australia. But it is for me, sir, speaking for my government and for the Australian people, to say what a tremendous tribute you pay to our colleague Harold Holt, your friend Harold Holt, your associate Harold Holt, in making this tremendous journey across the world to come to Australia to pay your tribute to Harold Holt.

For this, sir, I thank you for myself, for my government, and for every Australian.

*President Johnson*

It is most gracious of all of you to meet us at this hour, and I thank you very much.

I come in sadness on a sorrowful mission—to pay my personal respects to a man who was my cherished friend and who led a nation which is the trusted friend of the United States.

I bring with me to all the people of Australia the sympathy of my countrymen, who wish you to know that your loss is not a loss you bear alone.

The gathering together, here in Australia, of leaders from north and east and west tells much of the kind of man Harold Holt was, of the kind of leadership he brought so freshly and so forcefully to the community of free nations, and to the kind of world he was helping to shape.

He was steady. He was courageous. In deed, as in word, he embodied the resoluteness of the people he led. He was there when he said he

would be there. He did not move across the stage of world affairs seeking a way out or a way back from difficult and demanding duty. Harold Holt moved among us seeking to find and to open the way ahead toward a saner and safer world.

While his days were cruelly short, his vision was long. He saw that we had to begin, we had to begin now, to build a new community in Asia and in all the Pacific—a community of nations dedicated together to the works of security, the works of progress, and the fulfillment of all their peoples.

A sense of that community already is coming into being among us. In the years and generations ahead, that community will grow and flourish as common purpose and common endeavor become the common cause of the Pacific's peoples. Other men, other leaders, will carry that cause forward in this and all the other lands that rim this great ocean. But history is going to reserve a very honored place in its memory for the name and the role of Harold Holt. At a critical time, it was he who saw the vision, assumed the leadership, and imbued us all with a new spirit and a fuller faith.

Mr. Prime Minister, you have lost a leader. My country and I have lost a friend. The world has lost a very great man, but we have not lost and we shall not lose his vision and his inspiration.

This morning, the hearts of my people in America go especially to Mrs. Holt and to the members of the family in their hours of sorrow.

We wanted very much to be with you during this trial.

### **President Johnson's Meetings With Leaders of Other Governments, Canberra, December 21**

#### *U.S.—Australian Joint Announcement*

White House press release (Canberra, Australia) dated December 21

The President and the Prime Minister took the opportunity this morning, both in the Prime Minister's office and in a wider meeting in the Cabinet room, to exchange views on a range of current matters. As was made clear in advance, the meeting took the form of conversations about these matters rather than a formal conference.

### **President Johnson Mourns Death of Prime Minister Holt of Australia**

#### *Statement by the President*

White House press release dated December 18

The American people are proud of the friendship that they enjoyed with Prime Minister Harold Holt. We mourn him with all the grief that Australians feel.

It is a cruel tragedy that he has been taken from us by this terrible accident. For so many of his days were devoted to guarding a nation and a world against hazards. His dream was to bring order and design to man's brightest hopes. He fought with rare courage, great tenacity, and always enlightened vision to assure that men would live safe from peril in the promise of freedom.

My personal loss is heavy. Harold Holt was generous with the gift of a warm and a wise heart. I found comfort in his friendship and strength in his partnership. He and the people for whom he spoke were always dependable and always unshakable. Those blessings of his example cannot be removed. They are as eternal as the sea that has taken this good and gallant champion away.

Mrs. Johnson and I—and all the American people—mourn his death.

Those present in the Cabinet room included the United States Ambassador (Mr. [Edward A.] Clark), Mr. William Bundy and Mr. Walt Rostow, and on the Australian side the Treasurer (Mr. [William] McMahon), the Minister for External Affairs (Mr. [Paul] Hasluck), the Minister for Defense (Mr. [Allen] Fairhall) and the Leader of the Government in the Senate (Senator [John Grey] Gorton).

The principal topic touched on by the President and the Prime Minister and his colleagues was Vietnam. The President presented for the information of the Australian Ministers an account of the present military situation and political and economic development programme in Vietnam. The Prime Minister assured the President, as he had yesterday assured the Australian people, that there will be no change in Australia's commitment to stay steadfast with the Republic of Vietnam and the United States and with other Allies in Vietnam until a just peace is won.

### *U.S.-Korea Joint Statement*

White House press release (Canberra, Australia) dated December 21

President Pak Chung Hee of the Republic of Korea and President Lyndon B. Johnson of the U.S.A. met for informal private discussions at lunch today. Members of their governments and staffs were present.

President Pak described the agent and sabotage activities being conducted against his country by the regime in North Korea, and the measures being taken to ensure that this threat continued to be dealt with effectively.

President Pak also conveyed the thanks of his government for U.S. emergency food assistance to meet the drought crisis of recent months in Korea, and for the continuing economic development assistance being provided. He described the economic gains that the Republic of Korea continued to make at high growth rates.

The two Presidents exchanged views on all aspects of the Vietnam situation, reaffirming their respective policies of strong and unwavering support for the independence of South Vietnam and the freedom of its people to determine their future without external interference.

### *U.S.-South Viet-Nam Joint Statement*

White House press release (Canberra, Australia) dated December 21

President Nguyen Van Thieu of the Republic of Vietnam and President Lyndon B. Johnson of the United States held an informal working dinner this evening, both being present in Canberra for the memorial service for the late Prime Minister Harold Holt.

There was a full exchange of views on all aspects of South Vietnam's struggle to defend its freedom from external force.

The military situation was reviewed and found to show good progress.

Progress was also noted in the work of pacification and of economic reconstruction with the intention that this could be speeded up in the coming months.

President Johnson congratulated President Thieu on the completion of a constitution, the holding of successful national elections, and the installation of a constitutional government.

It was recognized that many problems remained to be overcome and President Thieu outlined the plans of his government to deal with

these problems along the lines of his inaugural speech and the later program presented to the people of South Vietnam by Prime Minister [Nguyen Van] Loc.

Both Presidents agreed that their objective remained an honorable and secure peace in accordance with the basic statement of the South Vietnamese position contained in the Manila communique of October 1966<sup>1</sup> and supported by the other participants. They regretted that there was no sign that North Vietnam was prepared to take any of the many avenues to peace that had been opened. They agreed that in these circumstances there was no alternative to continuing appropriate military actions.

President Thieu once again explained his government's policy of reconciliation enunciated at Honolulu in February 1966.<sup>2</sup> In the light of elections which subsequently have taken place, he noted that the Government of Vietnam is now prepared to grant full rights of citizenship to those now fighting against the government who are prepared to accept constitutional processes and to live at peace under the constitutionally elected government.

President Thieu likewise reaffirmed a willingness to discuss relevant matters with any individuals now associated with the so-called National Liberation Front while making clear that his government could not regard the Front as an independent organization in any sense. He noted that it was not useful to attempt constructive discussions with any elements in South Vietnam committed to violent methods to obtain their political ends. Noting press comment on President Johnson's five points as stated in his television broadcast of December 20,<sup>3</sup> President Thieu affirmed that they were fully consistent with a policy on which the Government of Vietnam and the Government of the United States have long agreed.

President Johnson stated the intent of the United States to continue its support for this policy of national reconciliation.

Both Presidents agreed that the basic principle involved was the right of the South Vietnamese people to determine their own future through democratic and constitutional processes noted in the principle of one man-one vote.

<sup>1</sup> BULLETIN of Nov. 14, 1966, p. 730.

<sup>2</sup> For background, see *ibid.*, Feb. 26, 1966, p. 302.

<sup>3</sup> *Ibid.*, Jan. 8, 1968, p. 33.



They further agreed that the removal of external interference and the acceptance of this principle by all citizens of South Vietnam were fundamental elements in an enduring and honorable peace in South Vietnam. They agreed that these elements were totally consistent with the spirit and essential terms of the Geneva Agreements of 1954 and the Geneva Agreements of 1962 respecting Laos.

## VISITS TO THAILAND AND SOUTH VIET-NAM

### Remarks to U.S. Combat Pilots, Royal Thai Air Force Base, Khorat, December 23

White House press release (Khorat, Thailand) dated December 23

Gentlemen, I apologize for coming so early. I am deeply moved by your welcome, and I thank you very much.

On yesterday, it was my sad duty to cross the Pacific to the capital of a great and faithful ally to pay my last respects to a man who was my friend and your friend, too—the late Prime Minister of Australia Harold Holt. As I said to his countrymen, Harold Holt was courageous and he was steadfast, he was there when he said he would be there—and that is the kind of leader the cause of freedom requires.

On tomorrow, I will return to Washington, but I could not come so near without coming on here to be with all of you, even for a very short time. I know that, at this season of the year especially, I bring with me the love of your families and the affection of your friends, who are thinking of you, who are all praying for your safe-keeping every waking hour. I bring with me, also, the gratitude of the Nation you serve so honorably, so loyally, and so well.

But I come to this American Air Force Base—on the soil of a gallant and independent nation—to express to each of you the respect, the admiration, and the abiding affection held for you by your Commander in Chief. Our nation has never been more ably or honorably served than by all the men who are serving here.

I especially want to tell you of the very great importance of what all of you are doing to shorten the war.

In the history of air power no such difficult

set of tasks has ever been assigned as those assigned to you and those assigned to your comrades in the Army, the Navy, and the Marines. Guerrilla combat provides no easy targets. That is why aggressors, here as elsewhere, have been tempted to choose guerrilla tactics as the means of their aggression. Yet here, for the first time, airpower is actually depriving the aggressor of his advantage.

Through the use of airpower, a mere handful of you men—as military forces are really reckoned—are pinning down several hundred thousand—more than half a million—North Vietnamese. You are increasing the cost of infiltration. You are imposing a very high rate of attrition when the enemy is engaged, and you are giving him no rest when he withdraws. Airpower is providing the mobility which meets and matches the stealth of an enemy whose tactics are based on sudden hit-and-run attacks.

Working with the Vietnamese and our other fighting allies, we are defeating this aggression. We are doing it with a proportion of forces at least half that usually required to cope with a guerrilla enemy of such size. The use we are making of airpower in all its forms is a major reason the plans of the enemy are now doomed to complete failure.

It is a factor of utmost importance to the future of the peace of Asia—and for that matter, the peace of the world—that aggressors never again will be able to assume that aggression through brutal and sadistic “wars of national liberation” will ever be either economic or successful.

Airpower is denying aggression access to cheap success or to ultimate victory.

Whether men fly B-52's, light spotter planes, fighter bombers, helicopters, sea-and-air rescue, the tankers, or the reconnaissance—whether they serve in the cockpit or on the ground, in communications or in supply—whether in the Air Force, the Army, the Navy, or the Marines—your Commander in Chief salutes you, each of you, one and all. You are manifesting a courage and skill, a discipline and a restraint, an imagination and a patriotism which adds to our admiration and our esteem every day. I know, as I am sure you know, that your missions are bringing closer every week the time of peace for which we and all of your countrymen pray each day.

I am glad I can be with you early this morning, as I am with you every single day of every month in spirit.

I cannot promise—and you above all others know that no man rightly could promise—that the way ahead will be easier or that our tasks we may soon lay down.

To this generation of Americans, much has been given. Of us all much is asked. We shall know other great trials. We shall be faced by other great tasks. The life of free men is never again going to be a life of ease. It is not ease, though, that we Americans seek. It is justice and peace in a world where aggression is denied its victory and oppression is deprived of its dominion.

Let no man in any other land misread the spirit of America. The spirit of America is not to be read on the placards or the posters. It is a spirit that is manifest in the steadfastness and the resolve of a nation that is holding firmly and faithfully to its course.

No man can come here for even a short period and shake your hand or look you in the eye and have the slightest bit of doubt for a moment that America is going to hold firm and that America is going to stay faithful throughout the course until an honorable peace is secured.

From our course, none of us shall ever turn.

So as I meet you and greet you and leave you this morning, I say on behalf of your families and your friends, on behalf of all the American people and our allies and freedom- and liberty-loving peoples everywhere, God bless you, God keep you, every one of you.

We shall always be deeply in your debt. Thank you and good morning.

#### **Remarks to U.S. Senior Unit Commanders, Cam Ranh Bay, December 23**

White House press release (Cam Ranh Bay, South Viet-Nam) dated December 23

Gentlemen, I don't want to take too much of your time.

I came here this morning to tell you what your families and your loved ones would like to tell you: that is, we want you home for Christmas. We wish you could be there.

We are very proud that you are doing the job that you are doing. We know that no military force is any better than the man at the top. Everybody in our country, and the world, has great respect and confidence in General [Wil-

liam C.] Westmoreland. He has assembled here this morning the men that make him what he is—the men who support him and the men who give him the substance and sustenance that permits him to do the job that he does. We are so very proud of you.

The leadership you have given has been unequalled. General Westmoreland tells me that the men who you have produced and the men who you lead have never been excelled. That in itself ought to give you great satisfaction.

Your cause is just. Your objective is peace. The day is not far away when you will succeed. I wish I had things in as good shape at home as you have them here.

All I can say is we have set our course. We are not going to yield. We are not going to shimmy. We are going to wind up with a peace with honor which all Americans seek. Then we will come home and spend a happy Christmas again with our loved ones.

My wish is that you could be with us. Your Commander in Chief is very, very proud of you. I wish I could personally show you that admiration and that affection I feel for the gallant men who lead the best military force ever put on the battlefield. But please know that we are with you. We are for you. We will be there until the end.

Thank you very much.

#### **Remarks to U.S. Service Personnel, Cam Ranh Bay, December 23**

White House press release (Cam Ranh Bay, South Viet-Nam) dated December 23

I hope that all of you will stand at ease.

This week I traveled halfway around the world to come to this section of the world to pay tribute to an old friend—the late Prime Minister Harold Holt of Australia.

I made that long trip for deeply personal reasons. Prime Minister Harold Holt was a close and a trusted friend.

I made that trip also for our country—and for you. For it was Harold Holt who led Australia into the fight for freedom that is taking place here in South Viet-Nam. It was he who asked his people to live up to their responsibilities and to meet them in Asia—exactly as you are meeting ours: with blood, with sweat, and with bravery.

Last night I sat and talked until after midnight with our gallant airmen in Thailand.

This is not the shortest route back to the White House from Australia—through Viet-Nam. But it is almost Christmas and because my spirit would be here with you anyway, I had to come over here this morning.

I wish I could have brought you something more than just myself.

I wish I could have brought you some tangible symbol of the great pride that the American people feel in you, back home.

I wish I could have brought you some gift that would wrap up the care and the concern of your families and your loved ones.

All the debate that you read about can never obscure that pride. The slogans, the placards, and the signs cannot diminish the power of that love.

You will all know that personally when you put your feet back on America's shores—all of you, God willing.

I wish I could have brought you, too, some sign that the struggle that you are in will soon be over—some indication from the other side that he might be willing to let this suffering land finally heal its wounds.

I can bring you the assurance of what you have fought to achieve: The enemy cannot win, now, in Viet-Nam. He can harass, he can terrorize, he can inflict casualties—while taking far greater losses himself. But he just cannot win.

I can bring you something more: news of a victory that is being won not on a battlefield but in the cities and the villages all over Asia. I was stimulated and glad to hear what distinguished Vice President [Nguyen Cao] Ky told me of the progress that they are making, and in the days ahead what they expect as a result of the planning and the efforts that the new government is making.

It is a victory of confidence. Because of what you and our gallant allies are doing, men throughout Asia are also beginning to feel confident that the future belongs to them—the future belongs to those who love peace.

The greater that confidence, the more secure this vast region of the world will become, and the greater will be our children's chances to live in peace and to live in security.

Because of what you men are doing here today, you may very well prevent a wider war, a greater war, a world war III.

You have come a long way from your homes to fight for a decent world.

There must have been times when you wished that this cup might pass from you—that it might have come in some other place, at some other time, or to some other generation.

But it didn't. It came here, and it is with us now.

You have taken it with your chin up and your chests out. You have taken it with courage that makes all of your countrymen proud of you.

This Christmas, like many Christmases that we have known, comes at a time of great testing for our nation. This time it is a test of will: whether we have the vision and the steady hand to see us through a grave challenge to our freedom and our liberty. You have met that test. There is no doubt about it.

The last thing that I can bring to you is the promise that your fellow Americans are going to meet that test, too. They may need your help. Sometimes we seem almost frail and weak compared to you sturdy, strong men who are making the sacrifices here. But I can tell you we shall not fail you. What you have done will not have been done in vain.

I pray that you will be strengthened, this Christmas day in wartime, by the love of your loved ones and your people, by the great confidence that you are inspiring in other people, and by your own great steadfast courage.

I know that just being here among you, walking down your hospital corridors, riding on the back of your jeep—I know that gives me strength—and I need all I can get. For that strength that you have given me, I am very grateful to each of you.

Now may God bless you and may God keep each of you.

---

Each of you, when you return, will wear the badge of honor that the greatest Republic in the world can confer.

This morning, as I went along the hospital beds and distributed the Purple Heart to dozens who had given their limbs and their bodies in line of battle, as I marched down the rows with the Distinguished Service Crosses and the Silver Stars and passed them out to your leaders, I remembered so vividly what General Westmoreland had told me when I was here the last time.

He said, "Mr. President, there are here in Viet-Nam assembled the best armed forces that

any commander in chief ever commanded in all the history of the world."

This is clearly supported by the results that have been achieved since the dark days of 1965.

The distinguished Vice President this morning reminded me, notwithstanding all the complaints we hear, just how far we had come from the valleys and the depths of despondency to the heights and the cliffs, where we know now that the enemy can never win.

But the oldest and most firmly grounded military maxim is this: A military force is only as good as the quality of its leadership at the top.

Now that I have walked among you, in the hospitals and out on that concrete, I am going to ask you to indulge me a moment while I pay tribute to that leadership.

Our leaders have had to meet an enemy that is hardened by experience of over 20 years of fighting—an enemy using his knowledge of the terrain to strike, to move, and to strike again. We have come from way behind.

All the challenges have been met. The enemy is not beaten, but he knows that he has met his master in the field. He is holding desperately—he is trying to buy time—hoping that our nation's will does not match his will.

For what you and your team have done, General Westmoreland, I award you today an Oak Leaf Cluster to the Distinguished Service Medal you have already proudly earned.

But leadership in modern war requires a team, not just one man of great quality.

The military team that your Commander in Chief has selected and has dispatched to Viet-Nam represents the best I can find in the entire United States.

Now I take the greatest pride in awarding also to General Creighton Abrams the Distinguished Service Medal. General Abrams, the quality of your service has rarely been equaled and never excelled.

Now the Distinguished Service Medal

—To General Bruce Palmer, who has served us honorably and with great efficiency;

—To that leader in the skies, General William Momyer, who paves the way and saves you fellows a lot of problems;

—To Admiral Kenneth Veth;

—To Admiral "Bush" Bringle.

I shall present to you later your individual

citations; for the contribution of each of you has been unique as well as distinguished.

I am very proud—as all Americans can be proud—of the very complete and intimate collaboration, General Westmoreland and your team, between the military and the civil arms of policy here at the front. Even as the enemy is being met, a nation is also being built—a new, modern nation is emerging. Of this, we are very proud. For this, we are grateful.

In the civilian team now in Viet-Nam we have men who fully match the quality of our military leaders. These men have demonstrated wisdom and dedication, toughness and compassion, imagination and efficiency.

Therefore, to you, Ambassador [Ellsworth] Bunker—for the second time in your most distinguished career—your President awards you the Medal of Freedom.

I award the Medal of Freedom to Ambassador Eugene Locke, your loyal and energetic deputy, who is unavoidably not here today.

I award the Medal of Freedom also to your able Ambassador Robert Komer, who has pioneered a unique experiment in serving under a military commander to unify all our civil assets in the task of pacification—which is simply another name for nationbuilding.

These citations will be presented to you personally at an appropriate time.

Now to all of this marvelous team of Americans, military and civilian alike, and to every gallant man who is out here this morning and to all those who are not privileged to be here—I want you to carry to them a message.

Say to them: You and they have the gratitude of your nation and the pride and appreciation of your President.

God bless each of you.

God keep you all.

Thank you.

## **U.S.—PAKISTAN JOINT STATEMENT KARACHI, DECEMBER 23**

White House press release (Karachi, Pakistan) dated December 23

On the occasion of President Johnson's refueling stop at Karachi, President Ayub joined him for a discussion which covered both bilateral matters and issues of common concern on the world scene.

President Ayub outlined the rapid progress being made in agricultural as well as industrial development in Pakistan. The two Presidents discussed Pakistan's additional needs of wheat and vegetable oils and agreed to ask a staff study to be made available at an early date.

President Johnson congratulated President Ayub on Pakistan's continuing progress, and especially for the success of Pakistan in introducing new wheat strains, expanding human consumption of maize, and expanding both irrigation and chemical fertilizer application.

President Johnson expressed gratification at the inauguration of the Mangla Dam and the prospects for other such projects.

The two Presidents then reviewed the world situation with special emphasis on the possibility of moving toward peace in Vietnam.

President Johnson conveyed his impression of discussions earlier that day in Vietnam and earlier in Australia with several Asian leaders.

Both Presidents shared the deep hope that peace would soon be achieved in Vietnam, and agreed that every avenue should continue to be explored.

## THE VISIT TO ROME, DECEMBER 23

### Arrival Remarks

White House press release (Rome, Italy) dated December 23

It is a miracle of the age that within the space of 4½ days I will have circumnavigated the globe. But it is a tragedy of the time that sadness is swifter than flight.

In Australia I listened in grief to the cathedral hymn that sang the memory of a brave friend and ally.

In Viet-Nam, I saw the strong, clear faces of young Americans who must spend a part of their youth in battle to find a peace for us.

But now I am in Italy at Christmastime. Here the Italian people, whose blood runs in the veins of so many Americans, feel the theme of Christmas because so much of what it means and exalts resides in the ageless courage of the Church.

Saint Paul taught us that we walk by faith and not by sight.

And Pope Paul inspires us to believe that man's faith will prevail in the darkest hours.

The Pope and I will talk of peace, of how it might be achieved and preserved. Peace is

his mission and constant concern, as it is of the hundreds of millions of people throughout the world who call him Holy Father.

He has reemphasized to all of us quite recently his deep and passionate desire to do whatever he can, whenever he can, "towards the re-establishment of peace." Not only the Church he heads but the moral force he exerts are assets which should be employed in constructing a future without war.

This is a task that must also be undertaken in the councils of government, in the churches, in the neighborhood, and in the privacy of our faith, so that one day the morning will come when "no war or battle's sound will be heard the world around."

If we can put away violence and greed and ungoverned ambitions, then we can be about the work that urgently needs to be done—to feed the hungry, to teach the ignorant, and heal the sick.

### Statement After Meeting With Pope Paul

White House press release (Rome, Italy) dated December 23

I have come around the world to call on His Holiness Pope Paul in the spirit of his offer of "unarmed cooperation . . . towards the re-establishment of true peace."

No man can avoid being moved to try harder for peace at Christmastime.

We discussed possible paths to peace and the efforts that have been made in recent years, so far without success.

We agree with His Holiness that "an honorable settlement of the painful and threatening dispute is still possible." I received his judgment to this end, and I deeply appreciate the full and free manner in which it was given.

His Holiness has suggested a principle of mutual restraint. If this principle was accepted by both sides, there would be rapid and solid progress toward peace.

We would be willing to stop the bombing and proceed promptly to serious and productive discussions.

A total end to the violence would be our urgent objective.

We support informal talks with the South.

We are ready for formal talks with the North.

We will agree to any proposal that would substitute the word and the vote for the knife and the grenade in bringing honorable peace to Viet-Nam.

We shall keep closely in touch with His Holiness in the days ahead, as we shall with others who are searching to lift the scourge of war from Viet-Nam and Southeast Asia.

### Departure Statement

White House press release (Rome, Italy) dated December 23

I am leaving Italy after a visit which has been very brief but, I believe, very useful and constructive. I have been able to greet and consult with President Saragat, Prime Minister [Aldo] Moro, and Foreign Minister [Amintore] Fanfani and I have had a memorable audience with His Holiness Pope Paul VI.

Once again, these beneficial exchanges have brought home to me how greatly the conduct of relations between nations has been changed by this new age of rapid communications and travel. While our meetings were necessarily on short notice, we were able to meet as friends who have been able to confer together with relative frequency in recent years—and we were able to discuss current matters on a current basis. This is a new age for statecraft, and I believe we can all hope that such closeness between leaders of nations will hasten the day of understanding and cooperation in peace for all men.

The President, the Premier, Foreign Minister, and I reviewed some of the problems confronting the great Atlantic alliance to which our two countries belong. I was especially gratified by the mutual confidence among us regarding the prospects for the alliance's future. We also talked about the problem of achieving peace in Southeast Asia, and I reviewed with them the continuing determination of the United States to seek every opportunity to bring peace and justice to the people of Viet-Nam.

In my meeting with His Holiness, we discussed the vital necessity of taking new steps to bring peace to Viet-Nam and to maintain peace among all nations of the earth. I discussed with His Holiness the plight of the American prisoners being held by the North Vietnamese and being denied the rights required by international standards. I have reviewed in another statement more fully these valued discussions with His Holiness.

I am returning home now to observe Christmas with my family. I do so encouraged by these brief talks in Europe, as by all the talks of this mission. As I leave Italy, I would like to extend to all the people of the great Republic of Italy the greetings of this season and the warmest of good wishes for the year ahead.

## President Johnson's Christmas Message to the Nation <sup>1</sup>

Not many hours ago I stood among some of your sons in Viet-Nam.

I had come back to Asia, 14 months after my last visit there, to say farewell to a friend, the late Prime Minister Harold Holt of Australia. I had joined with the leaders of Asia and the Commonwealth in ceremonies and meetings that spoke not only of our personal loss but of our common bonds. The spirit of Harold Holt, the spirit of the new Asia, was powerfully alive among those who gathered to pay tribute to his memory.

I had traveled then to Thailand, to the air-base at Khorat; and in the darkness before dawn I spoke to our pilots and ground crews, the brave and skillful airmen who are helping to relieve the enemy's pressure on our soldiers and marines in South Viet-Nam.

Now, on the airstrip at Cam Ranh Bay, your sons and I exchanged "Merry Christmas" and "Happy New Year." I told them that I wished I could bring them something more, some part of the pride you feel in them, some tangible symbol of your love and concern for them.

But I knew that they could feel your pride. I knew that they were confident of your love. Their faces were smiling, and they had that enthusiasm, that brave generosity of spirit, that the world associates with young Americans in uniform.

I decorated 20 of them for gallantry in action. Their faces seemed more grave than the others—preoccupied, I thought, with the savage experience of battle they had endured.

In the hospital, I spoke with those who bore the wounds of war. You cannot be in such a place, among such men, without feeling grief well up in your throat, without feeling grateful that there is such courage among your countrymen.

That was Christmastime in Viet-Nam, a time of war, of suffering, of endurance, of bravery and devotion to country.

A few hours later, I sat with His Holiness Pope Paul in his Vatican study. I had flown thousands of miles from Viet-Nam to Rome so that I might receive the counsel of this good man, this friend of peace.

I wanted to tell him that the United States had been actively seeking an end to the war in Viet-Nam, that we had traveled dozens of roads in search of peace but that, thus far, these had proved fruitless journeys.

I wanted to promise him—as I have promised you, my fellow Americans—that the disappointments we had known in the past would not deter us from trying any reasonable route to negotiations.

These things I said, and I listened as His Holiness told me of his eagerness to help bring peace to Viet-Nam. We talked of what might be done to help the people of Viet-Nam become reconciled to one another in a nation at peace. I felt, once more, what all the world knows: the human sympathy, the passion for peace, that fills the heart of the Pope.

I told His Holiness that America welcomed his efforts to bring an end to the strife and sorrow. And I told him of a matter that weighs on our hearts this Christmas, and every day of the year: the treatment of American prisoners of war in North Viet-Nam.

I told him how we hoped he would intercede on their behalf, seeking to gain for them more humane living conditions and the elemental right to communicate with their loved ones. I assured him that his representatives would be welcomed wherever prisoners were held in South Viet-Nam.

That was Christmastime in Rome, a time of quiet, of understanding, of communication without any barrier.

Now that the holy day itself has come, I wish each of you a full measure of happiness. I hope that all of you may remember, this Christmas, the brave young men who celebrate the holy season far from their homes, serving their country, serving their loved ones, serving each of us.

I hope, too, that your hearts may be filled with peace within, as your country seeks peace in the world.

Our country has known many wartime Christmases. It may seem difficult, at such times, to say "Merry Christmas." But when you think of the bravery of the human spirit and the compassion of the human heart and the power of life to triumph over pain and darkness, you are thankful. Your own spirits are lifted high: and you say it—and mean it—as I do now. Merry Christmas.

<sup>1</sup> Recorded at the White House on Dec. 24 for broadcast nationally (White House press release).

## United Nations Endorses Text of Agreement on Rescue and Return of Astronauts and Space Vehicles

*Following are a statement by Herbert Reis, U.S. Representative in the Legal Subcommittee of the United Nations Committee on the Peaceful Uses of Outer Space, made in the subcommittee on December 14 and a statement by Arthur J. Goldberg, U.S. Representative to the General Assembly, made in plenary session on December 19, together with the texts of a resolution adopted by the Assembly on December 19 and an annex to that resolution, which contains the text of the Agreement on the Rescue of Astronauts, the Return of Astronauts, and the Return of Objects Launched Into Outer Space.*

### STATEMENT BY MR. REIS, DECEMBER 14

U.S./U.N. press release 240

The United States delegation wishes to state our thanks to you, Mr. Chairman, for making possible this special session of the Outer Space Legal Subcommittee. We recognize that many demands and difficulties face delegations during this last full week of the 22d session of the General Assembly. At the same time, sufficient progress has been made on a draft agreement on assistance to and return of astronauts and space vehicles to justify this meeting and the opportunity it provides to record for members of the United Nations the advances thus far made.

Just a year ago, on December 19, 1966, the General Assembly commended the Outer Space Treaty.<sup>1</sup> The Assembly also requested the Outer Space Committee to continue its work on a convention on liability for damage caused by the launching of objects into outer space and on an agreement on assistance to and return of astronauts and space vehicles. It may be noted that since 1963—shortly after the Outer Space Committee as currently constituted began its work—

<sup>1</sup> For background and text of Resolution 2222 (XXI), see BULLETIN of Jan. 9, 1967, p. 78; for text of the Outer Space Treaty, see *ibid.*, Dec. 26, 1966, p. 953.

the General Assembly has regularly called for work on these two agreements. It has considered them as paired agreements and has called annually for their elaboration.

During the debate in the General Assembly's First Committee on the outer space item in October of this year, many complaints were voiced concerning our lack of progress. As a result, the General Assembly on November 3 adopted Resolution 2260 (XXII) calling for urgent work on these twin agreements. Paragraph 9 of General Assembly Resolution 2260 (XXII):

*Requests* the Committee on the Peaceful Uses of Outer Space, in the further progressive development of the law of outer space, to continue with a sense of urgency its work on the elaboration of an agreement on liability for damage caused by the launching of objects into outer space and an agreement on assistance to and return of astronauts and space vehicles, and to pursue actively its work on questions relative to the definition of outer space and the utilization of outer space and celestial bodies, including the various implications of space communications.

The purpose of this special session of the Legal Subcommittee is to report progress on the elaboration of an assistance-and-return agreement. We seek to act promptly and without delay in responding affirmatively to the mandate that the General Assembly has given us.

It is, as I said earlier, very late in the General Assembly session. But we would be unwise to let our proper preoccupations with matters before the Assembly prevent seizing an opportunity to make real progress. Even at the risk of impatience and annoyance, we would want to proceed with a serious and expeditious review of the progress that has been made, rather than later to regret an opportunity lost because of failure to recognize and take hold of it.

Before turning to the assistance-and-return agreement, my delegation would like to take this occasion to stress once again the continuing importance we attached to the prompt conclusion



of a satisfactory liability convention. It may not be improper to recall that the United States originally took the initiative in calling attention to the need for a liability convention. That was in May of 1959 during the session of the *Ad Hoc* Committee on the Peaceful Uses of Outer Space.

In a first survey of the field, dated July 1959, the *Ad Hoc* Committee asserted that the conclusion of a liability convention was a task requiring prompt attention. In June of 1962 the United States placed before the United Nations the first concrete draft of a liability convention. Since 1963 the delegation of Belgium has acted as a co-initiator in drafting and proposing treaty texts, as has the delegation of Hungary. At our last session from June 19 through July 14, the United States, Belgium, and Hungary jointly introduced a number of texts recording points of agreement. The subcommittee subsequently approved these texts. While still far from the text of a convention, we are finally making progress in that direction.

We understand that the Legal Subcommittee members without exception intend to make the most rapid possible progress toward a liability convention. The United States and a number of other delegations have committed themselves to undertake meaningful negotiations to this end.

Mr. Chairman, one further point is worth stressing with regard to the assistance and liability agreements. It is sometimes asserted that only the space powers are interested in the assistance-and-return agreement; and it is urged, further, that the liability convention is the proper interest of the nonspace powers exclusively.

We believe these assertions to be incorrect. The United States, as a first proponent of the notion of a liability convention, does not accept them, and the actions of my Government underscore this. We consider that a liability convention will further the interests of all. It will further the interests of the space powers since, by concluding such a convention, they will not only demonstrate their responsibility in the conduct of space activities but also provide for the orderly resolution of disputes which might arise and which, if not promptly resolved, could adversely affect the exploration and use of outer space.

Nor, to cite the other case, does the assistance-and-return agreement the Legal Subcommittee is now considering relate solely to concerns of space powers. To take but two instances, the provisions of article 5 on recovery and return of space objects and of article 6 on international organizations are of interest to all who today

conduct or may in the future conduct space activities.

The United States delegation has sought agreement in these negotiations on an assistance-and-return instrument that will contain to the maximum possible degree obligations fair for present and future individual space powers, for near-space powers, for collective space powers, as well as for those who are interested in space activities; that is, the entire membership of the United Nations.

The agreement before us is very much a product of the United Nations and its Outer Space Committee. Its principal provisions are based upon the Outer Space Treaty, article V of which calls upon parties to "regard astronauts as envoys of mankind in outer space." The treaty also requires parties to render astronauts "all possible assistance in the event of accident, distress, or emergency landing on the territory of another State Party or on the high seas." Article V further requires that "When astronauts make such a landing, they shall be safely and promptly returned to the State of registry of their space vehicle." And article VIII of the treaty lays down the rule that ownership of objects launched into outer space is unaffected by transit and return to earth; it states that "Such objects or component parts found beyond the limits of the State Party to the Treaty on whose registry they are carried shall be returned to that State, which shall, upon request, furnish identifying data prior to their return."

We have also sought in these negotiations to make good use of the work accomplished by the Outer Space Committee in its 1964 session, the high-water mark of progress on assistance and return. At the first part of the 1964 session, held in Geneva in March, preliminary agreement was reached on a number of provisions relating to recovery and return of space vehicles. One of these provisions—to which many nonspace powers have attributed particular importance—would entitle a party on whose territory an apparently dangerous space vehicle has landed to require the launching authority to take all necessary steps to remove any danger of harm.

Mr. Chairman, I turn now to the proposed Agreement on the Rescue of Astronauts, the Return of Astronauts, and the Return of Objects Launched Into Outer Space. The text of the agreement appears in document A/AC.105/L.28, which our chairman has introduced earlier this afternoon.

The preamble of the agreement notes the importance of the Space Treaty, which entered

into force only 2 months ago on October 10. The preamble further draws attention to the general assistance-and-return obligations contained in the treaty, already signed by more than 80 countries and ratified by more than 15.

Article 1 deals with notifications. It would require a contracting party that learns of an accident or emergency suffered by an astronaut to notify immediately the launching authority; that is, the state or international organization responsible for launching. Under the terms of article 1, if the discovering party were unsure of the identity of the launching authority, it would make an appropriate public announcement. In either event, it would also notify the Secretary-General of the United Nations who would "disseminate the information without delay by all appropriate means of communication at his disposal." The Secretary-General would thus play a role parallel to his role under article 11 of the Outer Space Treaty, whereby he disseminates information submitted by parties on the nature, conduct, locations, and results of their space activities.

By way of clarification, I would like to note that article 1 uses the phrase "in any other place not under the jurisdiction of any State." The same phrase is used in article 3 concerning nonterritorial assistance. This phrase relates to such areas as the high seas and to outer space, including the moon and other celestial bodies.

Article 2 concerns measures of assistance to an astronaut within the territory of a contracting party. The first sentence of article 2 is drawn from the Outer Space Treaty. It parallels the more general requirement of the Outer Space Treaty to render an astronaut in such circumstances "all possible assistance."

The third and fourth sentences of article 2 deal with assistance by the launching authority in searching for and rescuing an astronaut who has met with an accident and who has come down on the territory of another party to the agreement. Assistance by the launching authority in these rare and infrequent cases of emergency could be crucial in saving the life of an astronaut. The launching authority will have advanced competence and experience in locating space vehicles. It may have aircraft or ships available to join in a search for a downed astronaut.

We think it clearly correct to expect that the views of the territorial party and the launching authority will coincide on the question whether,

in a particular case, launching authority assistance would, in the words of article 2, "help to effect a prompt rescue or would contribute substantially to the effectiveness of search and rescue operations." In the unlikely event they do not agree, the territorial party would of course have the final say in this matter.

A final word on article 2, Mr. Chairman. The last sentence of article 2 calls for operations in which the launching authority assists to be conducted "under the direction and control" of the territorial sovereign. This provision is entirely appropriate in view of the fact that it is national territory that is involved. On the other hand, it also seems fair to ask that the territorial sovereign shall, in these cases, "act in close and continuing consultation with the launching authority," and it is with these words that article 2 closes. We believe that article 2 represents a just balancing of the interests of the territorial sovereign and the launching authority.

Article 3 concerns the duty to rescue in the case where an astronaut in distress comes down on the high seas or elsewhere beyond national jurisdiction. In this event a contracting party which is in a position to do so is obliged to "extend assistance in search and rescue operations for such personnel to assure their speedy rescue."

Article 4 is a full rendering of the legal obligation of article V of the Space Treaty to safely and promptly return an astronaut who has landed elsewhere than planned. The text also incorporates a suggestion advanced by the delegation of France that a party should be obliged to return an astronaut to representatives of the launching authority rather than to the launching authority itself.

Article 5 deals at some length with recovery and return of objects launched into space that subsequently reenter the atmosphere and land on the surface of the earth. As noted earlier, the text builds on provisions agreed in preliminary fashion in 1964. These have been brought into line with the Outer Space Treaty.

Paragraph 1 thus calls for notifications to the launching authority and the Secretary-General that a space object has returned to earth. In the event of a request by the launching authority, paragraph 2 asks the party on whose territory the object lands to "take such steps as it finds practicable to recover the object or component parts." Under paragraph 3, if the launching authority seeks the return of the object and fur-

nishes identifying data upon request by the territorial party, the territorial party becomes obliged to return the object to the representatives of the launching authority. Paragraph 4 states that, in the event an object of a hazardous or deleterious nature returns to earth, the territorial party may, at its discretion, ask the launching authority to eliminate any possible danger of harm by conducting operations to that end "under the direction and control" of the territorial party. Finally, paragraph 5 calls for reimbursement of expenses incurred by the territorial party when the launching authority requests recovery, or recovery and return, of an object.

My delegation has sought, in negotiating article 6, to insure that the views and interests of those countries which participate in international organizations that conduct space activities have been accurately and fully reflected. We hope that this has in fact been the case. While the language of article 6 is not yet fully agreed, there is general agreement that what is required is a straightforward definition of the term "launching authority." That definition should make clear that the term refers to the state responsible for launching or, where an international intergovernmental organization is responsible for the launching in question, to the international organization.

The remaining provisions of the proposed assistance-and-return agreement—articles 7 through 10—contain final or protocolary provisions identical to those of the Outer Space Treaty. Article 7 names the United States, the United Kingdom, and the Soviet Union as depositary governments and specifies that the agreement shall be open to all states for signature and ratification. The United States supports the accession clause now included in the draft agreement, because of the special and exceptional character of this agreement. The General Assembly has earlier characterized astronauts as "envoys of mankind." An agreement for the rescue of astronauts is thus an exceptional instrument of a special character. The fact that the "all states" clause has been employed in this instance does not indicate that it is suitable in other circumstances.

Adoption of this accession clause—urged because of exceptional circumstances favoring a very broad geographical coverage for the assistance-and-return agreement—does not, of course, affect the recognition or status of an unrecog-

nized regime or entity which may elect to file an instrument of accession to the assistance-and-return agreement. Under international law and practice, recognition of a government or acknowledgment of the existence of a state is brought about as the result of a deliberate decision and course of conduct on the part of a government intending to accord recognition. Recognition of a regime or acknowledgment of an entity cannot be inferred from signature, ratification, or accession to a multilateral agreement. The United States believes that this viewpoint is generally accepted and shared, and it is on this basis that we join in supporting the present text of the assistance-and-return agreement.

Mr. Chairman, these are the principal features and the background of the proposed assistance-and-return agreement. We hope the members of the Legal Subcommittee will welcome the agreement, and we hope that the subcommittee will shortly be in a position to forward the agreement to our parent Outer Space Committee. This action will speed the work of the Outer Space Legal Subcommittee on the liability convention and the other items on our agenda. It will also, in our view, constitute a positive contribution to international cooperation in the peaceful uses of outer space.<sup>2</sup>

#### **STATEMENT BY AMBASSADOR GOLDBERG, DECEMBER 19**

U.S./U.N. press release 252

Less than 2 months ago the General Assembly adopted a resolution asking the Outer Space Committee to continue its work with a sense of urgency on an agreement on assistance and return of astronauts and space vehicles. Today the General Assembly has unanimously approved a consensus text of the agreement forwarded, also unanimously, for its consideration by the Outer Space Committee. The Committee has thus complied with the Assembly's mandate to proceed urgently. But it would be a mistake to assume that the draft has not been carefully prepared. It is a good and sound treaty

---

<sup>2</sup>The text of the draft agreement, as amended by the Legal Subcommittee in the course of its special session Dec. 14-15, was transmitted to the Committee on the Peaceful Uses of Outer Space in the subcommittee's report (A/AC.105/43). On Dec. 16 the Outer Space Committee decided unanimously to submit the draft agreement to the General Assembly for consideration.

and will stand the test of time and experience.

The United States regards the action of the Assembly in endorsing this treaty to be a historic action. The treaty text represents agreement on implementing that famous phrase from the Outer Space Treaty: that astronauts are "envoys of mankind." My delegation believes that endorsement of this treaty by the General Assembly constitutes one of the major achievements of this Assembly.

Mr. President, the United States considers that the assistance-and-return agreement which we have adopted represents a just balancing of the interests of all members of the United Nations—the space powers, the near-space powers, the cooperative space powers, and all who are interested in outer space, which, indeed, means the entire membership of our organization. This agreement bears witness to the fact that the United Nations can make a real contribution to extending the rule of law to new areas and to insuring the positive and peaceful ordering of man's efforts in science and the building of a better world. It is, not last of all, a tribute to those who venture forward in the new world of outer space. We hope and we will work to make that venture one to benefit all.

It is clear that although all nations, as I have just said, have a great interest in space activities, this particular agreement is of special interest and concern to the two major space powers, whose astronauts are engaging in the hazardous enterprise of exploring the universe for the benefit of all mankind. What is significant to us is that countries that may not be launching their own astronauts for years to come or, indeed, never launching them, have made it clear that they consider the safety of astronauts from whatever country they may come to be a shared responsibility of the world community. This is in the great humanitarian tradition of the United Nations and its member states. And my Government deeply appreciates the cooperation of the nonspace powers. Indeed, we have noted this attitude in nearly all of our negotiations on outer space matters. It may be that only by venturing beyond earth's limits shall we learn that the bonds of humanity are stronger than the bonds of nationality.

In our statements before the Committee on the Peaceful Uses of Outer Space and its Legal Subcommittee, my delegation recognized, as

several speakers have pointed out, that other problems remain to be solved and particularly problems of acute interest to nonspace powers. Therefore, I would like to reiterate the point which my Government made in the Committee and that is that we attach a high degree of importance to the prompt conclusion of a satisfactory convention on liability for damage caused by the launching of objects into outer space. We intend to participate actively and constructively in the drafting of that agreement. The resolution we have just adopted calls on the Outer Space Committee to complete an agreement on liability by the next session of the Assembly. I pledge the full and unstinting efforts of the United States to this end.

My delegation would like also to draw the attention of members to article 7, which names the United States, the United Kingdom, and the Soviet Union as depositary governments and specifies that the agreement shall be open to all states for signature and ratification. The United States supports the accession clause now included in the draft agreement, because of the special and exceptional character of this agreement. An agreement for the rescue of astronauts is an exceptional instrument of a special character. The fact that the "all states" clause has been employed in this instance does not indicate that it is suitable in other circumstances.

Adoption of the accession clause—urged because of exceptional circumstances favoring a very broad geographical coverage for the assistance-and-return agreement—does not, of course, affect the recognition or status of an unrecognized regime or entity which may elect to file an instrument of accession to the assistance-and-return agreement. Under international law and practice, recognition of a government or acknowledgment of the existence of a state is brought about as a result of a deliberate decision and course of conduct on the part of a government intending to accord recognition. Recognition of a regime or acknowledgment of an entity cannot be inferred from signature, ratification, or accession to a multilateral agreement. This, of course, is something which all of us share in recognizing.

Mr. President, the United States delegation wishes to thank Ambassador [Kurt] Waldheim, the distinguished chairman of the Outer Space Committee, and the members of that committee,

## President Johnson Gratified by U.N. Endorsement of Agreement on Rescue and Return of Astronauts and Space Objects

*Following is a statement made by President Johnson on December 19 which was released by the White House that day at Honolulu, Hawaii.*

I am gratified that the United Nations General Assembly has just endorsed an Agreement on the Rescue of Astronauts, the Return of Astronauts, and the Return of Objects Launched Into Outer Space.

The subject of assistance and return has been discussed at meetings of the U.N. Outer Space Committee since 1962. The agreement would implement rights and obligations of the Outer Space Treaty. The proposed new agreement would require that parties to the treaty shall:

—Immediately notify the appropriate authorities if they receive information that astronauts have accidentally landed or are in distress.

—Immediately take all possible steps to rescue astronauts who have accidentally landed on their territory and render them all necessary assistance.

—If necessary and if they are in a position to do so, extend assistance in search and rescue operations for astronauts who have alighted on the high seas,

—Safely and promptly return astronauts who have landed either on their territory or on the high seas, and

—Notify the appropriate authorities of space objects which have come down on their territory or on the high seas and, upon request, take steps to recover and return such objects.

I hope that this agreement will help to insure that nations will assist astronauts in the event of accident or emergency. The agreement would carry forward the purpose of this administration to promote international cooperation in the peaceful uses of outer space. On the occasion of the entry into force of the Outer Space Treaty on October 10, I said:<sup>1</sup>

“Whatever our disagreements here on earth, however long it may take to resolve our conflicts whose roots are buried centuries-deep in history, let us try to agree on this. Let us determine that the great space armadas of the future will go forth on voyages of peace—and go forth in a spirit, not of national rivalry, but of peaceful cooperation and understanding. . . .

“The next decade should increasingly become a partnership—not only between the Soviet Union and America, but among all nations under the sun and stars.”

<sup>1</sup> BULLETIN of Oct. 30, 1967, p. 565.

Mr. [Eugeniusz] Wyzner, the distinguished chairman of the Legal Subcommittee, and the members of the Legal Subcommittee, our colleague the other major space power, and the many delegates and officials of the Secretariat of the United Nations, who have made possible the drafting of this agreement. Compromise between the space powers and between the space powers and the nonspace powers was essential for an agreement such as this to be presented to the Assembly. Mr. President, we also thank you for your help in obtaining a consensus that this item should be placed on the agenda for consideration on the last day of our proceedings.

Mr. President, we believe that this agreement will help assure that every possible assistance is rendered to astronauts in distress or emergency, and we believe all of the people of the world who follow the exploits of astronauts with such great interest will applaud and welcome this agreement as we do. Let us hope that these agreements on outer space can inspire us to make similar agreements on our political

problems on earth. After all, the charter enjoins us to harmonize our actions, and surely this applies not only in space but very much here on earth.

### TEXTS OF RESOLUTION AND ANNEX

#### Resolution 2345<sup>3</sup>

*The General Assembly,*

*Bearing in mind its resolution 2260 (XXII) of 3 November 1967, which calls upon the Committee on the Peaceful Uses of Outer Space to continue with a sense of urgency its work on the elaboration of an agreement on liability for damage caused by the launching of objects into outer space and an agreement on assistance to and return of astronauts and space vehicles,*

*Referring to the addendum to the report of the Committee on the Peaceful Uses of Outer Space,*

*Desiring to give further concrete expression to the*

<sup>3</sup> Adopted by the General Assembly on Dec. 19 by a vote of 115 to 0.

rights and obligations contained in the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies,

1. *Commends* the Agreement on Rescue of Astronauts, the Return of Astronauts and the Return of Objects Launched into Outer Space, which is annexed to this resolution;

2. *Requests* the Depositary Governments to open the Agreement for signature and ratification at the earliest possible date;

3. *Expresses its hope* for the widest possible adherence to this Agreement;

4. *Calls upon* the Committee on the Peaceful Uses of Outer Space to complete the preparation of the draft agreement on liability for damage caused by the launching of objects into outer space urgently and, in any event, not later than at the beginning of the twenty-third session of the General Assembly, and to submit it to the Assembly at that session.

## Annex to Resolution

### AGREEMENT ON THE RESCUE OF ASTRONAUTS, THE RETURN OF ASTRONAUTS AND THE RETURN OF OBJECTS LAUNCHED INTO OUTER SPACE

#### *The Contracting Parties,*

*Noting* the great importance of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies, which calls for the rendering of all possible assistance to astronauts in the event of accident, distress or emergency landing, the prompt and safe return of astronauts, and the return of objects launched into outer space,

*Desiring* to develop and give further concrete expression to these duties,

*Wishing* to promote international co-operation in the peaceful exploration and use of outer space,

*Prompted* by sentiments of humanity,

*Have agreed* on the following:

#### *Article 1*

Each Contracting Party which receives information or discovers that the personnel of a spacecraft have suffered accident or are experiencing conditions of distress or have made an emergency or unintended landing in territory under its jurisdiction or on the high seas or in any other place not under the jurisdiction of any State shall immediately:

(a) Notify the launching authority or, if it cannot identify and immediately communicate with the launching authority, immediately make a public announcement by all appropriate means of communication at its disposal; and

(b) Notify the Secretary-General of the United Nations who should disseminate the information without delay by all appropriate means of communication at his disposal.

#### *Article 2*

If, owing to accident, distress, emergency or unintended landing, the personnel of a spacecraft land in territory under the jurisdiction of a Contracting Party,

it shall immediately take all possible steps to rescue them and render them all necessary assistance. It shall inform the launching authority and also the Secretary-General of the United Nations of the steps it is taking and of their progress. If assistance by the launching authority would help to effect a prompt rescue or would contribute substantially to the effectiveness of search and rescue operations, the launching authority shall co-operate with the Contracting Party with a view to the effective conduct of search and rescue operations. Such operations shall be subject to the direction and control of the Contracting Party, which shall act in close and continuing consultation with the launching authority.

#### *Article 3*

If information is received or it is discovered that the personnel of a spacecraft have alighted on the high seas or in any other place not under the jurisdiction of any State, those Contracting Parties which are in a position to do so shall, if necessary, extend assistance in search and rescue operations for such personnel to assure their speedy rescue. They shall inform the launching authority and the Secretary-General of the United Nations of the steps they are taking and of their progress.

#### *Article 4*

If, owing to accident, distress, emergency or unintended landing, the personnel of a spacecraft land in territory under the jurisdiction of a Contracting Party or have been found on the high seas or in any other place not under the jurisdiction of any State, they shall be safely and promptly returned to representatives of the launching authority.

#### *Article 5*

1. Each Contracting Party which receives information or discovers that a space object or its component parts has returned to Earth in territory under its jurisdiction or on the high seas or in any other place not under the jurisdiction of any State, shall notify the launching authority and the Secretary-General of the United Nations.

2. Each Contracting Party having jurisdiction over the territory on which a space object or its component parts has been discovered shall, upon the request of the launching authority and with assistance from that authority if requested, take such steps as it finds practicable to recover the object or component parts.

3. Upon request of the launching authority, objects launched into outer space or their component parts found beyond the territorial limits of the launching authority shall be returned to or held at the disposal of representatives of the launching authority, which shall, upon request, furnish identifying data prior to their return.

4. Notwithstanding paragraphs 2 and 3 of this article, a Contracting Party which has reason to believe that a space object or its component parts discovered in territory under its jurisdiction, or recovered by it elsewhere, is of a hazardous or deleterious nature may so notify the launching authority which shall immediately take effective steps, under the direction and

control of the said Contracting Party to eliminate possible danger or harm.

5. Expenses incurred in fulfilling obligations to recover and return a space object or its component parts under paragraphs 2 and 3 of this article shall be borne by the launching authority.

#### *Article 6*

For the purposes of this Agreement, the term "launching authority" shall refer to the State responsible for launching, or, where an international inter-governmental organization is responsible for launching, that organization provided that that organization declares its acceptance of the rights and obligations provided for in this Agreement and a majority of the States members of that organization are Contracting Parties to this Agreement and to the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies.

#### *Article 7*

1. This Agreement shall be open to all States for signature. Any State which does not sign this Agreement before its entry into force in accordance with paragraph 3 of this article may accede to it at any time.

2. This Agreement shall be subject to ratification by signatory States. Instruments of ratification and instruments of accession shall be deposited with the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the Union of Soviet Socialist Republics, which are hereby designated the Depositary Governments.

3. This Agreement shall enter into force upon the deposit of instruments of ratification by five Governments including the Governments designated as Depositary Governments under this Agreement.

4. For States whose instruments of ratification or accession are deposited subsequent to the entry into

force of this Agreement, it shall enter into force on the date of the deposit of their instruments of ratification or accession.

5. The Depositary Governments shall promptly inform all signatory and acceding States of the date of each signature, the date of deposit of each instrument of ratification and of accession to this Agreement, the date of its entry into force and other notices.

6. This Agreement shall be registered by the Depositary Governments pursuant to Article 102 of the Charter of the United Nations.

#### *Article 8*

Any State Party to the Agreement may propose amendments to this Agreement. Amendments shall enter into force for each State Party to the Agreement accepting the amendments upon their acceptance by a majority of the States Parties to the Agreement and thereafter for each remaining State Party to the Agreement on the date of acceptance by it.

#### *Article 9*

Any State Party to the Agreement may give notice of its withdrawal from the Agreement one year after its entry into force by written notification to the Depositary Governments. Such withdrawal shall take effect one year from the date of receipt of this notification.

#### *Article 10*

This Agreement, of which the English, Russian, French, Spanish and Chinese texts are equally authentic, shall be deposited in the archives of the Depositary Governments. Duly certified copies of this Agreement shall be transmitted by the Depositary Governments to the Governments of the signatory and acceding States.

IN WITNESS WHEREOF the undersigned, duly authorized, have signed this Agreement.

DONE in \_\_\_\_\_ copies at \_\_\_\_\_

## President Johnson Signs Proclamation To Carry Out the Kennedy Round Tariff Agreements

### REMARKS BY PRESIDENT JOHNSON

White House press release dated December 16

The large enterprises that really shape history take a great deal of time and much hard work.

As our team of negotiators know so well, the Kennedy Round has been just such an enterprise.

It was 5 years ago that the Congress passed the Trade Expansion Act, but that act only provided us with some authority. It did not provide us with any guarantee of results.

It took 5 years of very careful and very difficult negotiations to reach the agreements that were signed in Geneva on June 30th of this year. We are indebted to many people for the conduct of those negotiations. This morning we come here to the Cabinet Room to celebrate the first concrete results of this long effort.

Beginning January 1st our tariffs on many of the products that we import will drop in the first of what will be five annual reductions. This will mean lowering the prices to our consumers and lowering the cost to our manufacturers.

Our trading partners will take equivalent action on their tariffs, too. This will mean bigger export sales, we hope, for American businessmen and American farmers.

Those who negotiated at Geneva drove a hard bargain, but we believe it was a fair bargain. We gave, we think, as much as we received. It was the kind of bargain from which all will gain. They will gain in higher wages for the workers, in more efficient factories, in rising incomes for us all and for our trading partners throughout the world.

Now, these negotiations were on a world scale; but they had a very special significance for our relations with Western Europe, because for the first time we negotiated directly with the European Common Market as an institution.

We were dealing with the power of the world's largest trading bloc.

The negotiations demonstrated what we have very long believed: The more that Western Europe acts together, the more effectively we and other countries can work together. This was a subject I explored with a great deal of interest this last week with Mr. [Jean] Monnet, who was here from Europe and who insisted on talking about it at great length.

This was evident, we think, in a number of very constructive steps that were taken during this year in a very wide variety of activities with our European neighbors. Contrary to what a good many have thought or said or, if you please, written, our thoughts were not constantly and exclusively on Viet-Nam. There were other parts of the world that did receive consideration and attention, as must be obvious.

NATO, from which Secretary Rusk has just returned this morning, continues to be the strongest integrated alliance in history—it is not just a mere collection of allies—even while we had to move its nerve center from France to Belgium. There was a question of what would happen to the 15 nations in connection with some of the decisions made concerning our move and the continuance of the alliance.

During this year we had some very important activities in connection with our German and our British allies, when we reached a trilateral agreement under Secretary Rusk's and Mr. [John J.] McCloy's leadership, that enabled us to maintain our commitments, our troop commitments, to NATO's central fund, and which helped us also to materially ease our balance of payments.<sup>1</sup>

<sup>1</sup> For a U.S. statement released on May 2 upon conclusion of the trilateral discussions, see BULLETIN of May 22, 1967, p. 788.



There was a time with many resolutions in our own Congress to bring our men home, and when it was being reported that the Germans themselves would take substantial reductions in troops—I think 60,000—that there was alarm in the world.

But the *fait accompli* did not come out that way.

Also, together with the other members of the International Monetary Fund, we achieved an agreement which lays the foundation for the supplementary international reserves needed by the world economy, which resulted in many discussions in London and subsequently confirmed at Rio.<sup>2</sup>

We are making progress, we believe, toward an accord to halt the spread of nuclear weapons—while at the same time insuring that all nations will be able to benefit from the peaceful uses of nuclear energy.

We have worked with our NATO allies and with the U.N. to forestall a tragic war between Greece and Turkey and to open the way to a peaceful settlement of the Cyprus problem.

We are working with other industrial countries to provide very special trade advantages to the developing countries which could help to speed up the growth of their exports and to accelerate their economic progress.

These achievements, I think, demonstrate the basic principle of interdependence in international policy. By moving together we all move forward. By moving separately we may end up by just not moving at all, if we try to go alone.

Trade will be a critical test of our cooperation. The reduced tariffs of the Kennedy Round will give rise to many demands for protection here and abroad. We must all stand firm against shortsighted protectionism.

Now, we have shown that we can work together with united allies in many fields. I have listed four or five of them. If we can do it in these four or five, we have a land of opportunity out there where we can do it in others.

We all have problems of the cities, urban problems, and many of theirs are as serious if not more so than ours—older cities. But if we can do it on trade, if we can do it on troops, if we can do it on the NATO alliance, if we can do it on money, why can't we do it on cities?

The problem of all the world is a problem of

what are we going to do about the developing nations. Four out of every 10 people can't read "dog," and can't write "mama," and can't spell "cat." There are the education problems, the health problems, the developing nations' problems, *per se*.

If we can work out these things together, why can't we work together on aid for developing nations?

Why can't we work together on aid for rebuilding the cities of the world?

So I take great pride not only in what the Kennedy Round does just within itself but what it portends and what may flow from the knowledge that if we can do it in connection with all these things that we buy and sell, which reach pretty close to home in some of these places, we can do it on others.

We know that to sell abroad we must be willing to buy abroad. If we cannot buy, then we cannot sell.

Above all, we in the United States should have the confidence in our own ability to compete in the world—although as the protectionists talk to me day after day, I think sometimes we are losing confidence in our own ability.

We started on the road to expanding trade about 30 years ago, under the policies of a great Secretary of State and President. Its advances, I think, are pretty evident to us all. To retreat from it would, I think, set a chain reaction of counterprotection and retaliation that would put in jeopardy our ability to work together and to prosper together.

What captain of industry or what union leader in this country really yearns and is eager to return to the days of Smoot-Hawley? For the world of higher tariffs and quotas and competitive currency depreciation was also the world of you-know-what—deep depressions, rampant unemployment, low profits, if any, and, generally, losses; corporation losses instead of corporation profits.

So this day of declining trade barriers in a world of unprecedented prosperity and growth is something we want to continue.

We must and we will, I hope, keep it that way.

Almost every person in this room this morning had a share in this legislation and made a contribution to the soul-searching decisions and the difficult negotiations that lay behind the great accomplishments that we know as the Kennedy Round. I want to thank each of you present for the help you gave and the role you

<sup>2</sup> For background, see *ibid.*, Oct. 23, 1967, p. 523.

played. I know that we share the faith and the confidence to continue on that long road.

I want to say a special thanks to Mrs. Herter and her family for the great contribution that that noble, enlightened statesman made to this endeavor—Christian Herter. I want to expressly give my personal thanks on behalf of the people I can speak for—that is this nation. I believe the whole world feels it.

To Ambassador Roth [William M. Roth, Special Representative for Trade Negotiations], Ambassador Blumenthal [W. Michael Blumenthal, Deputy Special Representative], and to Secretary Rusk and the Members of Congress who contributed so much so long under such adverse conditions, I want to say "Thank you" and hope that it will, in some degree, compensate you for the criticisms that you have endured throughout this journey.

## PROCLAMATION 3822<sup>3</sup>

### PROCLAMATION TO CARRY OUT GENEVA (1967) PROTOCOL TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND OTHER AGREEMENTS

1. WHEREAS, pursuant to Section 350 of the Tariff Act of 1930, the President, on October 30, 1947, entered into, and by Proclamation No. 2761A of December 16, 1947 (61 Stat. (pt. 2) 1103), proclaimed, the General Agreement on Tariffs and Trade (hereinafter referred to as the "General Agreement"), containing a schedule of United States concessions designated as Schedule XX, which General Agreement, schedule, and proclamation have been supplemented by other agreements, schedules, and proclamations;

2. WHEREAS, after compliance with the requirements of Section 102 of the Tariff Classification Act of 1962 (76 Stat. 73), the President by Proclamation No. 3548 of August 21, 1963 (77 Stat. 1017), proclaimed, effective on and after August 31, 1963, the Tariff Schedules of the United States, which reflected, with modifications, and, in effect, superseded, Proclamation No. 2761A and proclamations supplementary thereto insofar as they relate to Schedule XX to the General Agreement;

3. WHEREAS, pursuant to Sections 221 and 224 of the Trade Expansion Act of 1962 (19 U.S.C. 1841 and 1844), the President, by a notice dated October 21, 1963, published and furnished to the United States Tariff Commission (hereinafter referred to as the "Tariff Commission"), lists of articles which might be considered for modification or continuance of duties or other import restrictions, including reductions in duties below the 50 percent limitation specified in Section 201(b) (1) of the Trade Expansion Act of 1962 (19 U.S.C. 1821 (b) (1)), or continuance of duty-free or excise treat-

ment in the negotiation of trade agreements (48 CFR Part 180), which lists were supplemented by lists published by the President and furnished by him to the Tariff Commission by the notices dated February 18, 1965 (48 CFR Part 181), August 16, 1966 (48 CFR Part 182), and April 22, 1967 (32 F.R. 6429), and the Tariff Commission, after holding public hearings, advised the President with respect to each such article of its judgment as to the probable economic effect of such modifications;

4. WHEREAS, pursuant to Sections 223 and 224 of the Trade Expansion Act of 1962 (19 U.S.C. 1843 and 1844) and in accordance with Section 3(g) of Executive Order No. 11075 of January 15, 1963 (48 CFR 1.3(g)), the Special Representative for Trade Negotiations, appointed by the President pursuant to Section 241(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1871(a)), designated, on April 23, 1963, the Trade Information Committee to afford an opportunity, through public hearings and other means, for any interested person to present his views concerning any article on the lists identified in the third recital of this proclamation or any other matter relevant to the negotiation of trade agreements (48 CFR 202.3), and the Trade Information Committee, after holding public hearings, furnished the President with a summary of its hearings;

5. WHEREAS, pursuant to Section 222 of the Trade Expansion Act of 1962 (19 U.S.C. 1842), the President received information and advice with respect to the trade agreement identified in the seventh recital of this proclamation, from the Departments of Agriculture, Commerce, Defense, the Interior, Labor, State, and the Treasury, and from such other sources as he deemed appropriate, and pursuant to Section 241(b) of the Trade Expansion Act of 1962 (19 U.S.C. 1871(b)), the Special Representative for Trade Negotiations received information and advice with respect to that agreement from representatives of industry, agriculture, and labor, and from such agencies as he deemed appropriate;

6. WHEREAS, pursuant to Section 201(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1821(a)), the President determined that certain existing duties or other import restrictions of the United States, of foreign countries which were contracting parties to the General Agreement, or of foreign countries which sought to accede to the General Agreement, were unduly burdening and restricting the foreign trade of the United States and that one or more of the purposes stated in Section 102 of the Trade Expansion Act of 1962 (19 U.S.C. 1801) would be promoted by entering into the trade agreement identified in the seventh recital of this proclamation;

7. WHEREAS, pursuant to Section 201(a)(1) of the Trade Expansion Act of 1962, on June 30, 1967, the President, through his duly empowered representative, entered into a trade agreement with other contracting parties to the General Agreement and with countries seeking to accede to the General Agreement, which trade agreement consists of the Geneva (1967) Protocol to the General Agreement, including a schedule of United States concessions annexed thereto (hereinafter referred to as "Schedule XX (Geneva—1967)"), together with the Final Act Authenticating the Results of the 1964-67 Trade Conference Held under the Auspices of the Contracting Parties to the General Agreement (a

<sup>3</sup> 32 Fed. Reg. 19002.

copy of which Protocol, including Schedule XX annexed thereto, and a copy of which Final Act being annexed to this proclamation as Annex 1);<sup>4</sup>

8. WHEREAS each modification of existing duty proclaimed in this proclamation which provides with respect to an article for a decrease in duty below the limitation specified in Section 201(b)(1) or 253 of the Trade Expansion Act of 1962 (19 U.S.C. 1821(b)(1) or 1883) is authorized by one or more of the following provisions:

(a) Section 202 of the Trade Expansion Act of 1962 (19 U.S.C. 1822), by virtue of the fact that the rate of duty existing on July 1, 1962, applicable to the article was not more than 5 percent ad valorem (or ad valorem equivalent);

(b) Section 213 of the Trade Expansion Act of 1962 (19 U.S.C. 1833), by virtue of the fact that, after being advised by the Tariff Commission pursuant to that section, the President, prior to entering into the trade agreement identified in the seventh recital of this proclamation, determined, pursuant to that section, that the article was a tropical agricultural or forestry commodity, that the like article was not produced in significant quantities in the United States, and that the European Economic Community made a commitment with respect to duties or other import restrictions applicable to such article which is likely to assure access to its markets under the conditions set forth in that section;

(c) Section 254 of the Trade Expansion Act of 1962 (19 U.S.C. 1884), by virtue of the fact that the President determined, pursuant to that section, that the decrease authorized by that section will simplify the computation of the amount of duty imposed with respect to the article; and

(d) Section 203 of the Tariff Classification Act of 1962, as amended (76 Stat. 882), Section 2(b) of Public Law 89-204 (79 Stat. 839), Section 3(a) of the Tariff Schedules Technical Amendments Act of 1965 (79 Stat. 933), Section 4 of Public Law 89-388 (80 Stat. 110), and Section 1 of Public Law 90-14 (81 Stat. 14);

9. WHEREAS, in the case of each decrease in duty of the type specified in clause (a) or (c) of the eighth recital of this proclamation which involves the determination of the ad valorem equivalent of a specific rate of duty, and in the case of each modification in the form of an import duty, the Tariff Commission determined, pursuant to Section 256(7) of the Trade Expansion Act of 1962 (19 U.S.C. 1886(7)) and in accordance with Section 5(a) of Executive Order No. 11075 of January 15, 1963 (48 CFR 1.5(a)), and at the direction of the President, the ad valorem equivalent of the specific rate or the specific equivalent of the ad valorem rate, as the case may be, on the basis of the value of imports of

the article concerned during a period determined by it to be representative, utilizing, to the maximum extent practicable, the standards of valuation contained in Section 402 or 402a of the Tariff Act of 1930 (19 U.S.C. 1401a or 1402) applicable to such article during such representative period;

10. WHEREAS, pursuant to Section 201(a)(2) of the Trade Expansion Act of 1962, I determine that the modification or continuance of existing duties or other import restrictions and the continuance of existing duty-free or excise treatment hereinafter proclaimed are required or appropriate to carry out the trade agreement identified in the seventh recital of this proclamation and related parts of other agreements; and

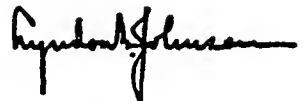
11. WHEREAS, pursuant to Section 304(a)(3)(J) of the Tariff Act of 1930 (19 U.S.C. 1304(a)(3)(J)) and Section 258 of the Trade Expansion Act of 1962 (19 U.S.C. 1888), I find that the suspension of the effectiveness of the proviso to Section 304(a)(3)(J), with respect to the marking of the articles provided for in headnote 2 of Part 1 of Schedule 2 of the Tariff Schedules of the United States (added thereto by Section A of Annex II to this proclamation),<sup>5</sup> is required to carry out the trade agreement identified in the seventh recital of this proclamation;

NOW, THEREFORE, I, LYNDON B. JOHNSON, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes, including but not limited to Sections 201, 202, 213, and 254 of the Trade Expansion Act of 1962, do proclaim that:

(1) Subject to the applicable provisions of the General Agreement, the Geneva (1967) Protocol, and other agreements supplemental to the General Agreement, the modification or continuance of existing duties or other import restrictions and the continuance of existing duty-free or excise treatment, provided for in Schedule XX (Geneva-1967), shall be effective on and after January 1, 1968, as provided for therein; and

(2) To this end and to give effect to related parts of other agreements, the Tariff Schedules of the United States are modified, effective on and after January 1, 1968, as provided for in Annexes II and III to this proclamation.<sup>5</sup>

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of December in the year of our Lord nineteen hundred and sixty-seven, and of the Independence of the United States of America the one hundred and ninety-second.



THE WHITE HOUSE  
Washington, D.C.

<sup>4</sup> Annex I was filed with the Office of the Federal Register but was not published.

<sup>5</sup> Annexes II and III are published in part II of the *Federal Register* of Dec. 19, 1967.

## U.N. Condemns South Africa's Violation of Rights of South West Africans

*Following is a statement made in the U.N. General Assembly by U.S. Representative Arthur J. Goldberg on December 14, together with the text of a resolution adopted by the Assembly on December 16.*

### STATEMENT BY AMBASSADOR GOLDBERG

U.S./U.N. press release 243 dated December 14

The position of the United Nations regarding the relationship between South Africa and South West Africa is clear. It was expressed in the overwhelming approval of the General Assembly's resolution on this question more than a year ago.<sup>1</sup> That resolution, which the United States fully supported was, as I said at the time, intrinsically sound.<sup>2</sup> South Africa's own actions in breach of its obligations, its disavowal of the mandate, and its disregard of the advisory opinions of the International Court of Justice provided the basis for the General Assembly's decision that South Africa's mandate for South West Africa was terminated and that henceforth South West Africa came under the direct responsibility of the United Nations. It is on the basis of this decision that the United Nations has subsequently acted. Members of the United Nations have not always agreed with unanimity on courses of action, but uppermost in our minds have always been the rights of the inhabitants of South West Africa and the obligation of the international community not only to preserve those rights, but also to seek their full enjoyment, for the inhabitants.

Now, Mr. President, if South Africa's own actions led to the forfeit of her rights in South

West Africa and formed the basis of the United Nations decision to terminate South Africa's mandate, what have been South Africa's subsequent actions? Unquestionably, the actions of the South African Government since October 27, 1966, reaffirm the wisdom of the General Assembly's decision and constitute the best refutation of South Africa's hollow and unconvincing contention that it administers South West Africa "in the spirit of the Mandate entrusted to it by the League of Nations, and has no intention of abdicating its responsibilities toward the people of South West Africa."

South African proposals earlier this year to impose and promote the fragmentation of the territory under the guise of self-determination and to achieve piecemeal annexation under the guise of administrative efficiency must be opposed because of their potential long-term harmful effect. South Africa's imposition in South West Africa of its universally condemned policy of *apartheid* should be a matter of deep concern for all of us. Moreover, these proposals represent clear defiance of the General Assembly's wise injunction that South Africa refrain and desist from any action—constitutional, administrative, political, or otherwise—which will in any manner whatsoever alter or tend to alter the present international status of South West Africa.

I would like to analyze in some detail the atrocious Terrorism Act, under which 37 South West Africans were charged and brought to trial under conditions which are repugnant to all who believe in justice under law. This act is significant because of its immediate implication in terms of human lives and its longrun effect in terms of an attempt to break the will of South West Africans to achieve their right of self-determination. The act, promulgated after South Africa's lawful authority for the territory had terminated, represents not only South African defiance of the United Nations but

<sup>1</sup> For text of Resolution 2145 (XXI) adopted on Oct. 27, 1966, see BULLETIN of Dec. 5, 1966, p. 870.

<sup>2</sup> For a statement by Ambassador Goldberg made in the General Assembly on Oct. 12, 1966, see *ibid.*, Oct. 31, 1966, p. 690.

also further proof of South Africa's determination to flout the spirit and terms of the League of Nations mandate.

Three months ago, on September 12, the Special Committee of this Assembly called upon the South African Government to release the accused immediately.<sup>3</sup> That Government has ignored that call. At that time, the United States Representative, noting that neither lawlessness nor the absence of a lawfully functioning independent judiciary could be contemplated, succinctly stated the reasons that the application of the Terrorism Act to South West Africa was inadmissible. It is still inadmissible.

Mr. President, in the 20-year discussion of *apartheid* in the United Nations, United States Representatives frequently have had occasion to comment on legislation passed to implement *apartheid*. Surely the Terrorism Act rivals the worst of the legislation and, as long as it exists, constitutes a self-repudiation of South Africa's claim to a tradition of respect for the rule of law. Lest some say that this judgment is too harsh, let the terms of the act speak for themselves:

1. It is retroactive to so-called "offenses" performed 5 years ago.

2. It places upon the accused the burden of proving beyond a reasonable doubt that he did not perform acts, harmless in themselves, with the intent to commit a crime.

3. It subjects persons found guilty of what South Africa calls "terroristic activities" to the penalty provided for treason—death by hanging—or, in any case, imprisonment for life or for not less than 5 years.

4. It authorizes any commissioned police officer to arrest without warrant persons he believes may have violated the act or who might be useful as potential witnesses and to detain them indefinitely without bail, without recourse to the courts or counsel, and without the right to receive visits from family or friends.

5. It allows the government to try jointly persons accused of separate violations, thereby permitting the guilt of the accused to be adjudged in a mass trial.

6. It permits a person acquitted of one charge to be tried again on other charges arising out of the same acts.

7. Finally, it defines offenses with such vagueness as to approach absurdity. For example, any person who intentionally "embar-

ass(es)" the administration of the affairs of the "State" or who encourages "feelings of hostility between the White and other inhabitants of the Republic" is a "terrorist." Other offenses which might otherwise be misdemeanors, for example, obstructing traffic, are likewise made subject to a hanging sentence.

Who are the defendants presently being tried under this act? Why were they held without charge, incommunicado, and in solitary confinement for up to 400 days? What is the significance of their trial 1,000 miles away from their homes in a court guarded by sten-gun-armed policemen and police dogs? In the answers to these questions are the principal elements of the tragedy of South West Africa. They illuminate the whole range of the problem before the General Assembly today.

The defendants are not well known like Nelson Mandela or the Nobel Peace Prize winner, the late Chief Albert Luthuli. However, they, too, are men who have sought a future for their homeland in which they and the overwhelming majority who are nonwhite may participate in governing their own affairs free from the restrictions and the discrimination of *apartheid*. In most democratic societies they would be able to pursue their goals through speeches and publications and would not be subject to hanging under the absurd charge of embarrassing the government or promoting a spirit of hostility.

But to seek the goals of free men in the international territory of South West Africa is to be subjected to increasing restrictions, culminating in this declaration of terror by the South African Parliament on June 12, 1967. Out of these restrictions grows desperation, and in that desperation some have found no alternative to violence as an expression of this determination to be free.

The United States does not condone violence. The United States does condemn the brutality of a government whose official policies have bred violence by closing avenues of peaceful dissent in South West Africa, thereby generating the very behavior it seeks to punish.

Most disconcerting of all is the possibility that the full story has not been told. How many South West Africans who have committed the "crime" of desiring to attain elementary human rights are being held without charge in solitary or other confinement without knowledge of family, without access to counsel, with no hope of fair trial except under conditions of spu-

<sup>3</sup> U.N. doc. A/6700.

rious legality? How many others, if finally brought to trial, will find that serious suggestions of assault during detention are ignored on the basis of a bald denial by a prosecution witness?

As a member of this international community, however, we have a right and a responsibility, expressed in our cosponsorship and support of the resolution before us contained in document A/L.536, to call upon the South African Government to provide us with complete and straightforward answers. We have a right and a responsibility to call upon the South African Government to halt these prosecutions, to release and repatriate these South West Africans, and to cease the application of this act. This we do with all the vigor at our command.

Mr. Chairman, I would not wish to conclude my statement tonight without referring to the extreme and ridiculous allegations which we have heard in the past several days with regard to the implementation by the United States of the United Nations embargo of the supply of arms and military equipment to South Africa. My country has adhered scrupulously to the terms of this embargo. Despite this unequivocal position on the implementation of the Security Council's resolution on the shipment of arms and military materiel,<sup>4</sup> the United States has been cited by two delegations during this debate for alleged violations in this field. I would like to cite these allegations and insinuations briefly and refute them categorically.

The distinguished delegate of the Soviet Union stated that the United States and certain other countries "continue to deliver bombers to the South African racists, as well as their missiles and various types of small arms." It is significant that the Soviet delegation did not provide any details on this sweeping allegation, either in the statement from which I have quoted or in its earlier statement on South West Africa. On earlier occasions when similar statements have been made, we have directly challenged the Soviet delegate to furnish details, details which the Soviet delegation has been unable to provide. These charges were fabricated out of thin air. It is impossible to provide details because they do not exist.

Faced with this fact, other delegations have resorted to inference and insinuation rather than direct statements such as the one I have quoted. The distinguished delegate of Hungary, speaking at the 1624th meeting on December 11, 1967, said that "according to press reports in

March 1967, the South African Army and Air Force were interested in an American executive aircraft." Mr. President, I cannot confirm or deny exactly what possible purchases interest South African military authorities, but I can deny categorically the suggestion, which the distinguished delegate of Hungary obviously sought to get across, that the United States is furnishing such aircraft.

Mr. President, these citations will serve to illustrate the extent to which the delegation of the Soviet Union and other delegations with similar intentions go in their frantic efforts to use the debate on South West Africa as one more device for launching attacks on the United States together with other Western countries.

Now, Mr. President, while the United States and other countries continue to strictly enforce an embargo on the sale of arms and military equipment to South Africa, that country does continue to receive large quantities of modern and sophisticated weapons. The real sources of these weapons are seldom mentioned. Those who criticized the United States, which scrupulously enforces the embargo, might better direct themselves to those countries which do not do so and to ways by which the embargo might be made more effective.

Mr. Chairman, the Assembly's action on South West Africa last fall was historic, ending a longstanding mandate for just cause. The United States will do its utmost, by all appropriate and peaceful means, to help carry through to fruition the aims which are so broadly shared and which are embodied in the Assembly's Resolution 2145. We will provide full and faithful support to the people of South West Africa in the peaceful pursuit of their goals, in their efforts to assert and to exercise fully the rights to which all men everywhere aspire.

## TEXT OF RESOLUTION<sup>5</sup>

### QUESTION OF SOUTH WEST AFRICA

*The General Assembly,*

*Recalling its resolution 2145 (XXI) of 27 October 1966, by which it terminated the Mandate for South West Africa and decided, *inter alia*, that South Africa has no other right to administer the Territory and that*

<sup>4</sup> For text of Resolution S/5386 adopted on Aug. 7, 1963, see BULLETIN of Aug. 26, 1963, p. 338.

<sup>5</sup> U.N. doc. A/RES/2324 (XXII); adopted on Dec. 16 by a vote of 110 (U.S.) to 2, with 1 abstention.

henceforth South West Africa comes under the direct responsibility of the United Nations.

*Gravely concerned* about the arrest, deportation and trial at Pretoria of thirty-seven South West Africans by the South African authorities in flagrant violation of their rights and of the aforementioned resolution,

*Recalling further* the resolution adopted on 12 September 1967 by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and also the consensus adopted by the United Nations Council for South West Africa on 27 November 1967.

*Conscious* of the special responsibilities of the United Nations towards the people and Territory of South West Africa.

1. *Condemns* the illegal arrest, deportation and trial at Pretoria of the thirty-seven South West Africans as a flagrant violation by the Government of South

Africa of their rights, of the international status of the Territory and of General Assembly resolution 2145 (XXI);

2. *Calls upon* the Government of South Africa to discontinue forthwith this illegal trial and to release and repatriate the South West Africans concerned;

3. *Appeals to* all States and international organizations to use their influence with the Government of South Africa in order to obtain its compliance with the provisions of paragraph 2 above;

4. *Draws the attention* of the Security Council to the present resolution;

5. *Requests* the Secretary-General to report as soon as possible to the Security Council, the General Assembly, the United Nations Council for South West Africa and the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples on the implementation of the present resolution.

## U.N. Peace Force in Cyprus Extended Through March 1968

*Following is a statement made in the U.N. Security Council by U.S. Representative Arthur J. Goldberg on December 22, together with the text of a resolution adopted by the Council that day.*

### STATEMENT BY AMBASSADOR GOLDBERG

U.S./U.N. press release 257 dated December 22

The United States was pleased to support the resolution extending the life of the United Nations Force in Cyprus for 3 months, and we are gratified that it was adopted unanimously by the Security Council. Like all resolutions adopted by the Council, no single member can give it an authoritative interpretation. The resolution speaks for itself.

The world has only recently watched with great concern as violence increased in Cyprus itself and the danger of hostilities rapidly mounted. It was only due to strenuous efforts by many, including the Secretary-General and his representative, Mr. [Jose] Rolz-Bennett, and the ultimate cooperation of Greece, Turkey, and Cyprus, that the corner was turned.

It was, of course, the appeal of the Secretary-General of December 3 that was the critical ele-

ment in making this favorable turn of events possible. Two critical factors were involved: first, the withdrawal of Greek and Turkish excess troops and an abatement of military measures as a first step following the appeal of the Secretary-General and, second, the extension of the good offices of the Secretary-General, as proffered by him.

We are gratified that all three governments welcomed the appeal of December 3 and that prompt action was undertaken by Greece and Turkey in response to the first part of the appeal. We are also gratified with the favorable attitude shown toward the Secretary-General's offer of good offices and, in particular, with the prospect that those good offices can now—in light of the Secretary-General's statement today, which we welcomed and listened to with great interest—be expected to go forward with the support of the Council in the resolution we have just adopted and without the time pressures which the extension of the life of the Force have relieved.

We believe this process will be a highly important one and we urge those concerned to approach it with the greatest determination to reach an understanding exactly in the spirit of the Secretary-General's statement here today.

For our part, we will continue to support the work of UNFICYP both politically and financially. And parenthetically, my Government has contributed since the inception of the Force in excess of \$30 million to the Force.

We also believe we must look beyond the immediate issues toward a permanent solution, as the risks from the recurrent crises can be seen to be becoming progressively larger. The progress of the resolution to this effect is therefore of great importance, and we hope early attention can be given to the methods by which this aspect of the problem can be best approached, none of which methods we have excluded in adopting the resolution.

Mr. President, I regret that at this meeting of the Council, which hopefully will be the last one before the holiday season—that on the threshold of unanimous agreement around this table, we were once again subjected to the familiar and platitudinous Soviet theme of an imperialist conspiracy to extinguish the independence of Cyprus. It was precisely those countries, described in such heavyhanded and entirely mendacious terms, which Ambassador [Nikolai] Fedorenko accuses of this plot, which had been in the forefront of efforts to uphold the independence of Cyprus. It is those countries, both directly and in support of the United Nations, which have given tangible evidence of their willingness and anxiety to contribute to peace and security in that troubled island. Surely, the intensive efforts, for example, of our own emissary, Mr. Cyrus Vance, can hardly be considered as anything but a sincere and vital commitment to insure the maintenance of peace and security and to create opportunities to find a solution. And it is entirely pertinent to note that those efforts have been applauded by all of the parties concerned.

Nor can I let this occasion pass by permitting UNFICYP to be described as a foreign force. It is an agent of the world organization, established by the Security Council at the request of the Government of Cyprus. And we are all deeply indebted to those nations which have contributed their soldiers to the U.N. Force and to the cause of peacekeeping.

Now, if the Soviet Union were to change its

policy and show a willingness to contribute to the efforts of this organization and UNFICYP to maintain peace in Cyprus—if, to use an American slang word, it would “put up” in support of peacekeeping—I am sure we would all listen with much closer attention to the Soviet comments on this subject.

## TEXT OF RESOLUTION<sup>1</sup>

*The Security Council,*

*Noting* the appeals addressed by the Secretary-General to the Governments of Greece, Turkey and Cyprus on 22 November, 24 November and 3 December and the report of the Secretary-General of 8 December 1967 (S/8286),

*Noting* the replies of the three Governments concerned to the appeal of the Secretary-General of 3 December in which the Secretary-General proffered his good offices, and their replies to his previous appeals,

*Noting* from the said report of the Secretary-General that circumstances continue to require the presence of the United Nations Peacekeeping Force in Cyprus for a further period,

*Noting* that the Government of Cyprus has agreed that it is necessary to continue the Force beyond 26 December 1967,

1. *Reaffirms* its resolution 186 (1964) of 4 March 1964 and its subsequent resolutions as well as its expressions of consensus on this question;

2. *Extends* the stationing in Cyprus of the United Nations Peace-keeping Force established under the Council's resolution 186, for a period of three months ending on 26 March 1968;

3. *Invites* the parties promptly to avail themselves of the good offices proffered by the Secretary-General and requests the Secretary-General to report on the results to the Council as appropriate;

4. *Calls upon* all the parties concerned to continue to show the utmost moderation and restraint and refrain from any act which might aggravate the situation;

5. *Urges* the parties concerned to undertake a new determined effort to achieve the objectives of the Security Council with a view, as requested in the Council's consensus of 24/25 November 1967, to keeping the peace and arriving at a permanent settlement in accordance with the resolution of the Security Council of 4 March 1964;

6. *Decides* to remain seized of this question and to reconvene for its further consideration as soon as circumstances and developments so require.

---

<sup>1</sup> U.N. doc. S/RES/244 (1967); adopted unanimously on Dec. 22.



## United States Presents Views on the Question of General and Complete Disarmament

*Statement by Adrian S. Fisher*

*U.S. Representative to the U.N. General Assembly*<sup>1</sup>

I would like today to present to this committee the United States views on the question of general and complete disarmament. These views represent an altogether different approach to the subject than those we have heard from several previous speakers, and notably those incorporated in the statement by the distinguished First Deputy Foreign Minister of the U.S.S.R.

Before elaborating on the differences in these views I would like to take this opportunity to comment on certain allegations which have been made that the Federal Republic of Germany is the main obstacle to the acceptance by the Western alliance of the disarmament proposals presented by the Soviet Union and its Socialist allies and that this Government is furthermore opposed to all disarmament measures.

Nothing could be further from the truth. The Federal Republic of Germany is the first European nation which through solemn treaty obligations has renounced the manufacture of nuclear weapons. It is the only nation of a major alliance that has committed all of its forces to the military command of that alliance—and as a result has no military forces under its own independent command. It is now a nation which is actively seeking to build bridges between Eastern and Western Europe and being rebuffed in this effort by those very nations in the Eastern bloc which impugn her motives.

Contrary to the allegations, Mr. Chairman, the difficulty is not with the Federal Republic and its Western allies, who act together in these matters. As I hope to make clear in my remarks,

the difficulty lies in the faulty nature of the disarmament proposals put forth by the Soviet Union.

False allegations made in this body will serve no useful purpose but will make more difficult the achievement of a lasting European security arrangement based on mutual accord. The United States delegation believes it is its duty to speak on behalf of its ally which has no representation in this body.

The difference between the approach of the United States to the question of general and complete disarmament and that of the Soviet Union can be ascertained by comparing the United States Outline of Basic Provisions of a Treaty on General and Complete Disarmament in a Peaceful World<sup>2</sup> and the Soviet Draft Treaty on General and Complete Disarmament Under Strict International Control. Both provide for the process of general and complete disarmament to take place in three stages.

The United States program for general and complete disarmament provides for a freezing of levels of armed forces and armaments at an agreed time and then progressively over the three stages for the reduction of national military establishments to levels required for the maintenance of internal order and for supporting a United Nations peace force. Provisions are made in the United States proposal for the creation during the process of disarmament of adequate machinery for verification, to insure that the terms of an agreement are being carried out, as well as for the strengthening of peacekeeping forces to maintain peace and security for all.

<sup>1</sup>Made in Committee I (Political and Security) on Dec. 12 (U.S./U.N. press release 234).

<sup>2</sup>For text, see BULLETIN of May 7, 1962, p. 747.

The Soviet proposal, on the other hand, emphasizes almost total reductions of selected categories of armaments at the very outset of the disarmament process. It seeks drastic reductions of nuclear-weapon carriers at the very beginning of the disarmament process—in its first stage—before it provides for the establishment of adequate machinery for verification. That proposal, in the first stage of the disarmament process, not only fails to inspire the confidence and trust upon which subsequent phases can and must be built but would materially alter the existing military balance in favor of the Soviet Union.

I might point out that at no time has the Soviet Government ever indicated how—by what progressive steps—such reductions would take place. This presents us with a difficulty which is not new to us. The Soviet proposals dealing with general and complete disarmament do not really deal with the steps which can actually be taken now to halt the arms race and begin the process of disarmament. They appear to require agreement on how to proceed almost to the end of the road to general and complete disarmament before any action is taken.

This difference in approach—the United States believing we should take the steps we can take now to get us moving down the road to general and complete disarmament, the Soviet Union apparently believing that we should not do so until we have agreement as to how to proceed to the end of the road, or almost to the end of the road—has been reflected in the attitude of our disarmament negotiators both at the ENDC [Eighteen-Nation Disarmament Committee] and elsewhere.

The United States has proposed a cutoff of the production of fissionable material for weapons purposes. This proposal was rejected as not involving disarmament. The United States indicated that it was prepared to transfer 60,000 kilograms of weapons-grade U-235 to peaceful uses if the U.S.S.R. would agree to a transfer of 40,000 kilograms for this purpose. This proposal was rejected as not involving the destruction of a single nuclear weapon. The United States indicated that it would obtain the material by the demonstrated destruction of nuclear weapons. This proposal was ignored.

The United States has made similar proposals for workable measures dealing with the reduction of the delivery systems for nuclear weapons. In January 1964 the United States proposed that we explore a verified freeze on

the number and characteristics of strategic nuclear offensive and defensive vehicles, an agreement which would open the path to reductions in all types of arms. This proposal was characterized by the Soviets as one involving inspection without disarmament. As recently as September of this year, Secretary [of Defense Robert S.] McNamara reiterated our willingness to enter into agreement not only to limit, but later to reduce, both offensive and defensive strategic nuclear forces.<sup>3</sup> In connection with a possible agreement leveling off or reducing strategic offensive and defensive systems, Assistant Secretary of Defense Paul Warnke pointed out that, although agreements involving substantial reductions would require agreed international inspection, “a number of possibilities for parallel action and even for formal agreement . . . would permit our reliance on unilateral means of verification.”<sup>4</sup> These statements would appear to take care of the point of inspection without disarmament. These statements have gone unanswered.

Here, too—it seems—we have been continually faced with an approach which requires agreement on how to proceed almost to the end of the road to general and complete disarmament before any first steps can be taken. This is quite contrary to the philosophy which motivates our efforts to obtain a nonproliferation treaty which recognizes the need for step-by-step progress even in the absence of agreement on the final elimination of nuclear weapons.

In this connection, it is fortunate that the Soviet position on immediately practical partial measures to reduce and eliminate nuclear weapons has not been reflected in our efforts to prevent the spread of nuclear weapons to new countries and new environments. If it had we would not today have the Limited Test Ban Treaty, the Outer Space Treaty, and be on the threshold of a nonproliferation treaty.

Mr. Chairman, it is in this context that I would like to refer to the report of the Secretary-General on the effects of the possible use of nuclear weapons and on the security and economic implications for states of the acquisition and further development of those weapons.<sup>5</sup>

<sup>3</sup> For an address by Secretary McNamara made at San Francisco, Calif., on Sept. 18, 1967, see *ibid.*, Oct. 9, 1967, p. 443.

<sup>4</sup> In an address made before the Advocates Club of Detroit on Oct. 6, 1967.

<sup>5</sup> U.N. doc. A/6858 and Corr. 1.

Mr. Chairman, my delegation commends the Secretary-General for his efforts in the preparation of a most useful and timely document. My delegation also commends the consultant experts, who were able, through cooperation and mutual understanding, to agree on a unanimous report dealing with many sensitive and controversial issues.

This report contains many conclusions which will be helpful to us in our consideration of the nonproliferation of nuclear weapons.

It clearly dissipates the illusion that a nonproliferation treaty is something which primarily benefits the nuclear powers at the expense of the nonnuclear powers. It makes it quite clear that new nuclear powers would endanger themselves—or the remaining non-nuclear powers—far more than they would endanger the existing nuclear-weapon powers.

It points up the unavoidable economic costs involved, which are a curse to any nuclear-weapon state, and notes that no nuclear-weapon program could be undertaken unless the states so doing reallocate “a major portion of their technical resources from constructive activities.”

It also indicates that time is running out for mankind if it is to control and eventually abolish the threat or risk of nuclear war. The fact, as the report indicates, that the widespread installation of nuclear power stations will by 1980 yield plutonium sufficient for the construction of thousands of nuclear weapons each year must be recognized as an imperative for immediate action. The prospect of the widespread distribution of even primitive nuclear devices, with a consequent probability that present exacting procedures for command and control of these weapons could not be maintained under such conditions, presents a threat many times greater than that which exists today.

But this report also deals with the subject on which the United States and the U.S.S.R. have differed in their approach to general and complete disarmament. It deals, insofar as nuclear weapons are concerned, with the issue of what we can agree to now that will put us in motion on the road to general and complete disarmament. I think it is fair to say that the report rejects the Soviet approach that we must have agreement on how to proceed to the end of the road before we can agree to any steps on how to start down that road.

It does conclude that the elimination of all

stockpiles of nuclear weapons and the banning of their use should be by way of general and complete disarmament. But it also recommends consideration of a range of immediate initial measures of arms limitations—measures which could lead to the reduction of the level of nuclear armaments and the lessening of tension in the world and, I quote, “the eventual elimination of nuclear armaments.”

In its concluding paragraphs this report points out that the problem of reversing the trend of a rapidly worsening world situation calls for a basic reappraisal of all interrelated factors. It mentions a variety of measures of arms limitation which could immediately be considered and which, taken together or in combination, could help to inhibit the further multiplication of nuclear weapons or the further elaboration of nuclear arsenals, and so help insure national and world security.

Among the measures that it mentions are an agreement to prevent the spread of nuclear weapons, an agreement on the reduction of nuclear arsenals, a comprehensive test ban treaty, measures safeguarding the security of nonnuclear countries, and nuclear-free zones.

The report recommends consideration of these measures of arms limitations in full recognition of the fact that they cannot of themselves eliminate the threat of nuclear conflict. It recommends that they be taken, not as ends in themselves but as measures which would facilitate further steps and could lead to the reduction of the level of nuclear arsenals and the lessening of tensions in the world and the eventual elimination of nuclear arsenals.

This report lends no support to a position that we should not now take one or a combination of the various immediate measures until we have come to an agreement on the eventual elimination of nuclear arsenals.

Mr. Chairman, in considering the approaches of the various countries to the problem of general and complete disarmament, this committee should have in mind that for almost 4 years the United States has had on the table workable measures first to prevent increase in, and later to reduce, the material used to make nuclear weapons, the weapons themselves, and the means of their delivery. It is the Soviet Union which has rejected these measures. It has done so on the ground that we must first agree to their proposal for the drastic reduction of nuclear-weapon carriers in the first stage of disarma-

ment—before adequate machinery has been established for verification. In the absence of agreement on this point, they have been unwilling to agree to these workable measures to prevent the stockpiles of nuclear weapons and delivery systems from growing ever and ever larger.

Because of this position, the nuclear arsenals have grown ever and ever larger. They have grown on both sides. The United States does not believe that this course of conduct, which has been forced upon us by the attitude of the Soviet Union, is a wise one. The Secretary-General's report speaks out concerning the dangers of such a course far more eloquently than could I. I shall conclude these remarks by quoting it. It says: "And the longer the world waits, the more nuclear arsenals grow, the greater and more difficult becomes the eventual task."

## Outer Space Treaty Registered With U.N. Secretary-General

U.S./U.N. press release 217 dated November 30

### U.S. MISSION ANNOUNCEMENT

The United States, the United Kingdom, and the Soviet Union on November 30 registered the Outer Space Treaty of 1967<sup>1</sup> with the Secretary-General of the United Nations. A three-power note signed by Ambassadors Arthur J. Goldberg, Lord Caradon, and Nikolai Fedorenko informed Secretary-General U Thant of their desire to register the treaty.

The three depositary Governments thus fulfilled their duties under article XIV of the treaty to register it in accordance with article 102 of the United Nations Charter. Article 102 requires that international agreements be promptly registered with the Secretary-General. The Secretariat publishes these agreements in the United Nations Treaty Series. Registration by the United Nations Representatives of the three Governments is the final step following negotiation, General Assembly approval, signature, and entry into force of the Outer Space Treaty.

Ambassador Goldberg represented the United

<sup>1</sup> For text of the treaty, see BULLETIN of Dec. 26, 1966, p. 953.

States in the negotiations that began shortly after President Johnson's statement of May 7, 1966, calling attention to the need for a treaty in view of the prospect of manned lunar landings.<sup>2</sup> The Outer Space Treaty was approved by the General Assembly on December 19, 1966,<sup>3</sup> and signed in Washington, London, and Moscow on the following January 27. The Senate gave its advice and consent on April 25 and President Johnson ratified the treaty on May 24. On October 10 of this year—18 months after the President's proposal—the treaty entered into force with the deposit of the necessary instruments of ratification.<sup>4</sup> Of the 84 countries that have signed the treaty in Washington, 17 have already deposited their ratifications.

The treaty is a remarkable accomplishment, considering the complex and unique character of the issues with which it deals. It stands as a symbol of the way in which the members of the United Nations, working together in fields of shared interests, can reach mutually beneficial agreements. The treaty also bears witness to the fact that law need not lag behind the accomplishments of science and technology.

### TEXT OF THREE-POWER NOTE

His Excellency

U THANT

*Secretary General of the United Nations*

DEAR MR. SECRETARY GENERAL: Expressing our highest esteem, we have the honor on behalf of the Governments of the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, and the United States of America to transmit for registration in accordance with Article 102 of the Charter, the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies, which was opened for signature at London, Moscow and Washington on January 27, 1967, and entered into force on October 10, 1967.

Article XIV of that Treaty designates the Governments of the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, and the United States of America Depositary Governments and provides that the Treaty shall be registered by the Depositary Governments pursuant to Article 102 of the Charter of the United Nations.

We transmit to you herewith certified copies of the three originals of the aforementioned Treaty, in the Chinese, English, French, Russian and Spanish languages, and request that you consider that Treaty as registered in the United Nations Secretariat by joint

<sup>2</sup> *Ibid.*, June 6, 1966, p. 900.

<sup>3</sup> *Ibid.*, Jan. 9, 1967, p. 78.

<sup>4</sup> For background, see *ibid.*, Oct. 30, 1967, p. 565.

representation of the Governments of the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

Accept, Mr. Secretary General, assurances of our highest consideration.

**N. FEDORENKO**  
Permanent Representative of the Union of Soviet Socialist Republics to the United Nations

**CARADON**  
Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations

**ARTHUR J. GOLDBERG**  
Permanent Representative of the United States of America to the United Nations

## TREATY INFORMATION

### United States and Korea Sign New Cotton Textile Agreement

Press release 292 dated December 11

#### DEPARTMENT ANNOUNCEMENT

Notes were exchanged in Washington on December 11, 1967, constituting a new bilateral agreement governing exports of cotton textiles from the Republic of Korea to the United States. Assistant Secretary of State Anthony M. Solomon signed on behalf of the United States Government; Ambassador Dong Jo Kim signed on behalf of the Republic of Korea.

The new agreement, which supersedes the agreement signed January 26, 1965,<sup>1</sup> is retroactive to January 1, 1967, and will expire on December 31, 1970. For the first agreement year (1967), Korea may export to the United States a total of 32,216,250 square yards of cotton textiles. Of this total, exports of approximately 23 million square yards may be of yarns and fabrics, and approximately 9 million square yards may be of apparel. Other provisions in the agreement are similar to those contained in other U.S. cotton textile bilateral agreements; these include provision for growth, flexibility, carryover, equity, and consultation.

## TEXT OF U.S. NOTE

DECEMBER 11, 1967

**EXCELLENCY:** I have the honor to refer to the decision of the Cotton Textiles Committee of the General Agreement on Tariffs and Trade approving a Protocol to extend through September 30, 1970 the Long-Term Arrangement regarding International Trade in Cotton Textiles, done in Geneva on February 9, 1962 (hereinafter referred to as "the Long-Term Arrangement").<sup>2</sup> I also refer to recent discussions between representatives of our two Governments and to the agreement between our two Governments concerning exports of cotton textiles from the Republic of Korea to the United States effected by an exchange of notes dated January 26, 1965, as amended. I confirm on behalf of my Government, the understanding that, as of January 1, 1967, the following agreement supersedes the 1965 agreement, as amended, except for the exchange of letters dated November 22, 1966<sup>3</sup> concerning amounts of cotton textiles exported between January 1, 1966 and April 1, 1967 that are not charged against the limitations in the agreement. This agreement is based on our understanding that the above-mentioned Protocol entered into force for our two Governments on October 1, 1967.

1. The purpose of this agreement is to provide for the orderly development of trade in cotton textiles between the Republic of Korea and the United States of America.

2. The agreement shall extend through December 31, 1970. During the term of the agreement, the Government of the Republic of Korea shall limit annual exports of cotton textiles to the United States to aggregate, group and specific limits at the levels specified in the following paragraphs. It is noted that these levels reflect a special adjustment for the first agreement year. The levels set forth in paragraphs 3, 4 and 5 for the second agreement year are 5 percent higher than the limits for the preceding year without this special adjustment; thus the growth factor provided for in paragraph 10 has already been applied in arriving at these levels for the second agreement year.

3. For the first agreement year, constituting the 12-month period beginning January 1, 1967, the aggregate limit shall be 32,216,250 square yards equivalent. For the second agreement year, the aggregate limit shall be 35,070,000 square yards equivalent.

4. Within the aggregate limit, the following group limits shall apply for the first and second agreement years, respectively:

	Square Yards Equivalent	
	First Agreement Year	Second Agreement Year
Group I (Categories 1-38 and 64)	22, 882, 500	24, 896, 812
Group II (Categories 39-63)	9, 333, 750	10, 173, 188

<sup>2</sup> For text of the Long-Term Arrangement, see *ibid.*, Mar. 12, 1962, p. 431.

<sup>3</sup> For texts of U.S. note and letter dated Nov. 22, 1966, see *ibid.*, Dec. 26, 1966, p. 983.

<sup>1</sup> For text, see BULLETIN of Feb. 22, 1965, p. 275.

5. Within the aggregate limit and the applicable group limits, the following specific limits shall apply for the first and second agreement years:

Group I

Category	First Agreement Year	Second Agreement Year
7	500,000 syds.	525,000 syds.
9	2,426,250 syds.	2,625,000 syds.
18/19	1,838,438 syds.	1,995,000 syds.
22	743,001 syds.	840,000 syds.
26 (other than duck)	919,219 syds.	997,500 syds.
26 (duck)	10,937,344 syds.	11,550,000 syds.
31 (wiping cloths)	950,866 pcs. (330,901 syds.)	998,550 pcs. (347,495 syds.)
34	88,977 pcs. (551,657 syds.)	93,450 pcs. (579,390 syds.)
64A (Tablecloths and Napkins)	443,353 lbs. (2,039,424 syds.)	479,850 lbs. (2,207,310 syds.)
64B (Zipper Tapes)	55,781 lbs. (256,592 syds.)	58,800 lbs. (270,480 syds.)

Group II

Category	First Agreement Year Unit	Second Agreement Year Unit
45	29,804 doz. (661,232 syds.)	31,500 doz. (698,859 syds.)
46	23,788 doz. (581,783 syds.)	25,200 doz. (616,316 syds.)
49	22,885 doz. (743,763 syds.)	26,250 doz. (853,125 syds.)
50	41,974 doz. (747,011 syds.)	44,100 doz. (784,848 syds.)
51	56,807 doz. (1,010,994 syds.)	59,850 doz. (1,065,150 syds.)
52	29,391 doz. (427,051 syds.)	31,500 doz. (457,695 syds.)
54	42,019 doz. (1,050,475 syds.)	47,250 doz. (1,181,250 syds.)
60	25,013 doz. (1,299,675 syds.)	27,300 doz. (1,418,508 syds.)

6. Within the aggregate limit and the applicable group limits, the following specific limits shall apply for the second agreement year only. In agreement years other than the second agreement year, the procedures of paragraph 8(b) shall apply:

Category	First Agreement Year	Second Agreement Year
38	625,000 syds.	
47	25,000 doz. (554,650 syds.)	
48	10,000 doz. (500,000 syds.)	
53	10,000 doz. (453,000 syds.)	
55	10,000 doz. (510,000 syds.)	

7. Within the aggregate limit, the limit for Group I may be exceeded by not more than 10 percent and the limit for Group II may be exceeded by not more than 5 percent. Within the applicable Group limit, as it may be adjusted under this provision, specific limits may be exceeded by 5 percent.

8. (a) Within the applicable group limits for each group, the square yard equivalent of any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit.

(b) In the event the Government of the Republic of Korea desires to export in any agreement year more than the consultation level specified in this agreement in any category not given a specific limit, it shall request consultations with the Government of the United States of America on this question. The Government of the United States of America shall agree to enter into such consultations and, during the course thereof, shall provide the Government of the Republic of Korea with information on the condition of the United States market in the category in question. Until agreement is reached, the Government of the Republic of Korea shall maintain its exports in the category in question at a level for the agreement year not in excess of the consultation level. For the first agreement year, the consultation level shall be 525,000 square yards equivalent for categories in Group I, and 385,875 square yards equivalent for categories in Group II.

9. The Government of the Republic of Korea shall limit exports of items of chief value corduroy in Categories 46, 50, 51, 53, 54 and 63 during each agreement year. For the first agreement year the level of this limit shall be 2,094,750 square yards equivalent. In the event excessive concentration in exports from the Republic of Korea to the United States of items of apparel of a particular fabric causes or threatens to cause market disruption in the United States, the Government of the United States may request in writing consultations with the Government of the Republic of Korea to determine an appropriate course of action. Such a request shall be accompanied by a detailed factual statement of the reasons and justifications for the request, including relevant data on imports from third countries. During the course of such consultation the Government of the Republic of Korea shall maintain exports in the categories in question at an annual level not in excess of 105 percent of the exports in such categories during the first twelve months of the fifteen month period immediately preceding the month in which consultations are requested, or at an annual level not in excess of 90 percent of the exports in such categories during the twelve-month period immediately preceding the month in which consultations are requested, whichever is higher.

10. In the succeeding twelve-month periods for which any limitation is in force under this agreement, the level of exports permitted under such limitation shall be increased by five percent of the corresponding level for the preceding twelve-month period, the latter level not to include any adjustments under paragraphs 7 or 17.

11. Exports in all categories of cotton textiles shall be spaced as evenly as possible, taking into account seasonal factors.

12. Each Government agrees to supply promptly any available statistical data requested by the other Government. In particular the Governments agree to exchange monthly data on exports of cotton textiles from the Republic of Korea into the United States. In the implementation of this agreement the system of categories and factors for conversion into square yards equivalent set forth in the annex to this agreement shall apply. In any situation where the determination of an article to be a cotton textile would be affected by whether the criterion provided for in Article 9 of the Long-Term Arrangement is used or the criterion provided for in paragraph 2 of Annex E of the Long-Term

Arrangement is used, the chief value criterion used by the Government of the United States of America in accordance with paragraph 2 of Annex E shall apply.

13. During the term of this agreement the United States shall not invoke Article 3 of the Long-Term Arrangement to limit imports of cotton textiles from the Republic of Korea into the United States. The applicability of the Long-Term Arrangement to trade in cotton textiles between the Republic of Korea and the United States shall otherwise be unaffected by this agreement.

14. The Governments agree to consult on any question arising in the implementation of this agreement. In particular, if, in the event of a return to normal market conditions in the United States, the Government of the United States relaxes measures it has taken under the Long-Term Arrangement for any of the categories, the Government of the Republic of Korea may request and the Government of the United States of America agrees to enter into consultations concerning the possible removal or modification of the limits established for such categories by the present agreement.

15. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of the agreement including differences in points of procedure or operation.

16. If the Government of the Republic of Korea considers that as a result of limitations specified in this agreement, the Republic of Korea is being placed in an inequitable position vis-a-vis a third country, the Government of the Republic of Korea may request consultation with the Government of the United States of America with the view to taking appropriate remedial action such as a reasonable modification of this agreement.

17. (a) For any agreement year immediately following a year of a shortfall (i.e., a year in which cotton textile exports from the Republic of Korea were below the aggregate limit and any group and specific limit applicable to the category concerned) the Government of the Republic of Korea may permit exports to exceed the aggregate, group and specific limits by carryover in the following amounts and manner:

(i) The carryover shall not exceed the amount of shortfall in either the aggregate limit or any applicable group or specific limit and shall not exceed either five percent of the aggregate limit or five percent of the applicable group limit in the year of the shortfall, and

(ii) in the case of shortfalls in the categories subject to specific limits the carryover shall not exceed five percent of the specific limit in the year of the shortfall, and shall be used in the same category in which the shortfall occurred, and

(iii) in the case of shortfalls not attributable to categories subject to specific limits, the carryover shall be used in the same group in which the shortfall occurred, shall not be used to exceed any applicable specific limit except in accordance with the provisions of paragraph 7, and shall not be used to exceed the limits in paragraph 8 of this agreement.

(b) The limits referred to in subparagraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 7.

(c) The carryover shall be in addition to the exports permitted in paragraph 7.

18. The Government of the Republic of Korea and the Government of the United States of America may at any time propose revisions in the terms of this agreement. Each Government agrees to consult promptly with the other Government about such proposals with a view to making such revisions to the present agreement, or taking such other appropriate action, as may be mutually agreed upon.

19. Either Government may terminate this agreement effective at the beginning of a new agreement year by written notice to the other Government to be given at least ninety days prior to the beginning of such new agreement year.

If the foregoing conforms with the understanding of your Government, this note and Your Excellency's note of confirmation<sup>4</sup> on behalf of the Government of the Republic of Korea shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurance of my highest consideration.

For the Acting Secretary of State:  
ANTHONY M. SOLOMON

His Excellency  
Dong Jo KIM,  
*Ambassador of the Republic of Korea*

## Current Actions

### MULTILATERAL

#### Conservation

Convention on nature protection and wildlife preservation in the Western Hemisphere, with annex. Done at the Pan American Union October 12, 1940. Entered into force for the United States April 30, 1942. 56 Stat. 1354.

*Ratification deposited:* Chile, December 4, 1967.

#### Judicial Procedure

Convention on the service abroad of judicial and extrajudicial documents in civil or commercial matters. Done at The Hague November 15, 1965.<sup>1</sup>

*Ratification deposited:* United Kingdom, November 17, 1967.

#### Load Lines

International convention on load lines, 1966. Done at London April 5, 1966. Enters into force July 21, 1968. TIAS 6331.

*Accession deposited:* Mauritania, December 4, 1967.

#### Maritime Matters

Convention on facilitation of international maritime traffic, with annex. Done at London April 9, 1965. Entered into force for the United States May 16, 1967. TIAS 6251.

*Acceptance deposited:* France, November 29, 1967.

<sup>4</sup>Not printed here.

<sup>1</sup>Not in force.

## Slavery

Supplementary convention on the abolition of slavery, the slave trade and institutions and practices similar to slavery. Done at Geneva September 7, 1956. Entered into force for the United States December 6, 1967.

*Accession deposited:* Spain, November 21, 1967.

## Trade

Long-term arrangement regarding international trade in cotton textiles, as amended and extended. Done at Geneva February 9, 1962. Entered into force October 1, 1962. TIAS 5240, 6289.

*Territorial application:* Netherlands Antilles, November 17, 1967.

## United Nations

Charter of the United Nations and Statute of the International Court of Justice. Signed at San Francisco June 26, 1945. Entered into force October 24, 1945. 59 Stat. 1031.

*Admission to membership:* Southern Yemen, December 14, 1967.

Amendment to article 109 of the Charter of the United Nations. Adopted at New York December 20, 1965.<sup>1</sup>

*Ratification deposited:* Italy, December 4, 1967.

## Wheat

1967 Protocol for the further extension of the International Wheat Agreement, 1962 (TIAS 5115). Open for signature at Washington May 15 through June 1, 1967, inclusive. Entered into force July 16, 1967. TIAS 6315.

*Ratifications deposited:* Mexico, December 27, 1967; Portugal, December 16, 1967.

## BILATERAL

### Belgium

Agreement extending the supplementary income tax protocol signed at Brussels May 21, 1965 (TIAS 6073). Effected by exchange of notes at Brussels December 11, 1967. Entered into force December 11, 1967.

### Congo (Kinshasa)

Agreement for sales of agricultural commodities under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D). Signed at Kinshasa December 11, 1967. Entered into force December 11, 1967.

### Ghana

Agreement amending the agreement for sales of agricultural commodities of March 3, 1967, as amended (TIAS 6245). Effected by exchange of notes at Accra December 18, 1967. Entered into force December 18, 1967.

### Indonesia

Agreement for sales of agricultural commodities under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D). Signed at Jakarta November 22, 1967. Entered into force November 22, 1967.

<sup>1</sup> Not in force.

## Korea

Agreement relating to trade in cotton textiles, with annex. Effected by exchange of notes at Washington December 11, 1967. Entered into force December 11, 1967.

## Trinidad and Tobago

Agreement extending the convention of December 22, 1966, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment. Effected by exchange of notes at Port of Spain December 19, 1967. Entered into force December 19, 1967.

## United Arab Republic

Agreement concerning trade in cotton textiles. Effected by exchange of notes at Washington December 28, 1967, between the United States and the Embassy of India, representing the interests of the United Arab Republic. Entered into force January 1, 1968.

## DEPARTMENT AND FOREIGN SERVICE

### Designations

Graham Martin as Special Assistant for Refugee and Migration Affairs to the Secretary of State, effective December 18. (For biographic details, see Department of State press release 296 dated December 18.)

### Check List of Department of State Press Releases: December 25-31

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Release issued prior to December 25 which appears in this issue of the BULLETIN is No. 292 of December 11.

No.	Date	Subject
†302	12/26	Agreement with Belgium prolonging the income tax protocol of May 21, 1965.
*303	12/26	Foreign policy conference, Miami, Fla., Jan. 16.
†304	12/26	Extension of U.S.-Mexican radio broadcasting agreement.
†305	12/29	U.S. note of Dec. 29 to U.S.S.R.
†306	12/27	U.S. note of Dec. 4 to Royal Cambodian Government.
†307	12/29	Implementation of Katzenbach report.

\* Not printed.

† Held for a later issue of the BULLETIN.



<b>Atomic Energy.</b> United States Presents Views on the Question of General and Complete Disarmament (Fisher) . . . . .	97	<b>South West Africa.</b> U.N. Condemns South Africa's Violation of Rights of South West Africans (Goldberg, text of resolution) . . . . .	92
<b>Australia</b>		<b>Space</b>	
President Johnson Mourns Death of Prime Minister Holt of Australia (Johnson) . . . . .	71	Outer Space Treaty Registered With U.N. Secretary-General (text of three-power note) . . . . .	100
President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69	President Johnson Gratified by U.N. Endorsement of Agreement on Rescue and Return of Astronauts and Space Objects (Johnson) . . . . .	85
<b>Cyprus.</b> U.N. Peace Force in Cyprus Extended Through March 1968 (Goldberg, text of resolution) . . . . .	95	United Nations Endorses Text of Agreement on Rescue and Return of Astronauts and Space Vehicles (Goldberg, Reis, texts of resolution and agreement) . . . . .	80
<b>Department and Foreign Service.</b> Designations (Martin) . . . . .	104	<b>Thailand.</b> President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69
<b>Disarmament.</b> United States Presents Views on the Question of General and Complete Disarmament (Fisher) . . . . .	97	<b>Trade.</b> President Johnson Signs Proclamation To Carry Out the Kennedy Round Tariff Agreements (Johnson, text of proclamation) . . . . .	88
<b>Economic Affairs</b>		<b>Treaty Information</b>	
President Johnson Signs Proclamation To Carry Out the Kennedy Round Tariff Agreements (Johnson, text of proclamation) . . . . .	88	Current Actions . . . . .	103
United States and Korea Sign New Cotton Textile Agreement (text of U.S. note) . . . . .	101	Outer Space Treaty Registered With U.N. Secretary-General (text of three-power note) . . . . .	100
<b>Italy.</b> President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69	President Johnson Gratified by U.N. Endorsement of Agreement on Rescue and Return of Astronauts and Space Objects (Johnson) . . . . .	85
<b>Korea</b>		United Nations Endorses Text of Agreement on Rescue and Return of Astronauts and Space Vehicles (Goldberg, Reis, texts of resolution and agreement) . . . . .	80
President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69	United States and Korea Sign New Cotton Textile Agreement (text of U.S. note) . . . . .	101
United States and Korea Sign New Cotton Textile Agreement (text of U.S. note) . . . . .	101	<b>United Nations</b>	
<b>Non-Self-Governing Territories.</b> President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69	Outer Space Treaty Registered With U.N. Secretary-General (text of three-power note) . . . . .	100
<b>Pakistan.</b> President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69	U.N. Condemns South Africa's Violation of Rights of South West Africans (Goldberg, text of resolution) . . . . .	92
<b>Presidential Documents</b>		United Nations Endorses Text of Agreement on Rescue and Return of Astronauts and Space Vehicles (Goldberg, Reis, texts of resolution and agreement) . . . . .	80
President Johnson's Christmas Message to the Nation . . . . .	79	U.N. Peace Force in Cyprus Extended Through March 1968 (Goldberg, text of resolution) . . . . .	95
President Johnson Gratified by U.N. Endorsement of Agreement on Rescue and Return of Astronauts and Space Objects . . . . .	85	United States Presents Views on the Question of General and Complete Disarmament (Fisher) . . . . .	97
President Johnson Mourns Death of Prime Minister Holt of Australia . . . . .	71	<b>Viet-Nam</b>	
President Johnson Signs Proclamation To Carry Out the Kennedy Round Tariff Agreements . . . . .	88	President Johnson's Christmas Message to the Nation . . . . .	79
President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey . . . . .	69	President Johnson Visits Australia, Thailand, South Viet-Nam, Pakistan, and Italy in 4½-Day Round-the-World Journey (Johnson, McEwen, texts of joint statements) . . . . .	69
<b>Refugees.</b> Designations (Martin) . . . . .	104		
<b>South Africa.</b> U.N. Condemns South Africa's Violation of Rights of South West Africans (Goldberg, text of resolution) . . . . .	92		
		<i>Name Index</i>	
		Fisher, Adrian S . . . . .	97
		Goldberg, Arthur J . . . . .	80, 92, 95
		Johnson, President . . . . .	69, 71, 79, 85, 88
		Martin, Graham . . . . .	104
		McEwen, John . . . . .	69
		Reis, Herbert . . . . .	80

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

---

OFFICIAL BUSINESS

THE  
DEPARTMENT  
OF  
STATE

**BULLETIN**

*Vol. LVIII, No. 1491*



*January 22, 1968*

PRESIDENT JOHNSON'S NEWS CONFERENCE OF JANUARY 1 (*Excerpts*) 105

SECRETARY RUSK'S NEWS CONFERENCE OF JANUARY 4 116

U.S. ESTABLISHES AD HOC COMMITTEE TO STUDY USE OF OCEAN FLOOR  
*Statement by Ambassador Arthur J. Goldberg and Text of Resolution* 125

ACTION PROGRAM ON THE BALANCE OF PAYMENTS

*Statement by President Johnson* 110

*For index see inside back cover*

# THE DEPARTMENT OF STATE **BULLETIN**

VOL. LVIII No. 1491  
January 22, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

**PRICE:**

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

## President Johnson's News Conference of January 1

*Following are excerpts from a news conference held by President Johnson at the LBJ Ranch, Johnson City, Tex., on January 1.*

*The President:* Good morning, ladies and gentlemen. I hope all of you had a good Christmas. I wish for each of you a happy new year.

I have asked you to come here today for a brief announcement, the details of which will be carried in a more lengthy statement<sup>1</sup> which will be available to you later.

The statement that I will make here concerns a firm and decisive step that the United States Government has taken today to improve our balance-of-payments situation.

I am taking a series of actions that are designed to reduce our balance-of-payments deficit by \$3 billion as a target in the year ahead, 1968.

There are a good many details connected with each of these five specific actions. I counsel you to follow those details in the more formal statement.

But to roughly outline for you now those five decisive steps, I will say that the first is an Executive order<sup>2</sup> that I signed at 10:45 this morning that will give to the Secretary of Commerce, delegate to him, authority the President presently has to regulate foreign investment.

We anticipate that foreign investment abroad, which was in the neighborhood of some \$5 billion this past year, as a result of the restraints effected by this mandatory program, contrasted to the voluntary program which we have just had—our target is to improve our balance-of-payments situation by an additional \$1 billion as a result of tightening up on foreign investment abroad. The specific areas of the world which will be affected can come in the detailed statement.

Second, the Federal Reserve Board will exer-

cise authority in connection with loans to be made abroad, some \$9 billion last year.

We have, as a target to improve our balance-of-payments situation, as a result of the authority I delegate to the Federal Reserve Board, and the authority it already has—the regulation will follow that authority—to save an additional half billion dollars by tightening up on the loans made abroad. That will be \$1½ billion.

I am directing the Secretary of State, the Secretary of Defense, and other appropriate members of my Cabinet to make a thorough, detailed study to effectuate every possible restraint we can in aid and in defense expenditures abroad, with a target goal of \$500 million of improvement from our present defense, aid, and other expenditures abroad.

That would make \$2 billion.

In addition, we now have a deficit of about \$2 billion each year in our tourist account. We have appointed a committee headed by Mr. Robert McKinney, of Santa Fe, New Mexico, and I am asking him for a report on tourism in the next 90 days.

In the meantime, the President is appealing to all American citizens to help their country in this situation by deferring any travel outside the Western Hemisphere that is possible to defer.

As I say, we have a net deficit of \$2 billion in our travel-tourism account. We hope that our target of saving \$500 million in tourism will be a realistic one. That will depend on the cooperation we get from the citizens themselves, and from the Congress, which will be asked to enact certain legislation in that field.

That makes \$2.5 billion.

We have sent representatives of the President to various countries today to exchange views with our friends in the world about our trade situation, our imports into this country, and our exports out of this country. We expect to formulate a program. Our target is to improve our trade balance by a minimum of \$500 million to

<sup>1</sup> See p. 110.

<sup>2</sup> See p. 114.

\$750 million. The details of that program will be announced following these consultations.

If it is necessary, as a result of the nature and scope of the program we feel desirable, we will ask the Congress to act in that field.

In the last two fields—tourism and trade—we may and very likely will have a message later to the Congress in that connection.

So, in summary, through this series of five direct actions, we are determined to improve our balance-of-payments situation in the neighborhood of \$3 billion, and to bring it as closely into balance as is possible in the year 1968.

I will be glad to take some limited questions from you on this or on other matters.

I have staff here to give you a detailed backgrounding on all the problems relating to these five specific steps—Mr. [W. W.] Rostow, Mr. [Joseph A.] Califano, and Mr. [Ernest] Goldstein from my Washington office, who have come here this morning.

While I don't want to cut off questioning, I am very anxious for this very important story to go out, and I am very anxious for you to have all the information you need in connection with it.

If Mr. Rostow, Mr. Goldstein, and Mr. Califano will come up here now, I will take questions on this or any other subject for a period of a very few minutes and then yield to them.

Miss Thomas [Helen Thomas, United Press International]?

*Q. Do you see any prospects for peace or the end of the Viet-Nam war this year, the new year?*

*The President:* We are very hopeful that we can make advances toward peace. We are pursuing every possible objective. We feel that the enemy knows that he can no longer win a military victory in South Viet-Nam. But when he will reach the point where he is willing to give us evidence that would justify my predicting peace this year—I am unable to do so—that is largely up to him.

Mr. Horner [Garnett D. Horner, Washington Evening Star]?

*Q. Mr. President, can you tell us what type of legislation you are considering in the tourism field? For instance, cutting off eustoms caemp-tions, or what type of things?*

*The President:* I think we had better wait until we have that program completely formu-

lated. I think that there are several items that are still under consideration. We believe that the most effective action that could be taken would be for the citizens themselves to realize that their traveling abroad and spending their dollars abroad is damaging their country. If they just have a trip in them that must be made, if they could make it in this hemisphere or see their own country, it would be very helpful.

We are going to try to make that appeal to them. But we are going to support it to whatever extent is necessary to try to reach our target goal of \$500 million improvement in the tourism situation.

*Q. Mr. President, do you plan to ask Congress to remove the gold cover on domestic currency?*

*The President:* We have made no recommendation on that in this message at all.

Mr. Lisagor [Peter Lisagor, Chicago Daily News]?

*Q. Mr. President, Secretary [of Labor W. Willard] Wirtz said the other day that if you don't have a tax increase, then you will have to face up to the question of wage and price controls. How serious do you regard that prospect?*

*The President:* I think we are going to have a tax increase. In this statement this morning, I ask both the employers and employees to exercise the utmost restraint in connection with their negotiations. I do not hold to the view that wage or price controls are imminent at all. And I might say that statement was made without my knowledge. I don't know how accurately he is quoted. But the Government has not given consideration at this time to action of that type.

*Q. Mr. President, when you were in Rome, did you and the Pope discuss his sending a peace mission to Hanoi?*

*The President:* The answer is "No," although I don't want to get into the process of eliminating what we discussed and what we didn't discuss.

But we did not discuss specifically his sending any mission. We discussed a number of subjects where, if he decided, if His Holiness decided, he wanted to act in that area, that could call for such action. But we did not specifically discuss it.

*Q. May I follow that up a bit? The Foreign Minister of North Viet-Nam according to some reports—*

*The President:* We are familiar with those reports. As of now, they are just reports. We are evaluating them. They come from a newspaperman who has written in this field heretofore. We have found it advisable to carefully check the statements in the report. We are doing that now.

*Q. Mr. President, does your statement contain, and if not we would like to have it in your own words, just why—*

*The President:* My statement is my own words, Mr. Frankel [Max Frankel, New York Times].

*Q. No; that is not what I meant. If it does not say, could you tell us exactly what makes these more stringent measures necessary and why you think the voluntary program of restraints failed?*

*Mr. President:* Generally speaking, our balance of payments has had a deficit for the last 17 out of the last 18 years. In 17 of the last 18 years we have had a deficit. The first three quarters of this year, that deficit was within bounds. In the last quarter, it goes much further than we would like to see it go. It makes it very evident to me that those who are determined to preserve the soundness of the dollar and our entire fiscal situation—that direct additional actions are necessary in this field where we have, as I say, had a deficit in 17 of the last 18 years.

For that reason, we have promulgated this program and we are placing it into effect. We believe that these actions will result in a reasonable balance in the coming year.

Mr. Davis [Sid Davis, Westinghouse Broadcasting Co.]?

*Q. Mr. President, the Cambodian Prince Sihanouk is quoted as saying he would like to meet with an envoy from the United States to discuss possible U.S. military action against the North Vietnamese seeking sanctuary in Cambodia. Can you tell us anything official regarding this newspaper report?*

*The President:* I can say that we have read with a great deal of interest—and I might say pleasure—the quoted statements by Prince Sihanouk. We are studying those statements very carefully, and confirming them.

When we have anything to announce on it, I will be in touch with you. I would say that we are quite encouraged by the reactions of

Prince Sihanouk as reflected by the newspaper story. Any further announcement will be made after we have gone into it more thoroughly and more definite statements can be made.

Mr. Davis? And then I believe Dan Rather [CBS News] asked a question.

Dan, do you want yours, and then I will go to Mr. Davis?

*Q. Thank you very much. Mr. President, Newsweek magazine has described, as I read it, your meeting with the Pope as somewhat less than cordial. Could you clear us up on that without getting into specifics of what you and the Pope discussed?*

*The President:* I tried to clear Newsweek up on it, but I just couldn't do it. It is just made out of the whole cloth. It just didn't happen. The people who participated in the conference from our side were startled and shocked at their information. We told them it was just completely untrue. So that is our version. You can take Newsweek's or ours, whichever you want.

Mr. Davis [Saville Davis, Christian Science Monitor]?

*Q. Mr. President, since one of the leading factors in the foreign confidence in the dollar is the degree of the control of inflation in this country, do you anticipate that the tax increase and other measures of the sort will keep the rising of prices in this country sufficiently stable in the coming year?*

*The President:* We are very concerned with that, Mr. Davis. Prices have risen more than we would like to see them rise. We still have the best record of any industrial country in the world. But we are not happy with the record we have ourselves.

This statement, in some degree, deals with it. We have asked the Government officials responsible for supervision in this field to exert renewed efforts in an attempt to ask employers and employees to keep their negotiating agreements within the ball park so far as increased productivity is concerned and not let the increases in one field go above increased productivity in the other. We are hopeful that that action will be successful.

*Q. Mr. President, you spoke about the balance-of-payments deficit in the last quarter. What is your estimate of that for the year as a whole?*

*The President:* I have that statement in the detailed statement, but I think it will be somewhere in the neighborhood of \$3½ billion to \$4 billion.

*Q. That is for the year as a whole?*

*The President:* That is correct.

Let's not prolong this thing if you want to get this story. There are a lot of details, just as I have repeated here, that these men are waiting here to tell you. I want to answer any question you have that is really important to you; otherwise, let's go on with the purpose of the conference.

*Q. Mr. President, you are urging employers and employees to keep within the ball park. Is there any specific figure, such as a guideline estimate, specifically?*

*The President:* I would refer you to my statement in the lengthy statement which you will see as soon as you get a chance to get to it. We want very much to try to emphasize the necessity of following guidelines. The guideline is the increased productivity. We feel that you can justify only the increased productivity.

*Q. Sir, I was just wondering if you have any idea now as to what the likely deficit in your fiscal 1969 budget might be since this could have an impact?*

*The President:* No. A lot of things could have impacts. But I think we have covered in this detailed statement about as much as we can. If you have any further questions after you get that and file your story, submit them to Mr. Christian [George Christian, Press Secretary to the President], and we will try to work it out.

Thank you very much.

*The Press:* Thank you, Mr. President.

[During a briefing subsequent to the news conference, the following exchanges between the President and reporters took place.]

*Q. You are asking people not to travel, and you are considering legislation toward that end?*

*The President:* We will have legislation in that direction. We would also like to have voluntary action upon the part of all of our citizens. We believe we can have both. We think that we can announce, number one, that it is important to the country that every citizen reassess his travel plans and not travel outside of this hemisphere except under the most important, urgent, and necessary conditions.

Second, we think that we can develop certain legislation that will insure and guarantee our reaching our goal of a half-billion dollars to three-quarter billion dollars of the reduction from the \$2 billion deficit we already have.

It must be obvious that our people are traveling a good deal when you consider all the travel that comes here and deduct it from what we travel abroad, and we still have a \$2 billion deficit.

Now we have a target of reducing that by a half to three-quarters of a billion dollars. We don't mean to threaten anybody with anything. We do expect that it will be necessary to have certain adjustments made in our present travel policy, and we will ask the Congress to do it.

But we want to do that in concert with the Congress, after discussing it with them, and after reaching agreement with them.

*Q. Mr. President, I am just curious as to whether the nature of this legislation will affect travel itself or the amount spent on travel.*

*The President:* I wonder if you can wait until we talk to the Congress about that. I think it will affect both. But let's don't tie it down and get hard on it, fixed, right here on January 1st, when Congress doesn't come back until January 15th. We would like to explore with them, give them our views of the most effective way of achieving this target, get their views, and try to get something that would be acceptable to both the executive and the legislative branches.

But we don't want to imply a threat to anyone on anything. We are too happy this New Year's, Max, to get into that field.

*Q. Thank you, Mr. President.*

*The President:* You can be sure, though, that we will ask Congress for legislation primarily to do with tourism and trade.

The other three—direct investment, bank loans, and reducing our own defense expenditures and aid expenditures abroad—the President can do; and he has done it. That is that.

One thing that is positive I would like to leave with all of you. This President, this administration, and we think the Congress, including Democrats and Republicans, are determined to achieve our goal of trying to bring our balance of payments in better equilibrium. We have outlined it here to the extent of some \$3 billion.

It is pretty difficult to estimate a quarter of a billion here where we may fall short and a



quarter of a billion we might exceed. But we have a target and we are going to put all the muscle that this leadership, this government, has in the executive branch and the legislative branch behind the dollar, keeping our financial house in order.

[At this point the President responded to a question relating to discussions to be held with NATO allies on minimizing foreign exchange costs.]

*The President:* They have made arrangements to offset our expenditures to the extent that we could work them out with the British and the Germans as a result of the McCloy mission.<sup>3</sup> That is not included here.

These steps have been under consideration for some time. Before they are effectuated, we want to exchange views with all the leaders of the world. I have been in communication with them myself.

In addition, I will have representatives communicate with them in various parts of the world.

I have this balance-of-payments program announcement behind me now. We will be working in the days ahead on the budget. Mr. Schultze [Charles L. Schultze, Director, Bureau of the Budget] will be here tomorrow. He will be accompanied by Mr. Cater [Douglass Cater, Spe-

cial Assistant to the President], Mr. Gardner [John W. Gardner, Secretary of Health, Education, and Welfare], and some other people. I will ask George to give you the announcement.

In addition, we will be working all the time we are here on appointments, on budget reductions, and on the budget for next year.

As all of you know, because of the late adjournment date we are behind on the reductions on which they resolute in the last few days, as well as getting to work on the new budget.

I am naming Mr. Gardner Ackley, the present Chairman of the President's Council of Economic Advisers, as the new Ambassador to Italy. We have received word from the Italian Government this morning clearing the agrément. When the Congress resumes its deliberations, his name will go forward to the Senate.

I consider Mr. Ackley one of my most trusted and closest friends and advisers. While he has been on the Economic Council now for several years, he agreed to stay on an extra year, which ends in January. I have asked him to take this post to Italy. Because of his interest in that field and his knowledge of the political and economic conditions in Italy, and his interest in that area, he has agreed to accept. The Senate willing, he will be going to that post as soon as he is confirmed.

Thank you very much.

*The Press: Thank you, Mr. President.*

---

<sup>3</sup> For background, see BULLETIN of May 22, 1967, p. 788.

# Action Program on the Balance of Payments

*Statement by President Johnson*<sup>1</sup>

## Where We Stand Today

I want to discuss with the American people a subject of vital concern to the economic health and well-being of this nation and the free world.

It is our international balance-of-payments position.

The strength of our dollar depends on the strength of that position.

The soundness of the free-world monetary system, which rests largely on the dollar, also depends on the strength of that position.

To the average citizen, the balance of payments, and the strength of the dollar and of the international monetary system, are meaningless phrases. They seem to have little relevance to our daily lives. Yet their consequences touch us all—consumer and captain of industry, worker, farmer, and financier.

More than ever before, the economy of each nation is today deeply intertwined with that of every other. A vast network of world trade and financial transactions ties us all together. The prosperity of every economy rests on that of every other.

More than ever before, this is one world—in economic affairs as in every other way.

Your job, the prosperity of your farm or business, depends directly or indirectly on what happens in Europe, Asia, Latin America, or Africa.

The health of the international economic system rests on a sound international money in the same way as the health of our domestic money. Today, our domestic money—the U.S. dollar—is also the money most used in international transactions. That money can be sound at home—as it surely is—yet can be in trouble abroad—as it now threatens to become.

<sup>1</sup> Issued at Johnson City, Tex., on Jan. 4 (White House press release (San Antonio, Tex.)).

In the final analysis its strength abroad depends on our earning abroad about as many dollars as we send abroad.

U.S. dollars flow from these shores for many reasons—to pay for imports and travel, to finance loans and investments, and to maintain our lines of defense around the world.

When that outflow is greater than our earnings and credits from foreign nations, a deficit results in our international accounts.

For 17 of the last 18 years we have had such deficits. For a time those deficits were needed to help the world recover from the ravages of World War II. They could be tolerated by the United States and welcomed by the rest of the world. They distributed more equitably the world's monetary gold reserves and supplemented them with dollars.

Once recovery was assured, however, large deficits were no longer needed and indeed began to threaten the strength of the dollar. Since 1961, your Government has worked to reduce that deficit.

By the middle of the decade, we could see signs of success. Our annual deficit had been reduced two-thirds—from \$3.9 billion in 1960 to \$1.3 billion in 1965.

*In 1966, because of our increased responsibility to arm and supply our men in Southeast Asia, progress was interrupted, with the deficit remaining at the same level as 1965—about \$1.3 billion.*

In 1967, progress was reversed for a number of reasons:

- Our costs for Viet-Nam increased further.
- Private loans and investments abroad increased.
- Our trade surplus, although larger than 1966, did not rise as much as we had expected.
- Americans spent more on travel abroad.

Added to these factors was the uncertainty and unrest surrounding the devaluation of the British pound. This event strained the international monetary system. It sharply increased our balance-of-payments deficit and our gold sales in the last quarter of 1967.

### **The Problem**

Preliminary reports indicated that these conditions may result in a 1967 balance-of-payments deficit in the area of \$3.5 to \$4 billion—the highest since 1960. Although some factors affecting our deficit will be more favorable in 1968, my advisers and I are convinced that we must act to bring about a decisive improvement.

We cannot tolerate a deficit that could threaten the stability of the international monetary system—of which the U.S. dollar is the bulwark.

We cannot tolerate a deficit that could endanger the strength of the entire free-world economy and thereby threaten our unprecedented prosperity at home.

### **A Time for Action**

The time has now come for decisive action designed to bring our balance of payments to—or close to—equilibrium in the year ahead.

The need for action is a national and international responsibility of the highest priority.

I am proposing a program which will meet this critical need and at the same time satisfy four essential conditions:

—Sustain the growth, strength, and prosperity of our own economy.

—Allow us to continue to meet our international responsibilities in defense of freedom, in promoting world trade, and in encouraging economic growth in the developing countries.

—Engage the cooperation of other free nations, whose stake in a sound international monetary system is no less compelling than our own.

—Recognize the special obligation of those nations with balance-of-payments surpluses to bring their payments into equilibrium.

### **The First Order of Business**

The first line of defense of the dollar is the strength of the American economy.

No business before the returning Congress will be more urgent than this: to enact the anti-inflation tax which I have sought for almost a year. Coupled with our expenditure controls

and appropriate monetary policy, this will help to stem the inflationary pressures which now threaten our economic prosperity and our trade surplus.

No challenge before business and labor is more urgent than this: to exercise the utmost responsibility in their wage-price decisions, which affect so directly our competitive position at home and in world markets.

*I have directed the Secretaries of Commerce and Labor and the Chairman of the Council of Economic Advisers to work with leaders of business and labor to make more effective our voluntary program of wage-price restraint.*

*I have also instructed the Secretaries of Commerce and Labor to work with unions and companies to prevent our exports from being reduced or our imports increased by crippling work stoppages in the year ahead.*

A sure way to instill confidence in our dollar—both here and abroad—is through these actions.

### **The New Program**

But we must go beyond this and take additional action to deal with the balance-of-payments deficit.

Some of the elements in the program I propose will have a temporary but immediate effect. Others will be of longer range.

All are necessary to assure confidence in the American dollar.

### **Temporary Measures**

#### *1. Direct Investment*

Over the past 3 years, American business has cooperated with the Government in a voluntary program to moderate the flow of U.S. dollars into foreign investments. Business leaders who have participated so wholeheartedly deserve the appreciation of their country.

But the savings now required in foreign investment outlays are clearly beyond the reach of any voluntary program. This is the unanimous view of all my economic and financial advisers and the Chairman of the Federal Reserve Board.

*To reduce our balance-of-payments deficit by at least \$1 billion in 1968 from the estimated 1967 level, I am invoking my authority under the banking laws to establish a mandatory program that will restrain direct investment abroad.*

This program will be effective immediately. It will insure success and guarantee fairness among American business firms with overseas investments.

The program will be administered by the Department of Commerce and will operate as follows:<sup>2</sup>

—As in the voluntary program, overall and individual company targets will be set. Authorizations to exceed these targets will be issued only in exceptional circumstances.

—New direct investment outflows to countries in continental Western Europe and other developed nations not heavily dependent on our capital will be stopped in 1968. Problems arising from work already in process or commitments under binding contracts will receive special consideration.

—New net investments in other developed countries will be limited to 65 percent of the 1965–66 average.

—New net investments in the developing countries will be limited to 110 percent of the 1965–66 average.

This program also requires businesses to continue to bring back foreign earnings to the United States in line with their own 1964–66 practices.

*In addition, I have directed the Secretary of the Treasury to explore with the chairmen of the House Ways and Means Committee and Senate Finance Committee legislative proposals to induce or encourage the repatriation of accumulated earnings by U.S.-owned foreign businesses.*

## 2. Lending by Financial Institutions

*To reduce the balance-of-payments deficit by at least another \$500 million, I have requested and authorized the Federal Reserve Board to tighten its program restraining foreign lending by banks and other financial institutions.*

Chairman [William McChesney] Martin has assured me that this reduction can be achieved:

—Without harming the financing of our exports;

—Primarily out of credits to developed countries without jeopardizing the availability of funds to the rest of the world.

---

<sup>2</sup> For regulations issued by the Department of Commerce on Jan. 1, see 33 *Fed. Reg.* 49.

Chairman Martin believes that this objective can be met through continued cooperation by the financial community. At the request of the Chairman, however, I have given the Federal Reserve Board standby authority to invoke mandatory controls, should such controls become desirable or necessary.

## 3. Travel Abroad

Our travel deficit this year will exceed \$2 billion. To reduce this deficit by \$500 million:

*—I am asking the American people to defer for the next 2 years all nonessential travel outside the Western Hemisphere.*

*—I am asking the Secretary of the Treasury to explore with the appropriate congressional committees legislation to help achieve this objective.*

## 4. Government Expenditures Overseas

We cannot forgo our essential commitments abroad, on which America's security and survival depend.

Nevertheless, we must take every step to reduce their impact on our balance of payments without endangering our security.

Recently, we have reached important agreements with some of our NATO partners to lessen the balance-of-payments cost of deploying American forces on the continent—troops necessarily stationed there for the common defense of all.

Over the past 3 years, a stringent program has saved billions of dollars in foreign exchange.

I am convinced that much more can be done. *I believe we should set as our target avoiding a drain of another \$500 million on our balance of payments.*

To this end, I am taking three steps.

*First, I have directed the Secretary of State to initiate prompt negotiations with our NATO allies to minimize the foreign exchange costs of keeping our troops in Europe. Our allies can help in a number of ways, including:*

—The purchase in the United States of more of their defense needs.

—Investments in long-term United States securities.

*I have also directed the Secretaries of State, Treasury, and Defense to find similar ways of dealing with this problem in other parts of the world.*

*Second, I have instructed the Director of the Budget to find ways of reducing the number of American civilians working overseas.*

*Third, I have instructed the Secretary of Defense to find ways to reduce further the foreign exchange impact of personal spending by U.S. forces and their dependents in Europe.*

## Long-Term Measures

### 5. Export Increases

American exports provide an important source of earnings for our businessmen and jobs for our workers.

They are the cornerstone of our balance-of-payments position.

Last year we sold abroad \$30 billion worth of American goods.

What we now need is a long-range systematic program to stimulate the flow of the products of our factories and farms into overseas markets.

We must begin now.

Some of the steps require legislation:

*I shall ask the Congress to support an intensified 5-year, \$200 million Commerce Department program to promote the sale of American goods overseas.*

*I shall also ask the Congress to earmark \$500 million of the Export-Import Bank authorization to:*

*—Provide better export insurance.*

*—Expand guarantees for export financing.*

*—Broaden the scope of Government financing of our exports.*

Other measures require no legislation.

I have today directed the Secretary of Commerce to begin a Joint Export Association Program. Through these associations, we will provide direct financial support to American corporations joining together to sell abroad.

And finally, the Export-Import Bank—through a more liberal rediscount system—will encourage banks across the Nation to help firms increase their exports.

### 6. Nontariff Barriers

In the Kennedy Round, we climaxed three decades of intensive effort to achieve the greatest reduction in tariff barriers in all the history of trade negotiations. Trade liberaliza-

tion remains the basic policy of the United States.

We must now look beyond the great success of the Kennedy Round to the problems of nontariff barriers that pose a continued threat to the growth of world trade and to our competitive position.

American commerce is at a disadvantage because of the tax systems of some of our trading partners. Some nations give across-the-board tax rebates on exports which leave their ports and impose special border-tax charges on our goods entering their country.

International rules govern these special taxes under the General Agreement on Tariffs and Trade. These rules must be adjusted to expand international trade further.

In keeping with the principles of cooperation and consultation on common problems, I have initiated discussions at a high level with our friends abroad on these critical matters—particularly those nations with balance-of-payments surpluses.

These discussions will examine proposals for prompt cooperative action among all parties to minimize the disadvantages to our trade which arise from differences among national tax systems.

We are also preparing legislative measures in this area whose scope and nature will depend upon the outcome of these consultations.

*Through these means we are determined to achieve a substantial improvement in our trade surplus over the coming years. In the year immediately ahead, we expect to realize an improvement of \$500 million.*

### 7. Foreign Investment and Travel in U.S.

We can encourage the flow of foreign funds to our shores in two other ways:

*—First, by an intensified program to attract greater foreign investment in U.S. corporate securities, carrying out the principles of the Foreign Investors Tax Act of 1966.*

*—Second, by a program to attract more visitors to this land. A special task force, headed by Robert McKinney of Santa Fe, New Mexico, is already at work on measures to accomplish this. I have directed the task force to report within 45 days on the immediate measures that can be taken and to make its long-term recommendations within 90 days.*

## Meeting the World's Reserve Needs

Our movement toward balance will curb the flow of dollars into international reserves. It will therefore be vital to speed up plans for the creation of new reserves—the special drawing rights—in the International Monetary Fund. These new reserves will be a welcome companion to gold and dollars and will strengthen the gold exchange standard. The dollar will remain convertible into gold at \$35 an ounce, and our full gold stock will back that commitment.

## A Time for Responsibility

The program I have outlined is a program of action.

It is a program which will preserve confidence in the dollar, both at home and abroad.

The U.S. dollar has wrought the greatest economic miracles of modern times.

It stimulated the resurgence of a war-ruined Europe.

It has helped to bring new strength and life to the developing world.

It has underwritten unprecedented prosperity for the American people, who are now in the 83d month of sustained economic growth.

A strong dollar protects and preserves the prosperity of businessman and banker, worker and farmer—here and overseas.

The action program I have outlined in this message will keep the dollar strong. It will fulfill our responsibilities to the American people and to the free world.

I appeal to all of our citizens to join me in this very necessary and laudable effort to preserve our country's financial strength.

## President Signs Executive Order on Capital Transfers Abroad

### AN EXECUTIVE ORDER<sup>1</sup>

#### GOVERNING CERTAIN CAPITAL TRANSFERS ABROAD

By virtue of the authority vested in the President by section 5(b) of the act of October 6, 1917, as amended (12 U.S.C. 95a), and in view of the continued existence of the national emergency declared by Proclamation No. 2914 of December 16, 1950, and the importance of strengthening the balance of payments position of the United States during this national emergency, it is hereby ordered:

<sup>1</sup> No. 11387; 33 *Fed. Reg.* 47.

1. (a) Any person subject to the jurisdiction of the United States who, alone or together with one or more affiliated persons, owns or acquires as much as a 10% interest in the voting securities, capital or earnings of a foreign business venture is prohibited on or after the effective date of this Order, except as expressly authorized by the Secretary of Commerce, from engaging in any transaction involving a direct or indirect transfer of capital to or within any foreign country or to any national thereof outside the United States.

(b) The Secretary of Commerce is authorized to require, as he determines to be necessary or appropriate to strengthen the balance of payments position of the United States, that any person subject to the jurisdiction of the United States who, alone or together with one or more affiliated persons, owns or acquires as much as a 10% interest in the voting securities, capital or earnings of one or more foreign business ventures shall cause to be repatriated to the United States such part as the Secretary of Commerce may specify of (1) the earnings of such foreign business ventures which are attributable to such person's investments therein and (2) bank deposits and other short term financial assets which are held in foreign countries by or for the account of such person. Any person subject to the jurisdiction of the United States is required on or after the effective date of this Order, to comply with any such requirement of the Secretary of Commerce.

(c) The Secretary of Commerce shall exempt from the provisions of this section 1, to the extent delineated by the Board of Governors of the Federal Reserve System (hereinafter referred to as the Board), banks or financial institutions certified by the Board as being subject to the Federal Reserve Foreign Credit Restraint Programs, or to any program instituted by the Board under section 2 of this Order.

2. The Board is authorized in the event that it determines such action to be necessary or desirable to strengthen the balance of payments position of the United States:

(a) to investigate, regulate or prohibit any transaction by any bank or other financial institution subject to the jurisdiction of the United States involving a direct or indirect transfer of capital to or within any foreign country or to any national thereof outside the United States; and

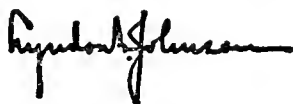
(b) to require that any bank or financial institution subject to the jurisdiction of the United States shall cause to be repatriated to the United States such part as the Board may specify of the bank deposits and other short term financial assets which are held in foreign countries by or for the account of such bank or financial institution. Any bank or financial institution subject to the jurisdiction of the United States shall comply with any such requirement of the Board on and after its effective date.

3. The Secretary of Commerce and the Board are respectively authorized, under authority delegated to each of them under this Order or otherwise available to them, to carry out the provisions of this Order, and to prescribe such definitions for any terms used herein, to issue such rules and regulations, orders, rulings, licenses and instructions, and to take such other actions, as each of them determines to be necessary or appropriate to carry out the purposes of this Order and their respective responsibilities hereunder. The Sec-

retary of Commerce and the Board may each redelegate to any agency, instrumentality or official of the United States any authority under this Order, and may, in administering this Order, utilize the services of any other agencies, Federal or State, which are available and appropriate.

4. The Secretary of State shall advise the Secretary of Commerce and the Board with respect to matters under this Order involving foreign policy. The Secretary of Commerce and the Board shall consult as necessary and appropriate with each other and with the Secretary of the Treasury.

5. The delegations of authority in this Order shall not affect the authority of any agency or official pursuant to any other delegation of presidential authority, presently in effect or hereafter made, under section 5 (b) of the act of October 6, 1917, as amended (12 U.S.C. 95a).



THE WHITE HOUSE  
10:45 a.m., Jan. 1, 1968.  
*L.B.J. Ranch.*

## U.S.—Japan Economic Talks To Be Held at Honolulu

White House press release (San Antonio, Tex.) dated December 28

The White House announced on December 28 the first meeting of the Subcommittee of the Joint United States—Japan Committee on Trade and Economic Affairs will be held in Honolulu, Hawaii, January 25–26. The Subcommittee was established during the November 14–15 meetings between President Lyndon B. Johnson and Japanese Prime Minister Eisaku Sato.<sup>1</sup>

At the first meeting, the Japanese delegation will be headed by Haruki Mori, Deputy Vice Minister of Foreign Affairs. The United States delegation will be headed by Anthony M. Solomon, Assistant Secretary of State for Economic Affairs.

The agenda of the meeting includes a review

<sup>1</sup> For background, see BULLETIN of Dec. 4, 1967, p. 742.

of the economic situation in Japan and the United States, balance of payments cooperation, and a review of the international economic situation.

## Hearings To Begin March 25 on Future U.S. Trade Policy

Public hearings on future U.S. trade policy are to begin in Washington March 25, it was announced on December 14 by William M. Roth, the President's Special Representative for Trade Negotiations. The hearings will be held in connection with a study of future U.S. trade policy which, at the direction of the President, the Office of the Special Representative is conducting.

In announcing the hearings, Ambassador Roth declared: "Our foreign trade is of great importance to all Americans, and we want as many as possible to have the opportunity to submit their recommendations and suggestions for U.S. policy in this field."

The topics on which testimony is invited include the competitive position of the United States in world trade; foreign trade and foreign investment; trade and employment; trade in agricultural products; East-West trade; non-tariff measures, such as border taxes and variable import levies; the trade interests of the developing countries; the impact of imports; and export promotion. A notice appearing in the Federal Register contains a fuller list of the topics.<sup>1</sup>

The hearings will be conducted by the Trade Information Committee of the Office of the Special Representative for Trade Negotiations and will be chaired by Louis C. Kranthoff II of the Office. The other members of the Committee are from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury.

<sup>1</sup> 32 Fed. Reg. 17997.

## Secretary Rusk's News Conference of January 4

Press release 1 dated January 4

Good afternoon, ladies and gentlemen. I might not be able to meet today the high standard of controversy which some of you found in my last press conference in October,<sup>1</sup> but I am glad to have a chance to meet with you briefly to look over some of the developments of '67 and some of the agenda for '68.

I want to thank you for the reception you kindly gave me last week and to wish each of you a good 1968.

During the month of December, I tried to call attention to some of the constructive developments during 1967 despite the pain and the violence in Southeast Asia and the Middle East. It was a productive year. President Johnson was able to hold an unparalleled number of talks with chiefs of state, chiefs of governments from all over the world—perhaps through a combination of coincidence involving his normal schedule and EXPO 67, the Punta del Este Summit with the inter-American Presidents, and the Manila Summit—but it was a very busy year, with the conclusion of the Kennedy Round and the decisions of the Monetary Fund on liquidity, the conclusion of the Space Treaty, the great decisions taken at Punta del Este by the Presidents of the hemisphere on the Common Market in Latin America, a new impetus for the Alliance for Progress, dramatic developments in Asia, including the establishment as a growing concern of the Asian Development Bank, a much more active regional cooperation among the free nations of Asia—and a clear, I think, turn of events on the ground, as far as Viet-Nam is concerned.

And 1968 will be, indeed, a very busy year. I would not want to spell out the agenda in any detail, because by omission I might cause offense to someone.

Obviously, our great preoccupation will be

<sup>1</sup> BULLETIN of Oct. 30, 1967, p. 555.

peace in Southeast Asia. We maintain the position that peace must be established on a durable basis there—on a basis in which all nations, including the small nations of Southeast Asia, can live secure from harassment and violence thrown against them from outside their borders.

I know that you're interested in the recent statement by the North Vietnamese Foreign Minister [Nguyen Duy Trinh]; and in any such statement of that sort there are two questions: First, what did he say? And secondly, what did he mean?

The first is fairly clear in terms of the text of what he said. I've seen a good deal of speculation about what he meant and some clarification by Hanoi correcting some of that speculation; but to determine what he meant is a more complicated business and has to be pursued by means other than public declarations on both sides, and that clarification will be sought.

As far as the United States is concerned, I would call your attention once again to what the President said in San Antonio. He said that:<sup>2</sup>

The United States is willing to stop all aerial and naval bombardment of North Viet-Nam when this will lead promptly to productive discussions. We, of course, assume (he continued) that while discussions proceed, North Viet-Nam would not take advantage of the bombing cessation or limitation.

And that remains the position of the United States, and what we need to do is find out whether there's any increasing compatibility between the statements made by the two sides.

We will keep in very close touch with the Government of South Viet-Nam and with the other allies who have forces engaged in the conflict and we will pursue as skillfully as we can the other question of finding out whether there's been any change in the situation.

I cannot tell you today whether there's been

<sup>2</sup> For President Johnson's address at San Antonio, Tex., on Sept. 29, 1967, see *ibid.*, Oct. 23, 1967, p. 519.



a change or not. Some of these statements have referred back to the statement made by Hanoi in January.

We know that they have issued orders for an intensified offensive during the winter season. We can't help but take note of the fact that there was an intolerable violation of the recent New Year's cease-fire with a two-battalion attack on a base camp of American forces while that cease-fire was supposed to be effective, leading to the loss of life of American soldiers and a large loss of life on the part of the enemy, and that a similar large-scale attack was delivered on Vietnamese forces during the same period.

These all have some bearing on the situation. However, the determined policy of the United States is to find a means to move toward peace in Southeast Asia, if possible; and that will be explored fully. If there's a desire for peace, the United States, as President Johnson has said more than once, will go more than halfway to find peace.

But this is more complicated than it sounds at first blush, and it would be necessary to find, learn in detail, what the other side has in mind.

We shall also be working very hard on peace in the Middle East. At the present time, we are backing completely the efforts of Ambassador [Gunnar] Jarring, who's representing the United Nations in that area as a result of a unanimous Security Council resolution in late November.<sup>3</sup> Our own position will be based upon President Johnson's five points of last June;<sup>4</sup> but we will use our influence, publicly and privately, to help Ambassador Jarring's mission achieve success.

We want very much to see the basis for a durable and permanent peace in that troubled part of the world.

### **The President's Balance-of-Payments Program**

We shall, of course, be giving great attention to the carrying out of the President's balance-of-payments program announced on January 1st.<sup>5</sup> That was a far-reaching, decisive, courageous program to bring our balance-of-payments situation nearer to equilibrium.

Now, we had in mind, when that program was developed, the hope that we could take measures which would not concentrate just on one or two elements of our society but would broadly share the burdens, which would get the job done, without intruding into three important inter-

ests: one, the effort of the developing countries to generate momentum in their own economic and social development; secondly, the necessity for maintaining the security arrangements overseas which are required for the peace and stability of the free world; and third, to avoid measures which might start a descending spiral in limitation of trade, because in that direction would come costs for everyone; and even if equilibrium were established at some point, it might be at a much lower level of trade for everybody. And we think this program is designed to do that.

### **The Travel Deficit**

I would like to support, strongly and personally, the call which the President made on American citizens to forgo unnecessary travel outside the Western Hemisphere in the next 2 years. There are good reasons for that, even though no one likes to ask people to change their personal plans. But in 1967, Americans will have spent \$4 billion on tourism outside the country: visitors to the United States will have spent some \$2 billion, leaving a gap there of about \$2 billion.

Now, this is a dramatic increase in the situation even since 1966. I think the sharp increase in American tourism abroad reflects the continuing prosperity of the American economy and the American people, but we feel that when we're talking about \$4 billion of expenditures by tourists abroad that we're entitled to ask people to forgo unessential travel so that we can save something like \$500 million of that in our balance-of-payments account.

I cannot speculate with you today about what particular measures might be considered by the Congress when they come back. The Secretary of the Treasury has the responsibility for considering what action Congress might take in this field. But we very much hope that just as there was a dramatic and somewhat unexpected rapid increase in tourism in 1967, personal decisions can lead to a reduction so that by a combination of reduced American travel and increased foreign travel in the United States, we can achieve the balance-of-payments objective.

We will continue to work on such subjects as

<sup>3</sup> For text, see *ibid.*, Dec. 18, 1967, p. 843.

<sup>4</sup> For President Johnson's address at Washington, D.C., on June 19, 1967, see *ibid.*, July 10, 1967, p. 31.

<sup>5</sup> See p. 110.

the nonproliferation treaty. We would like very much to bring that to an early conclusion. I am not too pessimistic about that at the moment, but we ought to move on from there into other elements of disarmament—not only the arms race between the largest powers but neighborhood arms races which also are a burden upon the peoples of these other areas and are sources of tension and potential danger.

We have the decisions of the inter-American Presidents about this hemisphere in which we will be much involved, and the Alliance for Progress, the decision to move toward a common market.

So that these are just some of the high points in a very busy agenda for 1968. And we can hope, as we begin the new year, that somehow we can move closer toward a stable and reliable peace in the world.

I am ready for your questions.

### Talks With Cambodian Government

*Q. Mr. Secretary, will Ambassador [Chester] Bowles be making any contacts with the North Vietnamese or the Viet Cong in connection with Mr. Trinh's statement?*

A. We don't expect him to.

As you know, Ambassador Bowles is going to Phnom Penh in a few days to talk with Prince Sihanouk and members of his Government about the problem of maintaining the independence and territorial integrity and neutrality of Cambodia.

Prince Sihanouk, rightly, is deeply concerned about not being engaged in the situation of violence across his borders. We strongly support him in that desire. We have no desire whatever to see Cambodia involved in the conflict in Viet-Nam, in Laos.

We would hope very much that his desire to strengthen the ICC [International Control Commission] in order to give better assurance to Cambodia that its neutrality will be respected can in fact meet response from all sides.

We hope that those involved with the ICC will agree to do so, and we hope that the North Vietnamese, the Viet Cong forces who have violated Cambodian neutrality, will realize that this is beyond the rules and that they should stay out of Cambodia and not involve that country in the present conflict.

We will be doing our best on that, and we have been glad to see that Prince Sihanouk is

willing to discuss these matters seriously with us. He can be assured of our fullest cooperation in maintaining the peace and neutrality of Cambodia.

*Q. Mr. Secretary, in view of the Prince's unexpected swing-about in his recent statement, have you any feeling on who he thinks is winning in South Viet-Nam at the moment?*

A. No. I wouldn't want to speculate on that point. I think that his principal preoccupation is Cambodia. I think he wants to keep Cambodia out of this struggle, and we are ready to cooperate with him fully on our side and we hope that others would do the same. But I would not want to try to speculate about what might be in his mind on other questions.

### North Vietnamese Statement Needs Clarifying

*Q. Mr. Secretary, you point out that one part of Trinh's statement is the question of what he said, and one is what he meant. I assume that you are not going to tell us what you think he meant, but with regard to what he said, do you consider that formulation of their position to be a more flexible one than you have heard from them before?*

A. Well, I think that the use of the word "will" instead of "could" or "would" seems to be a new formulation of that particular point, but that leaves a great many questions still open. And we need to clarify what else goes along with it and what that word in fact means.

*Q. Mr. Secretary, in this connection, do you have the impression, sir, as a result of this Trinh statement that in fact the negotiating positions of both sides, Washington and Hanoi in this case, are becoming somewhat closer and that this means that negotiations are closer?*

A. I wouldn't want to make that judgment now because we need to explore fully what is behind this statement, what it means in its context, how it relates to President Johnson's statement at San Antonio, and how it relates to their intentions on the ground.

*Q. Mr. Secretary, the Trinh statement refers again to the willingness under those circumstances to discuss what he calls "relevant questions." From your standpoint, what would be the relevant questions to discuss with North Viet-Nam?*

A. Well, I think I would prefer not to spell

that out in any detail, because one of the things that we want to know is what they consider relevant questions to be.

If it has solely to do with what is happening in North Viet-Nam, that is one thing. If it has to do with making peace in Southeast Asia, that is something else.

But these are matters that need clarification and this is not the way to clarify them, by making public statements.

*Q. Do you mean by that if it has only to do with matters in North Viet-Nam, that is not sufficient?*

A. I don't mean anything myself yet. I am trying to find out what they mean. I am just pointing that out as an example of a point that needs clarification.

*Q. How do you get out of the Gaston-Alphonse act?*

A. Well, that is more a problem for public speculation and for the reporters than it is for us who are in the business. We have ways and means of clarifying these things.

*Q. Mr. Secretary, has the United States yet begun its explorations to clarify these questions, or does that await further consultation with Allied nations?*

A. Well, I am a little hesitant to comment on that. I think that you can assume that if you were in my position you would try to clarify these matters without delay.

But I have noticed already that about six different capitals have been involved in speculation in this matter. I expect at least six additional capitals to be involved in speculation before your colleagues overseas get through with it. I would not object to that. I think that if you're not careful, you will hurt someone's feelings if you don't include them in this party. [Laughter.]

But nevertheless, we will have our means to clarify these matters, and I'd like to preserve those means by not discussing them here.

*Q. Well, just to follow up on that, sir, it wasn't entirely clear to me from your earlier response whether or not you do foreclose the possibility that the explorations that Ambassador Bowles will be conducting in Phnom Penh may or may not interweave in the discussions about Minister Trinh.*

A. The question hadn't even come up until

## Ambassador Bowles Designated for Mission to Cambodia

*White House Announcement, January 4*

White House press release (San Antonio, Tex.) dated January 4

The United States Government is sending a representative to Cambodia in response to the indication given by His Highness Prince Norodom Sihanouk, Chief of State of Cambodia, that he would agree to receive an emissary of President Johnson. Ambassador Chester Bowles [U.S. Ambassador to India] has been selected for this mission, and the Governments of Cambodia and the United States are in agreement that Mr. Bowles should arrive in Phnom Penh within the next few days.

you gentlemen raised it today. The arrangements were made for him to go to Phnom Penh to talk to Prince Sihanouk. He has no other appointments, and we have no indication that anyone else is asking to see him. So, if I were you, I'd concentrate on the Cambodian problem as far as Ambassador Bowles is concerned.

### Question of Cambodian Frontiers

*Q. Mr. Secretary, do you think there is a possibility of getting another Geneva conference or some kind of an internationalization of the question of Cambodian frontiers?*

A. We have been ready for years to go to a conference on Cambodia, and to take the steps that are necessary to assure the territorial integrity and the neutrality of Cambodia. We have been disappointed that even that limited step has been denied the Geneva machinery thus far.

We would hope that if a conference is not possible, the ICC itself, within the existing arrangements, could take action that would be of assistance in this field.

Yes, we are ready for a Geneva conference on Cambodia, on Laos, on South Viet-Nam, North Viet-Nam, on any part of the Southeast Asian problem or all of it. And that has been our position for a long time, as you know.

*Q. Mr. Secretary, my question was: do you have any more optimism at the present that such a conference is possible?*

A. No, I think the question of the particular

machinery is still open. Our view is that the existing machinery on the ground is able to deal with this problem more effectively if the member governments are prepared to act in that direction and if Prince Sihanouk is prepared for it to happen in his country, as he seems to be.

Now, the three members of the ICC are India, Canada, and Poland. If all three of them took a fully cooperative attitude on this matter, we think they could accomplish a good deal; and we think some of them will take a very cooperative attitude. But Prince Sihanouk indicated that he did not have the impression that there was full cooperation from Poland on this particular point.

*Q. Mr. Secretary, Prince Sihanouk's public message indicated that the door was open for hot pursuit into his territory providing it came under certain circumstances. What is the U.S. reaction to that?*

A. Well, I think that should be treated as a hypothetical question at the present time.

What we want to do is to eliminate that question by eliminating the conditions that even bring up the question. If the Cambodian Government with the assistance of the ICC can assure its own neutrality and its own territorial integrity, then the question you refer to does not arise.

Now, that, we much prefer. And it is not our desire to involve other countries or other areas in this struggle. It is not our desire in any sense of the word. So we are concentrating at the present time on the question of removing the causes of the problem, rather than trying to find an answer to that particular question.

*Q. Mr. Secretary, do you have the—*

A. Yes, sir.

*Q. This is something that is totally within the purview of your Department, and I think that we can get some clarification. For about 3 years now your Department has been involved in an investigation involving illegal wiretapping and eavesdropping, and I would like to find out now if you could tell us who was responsible for the illegal wiretapping and eavesdropping initially, and also, who had custody of the recordings on that illegal wiretapping, and who authorized the destruction of the recordings, which were rather important evidence.*

A. Well, I am not familiar with the details of your question.

*Q. This is the Otepka case it came off of.*

A. Well, it is one of the questions that I feel more suitable to the House of Commons, in which I need notice. Because, quite frankly, I don't have the answer in my head at the present.

*Q. Well, it happened 3 years ago, Mr. Secretary, and you said at that time it was under study, and I thought now after 3 years it was about time enough to make the determination.*

A. Well, since you related this to the Otepka case, I would have to say that since that matter is now under appeal I am not going to get into it in any way.

*Q. Well, Mr. Secretary, this is unrelated to the Otepka case itself. This matter deals with the handling of personnel matters within your Department. Do you condone or approve illegal wiretapping and eavesdropping? That is the point.*

A. I don't condone anything that is illegal, I assure you.

*Q. Do you condone these specific acts, and have you done anything about the people involved?*

A. I don't know what specific acts you are talking about. If you are talking about something 3 years ago and you are talking about something involved in the Otepka case, I am not going to comment on it.

*Q. A complete secrecy curtain then. Is that it?*

A. No. I am just not going to comment on a case that is pending on appeal before the Civil Service Commission.

## **Tourism and the Balance of Payments**

*Q. On balance of payments, sir, you were talking about persuading fewer Americans to travel and to get more foreigners to travel. Two questions: Do you think that you can persuade more foreigners to come here when fewer Americans are going overseas? And, second, isn't this an extremely dangerous principle to try and balance the amount of tourists going in and out of the United States—which is a principle which, if applied to the rest of American foreign trade, would take us straight back to pre-Cordell Hull isolationism, wouldn't it?*

A. I think during 1967 an unusual number of Americans made decisions to go abroad. We

would like to see, in 1968, those decisions cut back to something more near normal in these more recent years; and if so, that would achieve the targets that we are talking about.

No, we don't particularly like the necessity of asking American citizens to defer foreign travel. There is a good deal of foreign travel that is essential, and of course that will be taken fully into account in anything that is done in this field.

But we are faced with the fact that there are some things that we can't afford in the immediate future. One of them is the rate of investment, private investments, one of them is the level of the extension of bank credit. Another is the amount of tourism. We have got to make adjustments at a number of points here if we are to meet our balance-of-payments objectives.

*Q. Mr. Secretary, will you encourage Senator [J. W.] Fulbright to go ahead with his projected investigation of the Tonkin Gulf incident; and if so, why?*

A. Oh, I have no objection to his inquiring into that. I have no doubt about what the answers will be. But I have no objection to it.

*Q. Mr. Secretary?*

A. Yes, sir.

#### **U.S. Position on Viet-Nam Cease-Fire**

*Q. Mr. Secretary, over the years we have had a variety of statements from yourself, the President, Mr. Goldberg [Arthur J. Goldberg, U.S. Representative to the United Nations], and others about the conditions under which we might stop the bombing of North Viet-Nam, which has always left me a little confused about your position, as well as Hanoi's. Now, today, you have referred to the President's San Antonio speech, in which he wants productive talks and assumes that the enemy will not take advantage of the cease-fire. This would seem to imply that the United States is requiring a complete cessation of the enemy military activity if we stop the bombing. Is this correct? And, if it is not correct, would you straighten me out?*

A. Well, I have to go back to a point that I made frequently before: and that is that when you get into detailed interpretations of language that affects war and peace you need to clarify those and touch with those that can stop the shooting. That is, make those a matter of discussion with representatives of the other side,

or intermediaries. It would not be, I think, appropriate for me to try to spell out what that assumption means. I have no doubt at all that Hanoi understands a good deal about what that assumption means. And we would be interested, if they are interested, in discussing what it means.

But these are matters that are for discussion and negotiation, matters on which we are in touch with our allies. It is not something which can be, I think, usefully spelled out by one side in the absence of effective contact and discussion with the other side engaged in the conflict.

*Q. Mr. Secretary, in connection with the Eshkol [Levi Eshkol, Prime Minister of Israel] visit and in view of the Soviet arms shipment to the Arabs, do you think it is justified to ask for a request for American arms to Israel and are you willing to give them?*

A. Well, I would not want to give an answer to that question today. Prime Minister Eshkol is to be here on a visit. I think the general situation in the Middle East will be discussed, including the security situation and the possibilities of moving toward a peaceful settlement there. I would not want to anticipate a question of that sort just at this stage.

*Q. Mr. Secretary, from our point of view, would we be willing—as we did in Korea—to talk as we fight? In other words, can you conceive of the possibility of truce talks while the fighting continues?*

A. I would have to simply take you back to the President's San Antonio formula on that question.

*Q. Mr. Secretary, in relation to this current diplomatic exploration, is it your impression that Moscow and Peiping are now prepared to use their influence to bring this war to a negotiated end?*

A. No, we have no impressions of their attitude at this point. We may get some more firm information on that. It is my impression that Moscow has simply repeated the statement as it was made in Hanoi. I haven't myself noticed anything that Peiping has said about it. I wouldn't want to speculate on what either one of those steps might have meant.

*Q. Mr. Secretary?*

*Q. Mr. Secretary, in connection with both the President's San Antonio statement and Foreign Minister Trinh's statement, are we not com-*

*mitted to test Hanoi's intentions by stopping the bombing and seeing whether or not there would be talks promptly and productively?*

A. Well, let's find out what they mean. Let's find out what this statement means, as well as what it says. And then we will consider that in relation to the President's San Antonio statement and then see whether any conclusion can be drawn from it.

*Q. Are you satisfied with verbal assurances from them that they intended to go into prompt and productive discussion?*

A. This is not the place for me to answer that question.

*Q. Mr. Secretary?*

A. Yes, sir?

*Q. Why has the Department failed to ask for prosecution for perjury of the three people who were involved in giving misleading and false testimony under oath on this illegal wiretapping?*

A. I believe that is a matter for the—

*Q. And each of the things I have spoken of there are well thought out and if you want to go into any of the terms of illegality and so forth, I would be delighted to discuss those with you. Why haven't you taken action in 4 years?*

A. I think this is a decision for the Department of Justice, based on the record.

*Q. Well, it has not been sent to the Department of Justice, and they were informed, the Assistant Attorney General in charge of the Criminal Division in the last week or two has informed a Member of Congress that it has not been referred to the Department of Justice.*

A. Well, this is not my recollection of it 4 years ago. But nevertheless—

*Q. Do you intend to do something about that, or let the statute of limitations run out, which I understand is a 5-year statute?*

A. I will have to take that under advisement. I don't know.

*Q. Will we get an answer on this later or not?*

A. I don't know whether you will or not.

*Q. Can you evaluate for us the—*

*Q. The Jordanian Government has had before this Government for some time a request for replacement parts for airplanes and arms lost in*

*the June war. The Department says it's under study. Is it still under study, sir, and can you talk about the reasons for that?*

A. It's still under study, yes.

### Efforts Toward Peace in Middle East

*Q. Can you evaluate for us the role of the Soviet Union in the Middle East today?*

A. The question was evaluating the role of the Soviet Union in the Middle East today.

*Q. Mr. Secretary—*

A. I'm not going to say very much about that. You gentlemen asked me a good many questions today about the future and about the evaluations that I should not get into. We hope that they will give their full support to the Security Council's resolution of late November. We believe that their own interests would lead them to want peace in the Middle East, as our interests would lead us to want peace in the Middle East.

We know that there are some differences about the order in which one proceeds from one question to the next. As you know, they have felt in the past that full withdrawal by Israeli forces to the pre-June 5 position was a prerequisite for action on other questions.

The Security Council resolution found, I think, a better and more comprehensive answer to that question, and they voted for that resolution.

We would hope that they would work within the framework of the Security Council and in support of Ambassador Jarring to help find the basis for a permanent settlement there. And I think that there is some possibility that their influence can be in the direction of moderation.

We also would hope that they would become more interested in finding some means of limiting the arms race in that area. Because none of these countries can feel secure unless there is some sense of limit on the arms or the build-up in one or another country. And on that they can make a very substantial contribution.

But the real answer to your question is we will just have to see as we move in the weeks ahead to support Ambassador Jarring's efforts.

*Q. Mr. Secretary, are—*

*Q. Mr. Secretary, there were a number of stories in recent weeks about consideration being given within the administration to the pol-*

icy of hot pursuit across the Cambodian border. I wonder, in the context of those reports that are before us, if you would comment on how well founded they were and whether there is some kind of feeling of urgency—or time limitation on the discussion with the Cambodians and the ICC on this matter?

A. No. I indicated earlier that our major objective in this situation is to find a way to remove the presence of North Vietnamese and Viet Cong elements on Cambodian territory and therefore eliminate the problem, rather than to have to pose and face that question.

We think this is also Prince Sihanouk's great concern—it is to remove the problem, rather than trying to find one or another kind of answer to it, in the event the North Vietnamese and Viet Cong forces remain on Cambodian territory. So this will be our principal preoccupation.

There was a question?

*Q. Yes, sir. I wonder if you feel that Ho Chi Minh is making peace feelers?*

A. I don't know yet. I don't know yet.

*Q. Mr. Secretary—*

A. Yes, sir?

*Q. A number of administration officials have said that we have been making significant progress militarily in Viet-Nam but none has, as far as I know, suggested that North Viet-Nam is in dire straits or near collapse. I wondered whether there is any feeling here that Hanoi might be trying to set up the President for a worldwide propaganda attack on his credibility as a seeker of peace in this latest business?*

A. That's always a possibility, but I wouldn't want to make a judgment on that until we have explored more fully just what is behind this statement and what it means. I think it would be premature for me to brush this aside as purely a propaganda play.

Now, one has to be careful and watchful about these things if it does represent a movement. And we are interested in movements toward a peaceful settlement. If it is not that, then we will have to face that and draw the consequences from it. But I wouldn't want to characterize this statement today as either a peace feeler, as indicated by the earlier question, or as purely a propaganda move.

*Q. Mr. Secretary—*

*Q. Mr. Secretary, returning to Laos—*

A. Yes?

*Q. How do you read the recent enemy attacks in Laos? Is this an annual dry-season search for food, or does it indicate some more aggressiveness on the part of North Vietnamese troops?*

#### North Vietnamese Attacks in Laos

A. Some of it seems to be seasonal in character. Our friends in Laos feel that it is somewhat more than seasonal. We have been watching it very carefully and trying to keep up with it. We have noticed continued movements through Laos and the use of the Ho Chi Minh Trail, and operations seem to be associated with that.

There have been additional operations against elements loyal to the government that are in scattered positions up in the northeast. And we have seen some increase in traffic, truck traffic, from North Viet-Nam over in that direction. There, again, is a point where a desire for peace could be registered very quickly.

Those who look upon Ho Chi Minh simply as a nationalist have difficulty in explaining why he is causing so much trouble in Laos, which is not Vietnamese at all or, indeed, causing so much trouble in Thailand. We would be very glad to see the Geneva machinery moved promptly to bring about a 1,000-percent compliance with the Laos accords of 1962 by all parties. And that would be a giant step toward peace in Southeast Asia.

So we feel the Laotians have a claim upon all of us for full compliance with those agreements. They are recent. They were based upon coalition arrangements inside Laos, the neutralization of Laos; and these agreements were signed by all the parties now engaged in this affair. So we would be very much impressed if all the signatories to the Laos accord would move to let these Laotian people at least take care of their own affairs, without being interfered with from the outside, and would give it our maximum cooperation.

*Q. Mr. Secretary, is it possible—*

*Q. Mr. Secretary, in Europe, the balance-of-payments situation, do you expect a fresh round of talks with the West German Government and others on this problem?*

A. Well, we will be talking to the Federal Republic of Germany and others about the prob-

lem of neutralizing the foreign exchange costs of American troops stationed abroad. I must say that we have been very appreciative and much encouraged by the initial responses which we have had from other governments about the President's balance-of-payments program.

Mr. [Nicholas deB.] Katzenbach is in Europe. Mr. Eugene Rostow is in Asia. And we have had very good first talks with governments in detail about the program and have been very much encouraged by the attitude that they have taken. I think they understand that they themselves have a considerable interest in this issue, partly because of the importance to them of the American economy; partly because of their common interest in the dollar as a vehicle of international exchange; and partly because of a necessity for close cooperation among those of us whose futures are interlinked to the extent that they are between us and our friends in Western Europe.

*Q. Mr. Secretary, thank you very much.*

*A. You're much obliged.*

## **U.S. Releases Note to Cambodia on Violations of Its Territory**

Press release 306 dated December 27

*Following is the text of the U.S. Government note to the Royal Cambodian Government transmitted by the Embassy of Australia at Phnom Penh on December 4.*

The United States has regretted the impairment of its relations with Cambodia. Despite differences, however, the United States continues to respect the neutrality, sovereignty, independence and territorial integrity of Cambodia.

A particularly distressing problem dividing the United States and Cambodia arises out of incidents in the Cambodia-South Viet-Nam border area. The United States wishes to emphasize that American forces operating in South Viet-Nam are engaged in conflict with Viet Cong-North Vietnamese forces committing aggression against South Viet-Nam. The American forces have no hostile intentions toward Cambodia or Cambodian territory. The root cause of incidents affecting Cambodian territory

is the Viet Cong and North Vietnamese presence in the frontier region, and their use of Cambodian territory in violation of the neutrality of Cambodia.

The United States has offered to cooperate in seeking a solution to this problem. Following the suggestion of His Royal Highness Prince Sihanouk for more effective action by the International Control Commission, made most notably in December of 1965, the United States has consistently supported such action and has indicated its willingness to consider sympathetically any request for specific assistance to this end.

At the time, the Royal Cambodian Government suggested that the International Control Commission might undertake continuing and effective review of activities in the Port of Sihanoukville, and it was further suggested that the Commission might be expanded so that it could more effectively monitor the border areas between Cambodia and South Viet-Nam.

In addition, the United States has supported an International Conference on Cambodia, and it has also suggested direct, informal talks with Cambodian officials in order to seek an alternative remedy.

The United States is deeply concerned over the critical issue of Viet Cong-North Vietnamese use of Cambodian territory and it wishes to emphasize once more its willingness to cooperate on any reasonable method of controlling this problem.

The Royal Cambodian Government may not be aware of the extent of Viet Cong-North Vietnamese use of its territory, and the United States therefore wishes to provide it with the attached summary<sup>1</sup> of some of the evidence available. The documents and interrogations from which this evidence has been compiled are fully available if desired. Additional evidence received in more recent periods is being assessed, and may be presented to the Royal Cambodian Government at a later time.

The United States believes that the Royal Cambodian Government will share its concern over Viet Cong-North Vietnamese use of neutral Cambodian territory. It is in the spirit of assisting the Royal Cambodian Government in its efforts to prevent violations of its neutral territory that this evidence is presented.

<sup>1</sup> The summary was not made public.



## U.N. Establishes Ad Hoc Committee To Study Use of Ocean Floor

*Following is a statement made in the U.N. General Assembly by U.S. Representative Arthur J. Goldberg on December 18, together with the text of a resolution adopted by the Assembly that day.*

### STATEMENT BY AMBASSADOR GOLDBERG

U.S./U.N. press release 250 dated December 18

Mr. President, the resolution before us marks the first major step by the United Nations in a realm of great significance to all members of this organization. I would like to take this opportunity to reemphasize the position of my country on this very important matter.<sup>1</sup>

First, we believe that the prospects of rich harvest and mineral wealth both in the deep oceans and on the deep ocean floors must not be allowed to create a new form of competition among marine nations.

Second, my nation believes that the nations of the world should take steps to assure that there will be no race among nations to grab and hold the lands under the high seas. The deep ocean floor should not be allowed to become a stage for competing claims of national sovereignty.

Third, we must insure that the oceans and the deep ocean bottoms remain, as they are, the legacy of all human beings and that the deep ocean floor will be open to exploration and use by all states, without discrimination.

Fourth, my nation stands ready to join with all other nations to achieve these objectives in peace and under law.

My country supports the resolution to establish an *ad hoc* committee as a first step in this direction.

We believe that the study which the commit-

tee is asked to prepare will constitute a most useful basis for future decisions of the General Assembly. We particularly hope that the 23d General Assembly, as the result of the work of this *ad hoc* committee, will be in a position to establish a Committee on the Oceans with a broad mandate to develop law and to promote international cooperation with respect to the ocean and ocean floor.

There is no question that there are many complex and difficult problems—political, legal, scientific, and economic—which are involved in this matter. But I want to make it clear to the General Assembly that I believe the members of the United Nations, working together, can overcome these problems, just as they have overcome equally complex problems in similar areas in the past.

When we made our first proposal for an Outer Space Committee in 1958, there were also many complexities involved. But we now have an important treaty in this area, the Outer Space Treaty, which is the result of the work of the Outer Space Committee. And we now have before us the report of this committee recommending a second important agreement to this Assembly for approval: the Agreement on Assistance to and Return of Astronauts and Space Vehicles. This agreement is another major accomplishment and a testimonial to what the members of the United Nations can achieve, working together, on even the most difficult problems.

In reviewing the debate leading to the draft resolution calling for an *ad hoc* committee to study matters relating to the seabed and ocean floor, I should like to note several points which emerged from the extensive discussions of the matter in the First Committee.

There is a common appreciation of the complexity of this question and of the importance of the General Assembly proceeding with care in addressing the scientific, technical, legal, economic, and arms control issues involved. There is also a general appreciation of the importance of advancing international cooperation in the exploration and use of the ocean and ocean floor. These realizations should permit us to move ahead, carefully but with all deliberate speed—just as we moved ahead carefully but surely in our consideration of outer space.

Finally, because it marks the first step by the General Assembly in a highly complex field and because the question of the future regime of the

<sup>1</sup> For a statement by Ambassador Goldberg made in Committee I on Nov. 8, see BULLETIN of Nov. 27, 1967, p. 723.

ocean floor is a matter of great concern to all nations, we believe it is generally agreed that the principle of consensus be established from the outset. I am sure all members will recall that this was the procedure followed by the Outer Space Committee—and that this procedure has not precluded steady progress, important agreements, and beneficial results.

In mentioning the achievements of the Outer Space Committee, I would not wish to imply that the problems and opportunities of the oceans and of outer space are perfectly analogous. Obviously they are not. The oceans are close at hand; outer space extends beyond us to infinity. Man has traveled and fished on the surface of the oceans since the earliest days of history; outer space, until recently, has remained totally unexplored. And the oceans, which are already being used commercially by man, with rich prospects of food and mineral wealth awaiting further exploration and development, are far more valuable economically than outer space.

Yet both outer space and the sea, through science and technology, promise much to mankind; and both require, for the fulfillment of that promise, that we the nations of this world, through this organization, address ourselves to our tasks in cooperation and not in conflict.

For this reason my delegation strongly supports the resolution to establish this *ad hoc* committee, as the first major step by the United Nations, a step of historical importance, to help mankind develop and make full use of the great benefits which lie in and under the great oceans of the earth.

In closing, my delegation would like to pay tribute to the Government of Malta and to its distinguished representative, whose initiative brought this important matter to the attention of the Assembly.

## TEXT OF RESOLUTION <sup>2</sup>

*The General Assembly,*

*Having considered* the item entitled "Examination of the question of the reservation exclusively for peaceful purposes of the sea-bed and the ocean floor, and the subsoil thereof, underlying the high seas beyond the limits of present national jurisdiction, and the uses of their resources in the interests of mankind",

*Noting* that developing technology is making the sea-bed and the ocean floor, and the subsoil thereof, accessible and exploitable for scientific, economic, military and other purposes,

*Recognizing* the common interest of mankind in the

sea-bed and the ocean floor, which constitute the major portion of the area of this planet,

*Recognizing further* that the exploration and use of the sea-bed and the ocean floor, and the subsoil thereof, as contemplated in the title of the item, should be conducted in accordance with the principles and purposes of the Charter of the United Nations, in the interest of maintaining international peace and security and for the benefit of all mankind,

*Mindful* of the provisions and practice of the law of the sea relating to this question,

*Mindful also* of the importance of preserving the sea-bed and the ocean floor, and the subsoil thereof, as contemplated in the title of the item, from actions and uses which might be detrimental to the common interests of mankind,

*Desiring* to foster greater international co-operation and co-ordination in the further peaceful exploration and use of the sea-bed and the ocean floor, and the subsoil thereof, as contemplated in the title of the item.

*Recalling* the past and continuing valuable work on questions relating to this matter carried out by the competent organs of the United Nations, the specialized agencies, the International Atomic Energy Agency and other intergovernmental organizations,

*Recalling further* that surveys are being prepared by the Secretary-General in response to General Assembly resolution 2172 (XXI) of 6 December 1966 and Economic and Social Council resolution 1112 (XL) of 7 March 1966,

1. *Decides* to establish an *Ad Hoc* Committee to study the peaceful uses of the sea-bed and the ocean floor beyond the limits of national jurisdiction, composed of Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Ceylon, Chile, Czechoslovakia, Ecuador, El Salvador, France, Iceland, India, Italy, Japan, Kenya, Liberia, Libya, Malta, Norway, Pakistan, Peru, Poland, Romania, Senegal, Somalia, Thailand, the Union of Soviet Socialist Republics, the United Arab Republic, the United Kingdom of Great Britain and Northern Ireland, the United Republic of Tanzania, the United States of America and Yugoslavia, to study the scope and various aspects of this item;

2. *Requests* the *Ad Hoc* Committee, in co-operation with the Secretary-General, to prepare, for consideration by the General Assembly at its twenty-third session, a study which would include:

(a) A survey of the past and present activities of the United Nations, the specialized agencies, the International Atomic Energy Agency and other intergovernmental bodies with regard to the sea-bed and the ocean floor, and of existing international agreements concerning these areas;

(b) An account of the scientific, technical, economic, legal and other aspects of this item;

(c) An indication regarding practical means to promote international co-operation in the exploration, conservation and use of the sea-bed and the ocean floor, and the subsoil thereof, as contemplated in the title of the item, and of their resources, having regard to the views expressed and the suggestions put forward by Member States during the consideration of this item at the twenty-second session of the General Assembly;

<sup>2</sup> U.N. doc. A/RES/2340 (XXII); adopted by the Assembly on Dec. 18 by a vote of 99 (U.S.) to 0.

### 3. Requests the Secretary-General:

(a) To transmit the text of the present resolution to the Governments of all Member States in order to seek their views on the subject;

(b) To transmit to the *Ad Hoc* Committee the records of the First Committee relating to the discussion of this item;

(c) To render all appropriate assistance to the *Ad Hoc* Committee, including the submission thereto of the results of the studies being undertaken in pursuance of General Assembly resolution 2172 (XXI) and Economic and Social Council resolution 1112 (XL), and such documentation pertinent to this item as may be provided by the United Nations Educational, Scientific and Cultural Organization and its Inter-governmental Oceanographic Commission, the Inter-governmental Maritime Consultative Organization, the Food and Agriculture Organization of the United Nations, the World Meteorological Organization, the World Health Organization, the International Atomic Energy Agency and other intergovernmental bodies;

4. Invites the specialized agencies, the International Atomic Energy Agency and other intergovernmental bodies to co-operate fully with the *Ad Hoc* Committee in the implementation of the present resolution.

## TREATY INFORMATION

### U.S.—Cyprus Income Tax Convention Terminated

Press release 299 dated December 20

As a result of a notice given by the Government of Cyprus to the Government of the United States on June 6, 1967, the income tax convention of April 16, 1945, between the United States and the United Kingdom, as modified by supplementary protocols of June 6, 1946, May 25, 1954, and August 19, 1957,<sup>1</sup> will cease to be in force between the United States and Cyprus as follows:

(a) as respects United States tax, for the taxable years beginning on or after January 1, 1968;

(b) as respects Cyprus income tax, for any year of assessment beginning on or after January 1, 1968.

<sup>1</sup>Treaties and Other International Acts Series 1546, 3165, and 4124.

The convention of April 16, 1945, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, as modified by the 1946, 1954, and 1957 supplementary protocols, was extended in its application to Cyprus as of January 1, 1959, pursuant to the procedure prescribed in article XXII of that convention. The convention as modified continued in force between the United States and Cyprus on and after August 16, 1960, the date on which Cyprus became an independent nation. The notice of termination given by the Government of Cyprus is in accordance with the provisions of article XXIV of the convention.

## Current Actions

### MULTILATERAL

#### Cereals

Agreement relating to cereals, with annex and schedule. Done at London June 30, 1967.<sup>1</sup>

*Signatures:* Argentina, Australia (ad referendum), Canada, United Kingdom, United States.

#### Safety at Sea

International convention for the safety of life at sea, 1960. Done at London June 17, 1960. Entered into force May 26, 1965. TIAS 5780.

*Acceptances deposited:* Mauritania, December 4, 1967; South Africa, December 13, 1967.

#### Satellite Communications System

Agreement establishing interim arrangements for a global commercial communications satellite system. Done at Washington August 20, 1964. Entered into force August 20, 1964. TIAS 5646.

*Accession deposited:* Uganda, January 5, 1968.

Special agreement. Done at Washington August 20, 1964. Entered into force August 20, 1964. TIAS 5646.

*Signature:* East African External Telecommunications Co., Ltd., for Uganda, January 5, 1968.

#### Trade

Protocol amending the General Agreement on Tariffs and Trade to introduce a part IV on trade and development, and to amend Annex I. Done at Geneva February 8, 1965. Entered into force June 27, 1966. TIAS 6139.

*Acceptances:* Dominican Republic, November 28, 1967; Malaysia, November 20, 1967.

Protocol for the accession of Switzerland to the General Agreement on Tariffs and Trade. Done at Geneva April 1, 1966. Entered into force August 1, 1966. TIAS 6065.

*Acceptance:* Malawi, November 24, 1967.

<sup>1</sup>Not in force.

Protocol for the accession of Yugoslavia to the General Agreement on Tariffs and Trade. Done at Geneva July 20, 1966. Entered into force August 25, 1966. TIAS 6185.

*Acceptances:* Denmark, November 14, 1967; India, November 7, 1967; Malawi, November 24, 1967.

Second procès-verbal extending the declaration of the provisional accession of the United Arab Republic to the General Agreement on Tariffs and Trade. Done at Geneva November 17, 1966. Entered into force January 18, 1967. TIAS 6225.

*Acceptance:* Malawi, November 24, 1967.

Protocol for the accession of Korea to the General Agreement on Tariffs and Trade. Done at Geneva March 2, 1967. Entered into force April 14, 1967. TIAS 6293.

*Acceptances:* Denmark, November 14, 1967; Malawi, November 24, 1967.

Protocol for the accession of Argentina to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force October 11, 1967.

*Acceptances:* Denmark, November 14, 1967; Malawi, November 24, 1967; Netherlands, October 27, 1967; United Kingdom, October 25, 1967.

Protocol for the accession of Iceland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force November 15, 1967.

*Acceptances:* Denmark, November 14, 1967; Malawi, November 24, 1967; Netherlands, October 27, 1967.

Protocol for the accession of Ireland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force December 22, 1967.

*Acceptances:* Denmark, November 14, 1967; Ireland, November 22, 1967; Malawi, November 24, 1967; Netherlands, October 27, 1967.

## BILATERAL

### Argentina

Agreement amending the agreement of August 3 and 8, 1966 (TIAS 6086), relating to the status of the trade agreements of October 14, 1941 (56 Stat. 1685), and July 24, 1963 (TIAS 5402). Effected by exchange of

notes at Buenos Aires December 18 and 27, 1967. Entered into force December 27, 1967.

### Canada

Supplementary convention further modifying and supplementing the convention and accompanying protocol of March 4, 1942, for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, as modified by supplementary conventions of June 12, 1950, and August 8, 1956 (56 Stat. 1399, TIAS 2347, 3916). Signed at Washington October 25, 1966. Entered into force December 20, 1967.

*Proclaimed by the President:* December 27, 1967.

### China

Agreement for sales of agricultural commodities under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D), with annex and related agreement. Signed at Taipei December 12, 1967. Entered into force December 12, 1967.

### Grenada

Agreement relating to the establishment of a Peace Corps program in Grenada. Effected by exchange of notes at Bridgetown and Grenada December 19, 1966, and December 16, 1967. Entered into force December 16, 1967.

### Indonesia

Agreement amending the agricultural commodities agreement of September 15, 1967 (TIAS 6346). Effected by exchange of notes at Djakarta November 6, 1967. Entered into force November 6, 1967.

### Trinidad and Tobago

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment. Signed at Port of Spain December 22, 1966. Entered into force December 19, 1967.

*Proclaimed by the President:* December 28, 1967.

**Asia.** Secretary Rusk's News Conference of January 4 . . . . . 116

**Cambodia**  
 Ambassador Bowles Designated for Mission to Cambodia (White House announcement) . . . 119  
 President Johnson's News Conference of January 1 (excerpts) . . . . . 105  
 Secretary Rusk's News Conference of January 4 . . . . . 116  
 U.S. Releases Note to Cambodia on Violations of Its Territory (text of note) . . . . . 121

**Cyprus.** U.S.-Cyprus Income Tax Convention Terminated . . . . . 127

**Department and Foreign Service.** Secretary Rusk's News Conference of January 4 . . . . 116

**Economic Affairs**  
 Action Program on the Balance of Payments (Johnson) . . . . . 110  
 Hearings To Begin March 25 on Future U.S. Trade Policy . . . . . 115  
 President Johnson's News Conference of January 1 (excerpts) . . . . . 105  
 President Signs Executive Order on Capital Transfers Abroad (text of Executive order) . 114  
 Secretary Rusk's News Conference of January 4 . . . . . 116  
 U.S.-Cyprus Income Tax Convention Terminated . . . . . 127  
 U.S.-Japan Economic Talks To Be Held at Honolulu . . . . . 115

**Europe.** Secretary Rusk's News Conference of January 4 . . . . . 116

**Italy.** President Johnson's News Conference of January 1 (excerpts) . . . . . 105

**Japan.** U.S.-Japan Economic Talks To Be Held at Honolulu . . . . . 115

**Laos.** Secretary Rusk's News Conference of January 4 . . . . . 116

**Near East.** Secretary Rusk's News Conference of January 4 . . . . . 116

**Presidential Documents**  
 Action Program on the Balance of Payments . 110  
 President Johnson's News Conference of January 1 (excerpts) . . . . . 105  
 President Signs Executive Order on Capital Transfers Abroad . . . . . 114

**Science.** U.N. Establishes Ad Hoc Committee To Study Use of Ocean Floor (Goldberg, text of resolution) . . . . . 125

Trade. Hearings To Begin March 25 on Future U.S. Trade Policy . . . . . 115

**Treaty Information**  
 Current Actions . . . . . 127  
 U.S.-Cyprus Income Tax Convention Terminated . . . . . 127

**United Nations.** U.N. Establishes Ad Hoc Committee To Study Use of Ocean Floor (Goldberg, text of resolution) . . . . . 125

**Viet-Nam**  
 President Johnson's News Conference of January 1 (excerpts) . . . . . 105  
 Secretary Rusk's News Conference of January 4 . . . . . 116  
 U.S. Releases Note to Cambodia on Violations of Its Territory (text of note) . . . . . 124

*Name Index*

Bowles, Chester . . . . . 119  
 Goldberg, Arthur J . . . . . 125  
 Johnson, President . . . . . 105, 110, 114  
 Rusk, Secretary . . . . . 116

**Check List of Department of State Press Releases: January 1-7**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to January 1 which appear in this issue of the BULLETIN are Nos. 299 of December 20 and 306 of December 27.

No.	Date	Subject
1	1/4	Rusk: news conference.
2	1/4	Program for visit of Prime Minister Levi Eshkol of Israel.
3	1/6	Report on discussions of future U.S.-Philippine economic relations.
4	1/6	U.S. note to U.S.S.R., January 5.

Not printed.  
 Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

---

OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

*Vol. LVIII, No. 1492*



*January 29, 1968*

MESSAGE TO AFRICA

*Address by Vice President Humphrey 129*

UNITED STATES AND CAMBODIA HOLD TALKS AT PHNOM PENH

*Text of Joint Communiqué 133*

U.S.-PHILIPPINE COMMITTEE HOLDS TALKS ON FUTURE ECONOMIC RELATIONS

*Text of Committee Report 146*

UNITED STATES OFFICIALS REPORT ON OVERSEAS REACTIONS  
TO PRESIDENT JOHNSON'S BALANCE-OF-PAYMENTS PROGRAM

*Transcript of News Briefing 135*

*For index see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

VOL. LVIII No. 1492

January 29, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

*Note:* Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Reader's Guide to Periodical Literature.



# Message to Africa

*Address by Vice President Humphrey<sup>1</sup>*

Today I want to talk with you about the people of Africa, the people of the United States, and the common problems, aspirations, and opportunities which we both share with the wider family of man.

This is my first real visit to Africa. As any newcomer, I am deeply impressed by the friendliness and exuberance of your people, by the natural beauty and resources of your continent, and by your determination to secure freedom, justice, and human dignity for every African.

Indeed, I feel as though my heart has always been here, as have the hearts of most Americans who share the dream of a just and peaceful world.

In America we know that freedom, justice, and human dignity must still be secured for some of our citizens. And in parts of Africa—in even greater proportion—we know that the same is true. The conditions we seek to overcome—those of injustice, exploitation, poverty, and servitude—did not begin yesterday. Nor will they be overcome tomorrow.

The important question for today is this: In what direction are we moving?

Are we moving toward a future where all men have the opportunity to share fully in the bounty of their land and to participate fully in the governing of their nations?

Or are we moving backward toward the time when the few prospered at the expense of the many, when dignity and freedom were the chosen preserve of a self-appointed elite?

<sup>1</sup>Made at Africa Hall, Addis Ababa, Ethiopia, on Jan. 6. Ethiopia was one of nine nations visited by Vice President Humphrey during his 13-day trip to Africa Dec. 29–Jan. 11. The others were: Congo (Kinshasa), Ghana, Ivory Coast, Kenya, Liberia, Somali Republic, Tunisia, and Zambia.

As Franklin Roosevelt said more than 30 years ago:

The test of our progress is not whether we add to the abundance of those who have much: it is whether we provide enough for those who have too little.

Let it be clear where America stands.

Segregation: We oppose it.

Discrimination: We oppose it.

Exploitation: We oppose it.

Social injustice: We oppose it.

Self-determination: We support it.

Territorial integrity: We support it.

National independence: We support it.

Majority rule—one man, one vote: We support it.

Human brotherhood and equality of opportunity for every man, woman, and child: We are committed to it—in America, in Africa, and around the world.

And we in America and you in Africa know that the conditions which stand in our way shall be overcome.

I bring this message to Africa as a representative of a nation and a people who feel they are your natural partners, who have no colonial memories or ambitions, and who share your purposes and goals.

The time is not long past when the fate of this continent was decided in distant places. There were those, both in Africa and abroad, who said that Africans were not capable of charting their own destiny. But the facts betell the lie. Those doubts have been dramatically disproved.

The future of independent Africa is in your hands. And Africa Hall is where much of this history will be written.

To those who even today try to preserve the colonial past, I say: You tragically misread the will and determination of Africans everywhere. You misread history and fail to understand the future.

To those who still believe that small minorities can indefinitely hold domination over large majorities, I say: You ignore the most vital and inevitable movement of our time—self-determination.

I have seen freedom, pride, and self-confidence in the faces of the ordinary men and women in every African country I have visited.

I have met with determined leaders who know that social and economic progress will come slowly but who are nevertheless ready to sacrifice for it—to bring to their countries programs of health, of education, of rural development, to build with such practical things as rural roads and water systems.

And I have yet to meet one African who would surrender his country's independence for mere economic assistance.

Africa and America are committed to three essentials of freedom and human progress:

1. Independence with a full acceptance of interdependence;
2. National security with a firm commitment to international cooperation for peace;
3. National development within the framework of regional cooperation.

### **Africa's Priceless Assets**

You face many grave problems. But you also possess many priceless assets.

Africa can remain insulated from much of the turmoil and controversy elsewhere in the world, as we in America did for the first century and a half of independent nationhood. You can make your choices, set your priorities, and determine your true interests.

Most parts of Africa are not yet caught up in the population explosion that holds back progress in other parts of the world. You still have time to bring your food supply and human resources into balance.

Beyond this, Africa has potential for enormous agricultural productivity. With foresight and management, with research and modern techniques, you can both lift your own people and help fill the desperate food shortage that threatens others around the world.

Africa, perhaps more than any other continent, can find a bright future in agriculture.

African nations need not turn, for the sake of vanity, to grandiose industries which drain resources without being competitive in world markets.

This does not mean, of course, that Africans should remain "hewers of wood and drawers of water." The right industrial opportunities also lie open to you.

You have raw materials, hydroelectric power, and growing numbers of trained engineers, technicians, and workers. With careful planning, and with the creation of large-scale markets through regional cooperation, you can look forward to healthy growth in industry and trade. But having witnessed the tragic experience of others in rushing heedlessly into uneconomic industrial development, I know you will choose both your industry and your markets realistically.

For our part, we in the developed nations must be ready to do far more than we have done to reduce barriers which restrict the exports of African and other developing nations. It is not only in our enlightened self-interest to do so, but it must also be done because it is right and just.

The United States intends to take the leadership in reducing these barriers to trade and commerce.

You are also reaching outward toward new regional cooperation. We enthusiastically support these efforts.

One of the lessons of recent history has been that both markets and economic units must be large enough to permit economic diversification, competitiveness, and full employment.

In America we are fortunate to have such a readymade large-scale economic unit. Others in Europe, in Asia, and in Latin America are building them just as you are here.

For those who fear some loss of national sovereignty in regional cooperation, I would point out that the greatest loss of sovereignty comes when a nation's people are impoverished, unable to find work, and unable to generate the economic power which must lie at the heart of independent nationhood.

We support the Economic Commission for Africa.

We are encouraged by the work of the young, vital African Development Bank, and we are looking for new ways to help the Bank's special fund.

We are heartened by the East African Community and its promise of growth.

We see real potential in evolving economic organizations in the Maghreb and in West Africa, in negotiating for joint development of river projects, in developing joint economic plans among any group of like-minded countries.

We firmly support, too, the Organization of African Unity.

If there are those who doubt the value of the OAU, I direct them to the results of the Kinshasa meeting in September. I believe it will prove to be a landmark in the growth of African solidarity, a time when the world saw the OAU's determination to come to grips responsibly with tangible problems and not just to function as a convenient debating society.

### Concept of African Solidarity

The concept of African solidarity deserves and will receive the support of the American people.

It is a concept which strives toward human and social betterment, replacing violence and dissension with brotherhood and peace. It is a concept which binds men together rather than driving them apart, a concept which respects individual human rights, as well as the unique cultural and ethnic traditions of Africa's many peoples.

It is this concept which has been at work in ameliorating relations among Kenya, Ethiopia, and Somalia.

It is a concept that will be further tested this spring in West Africa.

It is present whenever African nations work together on development of transport, river basins, or common markets—or when they consider the problem of refugees, as you recently did in this hall.

The concept of African unity is surely the only sane path toward peace and justice in a world where mankind possesses the capacity for self-annihilation.

I will not tell you all that America has done to help Africa. We have done a good deal—but it is still not enough.

Both the President and I deeply regret that our requests for foreign assistance have been reduced this year. We do not intend to retreat in the face of these reductions—or fall back before those in America who call for a new isolationism.

We intend to take our case before the American people. We intend to let them decide the

course we shall follow in the outside world.

I know my countrymen. They will not turn away from their responsibility to others, including Africa.

### Human Rights and Self-Determination

Yet, despite any amount of economic assistance to Africa, we can never rest until human as well as economic rights are fully realized.

On the third anniversary of the OAU, President Johnson set forth our position:<sup>2</sup>

The foreign policy of the United States (the President said) is rooted in its life at home. We will not permit human rights to be restricted in our own country. And we will not support policies abroad which are based on the rule of minorities or the discredited notion that men are unequal before the law.

Nowhere are these rights more challenged than today in southern Africa.

The case of South West Africa is but one case in point. But it contains all the elements of tragedy which characterize this situation.

My Government, through all legal and practical means, has tried—both alone and together with other members of the United Nations—to persuade South Africa to change her policies and practices with respect to South West Africa. We shall persist in these efforts.

In 1966 we joined the majority of the United Nations General Assembly in declaring that South Africa had failed to carry out the terms of the mandate over South West Africa and that the U.N. henceforth should assume responsibility for the territory.<sup>3</sup>

The South African Government is now trying 32 citizens of South West Africa—originally 37—on charges of terrorism.

This trial is being conducted in Pretoria, over 1,000 miles from the homes of the accused. The charges, made under a South African law enacted as much as a year after the alleged crime, could lead to sentences of death.

That trial is a farce. It is based on a law that provided for the retroactive political persecution of wards of the international community. It raises fundamental questions regarding international norms of behavior. Great legal and human issues are involved here. We believe that

<sup>2</sup> For an address made by President Johnson on May 26, 1966, see BULLETIN of June 13, 1966, p. 914.

<sup>3</sup> For background and text of a U.N. General Assembly resolution of Oct. 27, 1966, see *ibid.*, Dec. 5, 1966, p. 870.

the rights and well-being of the 32 are the legitimate concern of all the international community.

As Thomas Jefferson wrote in the early days of American independence: "All eyes are opened or opening to the rights of man . . . the mass of mankind has not been born with saddles on their backs, nor a favored few booted and spurred, ready to ride them legitimately, by the grace of God."

We have supported majority rule, human rights, and self-determination throughout the world. We will not abandon them in the southern sixth of Africa. That commitment dictated our response when a white minority regime seized power in Rhodesia. We strongly condemned that action, refused to recognize the regime, and joined with others in the imposition of voluntary economic sanctions.

When stronger measures were required, we gave full support to the U.N. policy of mandatory economic sanctions against the illegal regime in Salisbury.<sup>4</sup>

No country in the world has recognized the small minority which denies to the great majority of the Rhodesian population effective participation in the governing process. In the long run, such reactionary behavior cannot succeed, neither in Southern Rhodesia nor in other parts of southern Africa where self-determination is still denied.

President Johnson said 18 months ago:

A nation in the 20th century cannot expect to achieve order and sustain growth unless it moves—not just steadily but rapidly—in the direction of full political rights for all its peoples.

### The Promise of America

I said at the beginning that we in America see ourselves as your natural partners. We feel this, most of all, because we see within ourselves the vision which challenges you, the principles which guide you, and the creativity which motivates you.

We, too, were favored with abundant natural resources and with the determination and imagination to use them productively.

We also profited from a flow of investment from more developed countries. Our canals, our

<sup>4</sup>For background, see *ibid.*, Jan. 9, 1967, p. 73, and Jan. 23, 1967, p. 145.

railroads, and much of our early industry were financed in large measure with foreign capital.

We, like you, have always sought a world of peace in which we could develop and mature in our own way. We borrowed freely from the experience of other nations. We resented interference and resisted alien doctrines long before they were served up under the now tattered and discredited banner of "wars of national liberation."

To this very day we are determined to fulfill for every American the promises of our Declaration of Independence: the inalienable rights of "Life, Liberty and the pursuit of Happiness." Our revolution is a continuing one.

There are some Americans who do not enjoy a full measure of opportunity in education, in housing, in employment, in social justice. We shall not rest until full opportunity for all is an accomplished fact.

We are very much part of the world revolution of rising expectations, and we have experienced the frustrations and violence resulting from legitimate expectations too long postponed.

Yes, we live in a rapidly changing world:

—a world in which colonialism has given way to national independence and self-determination;

—where men are no longer divided as exploiters and exploited but are being given the chance to prove themselves on their own merit and merit alone;

—where artificial social delineations are falling away in the face of the inescapable and clear reality that all men are created equal.

We, now, in our time and generation, have the power to make this change more rapid, to bring the world closer to its vision of peace and freedom.

We in America are with you, materially and with our hearts, in your effort to build a new and better continent. We may at times make mistakes. Our own shortcomings may be painfully clear. We may, in confusion, sometimes obscure our real purposes and goals. But you should know nonetheless that our pledge is firm and will not be withdrawn.

One of my favorite authors—one which I wish more Africans could know—is the American writer of the 1930's, Thomas Wolfe.

Thomas Wolfe spoke out on behalf of all Americans—he spoke our thoughts and dreams—at a time when our America was filled with poverty, hopelessness, discrimination, and injustice.

To every man his chance (he wrote), to every man regardless of his birth, his shining golden opportunity. To every man the right to live, to work, to be himself. And to become whatever things his manhood and his vision can combine to make him. This . . . is the promise of America.

Yes, this is the promise of America; and I believe it is the promise and the cause of all mankind.

It is a promise which one day will come true, not only in my own country but here on this continent where riches lie beneath your feet—and in every farm and village where people are determined to lift themselves.

It will come true if we determine to make it so.

I think we can and shall.

## United States and Cambodia Hold Talks at Phnom Penh

*Chester Bowles, American Ambassador to India, was in Cambodia January 8-12 as a special representative of President Johnson. Following is the text of a joint communique at Phnom Penh released at 7:30 p.m. on January 12 Cambodian time, together with a statement made by Ambassador Bowles upon his return to New Delhi that day.*

### JOINT COMMUNIQUE

Press release 15 dated January 12

The Honorable Chester Bowles, Special Representative of the President of the United States, accompanied by other officials of the United States Government, visited Phnom Penh from January 5 to January 12, 1968 to discuss matters of mutual interest with the Royal Cambodian Government.

During his visit Ambassador Bowles was received by His Royal Highness Prince Norodom Sihanouk, the Chief of State of Cambodia, and participated in several working meetings with His Excellency M. Son Sann, Prime Minister, assisted by high officials of the Royal Cambodian Government.

During the discussions, Ambassador Bowles renewed American assurances of respect for Cambodian sovereignty, neutrality and territorial integrity. He expressed the hope that the effective functioning of the International Con-

trol Commission would avert violations of Cambodia's territory and neutrality by forces operating in Vietnam. Moreover, he declared that the Government of the United States of America is prepared to provide material assistance to the International Control Commission to enable it to increase its ability to perform its mission.

His Royal Highness Prince Sihanouk clearly expressed his Government's desire to keep the war in Vietnam away from his borders. He stressed Cambodia's desire that its territory and its neutrality be respected by all countries, including the belligerents in Vietnam. The Royal Government is determined to prevent all violations of the present borders of Cambodia. For this reason, the Royal Government is exerting every effort to have the present frontiers of the Kingdom recognized and respected.

Ambassador Bowles, convinced of Cambodia's good faith, emphasized that the United States of America has no desire or intention to violate Cambodian territory. He assured the Royal Cambodian Government that the United States will do everything possible to avoid acts of aggression against Cambodia, as well as incidents and accidents which may cause losses and damage to the inhabitants of Cambodia.

His Royal Highness Prince Norodom Sihanouk recalled that the Royal Government has since 1961 proposed the strengthening of the International Control Commission by the provision of additional means, by the creation of

mobile teams, and by the establishment of fixed posts at various points in the country, and that this proposal still remains valid. The Royal Government is prepared to confirm anew to the International Control Commission that it still favors the strengthening of that organization so that it may be able, within the framework of its competence as defined by the Geneva Agreements of 1954, to investigate, confirm, and report all incidents as well as all foreign infiltrations on Cambodian territory.

In the course of these conversations, there was also a frank exchange of views on the general situation in Southeast Asia and on other subjects of mutual interest.

The working sessions took place in an atmosphere of reciprocal respect, comprehension, and good faith. The two sides expressed their satisfaction as well as their willingness to participate in similar meetings in the future.

At the end of his visit, Ambassador Bowles expressed for himself and the members of the American delegation the deepest gratitude for the cordial reception and warm hospitality accorded by His Royal Highness Prince Norodom Sihanouk of Cambodia and the Royal Government.

SON SANN

CHESTER BOWLES

#### STATEMENT BY AMBASSADOR BOWLES

I am pleased to be able to say that the conversations between Cambodia and the United States have gone well. On the one hand, we were able to assure Prince Sihanouk of my country's continuing respect for Cambodia's sovereignty, neutrality, and territorial integrity. On the other, the Cambodian Government reaffirmed its determination to have its territory respected by the North Vietnamese, the Viet Cong, and, indeed, by all countries engaged in the fighting in Viet-Nam. To help achieve this goal, the Cambodians expressed their firm desire for a stronger and better equipped ICC. The meetings were most cordial, and each side made a determined effort to understand and see each other's points of view whenever possible. I believe we have made an important step toward safeguarding Cambodia's neutrality and, in a significant degree, the furtherance of peace in Southeast Asia.

## U.S. Offers Helicopters for ICC Surveillance Work in Cambodia

Press release 5 dated January 10

*Following is the text of a U.S. message conveyed to the Royal Cambodian Government by the Australian Embassy at Phnom Penh on December 25.*

The deep concern of the Government of the United States of America over Viet Cong and North Vietnamese use of Cambodia was conveyed by note to the Royal Cambodian Government on December 4, 1967.<sup>1</sup> The United States Government is disappointed to note that the Royal Cambodian Government, in its reply,<sup>2</sup> does not share this concern. Nonetheless, the problem remains grave and the Government of the United States of America remains anxious to assist in its amelioration. Accordingly, it wishes to put forward the following proposal:

The United States Government is prepared to offer material assistance to the International Control Commission (ICC) so as to provide the means of more effectively monitoring violations of Cambodian neutrality. The United States Government's intention is to enable the ICC to have a greater mobility and the consequent capability of conducting independent and random surveillance activities which would render significant assistance to the Royal Cambodian Government's attempts to maintain its neutrality. The United States Government believes this offer is responsive to the suggestion made at a press conference on November 26 by the Cambodian Chief of State, His Royal Highness, Prince Norodom Sihanouk.

The delivery of the material assistance would be made to the ICC under arrangements on which the Royal Cambodian Government would be consulted. The kind of assistance to be provided is a matter to be arranged. Our thinking is to make available for an agreed period two helicopters with which at least French, Canadian or Indian crews are familiar. Also, the United States Government would cover the costs of the maintenance and operation of these two helicopters. Delivery would be made at Sihanoukville or any other point in Cambodia.

<sup>1</sup> BULLETIN of Jan. 22, 1968, p. 124.

<sup>2</sup> Not printed here.

## United States Officials Report on Overseas Reactions to President Johnson's Balance-of-Payments Program

*Under Secretary of State Nicholas deB. Katzenbach, Under Secretary of the Treasury Frederick L. Deming, and William M. Roth, Special Representative for Trade Negotiations, discussed President Johnson's balance-of-payments program with government leaders in the six Common Market countries and Switzerland January 2-6; Under Secretary of State for Political Affairs Eugene V. Rostow undertook a similar mission to Japan, Australia, and New Zealand during the same period. Following is the transcript of a news briefing they held at the Department of State on January 8.*

### OPENING STATEMENTS

#### Mr. Katzenbach

Ladies and gentlemen, Mr. Deming and Mr. Roth and I have just completed a trip to Europe to describe the President's balance-of-payments program<sup>1</sup> and to seek the ideas and thoughts of the various European leaders on the subject.

Mr. Rostow has just completed a similar trip into East Asia for the same purpose.

In general, it was our experience in Europe that the action taken by President Johnson was recognized as necessary and essential, as courageous, and as absolutely unavoidable, given the balance-of-payments situation the United States was in.

The various countries were, of course, interested in detail, interested in estimates, interested in figures. They had done some of their own work on this. They had concern about what the impact of the proposals that the President—the action the President had taken—the proposals he had taken might be upon them, a natural

enough concern; but at the same time without exception they endorsed at least the general principles of the action that he was taking and the steps already undertaken.

That is it in very brief summary as far as Europe is concerned.

Perhaps you'd like to add a word as far as Japan, Australia, and New Zealand were concerned.

#### Mr. Rostow

Yes. The action taken was very much the same. There was universal feeling that the President had acted decisively and with great courage in the face of the financial disturbance that had followed upon the devaluation of sterling in November, that he had laid out a program that was balanced and adequate and, with the passage of the tax bill and restraint at home in wages and prices, assured the world economy a very firm and durable base.

There was universal recognition that a strong dollar is the keystone of the world economy, and there was an offer on the part of all three governments that we saw of full cooperation in every way to make this program a success; the recognition that success in protecting the dollar meant also success in protecting their own currencies and their own economies.

At the same time, there was concern about two possibilities:

One, the possibility that there might be financial stringency and a shortage of money in the reserves and of credits in the wake of this drastic cutdown in the outflow of dollars from the United States.

In the second place, very great concern that any actions at this time might trigger a revival of protectionism and a loss of all that had been gained in opening up with the world economy through the Kennedy Round negotiations.

<sup>1</sup> For background, see BULLETIN of Jan. 22, 1968, p. 110.

So it was accepted on the part of all three governments that I saw that this trip was not merely informative but the beginning of the continual consultations through this period so that our cooperation—the cooperation of all the main trading countries—should be effective, so that they could reach harmonized and concerted positions not only to manage the process of balance-of-payments adjustment so that the deficit countries and the surplus countries could move together toward balance-of-payments equilibrium but to manage all other aspects of policy involved in the adjustment process—the military side and the trade side—so that we could reach solutions which were expansionist and not restrictionist.

**Mr. Katzenbach**

Let me ask Mr. Deming, who talked with a number of the central bankers in Europe, if he would like to add a word.

**Mr. Deming**

Nothing much. I think all of them had the same feeling that Secretary Katzenbach and Secretary Rostow have described: that the program was necessary, showed great courage on the part of the President, and that it was highly important not only for our purpose to preserve the strength of the dollar but to preserve the strength of the international monetary system, of which the dollar is of major import.

**Mr. Katzenbach**

We'll be happy to take any questions you might have.

**QUESTIONS AND ANSWERS**

*Q. Mr. Katzenbach, what was the reaction to the travel curb on the part of some European countries as to what the nature of the travel curb might be, and how did you explain—*

*Mr. Katzenbach:* The reaction—there was concern on the part of some European countries as to what the nature of the travel curbs might be and how they might be affected by them.

I explained to them that the President did not have in mind any absolute prohibitions on travel, he did not have in mind an exchange-control system, that we were in the process of

consulting the Congress in this regard, that the reason for taking action with respect to tourism is that we ran last year a \$2 billion deficit and, with that big a deficit on the tourist account, it seemed necessary to do something that would create a savings on the balance-of-payments side with respect to tourism.

We then discussed a number of possible approaches, on which I simply sought their views. You got different reactions. This was of concern in at least three or four of the countries that we visited and dependent somewhat on respect to what their own tourist account was, what problems the devaluation of the pound and the devaluation of some other currencies following the pound had given them with respect to competition within the sort of tourism account.

*Q. Did you assure them students and businessmen would be exempt from these travel restrictions, as Secretary [of Commerce Alexander B.] Trowbridge apparently did the other day?*

*Mr. Katzenbach:* No, I did not assure them of that. I said, with respect to students, we had an interest in students going abroad, particularly if they were going abroad for study, and that was one possible exemption that the Congress might propose.

I don't believe that I said anything about exemptions for businessmen.

*Q. Mr. Secretary, there is a fear that has been expressed by some critics that any move toward restricting travel of Americans abroad might, together with other factors, accelerate a process perhaps toward some kind of isolationism. Do you feel that this is a legitimate fear?*

*Mr. Katzenbach:* I think that all of us, Mr. Kalb [Marvin Kalb, CBS News], have an interest of extending travel rather than restricting it, that we want people to know more about other countries in the world—Americans to know more about other countries in the world, and we want people who live abroad to know more about the United States. So I think there is a major and valuable interest that we have in preserving freedom of travel.

Now, right at the moment, what we would like to see is people who live abroad learn more about the United States, because this would help on the balance of payments.

*Q. Mr. Secretary, do you expect West Ger-*



many to offset fully the military dollar loss in Germany?

*Mr. Katzenbach:* I don't know what they will do in this respect. I think it's extremely important that the balance-of-payments cost of maintaining American troops abroad in a common interest be dealt with as a common problem and that in that regard that action be taken to offset the balance-of-payments losses which can occur from almost an accident of geography, if you will, in a common alliance system.

*Q. Did you get any assurances on this?*

*Mr. Rostow:* May I add a little on that perhaps?

If you will recall the background of this problem, with the trilateral talks last year in the spring,<sup>2</sup> those negotiations which were highly successful from our point of view have established several new principles in handling the balance-of-payments consequences of the accident that Mr. Katzenbach sees—the geographic accident—that British and American and other Allied troops stationed in Germany—and the essence of the idea was that, beyond offsets and beyond purchases and military procurements and so on, the residual balance-of-payments consequences of the military presence in Europe would be dealt with through measures of cooperation in the management of monetary reserves.

That is an extremely important principle, and it's the basis of negotiations with other countries where our troops are stationed; and we expect to use it as the foundation of our efforts to build, hopefully, a multilateral system for dealing with these problems and more permanent on-going system for handling the issue.

*Q. Secretary Rostow, would you say, sir, that definite support of the U.S. program is conditioned to the Congress not passing any protective legislation, or how would you expand that? Would you expand on protectionism?*

*Mr. Rostow:* Prime Minister [of Japan Eisaku] Sato made a very eloquent and moving statement about the political meaning of the President's plan. He said that every thoughtful person in the world would appreciate and understand the fact that the Government of the United States is undertaking to deal with the balance-of-payments problem through the ad-

justment of ordinary business activities in tourism and trade without touching its security commitments, its overseas troop presence, or its aid program.

He said this was an extraordinary political fact, and he paid very high compliments to the courage of the President in proceeding along this line. And he said every political leader in the world would have to give very careful thought to this, which he regarded as the essence of the President's program as announced on January 1st.

Now, he expressed concern about the availability of credit under the credit program as far as Japan was concerned and the risk, as I said before, of protectionism arising out of trade measures that might be taken.

But what he proposed simply was that we remain in very close touch on these problems, that we discuss them together and try to reach agreed solutions which would be expansionary and not contractionist in their impact. So that he was not making any threats or qualifying his support of cooperation in any sense whatever. He was simply recognizing a common problem.

*Q. Mr. Secretary, you have been talking about the revival of protectionism. How can you increase exports and decrease imports without protectionism measures?*

*Mr. Katzenbach:* If your question is whether or not you can increase exports in relation to imports, you can do it by a little bit more aggressive sales policy.

*Q. Mr. Secretary, shortly after the Labor Party took office in England in '64, they had a run on the pound. The government resorted to precisely the same measures you have just resorted to here: They slapped a lower tourist allowance on tourists, and they put on a 15-percent import tax to keep the pound at home. These measures have proved singularly ineffective, and the pound was devalued. Is there any reason that the same measures to try to save the dollar would be any less ineffective?*

*Mr. Katzenbach:* Yes, there is. They are not the same measures and don't even bear a remote relationship to those measures.

*Q. Go ahead—why?*

*Mr. Katzenbach:* Because I just explained we were not imposing exchange controls with respect to tourism. So you say "If we are going

<sup>2</sup> For text of a U.S. statement issued on May 2, 1967, see *ibid.*, May 22, 1967, p. 788.

to put on exchange controls, why do we expect them to be effective" after I just said we were not going to do this. And then you talk about a "15-percent tax." Nothing we are talking about is a 15-percent tax.

*Q. But the device differs slightly, but still they are both devices for keeping the currency at home.*

*Mr. Katzenbach:* They differ in a very major way.

*Mr. Rostow:* The underlying reserve position of the dollar is totally different, and the role of the pound in world trade and the role of the dollar in world trade and finance are totally different.

### **A Problem for Surplus and Deficit Nations**

*Q. Could we put it this way: On the basis of this initial survey that you have made, do you feel that the President's program can, given any time period that you might care to suggest, take care of this problem?*

*Mr. Katzenbach:* Yes, I think it can take care of the problem. I don't think anybody contemplates the measures as being in any sense permanent kinds of measures. A good deal will depend on the response of other countries.

I put forward the thesis—and I am sure Mr. Rostow did as well—that, while countries in deficit on the balance of payments have obligations to take steps to move toward equilibrium or close to it, countries that are in surplus have obligations to deal with the other side of the problem.

The simple fact of the matter is that you cannot get rid of a deficit without getting rid of a surplus. Unless we adopt a new system of keeping accounts, it can't be done.

*Mr. Rostow:* The principle has been accepted by the OECD [Organization for Economic Cooperation and Development]. I think if you will look at the background of the problem since the war, you will see the prospective of it. For many years we have been running a deficit—for about 17 years. For most of that period, this was a deliberate act which was the fuel of recovery in Europe and Japan, and it was heartily approved by all the leaders—countries of the world—as a means of redistributing the world reserves which accumulated in the United States during the thirties and during the war.

It has become a problem for monetary man-

agers only in the last few years. And at the meeting of the OECD as recently as the 1st of December it was agreed unanimously that there was a common problem that had to be handled by both surplus and deficit countries together.<sup>3</sup>

*Q. Secretary Rostow, you referred a moment ago to using the technique of the trilaterals. Which other countries do you have in mind? Isn't that a principle amounting to perpetuating the surplus, postponing the deluge?*

*Mr. Rostow:* Well, it remains to be seen what devices of cooperation are developed and in what time frame.

*Q. Well, if other countries are stockpiling American Treasury paper, in what sense is that reducing our deficit?*

*Mr. Rostow:* Well, all forms of cooperation in the management of reserves don't have to take the form of purchasing Treasury bonds.

*Q. This is the technique you are referring to, isn't it?*

*Mr. Rostow:* That was the principle. But we can, hopefully, develop new techniques through NATO and otherwise that will broaden and diversify our means of cooperation in this field.

*Q. Mr. Secretary, I understand a considerable dollar drain has gone into private funding for Israeli bonds. Are we asking Israel to call off its bond campaigns in this country?*

*Mr. Katzenbach:* No.

Mr. Deming, correct me if I am wrong. I think a good deal of that money came back to the United States in one form or another.

*Mr. Deming:* And we are not going to ask Israel to call off that loan.

*Q. Mr. Secretary, what is going to be done about American tourists who go either to Canada or Mexico and go overseas from there? How do you control that in any way? Do you propose to establish any controls at the frontier?*

*Mr. Katzenbach:* I would think it would be very difficult to establish any controls at the frontier with respect to Canada and Mexico. But, if they proceed to go overseas from there, then I would expect them to comply with whatever law that we have. I don't think, in any event, that would constitute a major drain, for

<sup>3</sup> For background, see *ibid.*, Dec. 25, 1967, p. 876.

the rather simple reason that I think most American citizens are law-abiding and that if they have a tax, they will pay it.

### U.S. Tax Increase an Important Element

*Q. Mr. Secretary, there have been reports that the French Finance Minister, Mr. [Michel] Debré, has some very grave reservations about the administration's entire program and he has conditioned French support—and I would think, by indirection, this might also mean the Common Market support—upon the passage of the tax increase. What happens if the tax increase is not passed?*

*Mr. Katzenbach:* It is perfectly correct to say that Mr. Debré felt that it was essential that the noninflation tax be passed by the United States. We didn't express any disagreement with that. We think that is important, too. President Johnson has made that quite clear. He thinks that is an essential part of this program. So, in that respect, there certainly was no difference of opinion between us and Mr. Debré. I don't think he conditioned support on that, but I think he said "That is a primary element in the solution of your problems, and, without the tax increase, I don't think your other measures will solve them." This is the essence of the message that he had.

*Mr. Deming:* Can I say a word on that?

*Mr. Rostow:* I got the same message in the Far East. Everyone in the Far East felt that the passage of the tax bill and other measures of restraining inflation at home were essential to make this program effective and credible.

*Mr. Katzenbach:* Mr. Deming had a word.

*Mr. Deming:* Just a word on this point, because I think there are two important aspects of it that need to be understood.

Everywhere we were in Europe—and I have heard this elsewhere, also—there was considerable regard for the necessity of keeping the United States economy growing but in a stable fashion, if that doesn't sound paradoxical to you. No one wanted the United States to adopt sharp deflationary measures which would have a greater impact on the world economy. Containment of inflation, yes—deflation, no.

In this context, the fiscal part of the tax program, expenditure control, not too much generation of new money—all of these were regarded as important for the maintenance of world economic health. And, in that context, everybody has told us, as Mr. Katzenbach has just told you,

the tax bill is a necessity to make the whole thing work. I don't think anybody represented their acceptance of the other measures as being absolutely contingent on the tax bill. They just said, as Mr. Katzenbach has said, that the other measures wouldn't work very well unless we were able to contain the American economy. And it is in that framework that you have to look at their attitude with respect to the tax bill.

*Q. Mr. Katzenbach, why was Greece exempted from the—*

### Japan's Cooperation and Understanding

*Q. Was your mission the first time that the principle of cooperative management of monetary reserves was brought to the Far East and, in particular, to Japan? And what was their reaction?*

*Mr. Rostow:* No, it was not. We have been cooperating very closely with Japan in handling balance-of-payments and reserve problems now for several years. It has been one of the principal contributions of the Joint Cabinet Committees which have been meeting; and their reaction was one of understanding and of full cooperation within the limits of their capacity. The specific issues to be discussed for the coming year will come up at a meeting in Honolulu at the end of this month. The meetings we had in Tokyo, as I have said, were not negotiating sessions but exploratory sessions and sessions of consultation to prepare the way for the meetings in Honolulu. But this is not a new principle in our relationship with Japan.

*Q. Just about the principle of military offset—is that new?*

*Mr. Rostow:* That's what I meant. I thought that was the question.

*Q. Mr. Secretary, we have heard that the Japanese Foreign Minister lauded the President for not sacrificing security commitments in this area. Did anyone on the way talk about the best way to hasten the balance-of-payments problem would be to hasten an end to the war in Viet-Nam?*

*Mr. Rostow:* No. Well, the Australians talked about it; but, of course, their views are pretty vigorous.

*Q. To what extent could you—*

*Mr. Katzenbach:* I understand— Mr. Fanfani [Amintore Fanfani, Italian Foreign

Minister] in Italy inquired of me the impact in that regard. I responded to him privately, as I responded publicly on this, that if Viet-Nam did not exist, we would still have a balance-of-payments problem and we would still have to deal with it.

*Q. Secretary Rostow, with the capital investments, the Group B countries—which have been cut to 65 percent—would that apply to them individually, or the 1965–1966 average, or as a group?*

*Mr. Rostow:* As a group. The regulation deals with individual companies, in the first instance; and their investment decisions within this group of countries, as a group—so that it is impossible at this moment to tell any particular country, until company decisions have been indicated exactly, what cut in the investment outflow from the United States is involved for that country.

*Q. Mr. Katzenbach, did any of the European countries suggest we ought to cut down on troops in Europe instead of cutting down on investments in Europe?*

*Mr. Katzenbach:* No; quite the contrary.

*Q. They were all for keeping all the forces we had there?*

*Mr. Katzenbach:* Yes. And I would say, without exception, they recognized their obligation to deal in one way or another with the balance-of-payments problems that were caused thereby.

#### Reaction to Possible Travel Restrictions

*Q. Mr. Secretary, you mentioned there are several possible approaches that were discussed on travel. What were these approaches? And what reaction did you get to them?*

*Mr. Katzenbach:* The approaches we discussed were simply a variety of possible tax measures—

*Q. What, for example?*

*Mr. Katzenbach:*—and, with respect to the reactions to them, I would say a good deal of relief that this was not going to be an exchange-control measure; some concern as to how much this would affect travel; in some countries a concern that it might affect travel to them more than others. For example, countries such as Italy, which felt that many of the Americans

coming to Italy were of Italo-American origin and of modest means, felt that we ought to do something to distinguish them from the jet set—that kind of consideration.

We simply put forward a whole variety of ways in which this might be controlled, ways that you can think of as well as I, simply to see whether they had any reactions to one method rather than another.

*Q. Could you give us a few examples?*

*Mr. Katzenbach:* Oh, the possibility of a head tax, increase in passport fees, tax on the days out of the country, and maybe three or four other measures of that kind.

*Q. Well, how does that help Grandma against the jet set? [Laughter.]*

*Mr. Katzenbach:* They pointed out that there might have to be some exemptions or changes, that this might fall inequitably on the—

*Q. What did you say?*

*Mr. Katzenbach:* I said I thought that was something very much worth considering.

*Q. You mentioned some kind of exemption for relatives, people with ethnic origin.*

*Mr. Katzenbach:* Oh, it could be that. It could be an exemption for people who hadn't traveled abroad over a certain period of years. You could have, oh, a variety of ways of dealing with this. The legislative process is one that gives room for various ingenuities in terms of trying to make it equitable.

*Q. Could you explain, Mr. Katzenbach, why Greece was exempted from the investment restrictions?*

*Mr. Deming:* It's a part of the interest equalization tax list. It's in Category A. So is Finland.

*Q. Where is that list, by the way? Is there such a list?*

*Mr. Deming:* Oh, of course.

*Q. Isn't it all others who aren't in Category B or Category C?*

*Mr. Deming:* No. If you look at the interest equalization tax list, you have a list of what is classified there as "developed countries," and every other country is a less developed country.

*Q. There's no list of "less developed" as such.*

*Mr. Deming:* Just all the other countries in the world, yes; there is such a list. As a matter of fact, I think it's in the record of the hearings of the Interest Equalization Act.

*Q. There's no Government document of such a list.*

*Mr. Katzenbach:* No; but if you subtract the other countries from the developed countries—and you have, you know, a National Geographic globe in front of you—you probably could work it out. [Laughter.]

*Q. Secretary Katzenbach, you talk about a list in that Executive order. There's no such list; it's all the others left off.*

*Mr. Katzenbach:* That's a list, isn't it?

*Q. Well, where is there a list?*

*Mr. Deming:* There's a list on the interest equalization tax—published in 1965, I believe it is.

*Q. Thanks a lot.*

*Mr. Deming:* If you're really interested in that, I am sure we can get you a copy.

*Q. Mr. Katzenbach, you said earlier there's nothing like a 15-percent tax on imports.*

*Mr. Katzenbach:* Yes.

*Q. Does this indicate there will be some sort of tax on imports, even a teeny-weeny one?*

*Mr. Katzenbach:* That is a possible measure. It would be related to what countries are permitted to do within the rules of GATT [General Agreement on Tariffs and Trade].

*Q. In that connection, Mr. Secretary—*

#### **Discussions With Common Market Countries**

*Q. Mr. Secretary, did you ask the Common Market countries to modify their contemplated measures on their turnover tax and, if so, what reaction did you get?*

*Mr. Katzenbach:* We discussed that. We understood the reasons for their value-added tax measures in their efforts to equalize the tax system among the Six. We contended that this had some impact on those who were outside the Six, some adverse impact. There wasn't a great deal of argument with the effect that this might have, although there might be disagreement as

to how much it was; so we did discuss that problem. It's a problem that Mr. Roth discussed within the Kennedy Round, I believe, and which is capable of further discussion; isn't that right?

*Mr. Roth:* That's right.

*Q. Mr. Secretary—*

*Q. Did you get any indication that they might be prepared to modify their system so as to do away with any adverse impact on the United States?*

*Mr. Katzenbach:* I think it would be fair to say they'd be willing to consider whatever adjustments were necessary. I'm not sure that would necessarily be a modification of their system. It might be in two steps. They might proceed to do what they're doing and then see what mode of adjustment one could make to the outside. And I think that would require some quite technical discussions multilaterally, probably within the GATT, before you could really arrive at that kind of a figure. But it doesn't necessarily require their changing that system if there's another way of taking account of the external effects of it.

*Q. What is the possibility of us giving a rebate to our exporters of taxes paid here?*

*Mr. Katzenbach:* I should think that would be considered to the extent that it could be done within the rules of GATT.

*Q. This means a direct tax as opposed to—wait a minute—a nonincome tax?*

*Mr. Katzenbach:* Yes. GATT permits an adjustment for indirect taxes passed on to the consumer. I should think that would be something that at least should be considered.

*Q. Wouldn't that be an export subsidy? I thought that was illegal under GATT.*

*Mr. Katzenbach:* You can take—many European countries have had border taxes based upon indirect taxes. It's the theory of GATT that you are not involved in a subsidy if all you are doing is compensating for the internal taxation system. The theory of GATT is that all indirect taxes are passed forward and no direct taxes are passed forward. It's an economic theory that I think a good many economists would question today, but that's the—I think I'm right, Bill, am I not?

*Mr. Roth:* Yes.

*Mr. Katzenbach:* That's the basis for it.

*Q. Mr. Secretary, on the relation of Viet-Nam—*

*Q. Mr. Secretary, on the specific measures which the Japanese Government are going to take in order to assist the dollar specifically, do they agree with you to purchase some of the Treasury bonds, especially intermediate-term Treasury bonds?*

*Mr. Rostow:* No. As I said before, this was not a negotiating session, and we reached no agreements on specific measures. The Japanese Government did offer very fully to cooperate with the United States Government and with other governments in seeking solutions to this common problem of the world economy through measures that would be expansionist, if possible. We discussed in a preliminary way various proposals of financial cooperation which will come up for action at Honolulu later this month, but it made no—the Government of Japan made no commitments; nor did I seek any commitments with respect to its purchase of bonds at this time.

#### **Viet-Nam and the Balance-of-Payments Problem**

*Q. Mr. Secretary, you said before that we would still have a balance-of-payments problem even if we didn't have Viet-Nam. Could you give us your judgment of the effect that Viet-Nam has had upon this problem?*

*Mr. Katzenbach:* I think that as far as I could make out from the figures—and Mr. Deming can correct me if I'm wrong about this—that we probably have, overall, a balance-of-payments deficit on Viet-Nam of perhaps a billion and a half and we have overall within the NATO area a deficit to the extent not offset of about a billion and a half. That's roughly right.

The increase in 1967 of our balance-of-payments costs on Viet-Nam ran about \$500 million, whereas the increase in our deficit ran—two and a half?

*Mr. Deming:* Two billion or more.

*Mr. Katzenbach:* Two billion plus.

*Mr. Deming:* Those are essentially right. To put it in a little different way, the overall deficit this year will be between three and a half and four billion. The Viet-Nam deficit would be less than half of that, a billion and a half out of the total. So either on a straight military account or on an overall account, you could not

attribute the American deficit in 1967 to Viet-Nam.

*Q. It would account then for 30 or 40 percent of the total, is that right?*

*Mr. Deming:* Yes, but you can't really account for it. We've got pluses in some areas and minuses in other areas. What Mr. Katzenbach was saying, which I thoroughly agree to, is if you eliminate Viet-Nam, you would still have a deficit in the balance of payments, and a substantial one.

*Mr. Katzenbach:* A substantial one.

*Q. But a 30 percent less problem, roughly speaking.*

*Mr. Deming:* Perhaps.

*Q. But some of the NATO area deficit is due to the Viet-Nam war, isn't it?*

*Mr. Deming:* No.

*Q. Surely—because Europe is selling us goods which we would otherwise manufacture ourselves if our own manufacturers weren't busy supplying the war, is that correct?*

*Mr. Katzenbach:* I don't think so, no.

*Q. Did you say one and a half billion for the NATO area—one and a half billion?*

*Mr. Katzenbach:* I think, roughly, yes.

*Q. For the NATO area the same figure?*

*Mr. Deming:* It's roughly one and a half billion for all the rest of the world outside of Viet-Nam, most of which is in the NATO area.

*Q. Last summer at a press conference, Secretary Fowler said that without Viet-Nam there would be no trouble. Has the situation deteriorated since?*

*Mr. Katzenbach:* Yes. The situation deteriorated considerably in 1967, especially in the last quarter of 1967.

*Q. Mr. Katzenbach, did you get any inquiries about the Joint Export Association that the President referred to in his remarks—in his message or statement—especially if this would be an American cartel arrangement?*

*Mr. Katzenbach:* No, I had no—it never came up in the discussion.

*Q. Thank you, Mr. Secretary.*

## Development Aid: the National Interest and International Stability

*Following are excerpts from an address made by William S. Gaud, Administrator of the Agency for International Development, before the Economic Club of Detroit at Detroit, Mich., on December 4.*

I propose to talk to you today not about foreign aid in general, nor about military assistance, but about that part of our foreign aid program which is designed to promote economic and social development in the emerging nations. And let me make no bones about it: I want to enlist your active support for this part of our program. Foreign aid today badly needs domestic help.

When the Congress passes a foreign aid appropriation bill for this fiscal year, there is every likelihood that it will be the smallest aid bill ever.<sup>1</sup> In the opinion of the President, in the opinion of the Secretary of State and in my own opinion it will be too small to serve our interests adequately. For example:

—We will have to reduce sharply our programs in India, in Pakistan, and in Africa.

—We will not be able to carry out our part of the plans made last spring at the Punta del Este conference to increase efforts in agriculture, education, and health under the Alliance for Progress.

—We will have to shortchange our security-oriented and military aid programs in East Asia and elsewhere.

The decline in the fortunes of foreign aid is not a phenomenon which has come upon us overnight. President George Woods of the World Bank has repeatedly stated that the needs of the developing world for outside assistance are not being met. Yet, while our gross national product has increased nearly 150 percent over the past 15 years, the share of our gross national product which we are devoting to foreign aid has shrunk by roughly 50 percent. In short,

<sup>1</sup> The \$2,295,635,000 economic and military assistance bill cleared by Congress on Dec. 15 was \$930,785,000 below the administration request and \$407,706,750 under the previous low appropriation. [Footnote furnished by author.]

as we have been able to afford more, we have done less.

There is a tendency to blame the difficulties of foreign aid on the Congress. Or, if one looks beyond the Congress, to blame them on Vietnam, summer violence in our cities, the budget deficit, the tax bill, or our balance-of-payments situation.

These are easy explanations, but I think the real explanation lies elsewhere. In my view, it lies with the American people. Too few Americans understand the purposes of the foreign aid program and how it serves their interests. Too many are asking: What has this got to do with us? How does this help the United States? Why should we have foreign aid?

Our interests in the world, as well as the objectives of our aid program, have changed greatly since the days of the Marshall Plan and also since the early days of the cold war when our aid program was preponderantly security-oriented and extended military assistance. Many people fail to recognize these differences. They judge the new by the standards of the old. As a result, they often expect the wrong things from today's aid program and are dissatisfied when their expectations are not realized.

The earlier programs, which helped to rebuild Europe and which built up the defenses of Greece, Turkey, Taiwan, and Korea, had deep fears behind them: fear for the future of the Western alliance, fear of Communist aggression, fear that the cold war would go against us. The Western alliance was designed to contain the causes of our fear. The aid programs which supported that alliance clearly served the national interest. The connection between our assistance program and our interests abroad was crystal clear.

Today, many of the fears of the early cold war have waned, and the tie between our foreign aid and our foreign policy is more complex.

There is a second key difference between foreign aid 20 years ago and today. It is in our relations with the nations which receive our assistance. In the aftermath of the war, much of our aid program was an extension of wartime relations with intimate allies. Aid went largely to old friends, to nations with whom Americans felt strong common bonds. In 1948,

when Senator Vandenberg introduced the European Recovery Program in the Senate, he pointed out that Europe was "the stock which has largely made America." As he put it, the Marshall Plan was essential because "Western civilization" depended on European independence.

Today, outside Latin America, the nations receiving development aid from the United States are not, by and large, this country's old friends. They are our new neighbors. Many are new to nationhood. They have emerged from the wave of decolonization which, since the war, has more than doubled the number of sovereign states. In the past most of their people had little to do with the United States. Our present relations with them lack the historical ties and political and military intimacy that supported the Western alliance after the war. In short, where fear for our security helped to motivate aid, we are now less afraid. Where we gave aid to old friends, we now help new nations. Where aid supported key alliances, it is now extended outside the old defense framework.

These differences are grounded in changes in the world and in changes in our interests in the world. The focus of United States foreign policy has widened since the years immediately following World War II. The challenges to that policy have also changed. But today's challenges are no less real, no less compelling, than the challenge of 15 and 20 years ago.

The dominant interest of the nations of more than half the free world has switched in recent years from traditional political goals to development. National progress now overshadows all other goals in the less developed world. This drive for national progress has become a paramount fact of world affairs. Nothing is more characteristic of the world today, nothing will do more to shape the world tomorrow, than the determination of the new nations to realize goals which are still far beyond their reach.

How can a strong program to assist development serve our national interests in today's world?

First, let me say that Americans should disabuse themselves of the notion that the purpose of such a program is to win friends, earn gratitude, or gain votes in the United Nations. Development aid is a poor tool for the attainment of any of these goals. Development aid serves our foreign policy in ways which go far beyond these.

The critical fact for our relations with the

developing nations is that their new goals are beyond their reach. They cannot attain them alone. They need help, and they look to us and other developed nations to provide it.

To conduct meaningful relations with the backward half of the world, the United States must recognize the urgency of its need for progress. As a major power, we have the strength to force our way on issues that concern us. But political relations involve more than the threat of force; our own sensibilities tend to curb the use of force. So long as national progress is the overwhelming concern of the new nations, we must work with them to achieve their goals. Our aid programs offer a way to meet both our national interests in the world and the aspirations of the developing nations.

Foreign aid is also right. As citizens of the richest and most powerful nation on earth, it would be wrong for us to shrug our shoulders at the conditions in which the people of the developing countries now live.

Finally, development is necessary for the achievement of a stable peace. The underdeveloped nations are dependent and vulnerable; their weakness leads to instability in the world; their increased independence can help to keep the peace. Aid for development will not guarantee stability or peace. But when we neglect development, we invite instability and collisions between nations.

In neglecting development, we also encourage unrest, racism, and hostility within the new nations. The target, inevitably, is the developed half of the world. When we neglect development, we jeopardize the possibility of peace.

In half the world, there is tremendous and unprecedented pressure for development. There has never been anything like it. We do not have pat solutions to all the problems this pressure raises. Indeed, the main response must come from the emerging nations themselves. But we can play an important role, and we have already done so. We have made key contributions to development success in some countries, and we have promising work underway in many others. Development aid does work.

Development aid does not meet all the foreign policy objectives of the United States. Indeed, day to day, our assistance efforts can raise problems while we are meeting problems that run from decade to decade.

But for the rest of this century, the phenomena of development will be a large part of the



raw material of American foreign relations. This is certain. We must accept it. It means that foreign aid for development will be integral to our foreign policy and essential to our interests.

Twenty years ago, when the war ended, the United States did not enter the world in order to police it or to expand our influence or even to play Santa Claus and give away our share. The new compactness of the world put us in the world and has kept us in it. There is no getting out. Our size and wealth endow us with a large role on this planet. We cannot hide from our own dimensions and power.

These, it seems to me, are facts of life, just as the drive for development is a fact of life. Are we now to ignore these facts, turn our backs on the world, and tell other nations to solve their problems without our help? Could we do this even if we wished? Do we care about international stability, about peace, about the kind of world we will leave to our children?

These questions answer themselves. The choice is clear. It lies between investing in international stability and surrendering to the frustrations of living in a difficult and imperfect world.

## U.S. Replies to Soviet Charges of Damage to Ship at Haiphong

Press release 4 dated January 6

*Following is the text of a United States Government note handed to the Soviet Ambassador on January 5.*

The Government of the United States of America refers to the note of the Government of the Union of Soviet Socialist Republics dated January 4, 1968, which alleges that the Soviet motor vessel "Pereyaslavl-Zaleskiy" was damaged on January 4 by a bomb explosion during the course of an attack by United States aircraft on the port of Haiphong.

Initial investigation by United States authorities of the charges contained in the Soviet note has neither substantiated nor ruled out the Soviet claim that any damage inflicted on the "Pereyaslavl-Zaleskiy" was caused by ordnance from United States aircraft.

If any damage to international shipping in

the Haiphong area was produced by ordnance dropped by United States aircraft, it was inadvertent and is regretted by the United States Government, which will continue to take careful precautions to avoid damage to non-hostile shipping. Unfortunately, it is impossible to eliminate completely the risk that foreign vessels entering or remaining in an area of active hostilities may sustain unintentional damage as a result of actions by one or the other side.

Nevertheless, the Soviet Government may be assured that United States authorities will continue to make every effort to avoid recurrence of such incidents.

## Implementation of Katzenbach Report

Press release 307 dated December 29

The Katzenbach Committee recommended that no Federal agency provide any covert financial assistance of support, direct or indirect, to any of the Nation's educational or private voluntary organizations.<sup>1</sup> Where such support had been given, the committee said that it should be terminated as quickly as possible, without destroying valuable private organizations before they could seek new means of support. The committee envisaged that the process of termination could be largely—perhaps entirely—completed by December 31, 1967.

In fact, this target has been met; covert financial support will in every instance be discontinued prior to December 31, 1967. At the time of termination of support, some of the organizations received contributions to tide them over the period required to develop new sources of funds. Also, as recommended by the Katzenbach Committee, the Government is continuing to study possibilities for providing public funds openly for the overseas activities of organizations which are adjudged deserving, in the national interest, of public support.

The particular organizations which have received covert financial support in the past are not being identified because to do so would not be in the national interest and might jeopardize their chances of developing new means of support.

<sup>1</sup> For text of the committee's report, see BULLETIN of Apr. 24, 1967, p. 665.

## U.S.—Philippine Committee Holds Talks on Future Economic Relations

*The Philippines and United States Joint Preparatory Committee for Discussion of Concepts Underlying a New Instrument To Replace the Laurel-Langley Trade Agreement<sup>1</sup> met at Manila and Baguio City, the Philippines, November 20–30, 1967. Following is the text of the Committee's report, which was made public at Manila and Washington on January 6.*

Press release 3 dated January 6

### TEXT OF REPORT

#### Introduction

In accordance with the agreement contained in the Joint Communiqué issued by President Marcos and President Johnson following talks in Washington, D. C., September 14 and 15, 1966,<sup>2</sup> intergovernmental discussions were held in the Philippines from November 20–30, 1967 on the concepts underlying a new instrument to replace the Laurel-Langley Agreement after its scheduled expiration in 1974.

These discussions were carried on by a Philippine panel designated by President Marcos and a United States team designated by President Johnson.

The Philippine panel was composed of: Cesar Virata, Undersecretary of Industry, as Chairman; Wilfredo Vega, Acting Assistant Secretary of Economic Affairs, Department of Foreign Affairs, as Vice-Chairman; Montano Tejam, Tariff Commissioner; Bernardino Bantegui, Director of Statistical Coordination, National Economic Council; Efen I. Plana, Assistant Chief Legal Counsel, Department of Justice; Ricardo M. Tan, Technical Assistant, Central Bank; and Antonio Ayala, Attache, Philippine Embassy, Washington, D. C., as

Members; and Jose Ira Plana, Executive Officer for Legal Affairs; Pacifico Castro, Special Assistant of the Undersecretary for Policy; both of the Department of Foreign Affairs; Urbano Zafra, Executive Director, Technical Staff, Department of Commerce and Industry; Felipe Mabilangan, Jr., Second Secretary, Philippine Mission to the United Nations, Geneva; Tomas Toledo, Chief of Assessment Department, Bureau of Internal Revenue; Ramon Katigbak, Special Assistant to the Director General, Presidential Economic Staff; as Advisers.

The United States team was composed of Eugene M. Braderman, Deputy Assistant Secretary of State, Chairman;<sup>3</sup> Eugene J. Kaplan, Director, Far Eastern Division, Bureau of International Commerce, Department of Commerce; C. Hoyt Price, Philippine Country Director, Department of State; George H. Aldrich, Assistant Legal Adviser, Department of State; and Dawson S. Wilson, International Economist, Philippine Affairs, Department of State. The supporting staff for the United States team was composed of William E. Knight, Counselor for Economic Affairs, Edward G. Misesy, Legal Adviser, and William S. Diedrich, Second Secretary, of the United States Embassy in Manila.

The following are the Committee's findings and recommendations as a result of these discussions:

#### I. General Observations

1. The subject of economic relations between the Philippines and the United States is one of major importance and one which has many ramifications.

2. It is agreed that an expansion and diversification of trade between the Philippines and the United States would contribute to the at-

<sup>1</sup> For text of the agreement, see BULLETIN of Sept. 19, 1955, p. 463.

<sup>2</sup> For text of the communiqué, see *ibid.*, Oct. 11, 1966, p. 531.

<sup>3</sup> For a statement by Mr. Braderman at the opening session of the meeting on Nov. 20, 1967, see *ibid.*, Jan. 1, 1968, p. 11.

tainment of development goals. (See Appendix I on the investment and foreign exchange requirements of the current Philippine plan.)

3. It is recognized that Filipino-American economic relations are burdened unnecessarily with certain pending questions which should be resolved to the satisfaction of both countries.

4. There is manifested in both countries a fund of goodwill, mutual respect, sincerity of purpose and sense of responsibility in resolving these pending economic issues, as well as a serious concern for the future of their economic relations, which the people of both countries value and seek to strengthen and expand in ways which satisfy their national aspirations. There is a consensus favoring the exploration and pursuit of new opportunities for cooperation between the two countries, consistent with such aspirations and goals.

5. Filipino-American economic collaboration should be responsive to the needs of the Philippines and the United States and, at the same time, should be consistent with developments in the international community.

6. There are many views shared in common, but there still remain a number of important issues to be resolved.

## II. Trade Relations

### A. General

7. The United States team asked whether the Philippines desired to continue a special trade relationship with the United States. The Philippine panel stated that, while recognizing that the primary responsibility for Philippine economic development and trade expansion rests with the Philippines, it believes that a preferential trade relationship with the United States on a non-reciprocal basis will be advantageous to the Philippines and will not be inimical to its national interest. In fact, the Philippine panel conveyed the view of the Philippine Government that such preferential treatment for Philippine articles in the U. S. market should be continued beyond 1974 even if, as it hopes, a system of non-reciprocal temporary generalized preferences by all developed countries for all developing countries is established. The Philippine panel stated that such arrangements would provide the Philippines a further, needed opportunity to expand its exports and thereby to develop more rapidly its economy, as contemplated by both governments at the time the

Laurel-Langley Agreement and the Bell Trade Act<sup>4</sup> were concluded.

8. The Philippine panel stated that Philippine exporters have not been able to utilize fully the trade preferences accorded by the Laurel-Langley Agreement because of a number of factors, the most important of which has been inadequate financial resources, aggravated by the orientation of domestic capital to invest in real estate ventures and import substitution industries; another factor has been limited product diversification. Only in the last few years have these preferences been availed of, and during this period the margins of preference have been diminishing. The Philippine panel expressed the view that the twenty-year period of diminishing preferences provided by the Laurel-Langley Agreement as a reasonable period of adjustment now appears too brief.

9. The United States team stated that, because the Government of the Philippines had raised many tariff rates and had, over extended periods, established non-tariff barriers which have affected U.S. articles, it was the general feeling in the United States that the trade benefits granted U.S. articles under the terms of the Laurel-Langley Agreement had in the main been nullified; the reciprocity originally intended had not been obtained. Thus, the question remained as to how these difficulties could be resolved in the context of a new agreement.

10. The Philippine panel, noting that the ten percent margin of tariff preference currently accorded U.S. articles in the Philippine market by virtue of the Laurel-Langley Agreement is no longer of significant value to U.S. exporters, proposed that the United States relinquish such preference. The United States team stated that this question could only be considered within the context of a satisfactory new agreement.

11. The two groups noted that both governments were prepared to support the establishment of a system of generalized preferences, under the terms of which all developed countries, with certain safeguards, would grant temporary, non-reciprocal, generalized tariff preferences to imports of raw materials, semi-processed and processed goods, and semi-manufactured and manufactured goods from the developing countries. This question will be considered at the forthcoming United Nations Conference on Trade and Development (UNCTAD). The Philippine panel urged, and

<sup>4</sup> Public Law 371, 79th Congress.

the U.S. Team agreed to recommend that, under such a system, important Philippine exports be assured continued entry into the U.S. market.

12. Without prejudice to the Philippine position stated in paragraph 13 below, the two groups agreed that, with respect to the entry of Philippine articles into the U.S. market, any general system of preferences should be modified by the preferences provided until 1974 under the Laurel-Langley Agreement. Such modification would ensure that these articles obtain a larger margin of preference than that granted to other developing countries in the United States market.

13. The Philippine panel stated that the generalized preference scheme should include the following additional elements: (a) a system of enlarged preference treatment for Philippine exports in the U.S. market for a ten-year period extending beyond 1974; (b) ensuring at least equivalent advantages to developing countries enjoying preference in certain developed countries which will share their preferred position with other developing countries; (c) a mechanism for the continuing automatic redress of any adverse situation created for any developing country enjoying existing preferences which may suffer in its former protected market as a result of the institution and operation of the generalized system of preferences; and (d) the cooperation of the developed countries in not reducing their aid to the developing countries as a result of the generalized system of preferences, or otherwise nullifying or impairing the benefits of the system.

14. The United States team noted that such a proposal for enlarged preferential treatment raises questions as to how such special preferences could be justified to other friendly developing countries. It noted further that the United States is seeking the phasing out by all countries of existing special preferential tariff systems, and Philippine proposals to extend the period of preferential treatment for Philippine articles beyond 1974 would seriously undercut its effort to achieve the phasing out of discriminatory trade preferences extended by other developed countries.

15. In the event that efforts to create a generalized system of preferences fail, the two groups will be prepared at that time to explore and examine further future United States and

Philippine trade relationships. The Philippine panel stated its hope that this relationship could be based on non-reciprocal preferences for Philippine articles. The United States Team indicated that it could not at this time take a position on this question.

16. In the meantime, it was agreed that there should be continuing consultation and full exchange of information between the two Governments on these matters, through the American Embassy in Manila and the Philippine Embassy in Washington and later at the UNCTAD meeting in New Delhi.

#### B. *Specific*

17. *Sugar*—The Philippine panel said that, on a basis separate from the general preference scheme, the Philippine Government was seeking arrangements within the context of a new agreement for ten years beyond 1974 which would provide for Philippine exports of sugar to the U.S.:

a) a new higher floor of 1,126,000 short tons as the basic annual quota;

b) assurance of a share in the growth of the U.S. market amounting to no less than the current 10.86% participation;

c) assurance of participation in any pro-ration of deficits; and

d) maintenance of the same price system for sugar.

The United States team noted that any proposal calling for continuation or expansion of the special U.S.–Philippine agreement on sugar beyond 1974 entailed special difficulties particularly in view of the manner in which the sugar allocations are decided upon by the United States Government. Nevertheless, the U.S. team agreed that consideration would be given to this proposal within the context of a new agreement.

18. *Coconut Oil, Inedible Tallow, Soy Beans, and Linseed Oil*—The Philippine panel said that Philippine coconut oil is estimated to be competitive with that of other foreign suppliers in the U.S. market and would consider relinquishing the preferential Philippine exemption from the processing tax if the U.S. 1-cent duty per pound were completely removed at the same time and if coconut oil is included in the generalized scheme, and not in the exemption

list. The United States team undertook to consider this question and to comment further on the proposal independently of the new agreement. The United States team inquired whether the Government of the Philippines had considered lowering its duties on inedible tallow, soy beans, and linseed oil. The Philippine panel undertook to consider this question and to comment further on the proposal independently of the new agreement.

19. The Philippine panel proposed that, if a generalized system of preferences does not come into effect, United States tariff rates on Philippine wood and other products be reduced so that reductions made during the Kennedy Round with respect to similar products from other countries would also be accorded Philippine products. The United States team took note of this proposal.

20. *American Products*—The United States team noted that the following types of actions taken by the Philippines tended to nullify benefits granted American exporters under the Laurel-Langley Agreement:

a) Successive tariff increases have been introduced since 1955;

b) Non-tariff barriers, for tobacco and remnants in particular, have cut sharply into traditional U.S. exports to the Philippines;

c) Customs administration, particularly with regard to documentation requirements, has been so cumbersome and burdensome as to discourage many existing and potential U.S. exports to the Philippines; and

d) American businessmen have encountered visa and residence permit difficulties notwithstanding the treaty-trader guarantees of the Laurel-Langley Agreement.

The United States team noted that the applicable provisions of the Laurel-Langley Agreement had not provided an effective mechanism for expeditiously resolving trade problems. The two groups agreed that any new trade agreement should provide an orderly and effective mechanism for expeditiously resolving trade problems. The United States team, in response to a request by the Philippine panel, presented a statement (Appendix II) concerning certain specific actions by the Philippines that had adversely affected U.S. exporters. The com-

ments of the Philippine panel on these issues are contained in Appendix III.

21. The Philippine panel informed the United States team that the Philippines, together with Indonesia, Thailand, Malaysia, and Singapore are moving toward the creation of a free trade area. The United States team indicated that it would recommend the inclusion in any future agreement of a waiver of most-favored-nation rights with respect to a free trade area that meets the requirements of the General Agreement on Tariffs and Trade.

### III. Investment Concepts

#### A. *Philippine Investment Goals and How They Can Be Met*

22. The two groups agreed that the trade and investment goals of the Philippines are closely related. The Philippine Panel stated that foreign exchange earnings, from increased trade, as well as investment and other sources, will be needed to support the Philippine economic development program. The aim of this program is the overall development of the natural resources and industry of the Philippines. The Government's immediate efforts will be concentrated on increasing food production, making greater public investment in infrastructure for which increased tax revenues will be needed, and examining existing laws to determine what revisions may be desirable.

23. The Philippine Panel pointed out that the foreign exchange needs of the current development program are great. It is anticipated that, in addition to export earnings, these needs will be met from the following sources: (a) supplier credits, (b) development loans, (c) direct investment, (d) Japanese reparations payments, (e) payments from the Special Fund for Education, (f) veterans payments, and (g) grants from friendly countries. The Philippine Panel indicated that substantial foreign investment will be required if sufficient foreign exchange for the economic development program is to be obtained.

24. Both groups agreed that only the Government of the Philippines can decide the extent to which it desires foreign investment and the inducements it is prepared to offer. The Philippine Panel stated that the Philippines needs and

desires substantial foreign investment, particularly in selected areas, but it stressed that foreign investment is welcome especially on a joint venture basis as a means of supplementing Filipino capital. The Philippines is determined to give fair and equitable treatment to existing investment and to assure such treatment to future investment.

25. The United States team outlined the advantages it believes can result from foreign investment and stated its view that foreign capital, which has many alternative opportunities, will not come to the Philippines in any significant amount unless the investment climate in the Philippines is one in which it is clearly welcome. It set forth examples of the legislative, administrative, and judicial actions of Philippine Government agencies which have had the effect in a number of cases of making investors feel not welcome in the Philippines.

The Philippine Panel replied that foreign firms, who may have felt unwelcome during the period that the Philippine Government was in the process of determining its foreign and domestic investment policy, were the exception rather than the rule, and these firms were generally in areas where their financial, technological and marketing advantages prevented any local firm from entering the field or remaining competitive. As a matter of fact, foreign investment is welcome in the Philippines and the new Investment Incentives Law encourages, with various incentives such as income tax and tariff exemptions, foreign investment in pioneer areas of investment.

26. The United States team noted that the general practice in most of the world has been for countries, on a basis of reciprocity, to accord foreign investment in most fields of activity treatment equal to that accorded local investment. In the agreements providing for national treatment certain areas of investment are usually excluded to meet the interests of either government, but the general rule for other areas is that of equal treatment for the nationals of both countries. Both groups agreed that reciprocal national treatment should be included to the maximum extent possible in any future agreement on economic relations between the two countries, and the Philippine Panel stated that it would give further consideration to this question with a view to determining the extent to which exceptions to national treatment would

be required by the Philippines. With the exception of certain areas, such as natural resources, public utilities, and retail trade, where most favored nation treatment should be accorded, the two groups believe that a provision according national treatment can be worked out.

#### B. *The Investment Incentives Law*

27. The Philippine Panel stated that the new Investment Incentives Law is a central feature of the Philippine private investment program, both domestic and foreign. After describing the economic planning machinery and the incentives provided by the law, the Philippine Panel pointed out that, in non-pioneer areas, if a corporation wished to avail itself of the incentives, it would normally have to have sixty percent Philippine ownership of the voting equity interest and sixty percent Philippine membership on the board of directors. The Philippine Panel noted, however, that foreign investors could, in fact, provide more than forty percent of the investment funds and reap more than forty percent of the profits through such arrangements as non-voting shares or bonds. Management contracts would also generally be possible where the companies concerned deemed them desirable.

28. The Philippine Panel stated its view that United States citizens and United States corporations would not be entitled, by virtue of Article VII of the Laurel-Langley Agreement, to enjoy the same advantages under the Investment Incentives Law as Philippine citizens and corporations. In the view of the Philippine Panel the non-discrimination requirement of that article entitles U.S. citizens and corporations controlled by U.S. citizens to national treatment except with respect to special tax benefits. Under this view, for example, corporations controlled by U.S. citizens that wish to enter a preferred area without benefit of incentives could do so at any time, whereas corporations controlled by citizens of third countries would have to observe the three year waiting period contained in Section 20 of the Act. On the other hand, corporations controlled by U.S. citizens would not be entitled to equal treatment with Philippine controlled corporations with respect to obtaining the tax benefits provided for by the Act. The United States team disagreed with this view and stated its opinion that discrimination between United States and Philip-

pine nationals and corporations with respect to tax benefits would be discrimination prohibited by Article VII of the Laurel-Langley Agreement. It was agreed that further consideration would be given to this issue.

### *C. Problems of Existing U.S. Investment in the Philippines*

29. Aside from any difficulties that could be caused U.S. investors by decisions concerning national treatment and the implementation of the Investment Incentives Law, the two groups agreed that particular care should be taken to ensure fair and equitable treatment to existing U.S. investment in the so-called parity field, i.e., natural resources and public utilities. Rights accorded in this field to U.S. enterprises by Article VI of the Laurel-Langley Agreement and the Parity Ordinance of the Philippine Constitution will expire on July 4, 1974, unless terminated earlier by mutual agreement, and many transitional problems are emerging. The Philippine Panel stated that the Philippine Government is aware of these problems and has taken some actions and will take others before 1974 to facilitate this transition.

30. It was agreed that U.S. investment made prior to July 4, 1946 raises few problems in view of the fact that Article XVII (1) of the Philippine Constitution protects the full enjoyment of property rights, which would include leases and franchises in the parity area, acquired prior to that date. Thus, such leases and franchises would continue valid throughout their term.

31. With respect to real estate, leases, and franchises acquired subsequent to July 4, 1946, the situation is more complex. The Philippine Panel stated the view that leases of private agricultural land would remain valid throughout their term but that development, exploitation, and utilization of natural resources and operation of public utilities by U.S. nationals and by corporations less than sixty percent Philippine owned must cease on July 4, 1974. The United States team welcomed the statement concerning leases of private agricultural land. With respect to natural resources and public utilities, the United States team stressed its concern that the view of the Philippine Panel, if carried forward by the Philippine Government, would give rise to serious differ-

ences between the two governments, unforeseen difficulties for U.S. investors, and serious economic dislocations. The two groups agreed that settlement of these problems requires the resolution of legal issues. They agreed that both governments should take whatever measures may be appropriate to facilitate such resolution at an early date through judicial process, perhaps by means of declaratory judgment.

32. With respect to ownership of private agricultural land acquired by U.S. citizens or corporations subsequent to July 4, 1946, the United States team expressed the view that, under the terms of the Philippine Constitution, such ownership would not be affected by the termination of parity rights in 1974. A more detailed exposition of the views of the United States team on this question is contained in the memorandum in Appendix IV. The Philippine Panel expressed the view that such ownership would not continue beyond 1974 but undertook to consider the memorandum of the United States team.

33. The Philippine Panel emphasized its view that termination of parity rights at the earliest possible date prior to 1974 would be in the best interests of both countries. The United States team stated that only in the context of a satisfactory new agreement could the United States Government seriously consider including a provision terminating new rights of access in the parity field.

34. The United States team stated that unintended and undesirable difficulties have occasionally been caused U.S. public stock corporations in the Philippines by requirements to prove certain percentages of U.S. citizen ownership or reciprocity with the particular states within the United States of which the shareholders are residents. The two groups agreed that any new agreement should contain appropriate provisions to eliminate or minimize this problem in the future.

### **IV. Form of Possible Agreement**

35. The two groups examined typical provisions of a Friendship, Commerce, and Navigation Treaty and discussed the principles of national treatment and most favored nation treatment on which such a treaty is generally based.

36. The two groups agreed that, if the principal substantive issues were resolved satisfactorily, the new treaty instrument should be modeled along the lines of an FCN treaty, modified appropriately to include whatever provisions may be agreed upon concerning trade preferences, investment and related matters.

37. Both groups recognized that any new instrument would require action by the respective legislatures of both Governments to become effective.

## V. Other Matters

38. The Philippine Panel indicated its desire to raise certain other questions which it considered important to its future economic development. The U.S. team said it was not authorized to discuss such issues, but suggested that they be taken up through diplomatic channels.

## VI. Procedures

39. The Joint Committee should be regarded as a continuing consultative body. If the remaining substantive issues are not resolved by other means, the Committee should be reconvened at the earliest practicable date, hopefully in April or May 1968, for the purpose of resolving them and thereby making possible the negotiation of a new instrument to replace the Laurel-Langley Agreement.

40. In that event, negotiations, if desirable, could follow shortly thereafter.

EUGENE M. BRADERMAN      CESAR VIRATA  
*Chairman,*                      *Chairman,*  
*United States Team.*      *Philippine Panel*

NOVEMBER 30, 1967

## TEXTS OF APPENDIXES

### Appendix I

#### A NOTE ON THE INVESTMENT AND FOREIGN EXCHANGE REQUIREMENTS OF THE CURRENT PHILIPPINE PLAN

*Targets.* The current Plan covers the period fiscal 1967 to fiscal 1970, and has entered its second year. A printed summary, published September 1966, is now being revised, mainly because very recent improvements in the estimation of national accounts have enabled a more realistic estimate to be made of the investment required to support the program. Since the revision is still in progress, the figures in this note must be regarded as tentative. The basic objective of the current Plan is to increase income per head by about 2.5 per cent annually. This means that gross national product must increase at the fast average of 6.1 per cent annually over the four years of the Plan: The target growth rates increase progressively from 5.8 per cent the first year to 6.3 per cent in the fourth year.

Attaining growth targets as high as these means heavy costs in terms both of investment and imports. The average rate of savings, already a high 19.8 per cent of income in fiscal 1967, is expected to increase slightly to an average 20.3 per cent of gross national product over the program period. But investment requirements will be very large, both because the growth targets are high and increasing, and because so much of the investment must be in public works and manufacturing, both highly capital-intensive sectors. Savings are, therefore, expected to fall short of investment by a total of P2.4 billion over the Plan period. Though imports of consumer goods are expected to remain steady at an annual level of about P450 million, about half of the capital goods and a substantial proportion of industrial raw materials must still be imported, so that the growth targets also imply a large increase in imports. The rate of growth of exports, however, is expected to drop slightly from the rate over the last five years. (The initial impetus given to exports by exchange decontrol and by the temporary increase in world market prices of sugar seems to have slackened considerably; and neither of these unusual circumstances is expected to recur during the Plan period.) The balance of foreign trade is expected to be in deficit by a total, over the four years of the Plan, of some P3.3 billion.

The table below gives details:

*Targets and Requirements of the Philippine Plan—Fiscal Years 1967–1970*

	<i>(Million pesos at constant fiscal 1967 prices)</i>				
	<i>1967<sup>5</sup></i>	<i>1968</i>	<i>1969</i>	<i>1970</i>	<i>Four Year Total</i>
1. Gross National Product.....	23,391	24,752	26,294	27,948	102,385
2. Capital Account					
Gross Investment.....	4,988	5,444	6,168	6,617	23,217
Gross Savings.....	4,628	4,985	5,492	5,705	20,810
Resources Gap.....	-360	-459	-676	-912	-2,407
3. External Account					
Exports.....	3,128	3,338	3,561	3,799	13,826
Imports.....	3,709	4,064	4,450	4,875	17,098
Gross Foreign Trade Gap <sup>6</sup> .....	-581	-726	-889	-1,076	-3,272

<sup>5</sup> Preliminary estimate, based on partial data. [Footnote in original.]

<sup>6</sup> Not including non-trade receipts. [Footnote in original.]



*Resource Requirements.* The figures on available resources are significant. They indicate that the foreign exchange problem is expected to be more serious over the long term than the savings problem. A long term projection indicates that although investment requirements, even for the ambitious development targets just stated, can be financed entirely from domestic sources after nine years, a trade gap will remain and will in fact be the controlling factor. Even taking into account, besides the value of traditional exports projected on the basis of recent trends, and net additional foreign exchange savings and earnings from new exports and import substitution forthcoming from priority projects listed in the Plan, new exports not taken into account by the Plan must still be raised in the amount of \$400 million.

*Remainder of the Plan.* The first year of the Plan has passed, and an assessment of performance is still in progress. For the remainder of the Plan period, over the fiscal years 1968 to 1970, domestic savings are estimated to fall short of the investment required to support the Plan's target by a total of P2,047 million or \$514 million.

## Appendix II

### PROBLEMS ENCOUNTERED BY AMERICAN EXPORTERS IN THE PHILIPPINES

The United States team noted the following types of problems encountered by American exporters in the Philippine market, which tend to nullify the trade benefits granted to the United States under the Laurel-Langley Agreement.

1. Philippine import duties have been raised substantially since 1955.

2. In addition to an increase in tariff barriers, serious non-tariff barriers have been imposed. Two illustrative examples of these are the obstacles placed on the import of American tobacco and remnants.

A. *Tobacco*—This problem originated in the early 1950's when a program to develop the growing of Virginia-type tobacco in the Philippines was begun. Since that time, the Philippine Government has taken various measures to reduce the importation of United States tobacco. Most recently, the Philippine Government has required that a Philippine importer of United States tobacco purchase and export four kilos of Philippine-grown Virginia-type tobacco for each kilo of United States tobacco he imports. This requirement has greatly reduced United States tobacco exports to the Philippines.

B. *Remnants*—Under normal conditions the United States exports \$20 million worth of textile remnants to the Philippines annually. However, through a series of decrees establishing unrealistically high fixed values for these remnants for the purpose of assessing customs tax and duty, the Philippine Government has in recent years greatly reduced the flow of United States exports of these remnants to the Philippines. The latest such decree, that issued on July 31, 1967, sets values that are, for most categories of remnants, ten times higher than their true values. Consequently, tax and duty assessments for remnant shipments on the basis of the July 31 decree are so high as to render uneconomic the acceptance of these remnants by the

Philippine importers who ordered them. As a result, there are now large quantities of these remnants in Philippine Customs custody, many of which were shipped from the United States before the July 31 decree. Further United States exports have ceased.

3. The manner in which certain aspects of the Philippine customs system have been administered has also proven to be a barrier. Documentation requirements, particularly, are so cumbersome and burdensome as to discourage many existing and potential U.S. exports to the Philippines. These include: a) the requirement for a manufacturer's or supplier's Export Price List (often completely unavailable); b) the requirement that consular invoices be certified at particular Philippine Consulates (sometimes more than one) which are often far from the point or points of shipments; c) the requirement that air freight shipments be certified *before* departure of the carrier (in contrast to the rule applied to surface shipments); and d) special requirements for notarized declarations on textile and remnants shipments. While these requirements may have been imposed on all other supplying countries as well, they naturally are of the greatest burden to the United States exports, given the volume of these exports to the Philippines.

4. Despite the provision of Article V of the Agreement providing for reciprocity in the treatment of one another's businessmen, Philippine treatment of American businessmen is non-reciprocal. A memorandum describing the problem in detail is attached.

NOVEMBER 28, 1967

*Attachment:*  
Memorandum—Visa Problems of American Businessmen.

### MEMORANDUM

#### *Visa Problems of American Businessmen*

Article V of the Laurel-Langley treaty provides for certain categories of American and Philippine businessmen to enter one another's territories as treaty traders or treaty investors under reciprocal conditions.

However, Philippine visas are issued to American businessmen valid for a maximum of 50 days, after which they are subject to various fees and charges amounting to some \$53 in the course of a year's time. Filipino businessmen, under current American visa regulations, obtain visas gratis and pay no fees to the Immigration and Naturalization Service for extensions of their visas, which are granted almost without question.

Additionally, Philippine administrative criteria such as the limitation of issuance to top executive personnel only and the diversion of requests for treaty trader visas to that for pre-arranged employment visas have at times been established for the issuance of Philippine treaty trader and treaty investor visas, while a two peso fee to finance a law library was added to fees for all transactions of the Bureau of Immigration in 1964. Moreover, all treaty trader and investor visa applications by Americans require referral to Manila before approval. On the other hand, American consular officials have been instructed to interpret liberally the provisions covering treaty traders and have consistently issued such visas, without referral to Washington, to anyone who could remotely qualify under the law for such classification.

## Appendix III

1. In regard to paragraph 20 a), the Philippine Panel replied that over the period 1949-1962, exchange and import controls rather than tariffs were the operative import-restriction mechanism, and their imposition was fully justified in view of the acute foreign exchange situation of the Philippines. Since the dismantling of exchange and import controls in early 1962, the Philippines has had to rely on the tariff mechanism in order to discourage unessential imports, and tariff rates on such imports were therefore raised in order to ensure the success of the decontrol program and to maintain the viability of infant industries in key sectors of the Philippine economy.

The Philippine Panel emphasized that, over the period under discussion, many essential imports of raw materials and capital equipment were facilitated through generous allocations of foreign exchange during the period of controls and, during the post-control period, through import duty and tax exemption privileges through such laws as the Basic Industries Act (R.A. 3137 as amended). Moreover, the Philippine Panel pointed out that despite the tariff increases which were applicable to imports from all third countries, the bulk of essential imports by the Philippines originated from the United States.

2. In regard to paragraph 20 b), the Philippine Panel replied that:

A. The measures taken by the Philippine Government were necessary to protect its foreign exchange position and to promote the growth of the tobacco industry.

B. Large quantities of textile remnants entered into this country had unrealistic valuations for customs duty purposes, thus depriving the Government of revenue and creating a situation wherein such textile remnants dominated the domestic market and threatened the extinction of the textile industry in the Philippines. The imposition of fixed values was intended to ensure the appropriate collection of customs revenues on the textile goods actually exported to the Philippines.

3. In regard to paragraph 20 c), the Philippine Panel replied that positive steps are being taken to simplify documentation requirements.

4. In regard to paragraph 20 d), the Philippine Panel replied:

1. That there are two kinds of visas under Section 9(a) (temporary visitor's visa) of the Philippine Immigration Act of 1940 available to American businessmen depending upon the duration of the trip in the Philippines as stated in their applications, namely: a *gratis* single entry visa for a period of 59 days and a multiple entry visa valid for one year. The fees for visas or services rendered for their extension are prescribed by law and have remained at the same rates since 1940; and

2. That the apparently strict interpretation of the treaty trader's and treaty investor's visa requirements has been dictated by the indiscriminate practice of large American firms in the Philippines of applying for these types of visas to circumvent immigration requirements for pre-arranged employment for their personnel who do not possess the requisite qualifications.

## Appendix IV

MEMORANDUM

NOVEMBER 25, 1967

Subject: Ownership of Private Agricultural Land by US Nationals after July 3, 1974

Article XIII, Section 5 of the Philippine Constitution provides:

Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines.

Article XIII, Section 1 of the Constitution allows alienation of public agricultural land but restricts the "disposition, exploitation, development, or utilization" of those lands, as well as timber and mineral lands and other natural resources to Philippine citizens and corporations in which at least sixty percent of the capital is owned by Philippine citizens. The so-called "Parity Ordinance" to the constitution modified this restriction, however, by specifying that, notwithstanding the provisions of Article XIII, section 1, the "disposition, exploitation, development, and utilization" of these public lands and natural resources "shall, if open to any person, be open to" US citizens and corporations in the same manner and under the same conditions as Philippine citizens and corporations. This ordinance also provided that it would in no case extend beyond July 3, 1974. Therefore, during that period, US citizens and corporations are able to hold land in the public domain and, for that reason, private agricultural land may lawfully be transferred or assigned to US citizens and corporations.

Unlike Article XIII, section 1, there is no provision in the constitution prohibiting disposition, utilization, development, or exploitation of private agricultural land by aliens; all that is prohibited is *transfer* or *assignment* to aliens. It seems apparent, therefore, that, in the absence of any law to the contrary, lawful transfers or assignments of private agricultural land to US citizens or corporations on or before July 3, 1974 remain effective after that date in accordance with the terms of such transfers or assignments. Except through hereditary succession, however, these lands could not thereafter be transferred or assigned to other US citizens or corporations.

Even with respect to leases and franchises concerning natural resources and public utilities, it has not been suggested that US citizens cannot continue to *own* these leases or franchises after July 3, 1974 if the terms of the lease or franchise extend beyond that date; it is merely the rights to develop, exploit, and operate that have been questioned.

As this analysis demonstrates, the question of private agricultural land is separate and distinct from the question of leases or franchises relating to natural resources or public utilities. Neither the constitution nor any other law of the Philippines, so far as I am aware, purports to terminate on July 4, 1974 lawfully acquired rights of ownership or possession of private agricultural land. I conclude that the right of US citizens to acquire such land terminates on that date but not the rights created by previous, lawful transfers or assignments.

GEORGE H. ALDRICH, Member, U.S. Panel

## **U.S. Calls Soviet Allegations Against Germany Unfounded**

*Following is the text of a note delivered to the Soviet Ministry of Foreign Affairs by the American Embassy in Moscow on December 29.*

Press release 305 dated December 29

The Government of the United States refers to the declaration of the Government of the U.S.S.R., dated December 8, 1967.<sup>1</sup>

The history of American policy on Germany since World War II makes clear the importance which the American Government attaches to the obligations it assumed with the Soviet Union, France and the United Kingdom for the future of Germany. In dealing with the German problem, including the Federal Republic and Berlin, this Government has consistently adhered to these obligations and acted in a way consistent with U.S. special responsibilities as one of the Four Powers.

The enduring opposition of this Government to totalitarianism of any form is a matter of public record, and does not need repeating. The United States, adhering to this position, must reject the accusations against the Government of the Federal Republic as completely unfounded. The Government of the Federal Republic is the only freely elected and representative government in Germany. There is no evidence whatsoever that the Government of the Federal Republic of Germany has supported or now supports totalitarian ideas in any way. Indeed, the present government, which represents the free choice of the great majority of the German people, is a coalition of parties which, both in philosophy and in practice, are dedicated to democratic principles. This is true as well of the opposition party in the Bundestag.

The Soviet allegation that the Federal Republic has threatened its neighbors is entirely without foundation. In fact, as the Soviet Government is aware, the Government of the Federal Republic seeks to improve relations with its neighbors and is prepared to conclude agreements for reciprocal renunciation of the use of force. The Federal Republic, as long as 13 years ago, renounced the manufacture of nuclear weapons and has repeatedly made clear it has no intention to acquire them. The armed

forces of the Federal Republic are within the framework and under the command of the North Atlantic Treaty Organization and are defensive in nature and in purpose. They are not a threat to anyone.

The Government of the United States endorses the efforts of the Federal Republic to reduce tension between itself and the countries of Eastern Europe, including the Soviet Union, and to obtain a more humane life for all Germans. This Government hopes that, as a result of these efforts, as well as those of the powers having special responsibilities for Germany as a whole, it will eventually be possible to agree on a just and peaceful solution of the German problem which will satisfy the legitimate interests of all people, including the people of Germany, and will strengthen the peace of Europe.

## **Congressional Documents Relating to Foreign Policy**

### **90th Congress, 1st Session**

- United States Contributions to International Organizations. Letter from the Secretary of State transmitting the 15th Report on the Extent and Disposition of U.S. Contributions to International Organizations for the Fiscal Year 1966. H. Doc. 140. July 12, 1967. 171 pp. and charts.
- Message from the President of the United States transmitting Eleventh Annual Report of the President on the Trade Agreements Program for 1966. H. Doc. 177. October 25, 1967. 67 pp.
- World Newsprint Supply-Demand Outlook Through 1969. Report of the House Committee on Interstate and Foreign Commerce. H. Rept. 970. November 17, 1967. 40 pp.
- National Commitments. Report to accompany S. Res. 187. S. Rept. 797. November 20, 1967. 29 pp.
- Submission of the Vietnam Conflict to the United Nations. Report to accompany S. Res. 180. S. Rept. 798. November 21, 1967. 7 pp.
- International Claims. Report to accompany H.R. 9063. S. Rept. 836. December 4, 1967. 24 pp.
- Interim Report on the United Nations and the Issue of Deep Ocean Resources together with hearings by the Subcommittee on International Organizations and Movements of the House Committee on Foreign Affairs. H. Rept. 999. December 7, 1967. 311 pp.
- Naval Vessel Loans. Conference Report to accompany H.R. 6167. H. Rept. 1016. December 8, 1967. 5 pp.
- Construction of Nuclear Desalting Plants in the Middle East. Report to accompany S. Res. 155. S. Rept. 920. December 11, 1967. 4 pp.
- Marine Resources and Engineering Development Act of 1966. Report to accompany H.R. 13273. S. Rept. 929. December 13, 1967. 16 pp.
- Foreign Assistance and Related Agencies Appropriations, 1968. Conference Report to accompany H.R. 13893. H. Rept. 1044. December 13, 1967. 6 pp.

<sup>1</sup> Not printed here.

## U.S. Proposes International Education Year

*Following is a statement by Arthur J. Goldberg, U.S. Representative to the General Assembly, made in Committee II (Economic and Social) on December 7, together with the text of a resolution which was approved by the committee on December 8 and adopted by the General Assembly on December 13.*

### STATEMENT BY AMBASSADOR GOLDBERG

U.S./U.N. press release 231 dated December 7

My Government has joined with Argentina, Austria, Ceylon, Colombia, Dahomey, Ghana, Liberia, Mexico, Nepal, Nigeria, Norway, Pakistan, Philippines, Thailand, Turkey, United Arab Republic, and Venezuela in tabling a draft resolution<sup>1</sup> by which the General Assembly would designate the year 1970 as International Education Year. It is with great pleasure, Mr. Chairman, that I also advise you, sir, and the members of this committee that India and Iran this morning have likewise indicated a desire to join as cosponsors of this resolution.

Mr. Chairman, we propose this step in the conviction that human history, as H. G. Wells wrote long ago, is "a race between education and catastrophe"—and as of this moment there can be no assurance that education is winning. But education can win the race—if we, the nations of the world, sufficiently mobilize our educational resources to meet the pressing needs of the better world all of us are trying to create.

We believe that a well-conceived and carefully planned International Education Year can give a powerful stimulus to this cause.

Today, throughout the world, both rich and poor countries are devoting more resources to education than ever before. Yet, despite often heroic efforts under very great odds, there is still a glaring inadequacy of educational results. Forty percent of the world's people—and in some regions 80 percent—cannot read or write the simplest word. Many schools and universities, maintained at great cost, are becoming obsolete in both method and subject matter and largely irrelevant to the concepts and skills which developing nations desperately need. Many millions of children and young people who must live and produce and provide leadership in the 21st century are still being educated for the 19th century—if indeed they are being educated at all.

It is true, of course, that these problems have been recognized for years. Indeed, in 1962 the Secretary-General wrote in his proposals for action for the Development Decade:<sup>2</sup>

Educated and trained people are always the chief, and in the longer run the only, agents of development. The unutilized talents of their people constitute the chief present waste, and the chief future hope, of the developing countries.

Proceeding from this premise, the Secretary-General went on to propose ambitious educational targets. To help developing nations meet these targets, various U.N. agencies created new educational projects and facilities. For example, UNESCO [United Nations Educational, Scientific and Cultural Organization] and the World Bank created the International Institute for Educational Planning in Paris. The International Labor Organization established an International Center for Advanced Technical and

<sup>1</sup> U.N. doc. A/C.2/L. 992.

<sup>2</sup> U.N. doc. E/3613.

Vocational Training in Turin. The General Assembly created the United Nations Institute for Training and Research. The World Bank not only indicated an interest but began to invest in educational facilities. The increasing resources of the U.N. Development Program have, as the members of this committee know, gone into educational projects.

In addition, contributions to international education have continued to flow from many other sources. My own Government created over 2 years ago a task force to recommend a long-range plan of worldwide educational endeavor and particularly to assist the educational efforts of the developing nations. I trust, Mr. Chairman, you will forgive me if I point out that I personally took a great interest in this task force because my wife was one of the members of this task force.

But despite all such steps, we, the nations of the world, are still a long way from having fully mobilized our resources in the worldwide war on ignorance. There exists among the educators of the world a vast unexploited wealth of experience and ideas about effective education. This wealth has yet to be put fully to work where it is most needed. There is still a wide gap between the best educational work that we have attained—or that new research will engender—and the worst that we still tolerate.

In the awareness of these worldwide needs, there was convened this past October in my own country, at Williamsburg, Virginia, an International Conference on the World Crisis in Education.<sup>3</sup> This conference arose from a proposal by President Johnson, who urged that it "take a fresh look at the world's new educational needs."<sup>4</sup> It brought together under private auspices 170 distinguished educational leaders from 52 countries in Africa, Asia, Europe, and the Americas. Among its prime movers and leading participants was the distinguished Director General of UNESCO, Mr. Rene Maheu.

It was from this conference in Williamsburg that the suggestion arose which we have laid before this committee. I should like to quote from the working group report on this subject:

We propose that the year 1970 should be designated as the *International Education Year*, to draw attention . . . to the long-term importance of education in the balanced development and modernization of the Planet.

This proposal was endorsed in the final report of the conference, which stated the belief that such an observance in 1970 "could mobilize energies and inspire world-wide initiatives that would give this subject the priority it deserves."

I turn now to the pending draft resolution by which we seek to give effect to this proposal. When I say "we," I mean our country and our cosponsors.

The major step which this resolution proposes is that the Assembly act now to designate the year 1970 as the International Education Year. It then proposes that the details should be worked out and the necessary planning set in motion by our distinguished Secretary-General in consultation with UNESCO and other appropriate entities of the United Nations family. The Secretary-General's recommendations, after review by the Economic and Social Council, would then come before the General Assembly in time for the International Education Year to be formally proclaimed at its 24th regular session in 1969.

Among the major issues to which the International Education Year should appropriately, in our view, address itself will certainly be such important and widespread questions as these:

—How can teaching be made more efficient and productive through better management and through new technology such as television and communications satellites?

—How can new technology also be put to work to speed the growth of literacy, without which democracy itself is virtually impossible?

—How can schools work with community development programs to improve the quality of both rural and urban life?

—How can severely limited educational resources be opened to gifted students on the most appropriate and democratic basis, without regard to wealth, class, sex, or race?

—What kinds of international cooperation are most critically needed in the educational field?

—And perhaps most crucial of all: How can each nation's educational system give the most vigorous support to that nation's development?

<sup>3</sup> For an address by President Johnson made before the conference on Oct. 8, 1967, see BULLETIN of Oct. 30, 1967, p. 569.

<sup>4</sup> For an address by President Johnson made at Honolulu, Hawaii, on Oct. 17, 1966, see *ibid.*, Nov. 28, 1966, p. 812.

To deal most effectively with such questions, my Government believes that the International Education Year should be planned and executed on the broadest scale—by educators, national leaders, economic development officials, manpower experts, employers, labor unions, and many others. A program so developed could have a most beneficial effect, particularly in cementing a closer understanding between educators and national developers and the broad fabric of the whole society of every nation.

The need for such an understanding is great. Without education, a nation cannot properly heal the sick, feed the hungry, or house the homeless. And—equally obviously—sick, hungry, and homeless children cannot be educated. Close cooperation between educators and developers is thus essential to the success of national development programs on which the future of humanity itself largely depends.

Mr. Chairman, in this statement I have discussed education primarily in the context of the development of nations. But I would not want to leave the impression that we in the United States view education solely in this light. Far from it—the values of education are as many-sided and many-faceted as human nature. True education illuminates the mind and the soul of the individual and imparts meaning and inspiration to his life. It is essential to a free, just, and democratic society. It nourishes the arts and sciences. It builds understanding, toleration, and friendship among all groups and creeds and nationalities. It is a messenger of peace on earth.

Especially in this great organization of the United Nations, it is fitting that we should remember the enlightening power of education in the service of peace. Perhaps the International Education Year can help the schools of tomorrow to fulfill this vital function—not only by teaching the truth about the human family but also by helping to build societies which will be more prosperous, more just, and thus more resistant to hatred and violence.

We all know that this, not war and preparation for war, is the road that mankind must travel, however difficult that road may be. Indeed, the greater the difficulties, the greater must be our efforts. For this is our common cause. In our need for education and for all the works of peace, we are truly one human family, transcending any difference in political or economic ideology.

In this spirit, Mr. Chairman, the United States joins with its cosponsors in commending to this committee the pending resolution to declare the year 1970 the International Education Year, and we urge its adoption.<sup>5</sup>

## TEXT OF RESOLUTION<sup>6</sup>

### INTERNATIONAL EDUCATION YEAR

*The General Assembly,*

*Recalling* the Secretary-General's appraisal of the United Nations Development Decade at mid-point,<sup>7</sup> and in particular his emphasis on the development of human resources as the greatest potential resource of any country,

*Recalling* Economic and Social Council resolution 1274 (XLIII) of 4 August 1967 on the development and utilization of human resources,

*Recognizing* the urgent need for a more effective mobilization of efforts in education and training as an essential element of a successful strategy of international development,

*Recognizing further* the fundamental importance of education as a means of widening man's horizons, improving mutual understanding and strengthening international peace,

*Convinced* that an international education year on the basis of appropriate planning would serve throughout the world to mobilize energies and inspire initiatives in education and training,

1. *Decides* to observe an International Education Year and provisionally designates the year 1970 for this purpose, subject to review at the twenty-fourth session of the General Assembly, in the light of the preparatory work;

2. *Requests* the Secretary-General to consult with the United Nations Educational, Scientific and Cultural Organization and other interested specialized agencies in preparing a programme of activities to be undertaken or initiated by Member States, by the United Nations and by the specialized agencies, particularly the United Nations Educational, Scientific and Cultural Organization, and by other interested intergovernmental bodies, in order to initiate those world-wide activities in education which constitute the purpose of the International Education Year;

3. *Further requests* the Secretary-General to submit a progress report to the General Assembly at its twenty-third session through the Economic and Social Council at its forty-fifth session, so that the Assembly may decide, on the basis of those preparations, on the proclamation of International Education Year.

<sup>5</sup> Draft resolution A/C.2/L. 992/Rev. 1 was approved by the committee on Dec. 8 by a vote of 76 (U.S.) to 0, with 6 abstentions.

<sup>6</sup> U.N. doc. A/RES/2306 (XXII); adopted by the Assembly on Dec. 13 by a vote of 102 (U.S.) to 0, with 1 abstention.

<sup>7</sup> United Nations publication, Sales No.: 65.I.26. [Footnote in original.]

# U.S. Asks Security Council Study of Criteria for U.N. Membership

*Letter From Arthur J. Goldberg  
U.S. Representative to the United Nations*

U.S./U.N. press release 236 dated December 13

DECEMBER 13, 1967

His Excellency  
Chief S. O. ADEBO, C.M.G.  
*President of the Security Council  
United Nations, New York*

EXCELLENCY: My Government has given careful attention to the considerations expressed by the Secretary General in the "Introduction of the Annual Report of the Secretary General on the Work of the Organization" 22nd Session of the General Assembly, Supplement No. 1A (A/6701/Add. 1), with respect to those states "which have been referred to as 'micro-States', entities which are especially small in area, population, and human and economic resources, and which are now emerging as independent States."

The Secretary General suggested in this Introduction that it might "be opportune for the competent organs to undertake a thorough and comprehensive study of the criteria for membership in the United Nations with a view to laying down the necessary limitations on full membership while also defining other forms of association which would benefit both the 'micro-States' and the United Nations." In so doing he also referred to the provision of the Charter with respect to membership (Article 4) under which each applicant must, in the judgment of the Organization, be able and willing to carry out the obligations contained in the Charter.

It is our belief that examination of the considerations presented by the Secretary General is most likely to be fruitful if it is made in terms of general principles and procedures. Inasmuch as no applications for membership are now pending in the Security Council, we believe the time may be appropriate for considering the suggestions that have been put forward.

As have other Council members, the United States has for some time had under consideration the sort of issues elucidated by the Secretary General in his Introduction. As early as September 20, 1965, the United States Repre-

sentative in the Council had occasion to refer to the matter.<sup>1</sup> Representatives of other states have done likewise on various occasions.

Members of the Council will recall that Rule 59 requires that in the absence of a contrary decision by the Security Council, applications for membership be referred by the President to the Committee on the Admission of New Members. Although the Committee on Membership has in fact been inactive for some time, it is a standing committee under the Rules, on which all members of the Council are represented.

The United States believes that the Security Council could usefully and appropriately seek the assistance and advice of this Committee in examining the issues outlined by the Secretary General with a view to providing the members and the Security Council with appropriate information and advice. We would accordingly request that as President of the Council you consult the members about the possibility of reconvening the Committee for such a purpose.

I would appreciate it if you would circulate this letter as a document of the Security Council.<sup>2</sup>

Accept, Excellency, the assurances of my highest consideration.

ARTHUR J. GOLDBERG

## TREATY INFORMATION

### United States and Mexico Extend Radio Broadcasting Agreement

Press release 304 dated December 26

On December 21 a protocol between the United States and Mexico further extending until December 31, 1968, the agreement of January 29, 1957,<sup>3</sup> concerning radio broadcasting in the standard broadcast band was signed at Mexico City.

<sup>1</sup> For a statement made in the Security Council on Sept. 20, 1965, by Ambassador Charles W. Yost, see U.S./U.N. press release 4643.

<sup>2</sup> U.N. doc. S/8296.

<sup>3</sup> Treaties and Other International Acts Series 4777.

The 1957 agreement entered into force on June 9, 1961, effective for 5 years. It expired by its own terms on June 9, 1966. A protocol signed on April 13, 1966, and brought into force by the exchange of instruments of ratification on January 12, 1967, had the effect of reviving and continuing in force the 1957 agreement through the year 1967.

Discussions between United States and Mexican officials with a view to a new comprehensive agreement on the subject are continuing.

The new protocol will be sent to the Senate for advice and consent to ratification.

## Current Actions

### MULTILATERAL

#### Labor

International Labor Convention (No. 58) fixing the minimum age for the admission of children to employment at sea (revised 1936). Adopted by the International Labor Conference at its 22d session, Geneva, October 24, 1936. Entered into force April 11, 1939; for the United States October 29, 1939. TS 952.

*Territorial application:* Bermuda (with modifications), October 4, 1967.

#### Maritime Matters

Amendment to article 28 of the Convention on the Intergovernmental Maritime Consultative Organization (TIAS 4044). Adopted at Paris September 28, 1965. Enters into force November 3, 1968.

*Acceptance deposited:* Nigeria, December 6, 1967.

#### Narcotic Drugs

Single convention on narcotic drugs, 1961. Done at New York March 30, 1961. Entered into force December 13, 1964; for the United States June 24, 1967. TIAS 6298.

*Ratifications deposited:* Australia<sup>1</sup> and Guatemala, December 1, 1967.

### BILATERAL

#### Ceylon

Agreement for sales of agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as

amended; 7 U.S.C. 1691-1736D), with annex. Signed at Colombo October 27, 1967. Entered into force October 27, 1967.

#### Chile

Agreement for sales of agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D), with agreement and annex. Effected by exchange of notes at Santiago December 29, 1967. Entered into force December 29, 1967.

#### China

Agreement relating to the loan of a naval vessel to China. Effected by exchange of notes at Taipei December 7 and 15, 1967. Entered into force December 15, 1967.

#### Congo (Kinshasa)

Agreement amending the agreement for sales of agricultural commodities of March 15, 1967, as amended (TIAS 6329). Effected by exchange of notes at Kinshasa December 15 and 21, 1967. Entered into force December 21, 1967.

#### Italy

Agreement amending the agreement of December 18, 1948, as amended, for financing certain educational exchange programs (TIAS 1864, 3148, 3278, 4254, 6179). Effected by exchange of notes at Rome October 12 and December 6, 1967. Entered into force December 6, 1967.

#### Malagasy Republic

Agreement amending and extending the agreement of October 7, 1963, as amended, providing for the establishment and operation of a space vehicle tracking and communication station in Madagascar (TIAS 5473, 6024). Effected by exchange of notes at Tananarive December 11 and 21, 1967. Entered into force December 21, 1967.

#### Paraguay

Agreement for sales of agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D), with annex. Signed at Asunción December 22, 1967. Entered into force December 22, 1967.

### Correction

The Editor of the BULLETIN regrets an error in the issue of January 8, 1968, p. 49. The title appearing on that page and on the cover should have read: "North Atlantic Council Meets at Brussels." Also, in the second line of the italic paragraph on p. 49, "Brussels" should be substituted for "Luxembourg."

<sup>1</sup> With a declaration.



Africa. Message to Africa (Humphrey) . . . 129

Asia. United States Officials Report on Overseas Reactions to President Johnson's Balance-of-Payments Program (transcript of news briefing) . . . 135

**Cambodia**  
 United States and Cambodia Hold Talks at Phnom Penh (Bowles, joint communique) . . . 133  
 U.S. Offers Helicopters for ICC Surveillance Work in Cambodia (text of U.S. message to Cambodia) . . . 134

Congress. Congressional Documents Relating to Foreign Policy . . . 155

**Economic Affairs**  
 Message to Africa (Humphrey) . . . 129  
 United States Officials Report on Overseas Reactions to President Johnson's Balance-of-Payments Program (transcript of news briefing) . . . 135  
 U.S.-Philippine Committee Holds Talks on Future Economic Relations (text of Committee report) . . . 146

**Educational and Cultural Affairs**  
 Implementation of Katzenbach Report . . . 145  
 U.S. Proposes International Education Year (Goldberg, text of resolution) . . . 156

Europe. United States Officials Report on Overseas Reactions to President Johnson's Balance-of-Payments Program (transcript of news briefing) . . . 135

Foreign Aid. Development Aid: the National Interest and International Stability (Gaud) . . . 143

Germany. U.S. Calls Soviet Allegations Against Germany Unfounded (text of U.S. note) . . . 155

Human Rights. Message to Africa (Humphrey) . . . 129

Mexico. United States and Mexico Extend Radio Broadcasting Agreement . . . 159

Philippines. U.S.-Philippine Committee Holds Talks on Future Economic Relations (text of Committee report) . . . 146

Trade. U.S.-Philippine Committee Holds Talks on Future Economic Relations (text of Committee report) . . . 146

**Treaty Information**  
 Current Actions . . . 160  
 United States and Mexico Extend Radio Broadcasting Agreement . . . 159

**U.S.S.R.**  
 U.S. Calls Soviet Allegations Against Germany Unfounded (text of U.S. note) . . . 155  
 U.S. Replies to Soviet Charges of Damage to Ship at Haiphong (text of U.S. note) . . . 145

**United Nations**  
 U.S. Asks Security Council Study of Criteria for U.N. Membership (Goldberg) . . . 159  
 U.S. Proposes International Education Year (Goldberg, text of resolution) . . . 156

**Viet-Nam**  
 United States and Cambodia Hold Talks at Phnom Penh (Bowles, joint communique) . . . 133  
 U.S. Offers Helicopters for ICC Surveillance Work in Cambodia (text of U.S. message to Cambodia) . . . 134  
 United States Officials Report on Overseas Reactions to President Johnson's Balance-of-Payments Program (transcript of news briefing) . . . 135  
 U.S. Replies to Soviet Charges of Damage to Ship at Haiphong (text of U.S. note) . . . 145

*Name Index*

Bowles, Chester . . . 133  
 Deming, Frederick L . . . 135  
 Gaud, William S . . . 143  
 Goldberg, Arthur J . . . 156, 159  
 Humphrey, Vice President . . . 129  
 Katzenbach, Nicholas deB . . . 135  
 Rostow, Eugene V . . . 135  
 Roth, William M . . . 135

**Check List of Department of State Press Releases: January 8-14**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to January 8 which appear in this issue of the BULLETIN are Nos. 304 of December 26, 305 and 307 of December 29, and 3 and 4 of January 6.

No.	Date	Subject
5	1/10	U.S. message of December 25 to Royal Cambodian Government.
†6	1/13	Katzenbach: Adlai E. Stevenson Institute, Chicago.
†7	1/13	U.S.-Japan cotton textile arrangement (rewrite).
15	1/12	U.S.-Cambodia joint communique.

†Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

---

OFFICIAL BUSINESS

THE  
DEPARTMENT  
OF  
STATE  
  
**BULLETIN**

*Vol. LVIII, No. 1498*



*February 5, 1968*

THE STATE OF THE UNION

*Address of President Johnson to the Congress (Excerpts) 161*

THE CHALLENGES OF OUR CHANGING ATLANTIC PARTNERSHIP

*by Under Secretary Katzenbach 168*

VIET-NAM AND THE FUTURE OF EAST ASIA

*by Assistant Secretary Bundy 176*

U.S. AND U.S.S.R. SUBMIT COMPLETE DRAFT TREATY ON NONPROLIFERATION  
OF NUCLEAR WEAPONS TO GENEVA DISARMAMENT CONFERENCE

*Statements by President Johnson and Adrian S. Fisher  
and Text of Draft Treaty 164*

*For indexes see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

VOL. LVIII, No. 1493  
February 5, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

# The State of the Union

## ADDRESS OF PRESIDENT JOHNSON TO THE CONGRESS (EXCERPTS) <sup>1</sup>

Mr. Speaker, Mr. President, Members of the Congress, and my fellow Americans:

I was thinking, as I was walking down the aisle tonight, of what Sam Rayburn told me years ago: The Congress always extends a very warm welcome to the President—as he comes in. I thank all of you very, very much.

I have come once again to this Chamber, the home of our democracy, to give you, as the Constitution requires, "Information of the State of the Union."

I report to you that our country is challenged at home and abroad:

—that it is our will that is being tried, not our strength; our sense of purpose, not our ability to achieve a better America;

—that we have the strength to meet our every challenge: the physical strength to hold the course of decency and compassion at home and the moral strength to support the cause of peace in the world.

And I report to you that I believe, with abiding conviction, that this people—nurtured by their deep faith, tutored by their hard lessons, moved by their high aspirations—have the will to meet the trials that these times impose.

Since I reported to you last January, three elections have been held in Vietnam—in the midst of war and under the constant threat of violence. A President, a Vice President, a House and Senate, and village officials have been chosen by popular, contested ballot. The enemy has been defeated in battle after battle. The number of South Vietnamese living in areas under government protection tonight has grown by more than a million since January of last year. These are all marks of progress.

Yet the enemy continues to pour men and

material across frontiers and into battle despite his continuous heavy losses. He continues to hope that America's will to persevere can be broken. Well, he is wrong. America will persevere. Our patience and our perseverance will match our power. Aggression will never prevail. But our goal is peace—and peace at the earliest possible moment.

Right now we are exploring the meaning of Hanoi's recent statement. There is no mystery about the questions which must be answered before the bombing is stopped.

We believe that any talks should follow the San Antonio formula that I stated last September,<sup>2</sup> which said the bombing would stop immediately if talks would take place promptly and with reasonable hopes that they would be productive and the other side must not take advantage of our restraint, as they have in the past. This nation simply cannot accept anything less without jeopardizing the lives of our men and of our allies.

If a basis for peace talks can be established on the San Antonio foundations—and it is my hope and my prayer that they can—we would consult with our allies and with the other side to see if a complete cessation of hostilities, a really true cease-fire, could be made the first order of business. I will report at the earliest possible moment the results of these explorations to the American people.

I have just recently returned from a very fruitful visit and talks with His Holiness the Pope, and I share his hope, as he expressed it earlier today, that both sides will extend themselves in an effort to bring an end to the war in Vietnam. I have today assured him that we and our allies will do our full part to bring this about.

<sup>1</sup> Delivered on Jan. 17 (White House press release).

<sup>2</sup> BULLETIN of Oct. 23, 1967, p. 519.

Since I spoke to you last January, other events have occurred that have major consequences for world peace.

—The Kennedy Round achieved the greatest reduction in tariff barriers in all the history of trade negotiations.

—The nations of Latin America at Punta del Este resolved to move toward economic integration.

—In Asia, the nations from Korea and Japan to Indonesia and Singapore worked behind America's shield to strengthen their economies and to broaden their political cooperation.

—In Africa, from which the distinguished Vice President has returned, he reports to me there is a spirit of regional cooperation that is beginning to take hold in very practical ways.

These events we all welcomed. Yet, since I last reported to you, we and the world have been confronted by a number of crises:

During the Arab-Israeli war last June, the hot line between Washington and Moscow was used for the first time in our history. A ceasefire was achieved without a major-power confrontation.

Now the nations of the Middle East have the opportunity to cooperate with Ambassador [Gunnar] Jarring's U.N. mission<sup>3</sup> and they have the responsibility to find the terms of living together in stable peace and dignity, and we shall do all in our power to help them achieve that result.

Not far from this scene of conflict, a crisis flared on Cyprus involving two peoples who are America's friends: Greece and Turkey. Our very able representative, Mr. Cyrus Vance, and others helped to ease this tension.

Turmoil continues on the mainland of China after a year of violent disruption. The radical extremism of their government has isolated the Chinese people behind their own borders. The United States, however, remains willing to permit the travel of journalists to both our countries; to undertake cultural and educational exchanges; and to talk about the exchange of basic food crop materials.

Since I spoke to you last, the United States and the Soviet Union have taken several important steps toward the goal of international cooperation.

---

<sup>3</sup> For background and text of a Security Council resolution adopted on Nov. 22, 1967, see *ibid.*, Dec. 18, 1967, p. 834.

As you remember, I met with Chairman [of the Council of Ministers of the Soviet Union Aleksei N.] Kosygin at Glassboro for 2 days, achieving, if not accord, at least a clearer understanding of our respective positions.

Because we believe the nuclear danger must be narrowed, we have worked with the Soviet Union and other nations to reach an agreement that will halt the spread of nuclear weapons. On the basis of communications from Ambassador Fisher [Adrian S. Fisher, U.S. Representative to the Conference of the 18-Nation Disarmament Committee] in Geneva this afternoon, I am encouraged to believe that a draft treaty can be laid before the conference in Geneva in the near future.<sup>4</sup> I hope to be able to present that treaty to the Senate this year for the Senate's approval.

We achieved in 1967 a consular treaty with the Soviets, the first commercial air agreement between the two countries, and a treaty banning weapons in outer space. We shall sign and submit to the Senate shortly a new treaty with the Soviets and with others for the protection of astronauts.

Serious differences still remain between us, yet in these relations we have made some progress since Vienna, the Berlin wall, and the Cuban missile crisis.

Yet, despite this progress, we must maintain a military force that is capable of deterring any threat to this nation's security, whatever the mode of aggression. Our choices must not be confined to total war or total acquiescence.

We have such a military force today. We shall maintain it.

I wish with all of my heart that the expenditures that are necessary to build and to protect our power could all be devoted to the programs of peace. But until world conditions permit, and until peace is assured, America's might and America's bravest sons who wear our nation's uniform must continue to stand guard for all of us, as they gallantly do tonight in Vietnam and other places in the world.

Yet neither great weapons nor individual courage can provide the conditions of peace.

For two decades America has committed itself against the tyranny of want and ignorance in the world that threatens the peace. We shall sustain that commitment.

This year I shall propose:

---

<sup>4</sup> See p. 164.

—that we launch, with other nations, an exploration of the ocean depths to tap its wealth and its energy and its abundance;

—that we contribute our fair share to a major expansion of the International Development Association and to increase the resources of the Asian Development Bank;

—that we adopt a prudent aid program rooted in the principle of self-help;

—that we renew and extend the Food for Freedom program.

Our food programs have already helped millions avoid the horrors of famine. But unless the rapid growth of population in developing countries is slowed, the gap between rich and poor will widen steadily.

Governments in the developing countries must take such facts into consideration. We in the United States are prepared to help assist them in those efforts.

But we must also improve the lives of children already born in the villages and towns and cities already on this earth. They can be taught by great teachers through space communications and the miracle of satellite television, and we shall bring to bear every resource of mind and technology to help make this dream come true.

Next month we begin our eighth year of uninterrupted prosperity. The economic outlook for this year is one of steady growth—if we are vigilant.

On January 1st, I outlined a program to reduce our balance-of-payments deficit sharply this year.<sup>5</sup> We will ask the Congress to help carry out those parts of the program which require legislation. We must restore equilibrium to our balance of payments.

We must also strengthen the international monetary system. We have assured the world that America's full gold stock stands behind our

<sup>5</sup> BULLETIN of Jan. 22, 1968, p. 110.

commitment to maintain the price of gold at \$35 an ounce. We must back this commitment by legislating now to free our gold reserves.

Americans, traveling more than any other people in history, took \$4 billion out of their country last year in travel costs. We must try to reduce the travel deficit that we have of more than \$2 billion. We are hoping that we can reduce it by \$500 million—without unduly penalizing the travel of students or teachers or business people who have essential, necessary travel or people who have relatives abroad whom they need to see. Even with the reduction of \$500 million, the American people will still be traveling more overseas than they did in 1967, 1966, or 1965 or any other year in their history.

If we act together as I hope we can, I believe we can continue our economic expansion which has already broken all past records.

Tonight I have spoken of some of the goals I should like to see America reach. Many of them can be achieved this year—others by the time we celebrate our nation's 200th birthday—the bicentennial of our independence.

Several of these goals will be very hard to reach. But the state of our Union will be much stronger 8 years from now on our 200th birthday if we resolve to reach these goals now. They are more important—much more important—than the identity of the party or the President who will then be in office.

These goals are what the fighting and our alliances are really meant to protect.

Can we achieve these goals?

Of course we can—if we will.

If ever there was a people who sought more than mere abundance, it is our people.

If ever there was a nation that is capable of solving its problems, it is this nation.

If ever there was a time to know the pride and the excitement and the hope of being an American, it is this time.

So this, my friends, is the state of our Union: seeking, building, tested many times in this past year—and always equal to the test.

Thank you and good night.

## U.S. and U.S.S.R. Submit Complete Draft Treaty on Nonproliferation of Nuclear Weapons to the Geneva Disarmament Conference

*The Conference of the Eighteen-Nation Committee on Disarmament resumed its session at Geneva on January 18. The White House announced on January 18 that it had been informed at 4:25 that morning that the U.S.S.R. and the United States, as cochairmen of the Committee, would that day submit to the Conference a complete draft of the treaty to stop the spread of nuclear weapons. Following is the text of the draft treaty, together with statements by President Johnson and by Adrian S. Fisher, head of the U.S. delegation at Geneva.*

### STATEMENT BY PRESIDENT JOHNSON

White House press release dated January 18

I am most heartened to learn that the Soviet Union will join the United States, as cochairmen of the Eighteen-Nation Disarmament Committee, to submit a complete text of a treaty to stop the spread of nuclear weapons and that this draft treaty will be submitted today to the Committee in Geneva. This revised text includes an agreed safeguards article and other revisions that will make the treaty widely acceptable.<sup>1</sup>

We have worked long and hard in an effort to draft a text that reflects the views of other nations. I believe the draft presented today represents a major accomplishment in meeting these legitimate interests.

The text submitted today must now be considered further by all governments. Following its review by the Conference in Geneva, it will be considered by the General Assembly in the spring. It is my fervent hope that I will be able to submit it to the Senate of the United States for its advice and consent this year.

The draft treaty text submitted today clearly demonstrates an important fact. In the face of the differences that exist in the world, the

two nations which carry the heaviest responsibility for averting the catastrophe of nuclear war can, with sufficient patience and determination, move forward. They can move forward toward the goal which all men of good will seek: a reversal of the arms race and a more secure peace based on our many common interests on this one small planet.

I believe history will look on this treaty as a landmark in the effort of mankind to avoid nuclear disaster, while insuring that all will benefit from the peaceful uses of nuclear energy.

This treaty will be a testament of man's faith in the future. In that spirit I commend it to all.

### STATEMENT BY MR. FISHER, GENEVA, JANUARY 18<sup>2</sup>

As chairman I would like to say a few words about the importance of the session of the Conference of the Eighteen-Nation Committee on Disarmament which we are beginning with our meeting today. I would like to do so against the background of United Nations General Assembly Resolution 2346 (XXII), which was adopted on December 19, 1967, by the General Assembly of the United Nations, with only one dissenting vote.

In that resolution the General Assembly called upon this Committee urgently to con-

<sup>2</sup> Made at the opening session of the Conference of the Eighteen-Nation Committee on Disarmament at Geneva on Jan. 18. Mr. Fisher served as U.S. Representative and head of the U.S. delegation to the Conference in the absence of William C. Foster, Director of the U.S. Arms Control and Disarmament Agency, who had been unable to return to Geneva because of illness. On behalf of the U.S. delegation Mr. Fisher sent the following message to Mr. Foster on Jan. 18: "We are about to table complete identical texts this afternoon. Our only regret is that you are not here and you are not tabling it, because it represents the results of so many months and years of hard work and leadership on your part. We hope that you will soon be here to finish up the job. The entire delegation joins me in this expression."

<sup>1</sup> For background and text of a draft treaty submitted to the Geneva Disarmament Conference on Aug. 24, 1967, see BULLETIN of Sept. 11, 1967, p. 315.



tinue its work in preparing a draft international treaty to prevent the proliferation of nuclear weapons. It requested this Committee to submit to the General Assembly on or before March 15 of this year a full report on the negotiations on such a draft treaty. It recommended that, upon receipt of such report, appropriate consultations be instituted in accordance with the rules and procedures of the General Assembly on the setting of an early date after March 15 for the resumption of the 22d session of the General Assembly to consider item 28(a) "Non-proliferation of nuclear weapons: Report of the Conference of the Eighteen-National Committee on Disarmament."

In other resolutions the General Assembly called upon this Committee to consider various subjects, but only in connection with a treaty on the proliferation of nuclear weapons has the General Assembly requested us to submit a report by an early date and only in connection with this treaty did the General Assembly indicate that it was prepared to consider a resumed session to consider the results of our work. This indicates the high importance the United Nations has placed on the work of the Committee in drafting an international treaty to prevent the proliferation of nuclear weapons.

I am particularly pleased, therefore, to be able to inform the Committee that the cochairmen have today submitted revised draft texts of the treaty for the Committee's consideration. These texts, appearing in document ENDC/192/Rev. 1 and ENDC/193/Rev. 1, contain an article III on safeguards, as well as several new articles and amendments to existing articles.

I know I speak for all of us when I express the hope that this Committee can now act definitely and expeditiously in responding to the recommendation of the General Assembly. The time has now arrived for decisive action to stop the spread of nuclear weapons, and the world will expect us to respond accordingly.

## TEXT OF DRAFT TREATY

JANUARY 18, 1968

### DRAFT TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS

The States concluding this Treaty, hereinafter referred to as the "Parties to the Treaty",

Considering the devastation that would be visited upon all mankind by a nuclear war and the consequent need to make every effort to avert the danger of such

a war and to take measures to safeguard the security of peoples,

Believing that the proliferation of nuclear weapons would seriously enhance the danger of nuclear war,

In conformity with resolutions of the United Nations General Assembly calling for the conclusion of an agreement on the prevention of wider dissemination of nuclear weapons,

Undertaking to cooperate in facilitating the application of International Atomic Energy Agency safeguards on peaceful nuclear activities,

Expressing their support for research, development and other efforts to further the application, within the framework of the International Atomic Energy Agency safeguards system, of the principle of safeguarding effectively the flow of source and special fissionable materials by use of instruments and other techniques at certain strategic points,

Affirming the principle that the benefits of peaceful applications of nuclear technology, including any technological by-products which may be derived by nuclear-weapon States from the development of nuclear explosive devices, should be available for peaceful purposes to all Parties to the Treaty, whether nuclear-weapon or non-nuclear-weapon States.

Convinced that in furtherance of this principle, all Parties to this Treaty are entitled to participate in the fullest possible exchange of scientific information for, and to contribute alone or in cooperation with other States to, the further development of the applications of atomic energy for peaceful purposes,

Declaring their intention to achieve at the earliest possible date the cessation of the nuclear arms race,

Urging the cooperation of all States in the attainment of this objective,

Desiring to further the easing of international tension and the strengthening of trust between States in order to facilitate the cessation of the manufacture of nuclear weapons, the liquidation of all their existing stockpiles, and the elimination from national arsenals of nuclear weapons and the means of their delivery pursuant to a treaty on general and complete disarmament under strict and effective international control,

Have agreed as follows:

#### *Article I*

Each nuclear-weapon State Party to this Treaty undertakes not to transfer to any recipient whatsoever nuclear weapons or other nuclear explosive devices or control over such weapons or explosive devices directly, or indirectly; and not in any way to assist, encourage, or induce any non-nuclear-weapon State to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices, or control over such weapons or explosive devices.

#### *Article II*

Each non-nuclear-weapon State Party to this Treaty undertakes not to receive the transfer from any transferor whatsoever of nuclear weapons or other nuclear explosive devices or of control over such weapons or explosive devices directly, or indirectly; not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices; and not to seek or receive any assistance in the manufacture of nuclear weapons or other nuclear explosive devices.

### *Article III*

1. Each non-nuclear-weapon State Party to the Treaty undertakes to accept safeguards, as set forth in an agreement to be negotiated and concluded with the International Atomic Energy Agency in accordance with the Statute of the International Atomic Energy Agency and the Agency's safeguards system, for the exclusive purpose of verification of the fulfillment of its obligations assumed under this Treaty with a view to preventing diversion of nuclear energy from peaceful uses to nuclear weapons or other nuclear explosive devices. Procedures for the safeguards required by this Article shall be followed with respect to source or special fissionable material whether it is being produced, processed or used in any principal nuclear facility or is outside any such facility. The safeguards required by this Article shall be applied on all source or special fissionable material in all peaceful nuclear activities within the territory of such State, under its jurisdiction, or carried out under its control anywhere.

2. Each State Party to the Treaty undertakes not to provide: (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon State for peaceful purposes, unless the source or special fissionable material shall be subject to the safeguards required by this Article.

3. The safeguards required by this Article shall be implemented in a manner designed to comply with Article IV of this Treaty, and to avoid hampering the economic or technological development of the Parties or international cooperation in the field of peaceful nuclear activities, including the international exchange of nuclear material and equipment for the processing, use or production of nuclear material for peaceful Atomic Energy Agency to meet the requirements of this Article and the principle of safeguarding set forth in the Preamble.

4. Non-nuclear-weapon States Party to the Treaty shall conclude agreements with the International Atomic Energy Agency to meet the requirements of this Article either individually or together with other States in accordance with the Statute of the International Atomic Energy Agency. Negotiation of such agreements shall commence within 180 days from the original entry into force of this Treaty. For States depositing their instruments of ratification after the 180-day period, negotiation of such agreements shall commence not later than the date of such deposit. Such agreements shall enter into force not later than eighteen months after the date of initiation of negotiations.

### *Article IV*

1. Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II of this Treaty.

2. All the Parties to the Treaty have the right to participate in the fullest possible exchange of scientific and technological information for the peaceful uses of nuclear energy. Parties to the Treaty in a position to do so shall also cooperate in contributing

alone or together with other States or international organizations to the further development of the applications of nuclear energy for peaceful purposes, especially in the territories of non-nuclear-weapon States Party to the Treaty.

### *Article V*

Each Party to this Treaty undertakes to cooperate to insure that potential benefits from any peaceful applications of nuclear explosions will be made available through appropriate international procedures to non-nuclear-weapon States Party to this Treaty on a non-discriminatory basis and that the charge to such Parties for the explosive devices used will be as low as possible and exclude any charge for research and development. It is understood that non-nuclear-weapon States Party to this Treaty so desiring may, pursuant to a special agreement or agreements, obtain any such benefits on a bilateral basis or through an appropriate international body with adequate representation of non-nuclear-weapon States.

### *Article VI*

Each of the Parties to this Treaty undertakes to pursue negotiations in good faith on effective measures regarding cessation of the nuclear arms race and disarmament, and on a treaty on general and complete disarmament under strict and effective international control.

### *Article VII*

Nothing in this Treaty affects the right of any group of States to conclude regional treaties in order to assure the total absence of nuclear weapons in their respective territories.

### *Article VIII*

1. Any Party to this Treaty may propose amendments to this Treaty. The text of any proposed amendment shall be submitted to the Depositary Governments which shall circulate it to all Parties to the Treaty. Thereupon, if requested to do so by one-third or more of the Parties to the Treaty, the Depositary Governments shall convene a conference, to which they shall invite all the Parties to the Treaty, to consider such an amendment.

2. Any amendment to this Treaty must be approved by a majority of the votes of all the Parties to the Treaty, including the votes of all nuclear-weapon States Party to this Treaty and all other Parties which, on the date the amendment is circulated, are members of the Board of Governors of the International Atomic Energy Agency. The amendment shall enter into force for each Party that deposits its instrument of ratification of the amendment upon the deposit of instruments of ratification by a majority of all the Parties, including the instruments of ratification of all nuclear-weapon States Party to this Treaty and all other Parties which, on the date the amendment is circulated, are members of the Board of Governors of the International Atomic Energy Agency. Thereafter, it shall enter into force for any other Party upon the deposit of its instrument of ratification of the amendment.

3. Five years after the entry into force of this Treaty, a conference of Parties to the Treaty shall be held in Geneva, Switzerland, in order to review the

operation of this Treaty with a view to assuring that the purposes and provisions of the Treaty are being realized.

#### Article IX

1. This Treaty shall be open to all States for signature. Any State which does not sign the Treaty before its entry into force in accordance with paragraph 3 of this Article may accede to it at any time.

2. This Treaty shall be subject to ratification by signatory States. Instruments of ratification and instruments of accession shall be deposited with the Governments of \_\_\_\_\_, which are hereby designated the Depositary Governments.

3. This Treaty shall enter into force after its ratification by all nuclear-weapon States signatory to this Treaty, and 40 other States signatory to this Treaty and the deposit of their instruments of ratification. For the purposes of this Treaty, a nuclear-weapon State is one which has manufactured and exploded a nuclear weapon or other nuclear explosive device prior to January 1, 1967.

4. For States whose instruments of ratification or accession are deposited subsequent to the entry into force of this Treaty, it shall enter into force on the date of the deposit of their instruments of ratification or accession.

5. The Depositary Governments shall promptly inform all signatory and acceding States of the date of each signature, the date of deposit of each instrument of ratification or of accession, the date of the entry into force of this Treaty, and the date of receipt of any requests for convening a conference or other notices.

6. This Treaty shall be registered by the Depositary Governments pursuant to Article 102 of the Charter of the United Nations.

#### Article X

1. Each Party shall in exercising its national sovereignty have the right to withdraw from the Treaty if it decides that extraordinary events, related to the subject matter of this Treaty, have jeopardized the supreme interests of its country. It shall give notice of such withdrawal to all other Parties to the Treaty and to the United Nations Security Council three months in advance. Such notice shall include a statement of the extraordinary events it regards as having jeopardized its supreme interests.

2. Twenty-five years after the entry into force of the Treaty, a Conference shall be convened to decide whether the Treaty shall continue in force indefinitely, or shall be extended for an additional fixed period or periods. This decision shall be taken by a majority of the Parties to the Treaty.

#### Article XI

This Treaty, the English, Russian, French, Spanish and Chinese texts of which are equally authentic, shall be deposited in the archives of the Depositary Governments. Duly certified copies of this Treaty shall be

transmitted by the Depositary Governments to the Governments of the signatory and acceding States.

In witness whereof the undersigned, duly authorized, have signed this Treaty.

Done in \_\_\_\_\_ at \_\_\_\_\_ this \_\_\_\_\_ of \_\_\_\_\_

## Letters of Credence

### *Barbados*

The newly appointed Ambassador of Barbados, Hilton Augustus Vaughan, presented his credentials to President Johnson on January 19. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated January 19.

### *Gabon*

The newly appointed Ambassador of the Republic of Gabon, Leonard Antoine Badinga, presented his credentials to President Johnson on January 19. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated January 19.

### *Maldivé Islands*

The newly appointed Ambassador of the Maldivé Islands, Abdul Sattar, presented his credentials to President Johnson on January 19. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated January 19.

### *Sierra Leone*

The newly appointed Ambassador of Sierra Leone, Adesanya K. Hyde, presented his credentials to President Johnson on January 19. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated January 19.

### *Thailand*

The newly appointed Ambassador of Thailand, Bunchana Athakor, presented his credentials to President Johnson on January 19. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated January 19.

## The Challenges of Our Changing Atlantic Partnership

*by Under Secretary Katzenbach<sup>1</sup>*

As a lawyer who wandered into the diplomatic world a little over a year ago, I have sometimes been forced to remind President Johnson of Henry Clay's advice to a nervous client: "I cannot, at this juncture, clearly foretell the outcome, but I counsel you to cultivate calmness of mind and prepare for the worst."

But, despite some current problems, I have never felt this way about the United States and Europe.

We have behind us a 20-year record of astonishing success in first building the Atlantic relationship out of the chaos of the Second World War and then adapting it progressively to present-day needs. Our past achievements give us every reason to believe that we can deal successfully with the challenges ahead.

I want to talk today about some of those challenges.

France, long a keystone of our Atlantic security system, is now no more than a part-time participant in the NATO system of collective defense. Britain has taken the historic decision to become a full partner in continental Europe. But her application for entry into the Common Market has, for a time, been frustrated. And now the United States faces a balance-of-payments deficit which can only be reduced to livable proportions through the understanding and cooperation of the great trading nations of Western Europe.

If we were to look at present difficulties without perspective, Henry Clay's counsel might be well taken. But to do so would be to overlook the basic strengths of our Atlantic alliance. There is still a great fund of good will on both sides of the Atlantic; the areas of common

interest and purpose still greatly exceed those of disagreement.

Any doubts I might have had about this were quickly dispelled by the trip I made to Europe last week at the President's behest.

Despite the physical strains involved in visiting seven countries in 6 days—which, by the way, is about as effective a way to discourage tourism as any I can think of—I returned encouraged by the reception we received. Without exception, Europe's political and economic leaders accepted the necessity of the President's action; without exception, they recognized that the economic well-being of the Western World depends on the health and vigor of the American economy.

In short, I returned from Europe with a renewed conviction that the ties that bind our two continents to a common purpose will outlast the strains the atavists among us are placing upon them.

Yet I also returned with another feeling, a feeling that we are now in the midst of what after-dinner speakers like to call "a turning point in history." I am convinced that when we emerge from this period, however long it may take, relationships between the United States and Europe will have changed substantially—and for the better.

It is a truism, though one easily overlooked, that in the years since World War II the interdependence that has grown up between Europe and America has almost totally transformed the traditional relationships between nation-states. We have become so interdependent, so enmeshed in the same economic-technological-political system, that conditions on one side of the Atlantic have a profound and immediate effect on the other side. It may once have been true that when the United States sneezed Western

<sup>1</sup> Address made before the Adlai E. Stevenson Institute, Chicago, Ill., on Jan. 13 (press release 6).

Europe caught cold. Now Europe and America must work in the closest harmony if both are to keep from coming down with pneumonia. Great as the strength of the United States is, overwhelming as our economic power may be, we are no longer able to effect a cure by ourselves.

That was the essence of my message to Western Europe last week. I told them of the President's plan to move our balance of payments toward equilibrium.<sup>2</sup> And I asked them to avoid actions that would negate the effectiveness of our program. Without the sympathetic cooperation of our European friends, our measures can be, at best, only partially effective.

### The International Adjustment Process

The very success we have achieved in building an international economic system which has permitted history's greatest expansion of world trade has brought with it a whole new range of problems. Dealing with them effectively will require the closest possible consultation and continuing cooperation between governments. This, in turn, must inevitably lead to the further development of existing institutional arrangements within which the coordination of policy can be accomplished. This necessary task has already begun, but much still remains to be done.

Let me cite a specific example which is before us very much these days. You have all heard, no doubt, of what we now refer to as the "adjustment process." You will be hearing the phrase often in the months to come. OECD [Organization for Economic Cooperation and Development] discussions have already indicated that the free exchange of goods, tourists, and capital cannot continue indefinitely if large imbalances persist for long periods of time.

A principal conclusion of the OECD experts who examined the adjustment process is that the responsibility of maintaining equilibrium and growth must be shared by deficit and surplus countries alike. The United States, as a deficit country, has a clear responsibility, a responsibility which the President has demonstrated we

<sup>2</sup> For a statement by President Johnson on Jan. 4 regarding the action program on the balance of payments, see BULLETIN of Jan. 22, 1968, p. 110; for transcript of a news briefing held by Mr. Katzenbach and other U.S. officials on Jan. 8, see *ibid.*, Jan. 29, 1968, p. 135.

intend to meet. Our first priority must be passage of a tax bill which can help check inflationary pressures. We can hardly expect our trading partners to accept our balance-of-payments measures—nor would they work well—unless we demonstrate that we can continue to run our internal economy responsibly.

But it is equally clear that the responsibility for returning the balance of payments to equilibrium should not rest solely with the deficit partner. If we are forced to move in that direction, our only option is to take restrictive action. To avoid a return to a protectionism reminiscent of the thirties, the surplus countries must accept a part of the responsibility. They must share with us the search for ways to expand trade which also further movement toward balance-of-payments equilibrium.

Let me cite the kind of action that surplus countries might take in the adjustment process.

We have long been concerned about the border effects of certain taxes in the Common Market countries. To reach an adjustment at a higher level of equilibrium, the Europeans might see their way clear to reduce or eliminate these border effects.

They could also help the movement toward international equilibrium by following expansionary policies that will increase their rate of economic growth while maintaining price stability.

The direction in which we must move is clear. Most of us have learned the lessons of the "new economics" as they apply to our domestic economies. We must now extend those lessons to the international sphere so that the progress we have made domestically is not undone by our failure to run our international economy in a sensible fashion.

There is at least some evidence that we are learning. The recent London and Rio Agreements to meet future international liquidity needs through the creation in the IMF [International Monetary Fund] of Special Drawing Rights<sup>3</sup> are more significant than they may appear to some. Unless we invent a new mathematics, the elimination of our deficit would almost certainly lower European surpluses and limit future liquidity in our international payments system. The SDR agreement at least begins to deal with this situation. We hope that governments will now proceed to approve the

<sup>3</sup> For background, see *ibid.*, Oct. 23, 1967, p. 523.

SDR agreement so that it will be available next year.

Yet, despite our growing interdependence, our partnership still remains an unequal one. For, no matter how much we strengthen existing consultative institutions and no matter how many new institutions we create, the basic power relationship will remain unchanged. The United States—a nation of 200 million people with an \$800 billion GNP—still must deal with more than a dozen individual Western European countries whose power and wealth—no matter how creative and productive they may be—can never, except in the aggregate, match ours.

### **Toward an Equal Partnership**

This is, I believe, the cause of some of the vexations which crop up to mar relations between us. For Western Europe is not prepared to accept indefinitely the role of junior partner in the transatlantic relationship.

Nor, if I read the mind of America at all accurately, is this what we want. The exercise of power may, to some extent, have become a habit. It may also be a habit not easily shed. But I doubt that we have ever really been happy with our lonely position as the free world's dominant power. As a nation, we have always felt more at ease with the give-and-take of competition and compromise. Most of us would far prefer the role of equal partner to that of father confessor.

Together we have come far since the grim days of the late forties. If we are to come out of the next two decades as successfully as we did the last two, both Europe and America must accommodate to the changing times. Europe must be prepared to assume a greater share of the responsibilities and costs of world leadership. America must be willing to accept a less dominant role within the alliance.

The greater share of the task must, at this point, be Europe's. There must emerge a European entity unified enough to create the conditions for its own development and strong enough to deal with America as an equal.

The technological gap we have been hearing so much about in the past year or two is a case in point. Many Europeans are, quite legitimately, concerned over the fact that Europe is falling behind the United States in a broad range of scientific, technological, and managerial fields.

Various suggestions on what can be done to close the "gap" have been made, including proposals for a technological Marshall Plan.

I personally doubt that we can do much more than provide some marginal help in closing the "gap." The real outcome depends on what Europe can do to change its economic and industrial structure—not what we give away.

Technology cannot be transferred from one hand to another like money or commodities. An industrial or scientific process given by the creator to another for his use is secondhand by definition. A leading position on the frontiers of technology is a measure of the creativity of the society. Technological creativity today also requires the mobilization of human and material resources on a scale beyond the individual capacity of smaller industrial states. It requires research and development on a comparably large scale. It also requires a modern, well-supported system of education and modern management techniques to use resources efficiently.

If the technological gap is to be closed, Europe must coordinate and pool its creative energies more effectively.

### **Providing for Our Common Defense**

A balanced partnership also means an equal sharing of responsibilities.

Certainly this is true in the area of providing for our common defense. Developments in weaponry, in communications, and in the strategic mobility of combat forces have drastically changed the working hypotheses of our defense planners. Increasing capabilities in intelligence, and the mobility of reserves, broaden the options of those who will do our strategic planning for the 1970's. NATO has adopted a strategic concept designed to achieve a posture of deterrence to aggression at any level. Western Europe's security must continue to be based on a system of collective defense, with the United States playing its part. Yet it is increasingly feasible for Western Europe to assume a role in the common effort commensurate with its true potential. An assumption of greater responsibility for the planning and direction of the defense of Europe by the Europeans themselves would be a healthy evolution in the structure of our Atlantic alliance. As Secretary Rusk indicated last December, we would welcome some form of European defense organization permitting Western Eu-

rope to deal with us as a full NATO partner.<sup>4</sup>

Meanwhile, we must see that the costs of maintaining American forces in Europe are not a negative factor in the balance of payments, while at the same time insuring that our common security interests are not endangered. Collective defense requires a collective resolution of the problem.

Over the past few years we have negotiated a series of bilateral arrangements for partially offsetting these costs. Now that our payments position has become more serious we and our European allies must—in our common interest—seek to expand these arrangements. We must also begin to explore together the possibilities for finding multilateral means of neutralizing these balance-of-payments effects.

And what about Eastern Europe and the task of healing what President Johnson has called “the wound in Europe which now cuts East from West and brother from brother”?<sup>5</sup> There are some, both here and in Europe, who argue that if Europe is ever to be made whole again it can best be done by reducing American military strength on the continent and by slowing down the pace of European integration.

This is a view that neither we nor most of our NATO allies can accept. We see no inconsistency between moves to unify Europe and strengthen NATO's defensive system and moves to improve East-West relations. Certainly our experience with the Soviet Union since the war has taught us that it can best be dealt with from a position of strength.

We are not, of course, opposed to bilateral dealings with the U.S.S.R. We have stressed that we welcome them. We fully support, for example, the German Federal Republic in its efforts to improve relations with its Eastern European neighbors.

But we do believe there should be constant consultation—both within NATO and through normal diplomatic channels—to insure that all our efforts are coordinated. Without such coordination the security interests of the West might unwittingly be undermined in the race to secure competitive advantage in dealing with the Soviets.

---

<sup>4</sup> For an address made by Secretary Rusk on Dec. 2, 1967, see *ibid.*, Dec. 25, 1967, p. 855.

<sup>5</sup> For an address by President Johnson made at New York, N.Y., on Oct. 7, 1966, see *ibid.*, Oct. 24, 1966, p. 622.

Other—perhaps less palatable—responsibilities must also accompany equality.

It will come as a surprise to no one to hear that the United States is deeply involved in areas other than the European Continent. Despite the protestations of a vocal few, most Americans accept this condition as one of the responsibilities of power. But it is a responsibility we are fully prepared to share with our European friends.

### Aid to Developing Nations

There is, first of all, our common obligation to the world's poor.

If there is any certainty in this world, it is that we must give hope to the poor that they, or their children, will some day see the last of their age-old companions: hunger, poverty, and disease. But the have-nots of this world will not wait forever.

Europe and America have moved far in recent years in dealing with this problem. There is an increasing willingness to consult and coordinate our aid to the developing nations. But we have really done little more than scratch the surface.

The next few years will be critical. Both Europe and the United States must increase their efforts to insure that progress in the developing countries continues. We must find new solutions to the transfer of technical and managerial skills and knowledge. Private enterprise and multilateral aid mechanisms must be more effectively engaged in fostering development. We must find new techniques for transferring capital without adding to the growing debt-service burden of the developing nations. And we must find new ways to improve their trade prospects.

The United States has made every effort, in dealing with its balance-of-payments deficit, to avoid actions which would adversely affect the economies of the less developed. We thought it only right that the developed countries, particularly those in surplus, be called upon to make the principal adjustments.

There is, as well, the difficult task of safeguarding the free world's security at points on the globe far removed from both Europe and America. It is here that Europeans seem, to many Americans, to be insufficiently concerned.

The United States has no desire to police the world or to be the only bulwark against aggression. It is terribly expensive and distracts us

from other pressing domestic and international problems. But the task of helping free nations preserve their independence must be performed if we are to build a stable and lasting peace. It is a task we are fully prepared to share. We hope Western Europe will be prepared to accept a larger role in the future.

Roles within the alliance are changing, and with any change there is bound to be uncertainty and discomfort. At the same time we are witnessing the fruition of 20 years of devotion to a principle and a belief: a principle which holds that we have a common obligation and responsibility to provide for the common defense, a belief that by acting together we can preserve the peace and better the lot of all mankind. In President Johnson's words:

Americans and all Europeans share a connection which transcends political differences. We are a single civilization; we share a common destiny; our future is a common challenge.

Twenty years ago the United States acted decisively on the common destiny we had long since shared with the nations of the Atlantic community. Behind our shield and with the help of our resources, a shattered Europe built anew a freedom and vitality unrivaled in its history.

We have shared sacrifice. We have shared hope and fulfillment. I believe we share a common vision of the future. But it is together—and only together—that we have the potential to make that vision a reality. In the end, this is what we are about in Europe. This is the meaning of our irrevocable commitment.

## U.S. and Israel Reaffirm Dedication to Peace in the Middle East

*Prime Minister Levi Eshkol of Israel visited President Johnson at the LBJ Ranch at Johnson City, Tex., January 7-8. Following are an exchange of greetings between the President and the Prime Minister upon the latter's arrival at Randolph Air Force Base, San Antonio, Tex., on January 7, their exchange of toasts at a dinner at the ranch that evening, and a joint statement issued at the close of their meetings on January 8.*

### EXCHANGE OF GREETINGS

White House press release (San Antonio, Tex.) dated January 7

#### President Johnson

*Shalom.* The traditional greeting of Israel has very special meaning for all of us who have come here today.

We meet here in peace, and we will talk in peace. And we will try to extend the peace that is in our hearts—extend it to all men who are willing to share our partnership of good faith and good purpose.

Mr. Prime Minister, we will be together for only 2 short days. But they will be long days

full of friendship and full of happiness because you have come here to be with us.

These, too, will be hopeful days, because this land was born in that spirit—that spirit of promise and opportunity.

Here in this land our neighbors work hand in hand for the common good.

So, Mr. Prime Minister and Mrs. Eshkol, we extend to you this afternoon the hand of welcome to this land. We hope its spirit refreshes you after the long journey that you have taken.

I know that its hospitality will lift your heart.

Mr. Prime Minister, we hope that you find that peace, which all Americans are proud to seek with you.

We are delighted to have you, sir.

#### Prime Minister Eshkol

Mrs. Eshkol and I are very happy to be here as your guests.

Since 1964 we have with us fond memories of our first meeting. We come to you in friendship, and we know that friendship awaits us.

My central concern is peace—peace for my country and for the area of the world in which we live.



It was there in ancient days that men first expressed a striving for peace on earth.

I will not ever give up the hope that this will come to pass. We in our country are working toward this end.

I know how much America is doing under your leadership, Mr. President, to help the cause of peace and justice in the world.

In the Biblical phrase: *Shalom vrachok y'lekarov*, which means: Peace be to him that is far, and to him that is near.

Mr. President, it is a great pleasure to be with you.

#### **President Johnson**

I know you people would want to meet Mrs. Eshkol and Mrs. Johnson.

Mr. Mayor [W. W. McAllister, Mayor of San Antonio], Congressman [Henry B.] Gonzalez, Congressman [Abraham] Kazen, and other distinguished public officials, all you ladies and gentlemen, boys and girls: It is a cold afternoon, but it is a warm welcome.

We are very proud of San Antonio and South Texas for the warmth of your welcome.

Thank all of you so much.

#### **EXCHANGE OF TOASTS**

#### **President Johnson**

White House press release (San Antonio, Tex.) dated January 7

Mr. Prime Minister, Mrs. Eshkol: Welcome to our family table. We are honored and happy to have you here in our home.

Here, we ask only that you enjoy the warmties of friendship and partnership that mean so much to each of us and both our peoples.

Our peoples, Mr. Prime Minister, share many qualities of mind and heart. We both rise to challenge. We both admire the courage and resourcefulness of the citizen-soldier. We each draw strength and purpose for today from our heroes of yesterday. We both know the thrill of bringing life from a hard but rewarding land.

But all Americans—and all Israelis—also know that prosperity is not enough, that none of our restless generation can ever live by bread alone. For we are equally nations in search of a dream. We share a vision and purpose far brighter than our abilities to make deserts bloom.

We have been born and raised to seek and find peace. In that common spirit of our hopes, I respect our hope that a just and lasting peace will prevail between Israel and her neighbors.

This past year has been a busy one for America's peacemakers—in the Middle East, in Cyprus, in Viet-Nam. Wherever conscience and faith have carried them, they have found a stubborn truth confirmed. Making peace is punishing work. It demands enormous courage, flexibility, and imagination. It is ill served by hasty slogans or half-solutions. I know you understand this, sir, better than most men. One of your ancestors said it for all men almost two thousand years ago: "Other precepts are performed when the occasion arises . . . but for peace it is written, 'pursue it.'"

That is our intention in the Middle East and throughout our world. To pursue peace. To find peace. To keep peace forever among men. If we are wise, if we are fortunate, if we work together—perhaps our nation and all nations may know the joys of that promise God once made about the children of Israel: "I will make a covenant of peace with them . . . it shall be an everlasting covenant."

Let that be our toast to each other—our governments and our peoples—as this new year begins. Its days are brighter, Mr. Prime Minister, because you lighten them with your presence here and the spirit you will leave behind.

To our friends, Prime Minister and Mrs. Eshkol, and to the people of Israel: *Shalom*.

#### **Prime Minister Eshkol**

Mr. President, Mrs. Johnson: For Mrs. Eshkol and myself this has been a wonderful experience to be here as your guests at your home in Texas. On our way here today we saw again the vastness and variety of America. But from the moment we met you we were made to feel once more the warmth of your friendship and the depth of your own view that in terms of rights and duties all peoples are equal: that they have equal right to be themselves and to be left in peace. I remember our first meeting in 1964. I have carried the memory of that with me. In the days of peril I thought often of your friendship.

This great land of Texas reminds me very much of parts of my own country, though there is, of course, no comparison in size. I can see here the results of pioneering and dedication—

the beauty men can create when they are free. The broadness of this place is matched by the breadth of your understanding and the depth of your friendship and the determination of America, which you symbolize, to buttress peace, to block its disruption by aggression, and to enlarge the horizons of man's opportunity.

On a personal note, Mr. President, in the nearly 4 years which have passed since I last had the pleasure of meeting you, threefold congratulations have been in order. Twice you have played the role of father of the bride, and now Mrs. Johnson and yourself have the joy of your first grandson.

In drinking to your health I wish for Mrs. Johnson and yourself all personal joy in the years ahead and for your country the realization of your dream of peace and human dignity.

Ladies and gentlemen: the President of the United States.

## JOINT STATEMENT

White House press release (San Antonio, Tex.) dated January 8

President Johnson invited Prime Minister Eshkol to be his guest at the Texas White House on January 7 and 8, during the Prime Minister's visit to the United States.

The President and the Prime Minister held several meetings during which they discussed recent developments in the Middle East as well as a number of questions of mutual interest in the bilateral relations between their two countries.

The President and the Prime Minister considered the implications of the pace of rearmament in the Middle East and the ways and means of coping with this situation. The President agreed to keep Israel's military defense capability under active and sympathetic examination

and review in the light of all relevant factors, including the shipment of military equipment by others to the area.

The President and the Prime Minister restated their dedication to the establishment of a just and lasting peace in the Middle East in accordance with the spirit of the Security Council resolution of November 22, 1967.<sup>1</sup> They also noted that the principles set forth by President Johnson on June 19<sup>2</sup> constituted an equitable basis for such a settlement.

The President and the Prime Minister noted that under that Security Council resolution the Secretary General of the United Nations has designated Ambassador [Gunnar] Jarring as his Special Representative. They also noted with satisfaction that Ambassador Jarring is already engaged in discussions with the governments concerned and affirmed their full support of his mission.

The President and the Prime Minister reviewed with satisfaction developments in the relations between the United States and Israel since their last meeting in 1964 and expressed their firm intention to continue the traditionally close, friendly and cooperative ties which link the peoples of Israel and the United States.

Noting the mutual dedication of their governments and people to the value of peace, resistance to aggression wherever it occurs, individual freedom, human dignity and the advancement of man through the elimination of poverty, ignorance, and disease, the President and the Prime Minister declared their firm determination to make every effort to increase the broad area of understanding which already exists between Israel and the United States and agreed that the Prime Minister's visit advanced this objective.

<sup>1</sup> For text, see BULLETIN of Dec. 18, 1967, p. 843.

<sup>2</sup> *Ibid.*, July 10, 1967, p. 31.

# Viet-Nam and the Future of East Asia

by *William P. Bundy*

*Assistant Secretary for East Asian and Pacific Affairs*<sup>1</sup>

The situation in South Viet-Nam is central to the concerns of responsible men everywhere. It is a situation behind which lies a complex history of Communist covert subversion, overt terrorism, and direct armed attack. It is a situation in which many interrelated factors—political, military, economic, social—must be taken into account, assessed, and acted upon. As Ambassador Bunker put it 2 months ago in New York:<sup>2</sup>

The problems in Viet-Nam are difficult. Viet-Nam is many things: a combination of major military actions and isolated incidents of terrorism, a mixture of political subversion and the creation of representative institutions, a blend of apathy and proud nationalism, and a confrontation between the burgeoning aspirations of a new nation and the stresses and strains associated with its development.

In short, Viet-Nam represents in an extraordinarily acute and difficult form problems that are common to Asia as a whole. I suppose none of the re-emergent or new nations of the world—and Viet-Nam is in the former category—has had a more tragic history of colonial rule and political failure in its early postcolonial days. These factors have enormously compounded the task to its present proportions.

Yet Viet-Nam—and the significance of our stand there—must be seen in the wider context of history and of Asia as a whole.

By virtue of geography the United States is a Pacific power. While our traditions and cultural underpinnings tie us closely to Europe, we can no longer afford to be less concerned about developments in the Pacific than in the Atlantic. At this point in history, nowhere are

the stakes higher than in Asia. The nations of the area comprise two-thirds of the world's population and are rich in natural resources. Not long ago this point was underscored by 14 distinguished scholars of Asia, speaking, of course, wholly for themselves. At a meeting in Tuxedo, New York, A. Doak Barnett, Edwin Reischauer, Robert Scalapino, Lucian W. Pye, and 10 scholars of equal standing declared:

... the critical importance of the Asia-Pacific region to the world as a whole, and the United States specifically, must be recognized. Asia contains more than one-half of our global population and encompasses most of the major nations of today and tomorrow. Socio-economic development or decay in this region will have a decisive influence upon the peace and prosperity of the world. Equally important are basic questions of a political character. Will a political equilibrium be achieved in the Asia-Pacific region? Will peaceful co-existence be accepted among states having different political systems? Or shall we witness a rising cycle of aggression, externally directed subversion, and thrusts for hegemony within the region by individual powers or power blocs? These questions bear heavily upon the prospect for peace or war in our times.

## Asia Today in the Historic Setting

Asia today is a tremendously exciting place where historic change is taking place at a pace and on a scale almost without precedent. The essence of that story is, quite simply, that the people of the area—always as innately talented as any in the world—are finding themselves.

But a vital part of the story, too, is the influence in Asia of certain values and ways of thinking that can properly be described as Western and that in the eyes of Asians are associated with particular force with the United States. This is not primarily a matter of our own policies, much less of anything resembling what is caricatured by some writers as a pax Americana.

Rather, it is a broad historical process, on

<sup>1</sup> Address made before a foreign policy conference at Miami, Fla., on Jan. 16 (press release 9).

<sup>2</sup> For an address made by Ellsworth Bunker, American Ambassador to the Republic of Viet-Nam, on Nov. 17, 1967, see BULLETIN of Dec. 11, 1967, p. 781.

which I have frankly cribbed from the masterful "A World History" and "The Rise of the West" of Professor William McNeill of Chicago. The key conclusion he reaches is that the interaction between the heirs of the historical civilizations in Asia "on the one hand, and the spate of Western innovations on the other, has been and in the foreseeable future promises to remain, a central axis, and perhaps *the* central axis of mankind's history."

Professor McNeill finds four Western (and American) values deeply at work in Asia:

First, there is nationalism itself—the cohesion that comes with the emergence of an effective national unit with which people can identify. This propelling sense of nationhood has its roots in the individual's realization that his nation is a distinctive entity, unique and separate from other nations, and that the future of his nation impinges directly upon his own well-being. We have now gone a bit beyond that in Europe, as we seek to go beyond it through the United Nations in a wider sense. But nationalism was a key value in our own evolution and is certainly a key value in East Asia today.

Second, there is the aspiration for, and growth of, real popular participation and influence in government. This is a trend line—not instant democracy or instant constitutions on our or any other model. It is a trend line toward the people having a voice in their government. The evolution of political institutions that accommodate broad-based political participation tends to be a halting and uneven process. Yet this should hardly surprise us if we reflect that our own evolution toward democratic institutions is still less than perfect after more than 700 years of struggle. And as we look at what has happened in Asia in the historically minute space of a generation or two, we can see both the depth of the aspiration and a remarkable degree of progress.

Third, there is an awareness of the possibility of economic progress and a sense of the importance of the sharing of the benefits of this progress. Fundamentally, this is a belief that progress is possible through pragmatic planning and earnest endeavor and that progress whose fruits are confined to the few is no enduring progress at all.

And fourth, there is the application of scientific invention to all pursuits, particularly to the longrun welfare of the people. This keen interest in devising ways of applying technology

ranges from the direct application of scientific knowledge to the handling of complex enterprises and the planning of economic development. In Asia today this is generally in the embryonic and formative stage, with Japan as a notable separate case.

I think these values are very deeply at work in Asia today. The revolution—the real revolution—is a revolution heavily derived from the West. And it is very much in our national interest to assist that revolution to realize itself. This is more than a sophisticated presentation of the balance-of-power point of view. We are in fact associated with something that the people of Asia care about. In essence our national interest in a peaceful and progressive Asia is in accord with Asian aspirations and hopes.

A decade ago we heard it argued that the quickest route to economic development was by firm central control in what amounted basically to totalitarianism. The value of popular participation was to be sacrificed for that of economic progress. Communist China was held up as the example, but as we look back today we see that something went wrong with this scheme. When the people of East Asia look at the state of affairs in Communist China today—its agricultural difficulties and its internal dissent—they find little to impress them. On the other hand, as imperfect as the non-Communist nations of Asia are politically and economically, their record in the past 10 years has seemed to offer more than has a system such as that enforced on the mainland. And this is a very critical fact.

In terms of our national interest then, what I am saying is that our deepest national interest is to further Asia's own revolution—which is in large part ours—and prevent its being aborted, distorted, or taken over in the literal physical sense by what is essentially a counterrevolution that is not in tune with the trends of the times or the aspirations of the people of East Asia.

### **Preventive and Positive Aspects of Our Action**

It is in this very basic sense that our current course in Viet-Nam is both preventive and positive. We act in Viet-Nam to prevent the North from taking over the South by force, but we do so with an awareness of what we are making possible and with a vision of what Southeast Asia left to itself can become. This is what wars are about: to prevent disaster and to make possible constructive and progressive trends that we would not otherwise see. War is in itself

sterile and brutal—as none know better than those holding the ground in Viet-Nam today. It can be justified morally and politically only insofar as it serves a major purpose in either the preventive or the positive direction, and preferably both.

On the preventive side, our presence in Viet-Nam derives from four basic judgments that have been shared by successive Presidents.

The first is that Southeast Asia matters. Its 250 million people are entitled to develop as free and independent nations in whatever international posture they wish, and this is the only kind of Southeast Asia that is compatible with a peaceful future for Asia as a whole and for wider areas.

Second, the nations of Southeast Asia are individually threatened by the parallel and mutually reinforcing ambitions of North Viet-Nam and Communist China. A North Vietnamese takeover of the South by force would stimulate these expansionist ambitions and weaken the will and ability of the nations of Southeast Asia, and indeed beyond, to resist pressure and subversion.

Third, if South Viet-Nam were to be lost through a failure on our part to fulfill the national commitment embodied in our whole course of conduct since 1954—including SEATO—the effect on confidence in our commitments in Asia and elsewhere could only be very serious.

And fourth, a success of the Communist technique of “people’s wars” or “wars of national liberation” would undoubtedly have the effect of encouraging the extremist line of thought among Communist nations. It might thus undo the more promising trends that have developed in recent years in the Soviet Union and Eastern Europe, and this could seriously affect the Middle East, Latin America, Asia, and even Europe.

On the positive side of our effort in Viet-Nam, we act to encourage the many signs of stability, security, and development that are appearing in East Asia today. We act to help secure an environment in which these trends can continue unimpeded by the threat of interference by expansionist powers.

One need only look at the progress being made by the nations of Northeast Asia in the economic field to get a glimpse of what can lie ahead for all of East Asia. Economic growth, spurred by capable and realistic planning, has been accelerating at a faster pace than could

have been predicted only a few years ago. The economic success stories in the North Pacific area are numerous and impressive. Japan, South Korea, and the Republic of China have shown what can be done in a climate of confidence.

Japan is now the third economic power in the world. Reaching out into Asia and beyond, Japan has achieved one of the highest growth rates in the world in terms of both GNP and international balance of payments. And Japan is playing an impressive and growing role in economic assistance to the rest of Asia and in its participation in regional initiatives.

South Korea, devastated by conflict to a degree far beyond anything that has happened in Viet-Nam, had great difficulty for many years. But from the early 1960’s on, it has taken hold of its affairs, carried through genuine elections, and begun to make dramatic economic progress. Today, South Korea has worked out its problems with Japan—one of the deepest historic antagonisms in the area—is proudly contributing nearly 50,000 men to the defense of South Viet-Nam, and was the host to the initial meeting of the ASPAC [Asian and Pacific Council] grouping of 10 Asian nations.

The Republic of China, on Taiwan, beat back a Communist threat to the offshore islands in 1958 and on the economic side carried out sound and effective policies, including land reform, making possible the termination of U.S. economic assistance programs. By 1961 the Republic of China began a small but still very significant program of technical assistance in agriculture to Africa, Asia, and Latin America. So the Republic of China, too, is reaching out to play a constructive role.

Developments in Northeast Asia have demonstrated what can be achieved when security is assured. In Southeast Asia, the situation is more difficult: the nations are less developed and the threat from North Viet-Nam and Communist China is more imminent. Yet one can already see that our presence there is helping to secure a setting in which the people of the area can begin to develop their own vast potential.

Three of the more promising cases in Southeast Asia are Thailand, Malaysia, and Singapore. Thailand’s annual growth rate has averaged 7 percent annually over the past 10 years, and projections indicate that rate will be sustained. While the problem of insurgency in the northeast is disturbing, it is receiving the alert and effective attention of the Thais themselves.

Singapore and Malaysia, next to Japan, enjoy the highest per capita incomes in Asia. They are attempting to diversify their economies and at the same time trying to create a true multinational society through democratic processes.

Beyond these three cases, one must look at the recent turn of events in Indonesia. Just a few years ago it appeared that Indonesia was surely headed down the Communist path: Sukarno's nationalism was becoming more and more extreme and hostile and had led Indonesia into a dangerous confrontation with Malaysia. Then in October 1965 an ill-timed and poorly executed coup attempt by the Communists backfired and brought into being the current strongly nationalist and non-Communist government.

What happened in Indonesia was, above all, the work of heroic and dedicated non-Communist nationalists. I am quite sure that had we not stood firm in Viet-Nam in 1965—and had Viet-Nam thus been rapidly on the way to a takeover by force from Hanoi, as would surely have been the case—Aidit and company would not have needed to force their luck and the morale of the non-Communists would not have been equal to the very tight struggle for power that ensued for the next 6 months. Hence, it is the widely accepted judgment in the area—which I share—that the dramatic change in Indonesia would have been far less likely, if not impossible, without the stand that we and others took in Viet-Nam.

Accompanying these developments in East Asia is the trend toward regional cooperation that is emerging. One can cite the Asian Development Bank, the Asian and Pacific Council of 10 nations, the Mekong River Committee, and the creation in Indonesia of a new multilateral framework for aid that could have immense future significance.

Symptomatic of these trends in East Asia today is the demise of neocolonialism as an ideological peg upon which new nations can pin their hopes and justify their frustrations. Two or three years ago the idea still had active appeal; today it is virtually dead. This new willingness to accept partnership in a working relationship with others is a highly significant development in the long run. And such partnership is the only relationship that we and others see that makes sense.

In short, the people of East Asia are on the move as never before. It is in our fundamental

national interest to prevent a miscarriage of this trend and to help provide the setting in which a true revolutionary trend can be realized.

### A Climate of Confidence

Let me conclude by noting that this whole tie between security and progress comes down to the factor of confidence: confidence that one's nation-state will retain its own integrity, confidence that any active voice may make itself heard somewhere in the governmental process, confidence that economic progress can be achieved and will not be confined to the few, and confidence that available technology will be applied to the well-being of all.

This is the key to the future of East Asia. By our presence in Viet-Nam and our concern for the security of Southeast Asia—as of Northeast Asia over the years—time has been bought for Asia. Asian leaders from Tokyo to Tehran are generally in sympathy with our policies in Asia. Only recently Prime Minister Sato of Japan made an extensive tour of the area. He reported on it in a speech before the National Press Club at Washington on November 14:

I was deeply impressed during my recent trip that the United States efforts in Viet-Nam were well understood and appreciated by the governments and peoples of the Asian countries. I found that they clearly understood that, if the United States loses interest in Asia at the present time, not only the peace and security of Asia but also the future of the world would be in serious jeopardy.

An understanding of the interrelationship between security and progress is crucial to an appreciation of our stand in Viet-Nam today and its bearing upon the future of all Asia. To quote the 14 scholars again:

Let us cease defining and defending American foreign policies in grossly oversimplified terms. Our people can cope with complexity if given the chance. Let us also desist from the excessive spirit of *mca culpa* which permeates certain quarters of American society. On balance, our record in the world, and in Asia since World War II, has been a remarkably good one, worthy of support.

Virtually without exception, leaders and responsible opinion in East Asia share our view that the struggle in Viet-Nam is crucial to the independence of each individual nation and to its ability to work for the welfare of its own people. The climate of confidence in Asia today—to which all objective observers attest—

derives in large part from the progress that Asian nations themselves have demonstrated. Yet crucial to that climate has been the sense of security. And I would add that only an honorable and secure peace in South Viet-Nam can preserve that climate.

Our objective in Viet-Nam is deceptively simple. President Johnson stated it at Johns Hopkins on April 7, 1965:<sup>3</sup>

Our objective is the independence of South Viet-Nam and its freedom from attack. We want nothing for ourselves—only that the people of South Viet-Nam be allowed to guide their own country in their own way.

The stakes are grave indeed. But behind this objective lies the hard calculation that our national interest is very much on the line and that that national interest is at one with the desires and hopes of the people of the area themselves.

## National Review Board Appointed for East-West Center

Press release 12 dated January 19

The Secretary of State announced on January 19 the appointment of the 15 members of the National Review Board for the Center for Cultural and Technical Interchange Between East and West.

Reappointed to the National Review Board were:

Governor John A. Burns of Hawaii, the Board's first chairman

---

<sup>3</sup> *Ibid.*, Apr. 26, 1965, p. 606.

Father Laurence J. McGinley, vice president, Saint Peter's College, Jersey City, N.J.

Hung Wo Ching, chairman of the board of directors, Aloha Airlines

Roy E. Larsen, chairman of the executive committee, Time, Inc.

Mary W. Lasker, president, Albert and Mary Lasker Foundation

Otto N. Miller, chairman of the board, Standard Oil Company of California

Logan Wilson, president, American Council on Education

### New appointments included:

C. C. Cadagan, former chairman of the board of regents, University of Hawaii

James H. McCrocklin, president, Southwest Texas State College

Paul A. Miller, Assistant Secretary for Education, Department of Health, Education, and Welfare

Edward Nakamura, chairman of the board of regents, University of Hawaii

William S. Richardson, Chief Justice of the Supreme Court of Hawaii

John D. Rockefeller III

Ambassador William Matson Roth, Special Representative for Trade Negotiations

Joseph R. Smiley, president, University of Colorado

The National Review Board was established in February 1965 to represent the national interest in reviewing the programs and operations of the East-West Center and advising the Secretary of State with regard to this program of the Government in the field of international education.

The East-West Center, which is located on the campus of the University of Hawaii in Honolulu, was established by congressional legislation in 1960 to promote better relations and understanding between the United States and the nations of Asia and the Pacific through cooperative study, training, and research. The Center provides grants, mainly to graduate students, to implement these expressed purposes and objectives.

## The Work of the United Nations During the 22d General Assembly

*The 22d session of the United Nations General Assembly adjourned on December 20. On December 22 the United States Mission to the United Nations issued the following summary of developments during the session, both in the Assembly and in the Security Council, which are significant from the U.S. viewpoint. To introduce the summary, the Mission included a statement made by U.S. Representative to the United Nations Arthur J. Goldberg at the opening of a news conference on December 20.*

U.S./U.N. press release 256 dated December 22

### STATEMENT BY AMBASSADOR GOLDBERG

Looking back on the year 1967 at the United Nations, including the General Assembly session just adjourned, certain salient impressions emerge—some encouraging and others discouraging.

On the encouraging side, despite disappointing delays we strongly hope that a complete treaty against proliferation of nuclear weapons will be ready for consideration by the Assembly at a resumed session early next year. This is the number-one priority in the arms control field.

Also, the General Assembly has taken important actions to extend the rule of law in the unfamiliar realms of outer space and the ocean beds. These steps help to assure that our rapid technological progress is ruled by law, not ruined by anarchy.

In addition, many important nonpolitical programs and projects of the United Nations—economic, social, humanitarian, legal, and technical—continue and have been further developed. These, too, are a major part of the fabric of peace, one whose importance to the world must never be underestimated.

But all these efforts must be seen within the critical context of the United Nations performance in the realm of peace and security. In that all-important field, the year 1967 shows both major achievements and grave shortcomings.

There is increasing evidence, particularly in

the U.N.'s actions in dangerous areas of conflict such as the Middle East and Cyprus, that it still has the vital capacity to achieve cease-fires and other devices against large-scale violence. But it has yet to show the capacity to deal with the underlying grievances and pressures from which these conflicts erupt.

The world community must make real peace settlements to relieve these pressures. This is the major future challenge to the United Nations—and hence to us, its members, who hold the U.N.'s fate in our hands.

We cannot be content simply to "keep" what peace we have and restore it when it is broken. We must devote our highest statesmanship to building the peace which we do not yet have. The United Nations this year has again demonstrated its capacity for peacekeeping. It has still to show equal capacity for peacemaking. Failing this, the world community and all its members, strong and weak alike, will remain dangerously insecure.

### SUMMARY OF UNITED NATIONS ACTIONS DURING 22d GENERAL ASSEMBLY

#### Security Council

##### *Middle East*

Probably the most important single United Nations action during this period was the Security Council's unanimous Resolution 242 of November 22 setting in motion steps toward "a



just and lasting peace" in the Middle East.<sup>1</sup> Although the situation in the Middle East was on the General Assembly's agenda, it was again the Security Council that dealt with it, as it had done during the critical weeks in May and June.

Resolution 242 asked the Secretary-General to appoint a Special Representative, whose task would be to assist the parties to achieve a peaceful settlement in accordance with the following principles: the withdrawal of Israeli forces from territories occupied in the June conflict; the termination of claims or states of belligerency; respect for and acknowledgment of the sovereignty, territorial integrity, and political independence of every state in the area, as well as their right to live in peace within secure and recognized boundaries; guarantees of freedom of navigation through the area's international waterways and of the territorial inviolability of every state in the area, through measures including the establishment of demilitarized zones; and a just settlement of the refugee problem. The resolution, sponsored by the United Kingdom, was the end product of lengthy and delicate negotiations among the members of the Council and the parties to the conflict.

Acting pursuant to this resolution, the Secretary-General has appointed as Special Representative a distinguished Swedish diplomat, Ambassador Gunnar Jarring, who has now begun his work in the Middle East.

This resolution may be a major step toward the long-sought goal of real peace in the Middle East, the kind of step for which the United States has labored incessantly since the cease-fire in June. Although the text is not perfect—notably in ignoring the need to limit the arms race in the area—the mandate it gives to the Special Representative is sound and is without prejudice to any party. It is sufficiently responsive to the interests of all parties so that they should be able to receive and cooperate with him. The United States was happy to join in the unanimous vote for this resolution and to pledge our diplomatic and political influence in support of the Special Representative's efforts.

A month earlier, on October 25, the Security Council met in response to two serious violations of the cease-fire—the sinking of an Israeli destroyer and the bombardment of U.A.R. oil

facilities. It impartially condemned both violations and strongly reaffirmed its previous cease-fire demands.<sup>2</sup> Shortly thereafter the Secretary-General took action, which the United States supported, toward more effective U.N. observation of the cease-fire in the Suez Canal sector.

### *Viet-Nam*

Against the United Nations important achievements for peace in the Middle East during 1967 must be set its continued inability to act for peace in Viet-Nam.

Speaking for the United States in the Assembly's general debate in September, Ambassador Goldberg reiterated this country's strong belief that the United Nations must, under the charter, actively participate in the quest for peace in Viet-Nam.<sup>3</sup> He appealed once again to all members to use their influence to that end. He also made clear our unchanging commitment to a political rather than an imposed military solution.

Although deep anxiety over Viet-Nam was widely expressed in the general debate, the United Nations proved still unable to give substantive consideration to the matter, which was inscribed at United States initiative on the agenda of the Security Council in February 1966.

This failure has been deeply disappointing to the United States. In fairness to the United Nations, it must be accounted a failure not of the organization but of certain key members and governments, particularly two permanent members of the Security Council, the Soviet Union and France, which, together with North Viet-Nam, have repeatedly and flatly opposed United Nations involvement in the matter. Some other Security Council members have proved reluctant to see the Council take up Viet-Nam in the face of this adamant attitude.

On several occasions before and during the General Assembly, the United States again consulted with other members on a possible renewal of Security Council consideration of Viet-Nam. Such consultations were held during the Tet bombing pause in January 1967; shortly before the Assembly met for its regular session; and in December, following the Senate's passage of the

---

<sup>2</sup> For U.S. statements and text of a resolution adopted by the Security Council on Oct. 25, 1967, see *ibid.*, Nov. 20, 1967, p. 690.

<sup>3</sup> For a statement by Ambassador Goldberg on Sept. 21, 1967, see *ibid.*, Oct. 16, 1967, p. 483.

---

<sup>1</sup> For U.S. statements and text of the resolution, see BULLETIN of Dec. 18, 1967, p. 834.

Mansfield resolution.<sup>4</sup> On none of these occasions did we find any change of attitude by those opposing United Nations involvement.

### *Cyprus*

During the crisis over Cyprus in November and December, the Security Council and the Secretary-General, with the active support of the United States, played an important part in helping to avert a major conflict in that area and in opening new possibilities for progress toward a long-overdue settlement of the underlying problems.

The serious incidents on Cyprus in mid-November brought Greece and Turkey close to armed conflict. This dangerous situation was defused by diplomatic steps which included two appeals to Greece, Turkey, and Cyprus by Secretary-General U Thant; a consensus by the Security Council strongly supporting these appeals; and the diplomatic initiatives by President Johnson, Secretary-General Thant, and the Secretary General of NATO, Manlio Brosio.

The resulting efforts, particularly those of Cyrus Vance, the President's personal representative, produced agreement on steps by Greece and Turkey to move back from the brink of war. These steps, in turn, were greatly facilitated by a third appeal from the Secretary-General on December 3, requesting Greece and Turkey to end all threats to the security of each other as well as of Cyprus and to withdraw expeditiously all forces in excess of their respective contingents in Cyprus. The Secretary-General also offered his good offices for the future role and function of the United Nations Force in Cyprus (UNFICYP).

In the current consideration of Cyprus in the Security Council, we hope to see the Council not only extend the life of UNFICYP for another 3 months but also support the offer of good offices made by the Secretary-General.<sup>5</sup>

### *The Congo*

In mid-November the Security Council, confronted with a new incursion of armed mer-

cenaries into Congolese territory, was again apparently instrumental in halting this practice. The Congolese Government charged that armed mercenaries had entered its Province of Katanga from Angola in an attempt to overthrow the established order in the Congo.

The United States joined in a consensus of the Council on the text of a draft resolution—adopted without objection on November 15—which condemned Portugal's failure, in violation of previous Council resolutions, to prevent mercenaries from using Angola as a base of operations for armed attacks against the Congo, and called on all countries receiving mercenaries to prevent them from renewing their activities against any state.<sup>6</sup>

No incursions of mercenaries into the Congo have been reported since the adoption of this resolution.

### *"Micro-States"*

Late in the year the United States took action to focus the attention of the Security Council on a problem related to the great strides made in decolonization in recent years—that of the relation to the United Nations of "micro-states" which are too small to be able to meet the obligations of membership or to contribute effectively to the work of the United Nations.

The Secretary-General, in his introduction to his 1967 annual report, had suggested that the time might "be opportune for the competent organs to undertake a thorough and comprehensive study of the criteria for membership in the United Nations with a view to laying down the necessary limitations on full membership while also defining other forms of association which would benefit both the 'micro-States' and the United Nations."

In a letter dated December 13,<sup>7</sup> Ambassador Goldberg requested the President of the Security Council to consult members about reconvening the Council's long-dormant Committee on the Admission of New Members to consider this matter and to provide the members and the Council with appropriate information and advice.

<sup>4</sup> S. Res. 180, 90th Cong., 1st sess.

<sup>5</sup> For a U.S. statement and text of a resolution adopted by the Security Council on Dec. 22, 1967, see BULLETIN of Jan. 8, 1968, p. 95.

<sup>6</sup> For text of the resolution, see *ibid.*, Dec. 11, 1967, p. 808.

<sup>7</sup> For text, see *ibid.*, Jan. 29, 1968, p. 159.

## Items Considered Directly by Plenary

*Chinese Representation*

The General Assembly once again rejected the perennial Albanian resolution to expel the Republic of China and to seat representatives of Communist China in the United Nations. The vote was 58 to 45, a wider margin than in 1966. The Assembly also reaffirmed by 69 to 48—again a wider margin than last year—the validity of its 1961 decision that any proposal to change the representation of China in the United Nations is an important question requiring a two-thirds vote for adoption.<sup>8</sup>

The United States again supported, as we did last year, an Italian resolution calling for a study committee to examine the problem of Chinese representation in the U.N. This resolution was not adopted.

*Admission of New Member*

With the coming to independence on November 30 of the People's Republic of Southern Yemen, formerly under British sovereignty, the General Assembly removed from its agenda a longstanding colonial problem, the Aden question. On December 14 the General Assembly admitted Southern Yemen as the 123d member of the United Nations.<sup>9</sup>

## Agenda Items Allocated to Committee I

*Agreement on Astronauts and Space Vehicles*

An important supplement to the Outer Space Treaty—the Agreement on the Rescue of Astronauts, the Return of Astronauts, and the Return of Objects Launched into Outer Space—was completed in mid-December by the United Nations Committee on Outer Space and was promptly approved by the General Assembly.<sup>10</sup>

<sup>8</sup> For a U.S. statement and texts of a resolution adopted by the Assembly on Nov. 28, 1967, and a draft resolution rejected by the Assembly that day, see *ibid.*, Dec. 18, 1967, p. 829.

<sup>9</sup> For a U.S. statement in the Security Council on Dec. 12 on the application of Southern Yemen for U.N. membership, see *ibid.*, Jan. 8, 1968, p. 65.

<sup>10</sup> For text of the agreement, see *ibid.*, Jan. 15, 1968, p. 87.

This humanitarian agreement resulted from 5 years of work in the Outer Space Committee, culminating in intensive negotiations at the United Nations this past autumn. It provides, among other things, for notification to a launching authority if one of its astronauts lands under emergency conditions; all possible steps to rescue astronauts who have landed elsewhere than planned; assistance in rescue efforts on the high seas; safe and prompt return of astronauts; and notifications and return of objects launched into outer space which reentered the earth's atmosphere.

The agreement will enter into force upon the deposit of instruments of ratification by five governments, including the United States, the U.S.S.R., and the United Kingdom.

As Ambassador Goldberg said in the General Assembly on December 19:<sup>11</sup>

This agreement bears witness to the fact that the United Nations can make a real contribution to extending the rule of law to new areas and to insuring the positive and peaceful ordering of man's efforts in science and the building of a better world.

*The Deep Ocean and Its Floor*

The General Assembly this year took an important step concerning the exploration and use of the deep ocean and its floor—a realm of great and growing significance to man.

The Assembly's action took the form of a resolution creating an *ad hoc* committee to study the scientific, technical, economic, legal, and other problems involved in U.N. action on the seabeds and directing this committee to submit its report to the 23d General Assembly next year.<sup>12</sup> We hope this report will lead to the establishment by the Assembly of a committee on the oceans with a broad mandate to develop international law and promote international cooperation with respect to the ocean and the ocean floor.

The United States strongly supported this step. We believe that the prospects of rich harvest and of mineral wealth in the deep ocean and on its floor must not be allowed to create a new form of colonial competition among marine nations; that the nations of the world should take steps to assure that there will be no race

<sup>11</sup> *Ibid.*, p. 83.

<sup>12</sup> For a U.S. statement and text of a resolution adopted on Dec. 18, 1967, see *ibid.*, Jan. 22, 1968, p. 125.

among nations to grab and hold lands under the high seas; and that the deep ocean floor should be open to exploration and use by all states, without discrimination. The United States stands ready to join with all other nations to achieve these objectives in peace and under law.

### *Nonproliferation of Nuclear Weapons*

Disappointing delays in the Geneva negotiations for a treaty against proliferation of nuclear weapons—the current number-one priority in the arms control field—made it impossible for the negotiating powers to present, as had been hoped, a complete treaty text to the General Assembly for its approval before adjournment in December. Because of the great importance of this project, the Assembly therefore asked the Eighteen-Nation Disarmament Committee to report on its negotiations as soon as possible and not later than March 15, 1968, in the hope that a complete treaty may be ready for consideration at a resumed session of the 22d General Assembly.

At the same time, the General Assembly also wisely decided that the planned conference of non-nuclear-weapon states should be postponed until August 1968 in order not to interfere with the Assembly's consideration of the nonproliferation treaty.

We strongly hope that the ENDC will quickly conclude its work on the nonproliferation treaty and that the General Assembly will thus be enabled to meet in resumed session after the report of the ENDC has been received to consider and approve this extremely important treaty.

### *Latin American Nuclear-Free Zone*

The General Assembly noted with satisfaction that 21 Latin American nations had signed a treaty making their continent a nuclear-free zone, and called upon all states to help insure its observance. The United States hopes that this nuclear-free zone will soon become effective and that all nuclear powers will respect it.

### *Korea*

Again this year, the General Assembly decisively turned back an attempt led by the Soviet Union to end the U.N.'s responsibilities in Korea.

Resolutions were introduced, and supported

with propaganda efforts of unusual vigor, calling for the dissolution of the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) and for the withdrawal of all United Nations forces from Korea. In Committee I the move to dissolve UNCURK was defeated by a vote of 60 to 24; and the proposal to withdraw U.N. forces, by a vote of 59 to 24.

In addition to successfully opposing these moves, the United States and 14 other countries offered a resolution reaffirming United Nations objectives and responsibilities in Korea.<sup>13</sup> The Assembly adopted this proposal by a vote of 68 to 23.

## **Agenda Items Allocated to Special Political Committee**

### *U.N. Peacekeeping Operations*

The vitally important problem of strengthening the U.N.'s peacekeeping capacity was remanded by the General Assembly this year to the Committee of 33. Some promise of progress is discernible in that the Secretariat will assist in studying ways to improve the readiness of members to provide the U.N. with men, facilities, and services for peacekeeping. We are hopeful that this may provide the needed traction to move ahead in this area. Meanwhile, peacekeeping possibilities must be tested case by case and will continue to require the acquiescence of all big powers and the necessary political and financial backing.

A major disappointment was the continued failure of the Soviet Union and France, both of which have refused to pay past peacekeeping assessments, to make the substantial voluntary contributions which were expected on the basis of the consensus reached in 1965. Without these promised contributions, the financial health of the U.N. remains precarious and its ability to undertake further peacekeeping operations is seriously weakened.

### *UNRWA and Middle East Refugees*

As in previous years, a resolution dealing with the work of the U.N. Relief and Works Agency

<sup>13</sup> For a U.S. statement and text of a resolution adopted by the Assembly on Nov. 16, 1967, see *ibid.*, Dec. 18, 1967, p. 844.

for Palestine Refugees in the Near East (UNRWA) and appealing for its continued support was introduced by the United States and passed by the Assembly. The Assembly also approved, again with the support of the United States, a Swedish resolution calling for continued humanitarian assistance to the new refugees uprooted by last summer's conflict and again calling upon Israel to facilitate the return of those inhabitants who had fled the areas under its control since the outbreak of hostilities.

A resolution calling on the U.N. to appoint a custodian to administer and receive income on behalf of Arab refugees on property they left behind in Israel barely obtained a simple majority in the Special Political Committee. It clearly did not have enough support for adoption in the General Assembly and was not put to a final vote. The United States had opposed this resolution, believing that it raised serious problems relating to state sovereignty and the authority of the U.N. and that its adoption could jeopardize the success of the peacemaking mission of Ambassador Jarring in the Middle East.

## **Agenda Items Allocated to Committee II**

### *International Education Year*

Acting on a United States proposal cosponsored by 24 members, the Assembly provisionally designated 1970 as International Education Year and requested the Secretary-General, in consultation with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other specialized agencies, to develop plans looking toward its observance.<sup>14</sup> In taking this action the Assembly recognized the close relationship between education and development and the desirability of emphasizing education as the international community moves into the period after the present Development Decade.

The resolution followed upon President Johnson's call for such a year at the International Conference on the World Crisis in Education held at Williamsburg, Va., in October 1967.<sup>15</sup>

<sup>14</sup> For a U.S. statement and text of a resolution adopted on Dec. 13, 1967, see *ibid.*, Jan. 29, 1968, p. 156.

<sup>15</sup> *Ibid.*, Oct. 30, 1967, p. 569.

## *Multilateral Food Aid; Protein Program*

The Assembly adopted a constructive resolution on food aid. The resolution, of which the United States was a principal sponsor, stressed the need for coordination of food aid programs and called for a review to determine whether existing multilateral arrangements could handle an increased volume of food aid.

In a related action, the Assembly took account of a serious deficiency not only in the quantity of food available to developing countries but also in its quality. It accepted the conclusion of the Committee on the Application of Science and Technology to Development that there is a protein deficiency of alarming proportions in the developing countries, that this protein deficiency is becoming greater, and that it will have increasingly adverse effects on the physical and mental development of children in many countries. The Assembly welcomed the committee's proposals to deal with this problem and referred them to governments and appropriate international agencies for implementation.

## *Capital Development Fund*

There was only minimal response to the appeal for contributions to a U.N. Capital Development Fund, which was voted last year over the opposition of major capital-exporting countries including the United States; only about \$1.5 million, mostly in nonconvertible funds, was pledged. The Assembly asked the Administrator of the U.N. Development Program to administer the Fund, an action opposed as unsound by the United States and many other capital-exporting countries.

## **Agenda Item Allocated to Committee III**

### *Human Rights*

A major accomplishment of this year's General Assembly in the field of human rights was the unanimous adoption of the Declaration on the Elimination of Discrimination Against Women. The United States considers this a satisfactory declaration which should encourage freedom and opportunity for women in many parts of the world.

Unfortunately, little other progress was made in the human rights field, chiefly because of lengthy and acrimonious debate on the draft Convention on the Elimination of Religious In-

tolerance. Although anti-Semitism was specifically condemned in draft article VI of this convention as recommended by the Human Rights Commission, the Social Committee decided against mentioning any specific example of religious intolerance in the convention. Of the entire text it voted approval of only the preamble and article I. The preamble, which sets the framework for the drafting of subsequent articles, was so changed by the committee from its original emphasis on the protection of religious freedom that the United States was no longer able to support it.

#### **Agenda Items Allocated to Committee IV**

##### *Colonial and Racial Issues in Southern Africa*

Regrettably, again this year the Assembly, in attempting to deal with colonial and racial problems in southern Africa, adopted several resolutions which, however sound in purpose, were unsound in method and which the United States accordingly could not support. This applies specifically to the major resolutions on South West Africa, Southern Rhodesia, the Portuguese territories, and *apartheid*. All called for sweeping measures within the sphere of the Security Council—measures which have little prospect of implementation. Such impractical demands only serve to diminish the prestige of the General Assembly.

The United States again made clear its unswerving opposition to colonialism and racial discrimination in southern Africa in all its forms. We remain convinced, however, that the best hope for progress against these evils lies in action which is intrinsically sound, widely supported, and within the capacity of the United Nations to carry out.

The United States emphatically supported and cosponsored a related resolution<sup>16</sup> dealing with an important aspect of the South West Africa problem: the current trial in Pretoria of 37 South West Africans under the Terrorism Act. The resolution rightly condemns the application of this South African statute to South West Africa as a violation of the international

<sup>16</sup> For a U.S. statement and text of Resolution 2324 (XXII) adopted by the Assembly on Dec. 16, 1967, see *ibid.*, Jan. 15, 1968, p. 92.

status of the territory and calls on South Africa to release the prisoners.

##### *Nauru*

By its resolution on the Trust Territory of Nauru in the South Pacific, the 22d General Assembly decided to end one of the three remaining United Nations trusteeships established in the organization's first years. (The two still remaining are New Guinea, under Australian administration, and the Trust Territory of the Pacific Islands, under U.S. administration.)

The resolution notes that the administering authority of Nauru (the Governments of Australia, New Zealand, and the United Kingdom) had agreed to meet the request of the representatives of the people of Nauru for independence. It further provides that the trusteeship agreement will be terminated in order to permit Nauru's accession to independence on January 31, 1968.

#### **Agenda Items Allocated to Committee V**

##### *Improved U.N. Financial Management*

A major accomplishment of the General Assembly this year was the adoption of a United States proposal, cosponsored by the four major contributing powers (the U.S., U.S.S.R., U.K., and France), to introduce a "planning estimate" procedure in the budgetary process of the United Nations.

This procedure will give the Secretary-General financial guidance for planning his budget for the year following the annual budget which the Assembly approves each year. It will thus permit the Assembly to give the Secretary-General an advance indication of the budgetary level that the members of the U.N. are prepared to support. It is not intended to set a ceiling or fix a rate of growth for the U.N.; it is, however, designed to assure that the U.N. will make the most efficient use of the resources available to it.

##### *U.N. Personnel Questions*

The General Assembly adopted a proposal by France and other French-speaking states to provide a bonus for staff members using more than one of the U.N.'s working languages.

While the United States is not opposed to

increasing language skills in the Secretariat, we and other members were obliged to oppose this proposal on grounds both of cost and of doubtful effectiveness. As a result of this opposition, the operation of the bonus proposal was delayed until 1969, providing time for further study and for the development of a sounder and less costly approach.

#### **Agenda Items Allocated to Committee VI**

##### *Territorial Asylum*

The General Assembly, on the recommendation of the Legal Committee, adopted a humanitarian declaration on territorial asylum, which will enhance the ability of those fleeing from persecution to find safe haven.

##### *Diplomatic Privileges and Immunities*

The United States was instrumental in bringing about the discussion of an item on respect for diplomatic privileges and immunities. The Assembly adopted a resolution expressing its strong concern over departures from the rules of international law governing diplomatic status—of which there have been a growing number of serious instances in recent years. The resolution urged states to take every measure necessary to insure respect for the diplomatic privileges and immunities, and to adhere to the relevant treaties in the field, the Vienna Convention on Diplomatic Relations and the Convention on Privileges and Immunities of the United Nations.

##### *Definition of Aggression*

A Soviet-initiated item on the "Definition of Aggression" served only to prove that the cold war is not yet dead. After several days of propaganda in plenary by supporters of this item, the question was sent for further consideration to the Legal Committee, which proposed that the General Assembly establish a special committee to consider the question. This proposal was adopted by the Assembly with the United States among those abstaining.

The United States stated its willingness to support the creation of a committee with a responsible and businesslike mandate. We felt obliged to abstain in the voting because the mandate given to the committee was ambiguous and unsatisfactory.

## TREATY INFORMATION

### **United States and Japan Sign New Cotton Textile Arrangement**

The Department of State announced on January 13 (press release 7) that two sets of notes were exchanged in Washington on January 12 constituting a new bilateral arrangement governing exports of cotton textiles from Japan to the United States. Assistant Secretary for Economic Affairs Anthony M. Solomon signed on behalf of the U.S. Government; Ambassador Takeso Shimoda signed on behalf of the Government of Japan. The exchanges of notes cover exports of cotton textiles from Japan to the United States during 1967 and for the 3-year period beginning January 1, 1968.<sup>1</sup>

For 1968, Japan may export a total of 373,077,000 square yards equivalent of cotton textiles under the arrangement. This total includes 162,856,000 square yards of fabrics; 53,204,000 square yards equivalent of madeup goods; 144,040,000 square yards equivalent of apparel; 12,977,000 square yards equivalent of other cotton textiles.

The levels for 1967 are as follows: aggregate limit, 355,311,146 square yards equivalent; fabrics, 155,101,040 square yards; madeup goods, 50,670,459 square yards equivalent; apparel, 137,180,998 square yards equivalent; and other cotton textiles, 12,358,649 square yards equivalent.

Other provisions in the arrangement for the period beginning January 1, 1968, are similar to those contained in other U.S. cotton textile agreements. These include 5 percent annual growth in export volumes, flexibility between different groups and categories of cotton textiles, and carryover of certain shortfalls in agreement limits. The arrangement of categories established in the 1963 U.S.-Japan agreement<sup>2</sup> remains unchanged.

<sup>1</sup> For texts of the arrangement and related notes, see Department press release 7 dated Jan. 13.

<sup>2</sup> For background and text of the arrangement concluded Aug. 27, 1963, see BULLETIN of Sept. 16, 1963, p. 440.

# U.S. and Belgium Extend Income Tax Protocol

Press release 302 dated December 26

On December 11 the American Embassy at Brussels and the Belgian Foreign Ministry exchanged notes wherein it was agreed by the United States and Belgian Governments that the protocol of May 21, 1965,<sup>1</sup> modifying and supplementing the convention of October 28, 1948, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, as amended by supplementary conventions of September 9, 1952, and August 22, 1957,<sup>2</sup> shall continue in effect with respect to income of calendar years or taxable years beginning (or, in the case of taxes payable at the source, payments made) prior to January 1, 1971.

The 1965 protocol, which was brought into force on August 29, 1966, by the exchange of instruments of ratification, provides in paragraph (5) of article II:

"(5) This protocol shall remain in effect with respect to income of calendar years or taxable years beginning (or in the case of taxes payable at the source, payments made) prior to January 1, 1968, or such subsequent date, not later than January 1, 1971, which may be agreed to by the Contracting States through an exchange of diplomatic notes."

## Current Actions

### MULTILATERAL

#### Atomic Energy

Agreement for the application of safeguards by the International Atomic Energy Agency to the bilateral agreement between the United States and Korea of February 3, 1956, as amended (TIAS 3490, 4030, 5957), for cooperation concerning civil uses of atomic energy. Signed at Vienna January 5, 1968. Entered into force January 5, 1968.

*Signatures:* International Atomic Energy Agency, Korea, United States.

#### Maritime Matters

Amendment to article 28 of the convention on the Inter-governmental Maritime Consultative Organization

<sup>1</sup> Treaties and Other International Acts Series 6073.

<sup>2</sup> TIAS 2833, 4280.

(TIAS 4044). Adopted at Paris September 28, 1965. Enters into force November 3, 1968.  
*Ratified by the President:* January 8, 1968.

### United Nations

Amendment to article 109 of the Charter of the United Nations (59 Stat. 1031). Adopted at New York December 20, 1965.<sup>1</sup>  
*Ratifications deposited:* Luxembourg, December 12, 1967; Syria, December 8, 1967.

### BILATERAL

#### Mexico

Protocol of amendment to the agreement of January 29, 1957, as amended (TIAS 4777, 6210), concerning radio broadcasting in the standard band. Signed at Mexico December 21, 1967. Enters into force on the date of the exchange of instruments of ratification.

#### Philippines

Agreement amending the agreement of September 21, 1967 (TIAS 6344), relating to trade in cotton textiles. Effected by exchange of notes at Washington December 26, 1967. Entered into force December 26, 1967. TIAS 6416.

#### Viet-Nam

Agreement for sales of agricultural commodities, relating to the agreement of March 13, 1967 (TIAS 6271). Signed at Saigon January 6, 1968. Entered into force January 6, 1968.

## PUBLICATIONS

### Final Volume in Foreign Relations Series for 1944 Released

The Department of State on January 16 released *Foreign Relations of the United States: Diplomatic Papers, 1944, Volume VII, The American Republics* (x, 1,710 pp.).

This volume covers the relations of the United States with all the Latin American Republics and documents a wide variety of policies and issues, particularly the problems resulting from the approaching end of the war. In addition to compilations on hemisphere defense and economic cooperation, the volume includes papers relating to lend-lease programs, control of financial transactions with the Axis, and questions of recognition, strategic materials, highway projects, and public health.

Copies of this volume (Department of State publication 8333) may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$5.50 each.

<sup>1</sup> Not in force.



**Africa.** The State of the Union (excerpts from President Johnson's address) . . . . . 161

**Asia**

The State of the Union (excerpts from President Johnson's address) . . . . . 161

Viet-Nam and the Future of East Asia (Bundy) . . . . . 175

**Barbados.** Letters of Credence (Vaughan) . . . . . 167

**Belgium.** U.S. and Belgium Extend Income Tax Protocol . . . . . 188

**Congress.** The State of the Union (excerpts from President Johnson's address) . . . . . 161

**Disarmament.** U.S. and U.S.S.R. Submit Complete Draft Treaty on Nonproliferation of Nuclear Weapons to Geneva Disarmament Conference (Johnson, Fisher, text of draft treaty) . . . . . 161

**Economic Affairs**

The Challenges of Our Changing Atlantic Partnership (Katzenbach) . . . . . 168

The State of the Union (excerpts from President Johnson's address) . . . . . 161

U.S. and Belgium Extend Income Tax Protocol . . . . . 188

United States and Japan Sign New Cotton Textile Arrangement . . . . . 187

**Educational and Cultural Affairs.** National Review Board Appointed for East-West Center . . . . . 179

**Europe.** The Challenges of Our Changing Atlantic Partnership (Katzenbach) . . . . . 168

**Gabon.** Letters of Credence (Badinga) . . . . . 167

**International Organizations and Conferences.** U.S. and U.S.S.R. Submit Complete Draft Treaty on Nonproliferation of Nuclear Weapons to Geneva Disarmament Conference (Johnson, Fisher, text of draft treaty) . . . . . 164

**Israel.** U.S. and Israel Reaffirm Dedication to Peace in the Middle East (Johnson, Eshkol, joint statement) . . . . . 172

**Japan.** United States and Japan Sign New Cotton Textile Arrangement . . . . . 187

**Maldiv Islands.** Letters of Credence (Sattar) . . . . . 167

**Near East**

The State of the Union (excerpts from President Johnson's address) . . . . . 161

U.S. and Israel Reaffirm Dedication to Peace in the Middle East (Johnson, Eshkol, joint statement) . . . . . 172

**Presidential Documents**

The State of the Union (excerpts) . . . . . 161

U.S. and Israel Reaffirm Dedication to Peace in the Middle East . . . . . 172

U.S. and U.S.S.R. Submit Complete Draft Treaty on Nonproliferation of Nuclear Weapons to Geneva Disarmament Conference . . . . . 164

**Publications.** Final Volume in Foreign Relations Series for 1944 Released . . . . . 188

**Sierra Leone.** Letters of Credence (Hyde) . . . . . 167

**Thailand.** Letters of Credence (Atthakor) . . . . . 167

**Treaty Information**

Current Actions . . . . . 188

U.S. and Belgium Extend Income Tax Protocol . . . . . 188

United States and Japan Sign New Cotton Textile Arrangement . . . . . 187

U.S. and U.S.S.R. Submit Complete Draft Treaty on Nonproliferation of Nuclear Weapons to Geneva Disarmament Conference (Johnson, Fisher, text of draft treaty) . . . . . 161

U.S.S.R. The State of the Union (excerpts from President Johnson's address) . . . . . 161

**United Nations.** The Work of the United Nations During the 22d General Assembly (Goldberg, summary) . . . . . 180

**Viet-Nam**

The State of the Union (excerpts from President Johnson's address) . . . . . 161

Viet-Nam and the Future of East Asia (Bundy) . . . . . 175

*Name Index*

Atthakor, Bunchana . . . . . 167

Badinga, Leonard Antoine . . . . . 167

Bundy, William P . . . . . 175

Eshkol, Levi . . . . . 172

Fisher, Adrian S . . . . . 164

Goldberg, Arthur J . . . . . 180

Hyde, Adesanya K . . . . . 167

Johnson, President . . . . . 161, 164, 172

Katzenbach, Nicholas deB . . . . . 168

Sattar, Abdul . . . . . 167

Vaughan, Hilton Augustus . . . . . 167

**Check List of Department of State Press Releases: January 15-21**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to January 15 which appear in this issue of the BULLETIN are Nos. 302 of December 26 and 6 and 7 of January 13.

No.	Date	Subject
†8	1/15	U.S.-Indonesia air transport agreement.
9	1/16	Bundy: "Viet-Nam and the Future of East Asia."
*10	1/17	Linowitz: Roosevelt University, Chicago, Ill. (excerpts)
†11	1/19	Dedication of bridge on Rama Road, Nicaragua.
12	1/19	National Review Board for East-West Center.
†13	1/19	Katzenbach: Oklahoma Press Association, Oklahoma City.
*14	1/19	"Book of Friendship" presented to Mrs. Lyndon B. Johnson.

\*Not printed.

†Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

---

OFFICIAL BUSINESS

**THE  
DEPARTMENT  
OF  
STATE**

**BULLETIN**

*Vol. LVIII, No. 1494*



*February 12, 1968*

**VIET-NAM AND THE INDEPENDENCE OF SOUTHEAST ASIA**

*by Under Secretary Katzenbach 201*

**NATIONAL INTEREST, FOREIGN AFFAIRS, AND THE MARINE SCIENCES**

*by Herman Pollack 211*

**THE CRISIS IN KOREA**

*Address by President Johnson and Other U.S. Government Statements 189*

*Statements by Ambassador Goldberg in the U.N. Security Council 193*

*Text of Special Report of the U.N. Command in Korea 199*

# THE DEPARTMENT OF STATE BULLETIN

Vol. LVIII, No. 1494

February 12, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

*Note:* Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

# The Crisis in Korea

*Following is an address to the Nation by President Johnson on January 26, together with other U.S. Government statements made January 23-26 on the Korean crisis.*

## ADDRESS BY PRESIDENT JOHNSON, JANUARY 26

White House press release dated January 26

My fellow Americans: Over the past 15 months the North Koreans have pursued a stepped-up campaign of violence against South Korea and the American troops in the area of the demilitarized zone.

Armed raider teams in very large numbers have been sent into South Korea to engage in sabotage and assassination.

On January 19, a 31-man team of North Korean raiders invaded Seoul with the object of murdering the President of the Republic of Korea.

In many of these aggressive actions Korean and American soldiers have been killed and wounded. The North Koreans are apparently attempting to intimidate the South Koreans and are trying to interrupt the growing spirit of confidence and progress in the Republic of Korea.

These attacks may also be an attempt by the Communists to divert South Korean and United States military resources which together are now successfully resisting aggression in Viet-Nam.

This week the North Koreans committed yet another wanton and aggressive act by seizing an American ship and its crew in international waters. Clearly, this cannot be accepted.

We are doing two things: First, we are very shortly today taking the question before the Security Council of the United Nations.<sup>1</sup> The best result would be for the whole world community to persuade North Korea to return our ship and our men and to stop the dangerous course of aggression against South Korea.

We have been making other diplomatic efforts

as well. We shall continue to use every means available to find a prompt and a peaceful solution to the problem.

Second, we have taken and we are taking certain precautionary measures to make sure that our military forces are prepared for any contingency that might arise in this area.

These actions do not involve in any way a reduction of our forces in Viet-Nam.

I hope that the North Koreans will recognize the gravity of the situation which they have created. I am confident that the American people will exhibit in this crisis—as they have in other crises—determination and unity.

Thank you very much.

## OTHER U.S. GOVERNMENT STATEMENTS

### Defense Department Statement, January 23

Department of Defense press release dated January 23

The U.S.S. *Pueblo*, a Navy intelligence collection auxiliary ship, was surrounded by North Korean patrol boats and boarded by an armed party in international waters in the Sea of Japan shortly before midnight e.s.t. last night [January 22].

The United States Government acted immediately to establish contact with North Korea through the Soviet Union.

When the *Pueblo* was boarded, its reported position was approximately 25 miles from the mainland of North Korea.

The ship reported the boarding took place at 127 degrees, 54.3 minutes east longitude; 39 degrees, 25 minutes north latitude. The time was 11:45 p.m. e.s.t.

The ship's complement consists of 83, including six officers and 75 enlisted men and two civilians.

At approximately 10 p.m. e.s.t., a North Korean patrol boat approached the *Pueblo*. Using international signals, it requested the *Pueblo's* nationality. The *Pueblo* identified herself as a U.S. ship. Continuing to use flag signals, the patrol boat said: "Heave to or I will open fire on you." The *Pueblo* replied: "I am in interna-

<sup>1</sup> See p. 193.

tional waters." The patrol boat circled the *Pueblo*.

Approximately 1 hour later, three additional patrol craft appeared. One of them ordered: "Follow in my wake; I have a pilot aboard." The four ships closed in on the *Pueblo*, taking different positions on her bow, beam, and quarter. Two MIG aircraft were also sighted by the *Pueblo* circling off the starboard bow.

One of the patrol craft began backing toward the bow of the *Pueblo*, with fenders rigged. An armed boarding party was standing on the bow.

The *Pueblo* radioed at 11:45 p.m. that she was being boarded by North Koreans.

At 12:10 a.m. e.s.t. today [January 23] the *Pueblo* reported that she had been requested to follow the North Korean ships into Wonsan and that she had not used any weapons.

The final message from the *Pueblo* was sent at 12:32 a.m. It reported that it had come to "all stop" and that it was "going off the air."

The *Pueblo* is designated the AGER-2. It is a modified auxiliary light cargo ship (AKL).

The *Pueblo* is 179 feet long and 33 feet wide, with a displacement of 906 tons. It has a 10.2-foot draft. Its maximum speed is 12.2 knots.<sup>2</sup>

#### Statement by the Department of State Spokesman, January 23

You've all seen or had the statement by the Department of Defense this morning about the boarding in international waters of a U.S. naval vessel by North Koreans. I'm authorized to state that the United States Government views this action by North Korea with utmost gravity. We have asked the Soviet Union to convey to the North Koreans our urgent request for the immediate release of the vessel and crew.

The matter will also be raised directly with the North Koreans in a meeting of the Military Armistice Commission. We will, of course, use any other channels which might be helpful.

I wish to reemphasize the seriousness with which we view this flagrant North Korean action against the United States naval vessel on the high seas.

<sup>2</sup> Later on Jan. 23, the Department of Defense issued the following statement to the press:

Press reports which imply that the captain of the *Pueblo* made a number of calls for help are wrong.

The facts are that the only time the *Pueblo* requested assistance was when she was actually boarded. There were no earlier requests for assistance of any kind.

Time and distance factors made it impossible to respond to the call that was made when the ship was being boarded.

#### Statement by the Department of State Spokesman, January 24

At the meeting of the Military Armistice Commission in Panmunjom, the reaction of the North Korean side was cynical, denunciatory of the United States, and a distortion of the facts in the case.

#### Secretary Rusk's News Briefing January 24<sup>3</sup>

This is my first meeting with the committee since the new session convened. We roamed rather widely over international affairs. We discussed the recent Korean ship incident and, of course, the B-52 accident in Greenland, disarmament questions, Viet-Nam, Middle East. We ranged rather widely over the entire spectrum. I may be back again before too long to continue the discussion.

*Q. Mr. Secretary, we have asked the North Koreans to give the Pueblo back. They have said "No." Where do we go from here?*

A. Well, most of the questions I get from you fellows have to do with the future. Let's wait and see.

*Q. Mr. Secretary, we did yesterday make an approach to the Russians—*

A. Yes.

*Q. —to secure their assistance. Can you tell us anything at all about the nature of their response?*

A. No, not at this point.

*Q. Is the United States determined to get the Pueblo back—*

A. Yes.

*Q. —by whatever means it takes.*

A. Yes indeed. This is a very grave and serious matter. The seizure of a U.S. naval ship in international waters is one of the most serious kinds of action that can be taken, and I can assure that there is no light view of that here in the United States.

*Q. Mr. Secretary, you have shown measured restraint so far. Could you explain the reason behind this restraint and continue along that line?*

<sup>3</sup> Held after appearing before the House Committee on Foreign Affairs.

A. No, I don't want to philosophize about it. When we heard what had happened, we immediately got in touch with the—almost literally in a matter of minutes getting off messages to be in touch with North Korea to get this ship back and get the men back. Now, that has not yet occurred; so we will have to see where we go from here.

*Q. You are not ruling out military force, are you?*

A. I am not discussing the future in any way, shape, or form at this point.

*Q. Could you discuss the role of the Enterprise, presently off North Korea?*

A. No. It is there in the Sea of Japan, and it will be there until it is ordered to move.

*Q. Mr. Secretary, there is about an hour, according to the accounts, when the ship was going back. Why was there no attempt to stop the Koreans from bringing the boat into port?*

A. I have no answer on that. We need to discuss questions of that sort with the skipper—the skipper is not available to us—to see what actually happened during that period and what his judgments and assessments were.

*Q. Why were there no American planes? There are airbases in that area.*

A. I gather this has to do with what the skipper thought the situation was and what he might have asked for and what his assessment of the situation was. You see, there are acts of harassment that go on all the time—in the Mediterranean, in the Black Sea, in the Sea of Japan. We just don't know how the skipper saw this when the first motor torpedo boat came alongside and accosted him in the way that they did.

*Q. Have we . . . the Russians to get this ship back for us?*

A. Well, we would like to see the Russians give us some help in this matter and get this ship out of there, but we can't anticipate yet what the result might be.

*Q. Do we see any connection, sir, between these events in Korea and our commitment in Viet-Nam—our extension there?*

A. I don't see any organic connection. It is possible that the North Koreans, with their increased infiltration of agents across the 38th

parallel, think they might create some pressures or create some problems in that respect, but it won't have the slightest effect in that matter.

*Q. Do you see it as part of activity in Laos, North Viet-Nam, and so on, as kind of orchestration of pressure on us?*

A. I wouldn't connect Korea with Laos and South Viet-Nam at the present time. I do think that Laos and South Viet-Nam fit together. North Vietnamese forces are in both places, where they have no right to be. In Laos they are there directly contrary to the specific requirements of the Laos accords of 1962. We would like to see those accords carried out by everybody, which would mean that North Vietnamese forces would leave Laos. But I think this is orchestrated as a matter of North Vietnamese pressure on its neighbors. They not only have many regiments in South Viet-Nam; they have regiments in Laos, and they are helping to organize agents and guerrillas over in Thailand; so there is no question about some orchestration there. And those who think that Ho Chi Minh is just a nationalist ought to ponder on why, then, he is tinkering with Laos and Thailand, because those people are not Vietnamese.

*Q. Mr. Secretary, can you give us any progress report on the exploration into the negotiation overtures by North Viet-Nam?*

A. No, not at this point.

*Q. Mr. Secretary, Senator [Richard B.] Russell said yesterday that this was a breach of international law, amounting to an act of war. Do you see it in the same way?*

A. Well, it is certainly a major breach of international law and lends itself to that interpretation. Of course the seizure of an official naval vessel of another country in international waters and taken into your port is a very harsh act, and I would not object to designating it as an act of war in terms of the category of acts which could so be construed.

*Q. Mr. Secretary, there have been a series of actions and statements from North Korea recently, of which this is only the latest—guerrilla raids, talk of another war. Has the danger increased of a new outbreak of fighting there?*

A. That is up in part to North Korea. My strong advice to North Korea is to cool it, that there have been enough of these incidents, and they have been coming out of North Korea.

This incident in Seoul the other day was very serious. The pretense by North Korea that somehow these are merely South Koreans who are objecting to their government is nonsense. We know where these people come from and how they come; so I think North Korea would be well advised to pull back here and start living at peace with South Korea and stopping this kind of activity.

*Q. Mr. Secretary, is there any plan to take this matter to the United Nations or—*

A. I wouldn't want to discuss the future or next steps or what might be done following the representations we have made thus far. Thank you, gentlemen; I have to go.

#### **White House Statement, January 25<sup>4</sup>**

The President has directed Secretary of Defense McNamara to recall to active duty certain air squadrons and support units of the Air Force and the Navy.<sup>5</sup> The Air Force Reserve, Air National Guard, and Naval Reserve planes involved will total 372 fighter and transport aircraft.

The reservists are being recalled immediately under congressional authority provided in the Department of Defense Appropriations Act of 1967. This act provides that:

Until June 30, 1968, the President may, when he deems it necessary, order to active duty any unit of the Ready Reserve of an armed force for a period of not to exceed 24 months.

When and if decisions are made on the callup of Army or Marine Corps reservists, appropriate announcements will be made promptly.

#### **White House Statement, January 25<sup>4</sup>**

The President this afternoon, after intensive consultations with his senior advisers, instructed Ambassador Goldberg [U.S. Representative to the United Nations Arthur J. Goldberg] to request an urgent meeting of the Security Council of the United Nations to consider the grave situation which has arisen in Korea by reason of North Korean aggressive actions against the Republic of Korea and the illegal and wanton seizure of a United States vessel and crew in international waters.

<sup>4</sup> Read to news correspondents by George Christian, Press Secretary to the President.

<sup>5</sup> For text of Executive Order 11392, see 33 *Fed. Reg.* 951.

This action by the President reflects his earnest desire to settle this matter promptly and, if at all possible, by diplomatic means.

Ambassador Goldberg will be leaving within the hour to present an appropriate letter requesting such a meeting to the President of the Security Council.

Ambassador Goldberg has already advised by telephone the President of the Security Council and the Secretary-General of this proposed action by the United States.

#### **Excerpt From an Address by Secretary Rusk, Cathedral Club, Brooklyn, N.Y., January 25**

I know you would be concerned tonight to hear me say something new about the present moment in Korea. We've said a good deal in the course of today, and I recall in Ecclesiastes 3 it is said that "To everything there is a season . . . a time to keep silence, and a time to speak." Today we have taken precautionary measures with respect to our Armed Forces, and the President has instructed Ambassador Goldberg to present this matter before the Security Council of the United Nations tomorrow, and there will be a full exposition there of the issues involved.

I can say very simply tonight, without going into detail, that the seizure of a U.S. naval vessel in international waters is without precedent and is intolerable. And there can be no satisfactory result, short of the prompt, may I say, immediate release of that ship and its officers and crew.

This incident reminds us that when the great issues are at stake, it is important that we think just as clearly as possible, without illusions, without false hope. . . .

#### **Statement by the Department of State Spokesman, January 26**

Assistant Secretary [for International Organization Affairs Joseph J.] Sisco and Deputy Assistant Secretary [for East Asian and Pacific Affairs Samuel D.] Berger met this morning with other members of the Group of 16—that is, those governments which provided forces under the U.N. Command during the Korean war. The group was briefed fully on current diplomatic and other steps being taken by the United States to secure the prompt release of the *Pueblo* and its crew, including our referral



of the matter to the United Nations Security Council.

During the briefing, attention was focused on repeated North Korean violations of the Korean Armistice Agreement.

Representatives of the following countries were present: Australia, Belgium, Canada, Colombia, Ethiopia, France, Greece, Luxembourg, Netherlands, New Zealand, Philippines, South Africa, Thailand, Turkey, and the United Kingdom.

Mr. Sisco also met in a separate session with the Ambassador of the Republic of Korea, and that included a full exchange of information on the current situation.

We have taken note of a North Korean broadcast of an editorial in a North Korean newspaper.

Now, the purport of this editorial is to declare the crew of the *Pueblo* as criminals. Here is a direct quote:

The criminals who have violated the sovereignty of another country and perpetrated a provocative act must receive due punishment. These criminals must be dealt with by law.

Now, in our view, this statement is a flagrant travesty of the facts. It is the action of North Korea which is and has been illegal from the outset.

I am authorized to say that the United States Government would consider any such move by North Korea to be a deliberate aggravation of an already serious situation.

The United States Government has asked the International Committee of the Red Cross to intercede on behalf of the personnel of the *Pueblo*. We asked the ICRC to inquire about the welfare and physical condition of the men, to request their early release, and to offer ICRC assistance in arrangements for their release. We most urgently asked the ICRC to attempt to arrange the repatriation of seriously injured personnel.

## U.N. Security Council Begins Debate on Korea

*Following is the text of a letter from Arthur J. Goldberg, U.S. Representative to the United Nations, to Agha Shahi, President of the U.N. Security Council, together with statements made by Ambassador Goldberg in the Council on January 26 and 27.*

### AMBASSADOR GOLDBERG'S LETTER

U.S., U.N. press release 6

JANUARY 25, 1968

DEAR MR. PRESIDENT: I request an urgent meeting of the Security Council to consider the grave threat to peace which has been brought about by a series of increasingly dangerous and aggressive military actions by North Korean authorities in violation of the Armistice Agreement and of international law and of the Charter of the United Nations.

The armistice regime established by the Armistice Agreement of July 27, 1953 has been repeatedly violated by North Korean authorities. These violations have become increasingly serious during the past year and a half, during

which armed personnel on many occasions have been dispatched from North Korea across the demilitarized zone into the Republic of Korea on missions of terrorism and political assassination. A particularly grave incident occurred this month, when a band of armed terrorists was dispatched into the Republic of Korea on a mission whose apparent goal was the assassination of President Park.

More recently, North Korea has wilfully committed an act of wanton lawlessness against a naval vessel of the United States operating on the high seas. On January 23, the USS *Pueblo*, while operating in international waters, was illegally seized by armed North Korean vessels, and the ship and crew are still under forcible detention by North Korean authorities.

This North Korean action against a United States naval vessel on the high seas, and the serious North Korean armed raids across the demilitarized zone into the Republic of Korea, have created a situation of such gravity and danger as to require the urgent consideration of the Security Council which we are accordingly requesting.

U.S./U.N. press release 7

The United States has requested this meeting, as I stated in my letter to you, to consider the grave threat to peace which the authorities of North Korea have brought about by their increasingly dangerous and aggressive military actions in violation of the Korean Armistice Agreement of 1953, of the United Nations Charter, and of international law.

We have asked that the Council be convened at an hour when peace is in serious and imminent danger—when firm and forthwith action is required to avert that danger and preserve peace.

A virtually unarmed vessel of the United States Navy, sailing on the high seas, has been wantonly and lawlessly seized by armed North Korean patrol boats and her crew forcibly detained. This warlike action carries a danger to peace which should be obvious to all.

A party of armed raiders, infiltrated from North Korea, has been intercepted in the act of invading the South Korean Capital City of Seoul with the admitted assignment of assassinating the President of the Republic of Korea. This event marks the climax of a campaign by the North Korean authorities, over the past 18 months, of steadily growing infiltration, sabotage, and terrorism in flagrant violation of the Korean Armistice Agreement.

Mr. President, these two lines of action are manifestly parallel. Both stem from North Korea. Both are completely unwarranted and unjustified. Both are aimed against peace and security in Korea. Both violate the United Nations Charter, solemn international agreements, and time-honored international law. And both pose a grave threat to peace in a country whose long search for peace and reunification in freedom has been an historic concern to the United Nations and my country.

We bring these grave developments to the attention of the Security Council in the sincere hope that the Council will act promptly to remove the danger to international peace and security. For, Mr. President, it must be removed, and without delay. And it will be removed only if action is taken forthwith to secure the release of the U.S.S. *Pueblo* and its 83-man crew and to bring to an end the pattern of armed transgressions by North Korea against the Republic of Korea. My Government has stated at the highest

level our earnest desire to settle this matter promptly and peacefully and, if at all possible, by diplomatic means.

It is testimony to this desire that, in fidelity to the charter, my Government has brought this matter to the Security Council, which has the primary responsibility for the maintenance of international peace and security and which, together with other organs of the United Nations, has a special and historic concern for peace and security in Korea.

It is imperative, therefore, that the Security Council act with the greatest urgency and decisiveness. The existing situation cannot be allowed to stand. It must be corrected, and the Council must face up to its responsibility to see it corrected. This course is far more preferable to other remedies which the charter reserves to member states.

Let me now turn to the facts concerning these two aspects of North Korean aggressive conduct on which the Council's action is urgently required.

#### Seizure of the U.S.S. *Pueblo*

At 12 noon on January 23, Korean time, the United States ship *Pueblo*, manned by a crew of six officers, 75 enlisted men, and two civilians, and sailing in international waters off the North Korean coast, was confronted by a heavily armed North Korean patrol boat identified as submarine chaser No. 35.

The strict instructions under which the *Pueblo* was operating required it to stay at least 13 nautical miles from the North Korean coast. While my country adheres to the 3-mile rule of international law concerning territorial waters, nevertheless the ship was under orders whose effect was to stay well clear of the 12-mile limit which the North Korean authorities have by long practice followed.

The U.S.S. *Pueblo* reported this encounter and its location at the time in the following words—and I wish to quote exactly what was reported by radio at the time of the encounter—“U.S.S. *Pueblo* encountered one SO-1 class North Korean patrol craft at 0300Z”—that is, at 12 noon Korean time—and then—I am repeating its broadcast—“Position 39-25.2 NL 127-55.0 EL DIW.” I might explain that DIW means “Dead in Water,” the standard terminology meaning that all engines are stopped and the vessel is stationary.

Now, with your permission, Mr. President, I should like to refer to this map<sup>1</sup> provided for the convenience of the Council and show the exact location of the *Pueblo* as given in these coordinates. If the members of the Council will look at the map, you will see a number 3 blue. Number 3 blue is approximately 25 nautical miles from the port of Wonsan. It is 16.3 nautical miles from the nearest point of the North Korean mainland, on the Peninsula of Hodo-Pando, and 15.3 nautical miles from the Island of Ung-Do.

Now, at exactly the same time, the North Korean submarine chaser No. 35, which intercepted the *Pueblo*, reported its own location in the number 3 red—and this is a report now from the North Korean submarine chaser No. 35 monitored by us—and that location was 39 degrees 25 minutes north latitude and 127 degrees 56 minutes east longitude. You will note the positions. In other words, these two reported positions are within a mile of one another and show conclusively that according to the North Korean report, as well as our own, the *Pueblo* was in international waters.

The report of its location by the North Korean craft, made by international Morse code, was followed 10 minutes later by the following oral message from the North Korean craft to its base, and I quote it: "We have approached the target here, the name of the target is GER 1-2."

Now, we talk about the *Pueblo*, and that is the name by which the ship is, of course, known. But the technical name for this ship is GER-2, and this name was painted on the side of the ship.

The message continued, and I again quote the Korean radio message in Korean words: "Get it? GER 1-2: did you get it? So our control target is GER 1-2. I will send it again. Our control target is GER 1-2."

Inasmuch as the location of the *Pueblo* is, of course, a matter of vital importance, it is important to the Council to know that the information available to the United States as reported by our vessel to our authorities and to the North Korean authorities as reported by its vessel and transmitted by its own ship was virtually identical, with only this small margin of difference. And interestingly enough, the North Korean ship reported the *Pueblo* to be

about a mile farther away from the shoreline than the United States fix of its position. That distance between the blue and the red is about a mile. So you see, the North Korean broadcast monitored was reporting what I have stated to this Council.

Mr. President, we have numerous other reports during this encounter consistent with the location I have described. And information other than coordinates corroborative of what I have said is by voice monitor; information on coordinates, as I said, was by international Morse code.

The North Korean patrol boat, having made its approach, used international flag signals to request the *Pueblo's* nationality. The *Pueblo*, replying with the same signal system, identified herself as a United States vessel. The North Korean vessel then signaled: "Heave to or I will open fire on you." The *Pueblo* replied: "I am in international waters."

The reply was not challenged by the North Korean vessel, which, under international law, if there had been an intrusion—which there was not—should have escorted the vessel from the area in which it was. However, that vessel then proceeded for approximately an hour to circle the *Pueblo*, which maintained its course and kept its distance from the shore. At that point three additional North Korean armed vessels appeared, one of which ordered the *Pueblo*: "Follow in my wake." As this order was issued, the four North Korean vessels closed in on the *Pueblo* and surrounded it. At the same time two MIG aircraft appeared overhead and circled the *Pueblo*. The *Pueblo* attempted peacefully to withdraw from this encirclement but was forcibly prevented from doing so and brought to a dead stop. It was then seized by an armed boarding party and forced into the North Korean port of Wonsan.

Now, reports from the North Korean naval vessels on their location and on their seizure of the *Pueblo* at this point show that the *Pueblo* was constantly in international waters.

At 1:50 p.m. Korean time, within a few minutes of the reported boarding of the *Pueblo*, North Korean vessels reported their position at 39-26 NL 128-02 EL, or about 21.3 miles from the nearest North Korean land. This is the point on the map here. And we would be very glad, Mr. President, to make this map available for the records of the Security Council.

Now, Mr. President, I want to lay to rest—

<sup>1</sup> Not printed here.

completely to rest—some intimations that the *Pueblo* had intruded upon the territorial waters and was sailing away from territorial waters and that the North Korean ships were in hot pursuit. This is not the case at all, and I shall demonstrate it by this map.

Now, we will show by times and the course of the vessel exactly what occurred, and you will see from this that the location of the *Pueblo* was constantly far away from Korean shores, always away from the 12-mile limit until it was taken into Wonsan by the North Korean vessels. The locations of the *Pueblo* are shown on the blue line, and the location of the SO-1 35, the first North Korean vessel, on the red line.

Now, the *Pueblo*, far from having sailed from inside territorial waters to outside territorial waters, was cruising in an area—in this area—and this will be demonstrated by the time sequence—and when I say, “this area,” I mean the area that is east and south of any approach to the 12-mile limit.

At 0830 Korean local time, the *Pueblo* was at the location I now point to on the map. It had come to that point from the southeast, not from anywhere in this vicinity. And that is point 1 on the map, so that our record will be complete. Point 2 on the map shows the position of the North Korean submarine chaser No. 35 as reported by her at 10:55, and you will see that she is close to—the North Korean vessel, not the *Pueblo*—the 12-mile limit.

Point No. 3 is the position reported by the *Pueblo* at 12 o'clock noon, and you will see that she is a considerable distance from the 12-mile limit, which is the dotted line.

Red point No. 3 is the position reported by the North Korean submarine chaser No. 35 at 12 o'clock noon when it signaled the *Pueblo* to stop. In other words, this is the position of the North Korean vessel, this is the position of the *Pueblo*; and the position of the North Korean vessel that I point to, the red line, the position reported audibly by the North Korean vessel. There is very little difference in these two reports.

Point No. 4 is the position reported by the North Korean vessel at 1350—1:50 p.m.—when she reported boarding the *Pueblo*. And you will recall that I just told the Council that the *Pueblo*, seeking to escape the encirclement, did not move in the direction which would have transgressed the 12-mile limit.

Now, all of this is verified not by reports solely from the *Pueblo*; all of this is verified by

reports from the North Korean vessels which were monitored; and I think it is a very clear picture of exactly what transpired.

Here, too, Mr. President, with your permission, we will make this available.

Mr. President, it is incontrovertible from this type of evidence, which is physical evidence of international Morse code signals and voice reports, that the *Pueblo* when first approached and when seized was in international waters well beyond the 12-mile limit and that the North Koreans knew this.

### Offense Against International Law

Further compounding this offense against international law, and the gravity of this warlike act, is the fact that the North Koreans clearly intended to capture the *Pueblo*, knowing that it was in international waters, and force it to sail into the port of Wonsan. This aim is made clear by messages exchanged among the North Korean vessels themselves which we monitored, including the following: “By talking this way, it will be enough to understand according to present instructions we will close down the radio, tie up the personnel, tow it, and enter port at Wonsan. At present we are on our way to boarding. We are coming in.” This is an exact voice broadcast from the ship which acknowledges the instructions that it was following.

Now, Mr. President, in light of this, this was no mere incident, no case of mistaken identity, no case of mistaken location. It was nothing less than a deliberate, premeditated armed attack on a United States naval vessel on the high seas, an attack whose gravity is underlined by these simple facts which I should now like to sum up.

The location of the *Pueblo* in international waters was fully known to the North Korean authorities since the broadcasts were not only between its own ships but were directed to its shore installations.

The *Pueblo* was so lightly armed that the North Koreans in one of the conversations which we have monitored even reported it as unarmed.

The *Pueblo* was therefore in no position to engage in a hostile, warlike act toward the territory or vessels of North Korea; and the North Koreans knew this.

Nevertheless, the *Pueblo*, clearly on the high seas, was forcibly stopped, boarded, and seized by North Korean armed vessels. This is a knowing and willful aggressive act—part of a deliberate series of actions in contravention of

international law and of solemn international arrangements designed to keep peace in the area, which apply not only to land forces but to naval forces as well. It is an action which no member of the United Nations could tolerate.

I might add, in light of the comments of the distinguished Soviet representative on the adoption of the agenda, that Soviet ships engage in exactly the same activities as the *Pueblo* and sail much closer to the shores of other states. And one such Soviet ship right now is to be found in the Sea of Japan and currently is not far from South Korean shores.

### **Terrorist Campaign Against South Korea**

I turn now to the other grave category of aggressive actions taken by the North Korean authorities: their systematic campaign of infiltration, sabotage, and terrorism across the armistice demarcation line, in gross violation of the armistice agreement—not only in the vicinity of the demilitarized zone but also in many cases deep in the territory of the Republic of Korea—culminating in the recent raid against the Capital City of Seoul, the Presidential Palace, and the person of the President of the Republic.

The gravity of this campaign has already been made known to the Security Council. Last November 2 I conveyed to the Council a report from the United Nations Command in Korea,<sup>2</sup> summing up the evidence of a drastic increase in violations by North Korea of the Korean Armistice Agreement and subsequent agreements pertaining thereto. This report, Security Council Document S/8217, noted that the number of incidents involving armed infiltrators from North Korea had increased from 50 in 1966 to 543 in the first 10 months of 1967 and that the number of soldiers and civilians killed by these infiltrators had increased from 39 in 1966 to 144 in the same period of 1967.

The further report of the United Nations Command for the whole year 1967, filed today,<sup>3</sup> shows a total of 566 incidents for 1967 and a total of 153 individuals killed by the North Korean infiltrators. The United Nations Command in its report has further pointed out that, although North Korea had refused all requests by the United Nations Command for investigation of these incidents by joint observer teams

pursuant to the armistice agreement, the evidence that the attacks had been mounted from North Korea is incontestable. This evidence is subject to verification by these reports which are on file with the Security Council.

The terrorist campaign, Mr. President, has now reached a new level of outrage. Last Sunday, January 21, security forces of the Republic of Korea made contact with a group of some 30 armed North Koreans near the Presidential Palace in Seoul. In a series of engagements both in Seoul and between Seoul and the demilitarized zone, lasting through January 24, about half of this group were killed and two captured. It has now been ascertained that the infiltration team totaled 31 agents, all with the rank of lieutenant or higher, dispatched from the 124th North Korean Army Unit; that these agents had received 2 years' training, including 2 weeks of training for the present mission, in special camps established in North Korea for this purpose; and that their assigned mission included the assassination of the President of the Republic of Korea.

I might add, Mr. President, that the North Korean authorities make no secret of the political strategy and motivation behind these attacks. Their daily propaganda vilifies the Government of the Republic of Korea and denies its very right to exist. Yet, Mr. President, this same Government of the Republic of Korea is recognized by 77 governments, is a member of numerous specialized agencies of the United Nations, and enjoys observer status at the United Nations headquarters.

Mr. President, it is obvious that this long series of attacks by North Korean infiltrators across the demilitarized zone—and by other groups of North Korean armed personnel which, traveling by sea, have penetrated into even the southern portions of South Korea—has steadily increased in its tempo and its scope until it threatens to undermine the whole structure of the armistice regime under which peace has been preserved in a divided Korea for 14 years.

In the interest of international peace and security, this deterioration cannot be allowed to continue. It must be reversed promptly. The armistice agreements must be restored to their full vigor, and the weight of the influence of the Security Council must be exerted to this vitally important end.

Mr. President, these are the facts of the threat to peace created by North Korea's aggressive

<sup>2</sup> For text, see BULLETIN of Nov. 20, 1967, p. 692.

<sup>3</sup> U.N. doc. S/8366; for text, see p. 199.

actions on sea and land. With all earnestness I ask the Security Council to act firmly and swiftly to rectify this dangerous situation and eliminate this threat to peace. Despite the most serious provocation—a provocation which every nation would recognize as serious and dangerous—my Government is exercising great restraint in this matter. We seek to give the processes of peaceful action all possible scope. We believe those processes can work swiftly and effectively, if the international community—including the members of this Council, individually and collectively—so wills it.

But, Mr. President, these peaceful processes must work. The present situation is not acceptable, and it cannot be left to drift. This great and potent organization of peace must not let the cause of peace in Korea be lost by default to the highbanded tactics of a lawless regime. Such a course would be an invitation to catastrophe.

Therefore, let the Security Council, with its great influence, promptly and effectively help to secure forthwith the safe return of the *Pueblo* and her crew and to restore to full vigor and effectiveness the Korean Armistice Agreement.

Fellow members of the Security Council, we have a clear and urgent responsibility under the charter to help keep the peace. I trust the Council will discharge this responsibility.

## STATEMENT OF JANUARY 27

U.S./U.N. press release 11

Now, Mr. President, the Hungarian representative, our colleague, Ambassador [Károly] Csatorday, has reverted to the information-gathering mission to which the U.S.S. *Pueblo* was assigned when it was illegally seized on the high seas in violation of all international law. He did so and said that there was something illegal and heinous and improper about this type of activity.

It is a very strange double standard that the distinguished representative of Hungary finds that the mission of the United States ship to be improper while he is entirely silent about the activities of the Soviet Union, which maintains exactly such ships in close proximity to the United States and many other countries of the world. Soviet information ships performing

precisely the same functions are currently located at numerous places in the Pacific and Atlantic Oceans and the Mediterranean Sea and near the shores of a number of countries. And the activities of the Soviet Union in the Sea of Japan are by no means novel. They are of long standing. For the last 8 years, Soviet intelligence-gathering ships have patrolled the seas and coastal areas of the Sea of Japan collecting electronic and other information from a wide variety of sources and places.

Today, this very day, a Soviet vessel is operating in this area, as I indicated yesterday. And for the information of the Hungarian representative, the vessel is the T-48 class submarine ship *Gidrolog*. Ambassador Morozov [Platon D. Morozov, representative of the Soviet Union] will correct me if my pronunciation is wrong. Now, this ship is roughly the same size as the *Pueblo*. It is even larger than the standard Soviet trawler used for these purposes. It is an 840-ton, 220-foot overall length, 30-foot beam, 20-knot speed, diesel engine, twin-screw ship. It may be of interest to members of the Council to know that such ships of the Soviet Navy in the Sea of Japan frequently sail closer than 12 miles to the shore of neighboring states in the area.

Now, Lord Caradon [representative of the United Kingdom], I think, has helped us very much in this area by pointing up the fact that all members of the Council should support the strict enforcement of the armistice agreement. And it is precisely because the North Korean authorities are not respecting the armistice agreement but are violating the armistice agreement that a very grave threat to the peace has occurred.

Now, part of the difficulty has been that the machinery set up by the Korean Armistice Agreement and related agreements, to which the Democratic People's Republic of Korea is a party, includes joint observer teams to investigate complaints of violation of the armistice. Unfortunately, owing to the adamant refusal of the North Korean side, this observer team machinery has been almost completely blocked from the beginning. And much can be said of the Military Armistice Commission which meets at Panmunjom. Specifically, and in line with their past performance, the North Korean side at

these meetings continues to refuse to act in any way on complaints which are made to it, to agree to investigations by the joint observer teams—the best way to determine the accuracy of these complaints that are lodged before the Armistice Commission—or indeed to make any use of the Panmunjom meetings except for the most violent and intemperate propaganda tirades.

It is our hope, our very sincere hope, that out of this current meeting of the Council will come a strong reaffirmation of what I am sure is the will of the membership of the United Nations manifested by General Assembly decisions throughout the years: that the armistice agreements be scrupulously adhered to and that the machinery of the armistice agreement be utilized in order to preserve peace in the area.

## **U.N. Command in Korea Submits Special Report**

U.S./U.N. press release 10 dated January 27

*Following is the text of a letter to the Security Council from Arthur J. Goldberg, U.S. Representative to the United Nations, transmitting the report of the United Nations Command in Korea on additional incidents which have occurred since the report of November 2, 1967, on violations by North Korea of the Military Armistice Agreement of 1953.*

### **AMBASSADOR GOLDBERG'S LETTER**

JANUARY 26, 1968

His Excellency  
Mr. AGHA SHAH  
*The President of the Security Council  
United Nations  
New York*

DEAR MR. PRESIDENT: I have the honor to convey, on behalf of the United States Government as the Unified Command, established by Security Council Resolution 84—7 July 1950 (S/1588), the enclosed report from the United Nations Command regarding serious violations by North Korea of the Military Armistice Agreement of July 27, 1953 which have oc-

curred since the issuance of the last report of the United Nations Command on November 2, 1967 (S/8217).<sup>1</sup>

I request that this report be circulated as an official document of the Security Council.<sup>2</sup>

Sincerely yours,

ARTHUR J. GOLDBERG

### **TEXT OF REPORT**

#### **REPORT OF THE UNITED NATIONS COMMAND TO THE UNITED NATIONS**

The Government of the United States, representing the United Nations Command in Korea, deems it necessary to submit this special report of the United Nations Command to call the attention of the Security Council to the recent grave and serious violations by North Korea of the Military Armistice Agreement of 27 July 1953 and subsequent agreements. Far from having made any attempt to stop serious violations since the last United Nations Command report issued on November 2, 1967, North Korea has continued to infiltrate armed agents into the Republic of Korea for the purpose of setting ambushes and performing raids in and near the demilitarized zone and engaging in subversive activities throughout the country. The most recent incidents, however, are of such magnitude as to create a grave threat to the maintenance of international peace and security.

#### **Attempted Assassination of the President of the Republic of Korea**

On 18 January of this year the North Korean regime dispatched a specially trained team of 31 agents armed with submachine guns, grenades and explosives through the demilitarized zone into the Republic of Korea with orders to attack the residence of the President of the Republic of Korea in Seoul and to assassinate President Chung-Hee Park. This team of commando-trained assassins penetrated to the very outskirts of the city of Seoul before the warnings of local citizens and the actions of the national police thwarted their attempt on the President's life. The team had reached within 800 meters of the President's residence when halted.

During their progress south through the territory of the Republic of Korea, the North Korean agents held four civilians prisoner for five hours. During this time, the North Koreans interrogated the civilians and threatened their lives and their village, should they inform the authorities of the presence of armed North Korean agents. Despite these threats, the four civilians promptly reported the encounter to the authorities of the Republic of Korea.

Through interrogation of a captured agent it was

<sup>1</sup> For text, see BULLETIN of Nov. 20, 1967, p. 692.

<sup>2</sup> U.N. doc. S/S366.

learned that the members of this team had been especially recruited from units of the North Korean army and trained for two years for missions of this type and for two weeks for this specific mission of assassination and terror. This single agent also had knowledge of 2,400 similar agents being trained in eight specialized camps throughout North Korea to deliberately attack the Republic of Korea.

On January 22 a loudspeaker broadcast by the North Koreans in the DMZ boasted that "the North Korean combat unit advanced from Kwung-Bok to Sudaie-Mun. The unit killed a Korean national policeman and the Chief of Police and destroyed four military trucks . . . The combat unit escaped from Park's clique and continued their mission." However, by January 24th North Koreans had noticed their mistake and re-established their usual, improbable story that "the South Korean armed guerrillas attacked the desperately resisting enemies in Seoul."

As a result of this initial attack, and other attacks by armed aggressors from North Korea, 18 military and civilian persons were killed and 39 wounded by North Korean infiltrators, as shown by the following table of incidents and casualties:

### Incidents and Casualties

	Jan. 1- 0600, Jan. 26, 1968	Oct. 18, 1967- Dec. 31, 1967
Significant Incidents, DMZ Area	19	22
Significant Incidents, Interior of ROK	22	1
Exchanges of Fire, DMZ Area	8	5
Exchanges of Fire, Interior of ROK	17	1
Casualties, North Korean Killed Within ROK	21	4
Casualties, North Korean Captured Within ROK	1	7
UNC Military Casualties, Killed Within ROK	11	9
UNC Military Casualties, Wounded Within ROK	35	15
ROK National Police and Other Civilians Killed Within ROK	7	0

Jan. 1-  
0600, Jan. 26,  
1968

Oct. 18, 1967-  
Dec. 31, 1967

ROK National Police and Other Civilians Wounded Within ROK	4	0
--	---	---

The above figures, taken together with those contained in the last Report of the United Nations Command issued November 2, 1967, show that in the entire year 1967 North Korea caused 566 significant incidents in which 153 individuals were killed by North Korean infiltrators.

### Conclusions

The fact that this type of "porous war" has been planned and directed from the highest level of the North Korean regime has been illustrated on many occasions by constant reference to these aggressive policies by leaders of the regime. The most recent, and blatantly open statement of this intentional aggression was in the December 16, 1967 speech by the regime Premier, Il-Sung Kim, who said "the northern half of the Republic is the revolutionary base for accomplishing the cause of national liberation on a nationwide scale" and who expects his people to "accomplish the revolutionary cause of unification of the country at all costs."

When the United Nations Command, in an attempt to negotiate this serious problem as prescribed by the Military Armistice Agreement and to restore peace and security to the area, raised the issue at the 261st meeting of the Military Armistice Commission on January 24, 1968, the Representative of the North Korean side refused to address the incident in a serious and responsible manner. Concrete evidence, including a filmed interview of the captured North Korean agent and large quantities of North Korean arms and munitions, was dismissed by the Representative of North Korea who claimed the attack on Seoul was perpetrated by South Korean citizens. In actual fact, the success of defensive measures taken by the Government of the Republic of Korea was in large part due to the wholehearted cooperation and participation of private South Korean citizens. This report clearly shows that North Korea is carrying out a program in deliberate violation of the Armistice Agreement. The North Koreans have continued to refuse to cooperate in using the machinery established by the Armistice Agreement for the purpose of supervising the Armistice Agreement, making efforts to effect redress through this machinery so far futile.



## Viet-Nam and the Independence of Southeast Asia

*by Under Secretary Katzenbach*<sup>1</sup>

It is a pleasure to be in Oklahoma, and it is always a pleasure to talk to gentlemen of the press.

When it comes to the press I share the lucid sentiment of Winston Churchill when he said: "I am always in favor of the free press but sometimes they say quite nasty things."

I would like to address myself today to a controversy on both sides of which many loyal Americans—not just the press—are too often tempted to say "quite nasty things." That controversy, of course, concerns Viet-Nam.

One does not have to be an epidemiologist to be aware that there is now abroad in the land a virus more easily diagnosed than treated. Its nontechnical name is Southeast Asian flu. Its symptoms, while they vary somewhat with individuals, normally include restricted vision, loss of balance, overactive vocal cords, disturbances of the sympathetic nervous system, and an inflated body temperature, that is to say, a loss of cool.

The typical victim indulges in compulsive, lengthy, and heated debate with anyone at hand. It is a very tough thing for the victim, this form of flu. But the disease may be even tougher for the country.

The causes of the disease are not difficult to trace. We are fighting in Viet-Nam a difficult, bloody, costly, and often heartbreaking war. Thousands of American men have died in it, and many other thousands have been injured.

It would be unthinkable that there should not, in this democratic society, be debate and discussion on the war and how it is being fought, for it deeply touches all of us.

It is a difficult subject to discuss simply because it is a complex one. The Viet-Nam war is a limited conflict being fought in a limited way for limited objectives. It is a war in support

of a sovereign Asian nation with its own views and objectives, all of which do not always coincide with our own. And the tortured roots of the conflict stretch back to the murky days of Japanese-occupied French Indochina.

It is, in short, a war in which the courses of action are sharply limited, a war beclouded by an ambiguous history. Fighting such a war, with circumscribed goals and limited weaponry, is admittedly a frustrating business calling for a good deal of patience and forbearance. It upsets people who like to see issues in terms of simple black and white. And it holds little appeal for those who like neat and quick solutions.

It is also correct that those of us who formulate or carry out Government policy should be held to account and criticized when criticism is thought deserved. We do not claim to have a monopoly of wisdom, nor do we claim to have all the answers.

If debate and discussion are to be useful, however, there must be listeners as well as speakers. Any real dialog is two-way. What concerns me about the present debate on Viet-Nam is that people on all sides are more eager to talk than to listen. What concerns me also is that the heat, passion, intensity, intolerance, and even irrationality generated have produced divisions where none exist and have drawn hard lines where none need be drawn.

There has been debate about the way the war is being fought—what kind of firepower we should use and whether there should be more or less of it. Even more impassioned has been the dispute on the fundamental issue of whether we should be in Viet-Nam at all. The latter question is the one that I would like to take up today. I hope to provide evidence that we in the administration have been listening to the dissenters as well as speaking, even if we do not always take their advice. But, far more

<sup>1</sup> Address made before the Oklahoma Press Association at Oklahoma City on Jan. 19 (press release 13).

important, I would like to state the basic issues as they appear to me. In so doing we can, perhaps, sort out the strengths and weaknesses of differing views on the wisdom and justice of our involvement.

I shall begin by reminding you of the major reasons why we are in Viet-Nam; then I will turn to the three main grounds of dissent.

### **Approaches to U.S. Asian Policy**

The starting place of understanding in this—as in almost every aspect of foreign policy—is history. The decade following the Second World War saw two events of surpassing importance to Asia: the death of Japanese, French, and Dutch colonial empires and the birth of Communist China. The former left a vacuum of power and influence; the latter brought an eager but, from our point of view, unfriendly contender to fill that vacuum. The victory of Mao had brought a militant revolutionary philosophy to the most populated country in the world, a country which felt keenly that it had for a century been denied its rightful place as a major world power and a dominating influence in Asia. Moreover, Communist China's militancy was shared by its neighbor and ally, North Viet-Nam.

To our policymakers these events presented a far from happy choice among three approaches: First, we might have gambled that Communist China and North Viet-Nam would show restraint. Or we might have gambled that the military and political strength of the relatively small and weak states of Southeast Asia would be sufficient to hold back the Communists. Second, we could have concluded that this was a bad gamble but still consciously written off the area as not worth the risks and costs of U.S. involvement. Or, finally, we could have decided that the independence of the area was worth preserving even at the price and risks of providing a temporary umbrella of U.S. power—such as we had provided in Europe—until the area's independent nations could grow strong enough to fend for themselves.

We decided that the nations of Southeast Asia would in time develop resilience and strength, that the area could be woven into a system of independent, mutually supporting nations which could fulfill their enormous latent economic and social promise; and for a period of almost 20 years we have acted on the basis of this judgment. Has this decision been correct?

Promising developments throughout East Asia in such diverse countries as Thailand, Indonesia, the Philippines, Korea, Malaysia, and Singapore have given us good reason to believe it has been.

During this period South Viet-Nam has become the testing ground of our willingness to provide the great-power support which we have believed is essential to the independence of Southeast Asia. We did not choose it as a battlefield. We would have far preferred never to have had to defend the independence of any part of the area. It is an unfortunate fact of life that the aggressor can often choose the battlefield. We have, however, chosen to stand fast in support of South Viet-Nam, not only because we place a great value on the independence of its 15 million inhabitants but also because we have felt that the fate of South Viet-Nam was inextricably intertwined with the fate of much of Southeast Asia.

### **U.S. Commitment in Southeast Asia**

In brief outline, this is why we are in Viet-Nam. I think it is enlightening to see where the views of the three major groups of dissenters depart from those of the administration in terms of this outline.

Some, including no less a spokesman than Walter Lippmann, have argued that the independence of Southeast Asia is not worth the great price of American involvement in Viet-Nam. But, surely, Southeast Asia cannot be so readily dismissed. In its 10 nations live almost 250 million people, more than the combined population of Latin America and almost that of Western Europe. It is not as close to us as Latin America nor as powerful as Western Europe, but it remains a great and strategic area rich in both human and natural resources. Its people deserve a right to develop in independence as much as do any other people. If it were swallowed by unfriendly powers, there would result a significant measure of damage to the position of the United States and its allies.

In short, I think few of us are either prepared to write off the independence of a quarter of a billion people or prepared to see this part of the world's population turned into enemies of the United States. Certainly this was the conclusion the Senate reached in 1955 when it ratified the SEATO Treaty. The Congress as a whole reaffirmed this conclusion nearly 10 years later when it said: "The United States regards as

vital to its national interest and to world peace the maintenance of international peace and security in southeast Asia."<sup>2</sup>

A second group of dissenters would agree that Southeast Asia cannot be written off but contend that the internal problems and self-imposed restraint of Communist China and North Viet-Nam, plus the defensive capabilities of their smaller neighbors, combine to assure the safety and independence of such countries as Laos, Cambodia, Burma, Thailand, Malaysia, and Singapore without a United States presence.

The argument is that Ho's appetite is only for South Viet-Nam and that Mao isn't hungry so there is no reason to fear that the independence of Southeast Asia will be swallowed up.

I am afraid that I cannot satisfy myself that American policy should be formulated on the basis of so hopeful an assumption. The facts will simply not fit the assumption unless we ignore North Vietnamese occupation of much of Laos, a Communist effort to take over Indonesia, Hanoi-sponsored revolution in northeast Thailand, a Chinese invasion of India, and a dozen or so other instances of contrary intent. Even if we were prepared to believe that North Vietnamese and Communist Chinese adventures would end if we left Southeast Asia, our own faith would not assure the independence of Southeast Asia if it were not shared by the countries that would be called upon to face the consequences of aggression.

For independence can be compromised by fear of a mighty neighbor as well as by armed invasion, by threat as well as by assault. The influence of an aggressive and far stronger neighbor can and does precede its armies—and has in far too many cases made the use of force unnecessary.

The testimony of the neighbors of Communist China and North Viet-Nam is thus doubly relevant. It bears not only upon the actual risk but also upon the perceived threat of aggression which can erode independence slowly, but just as surely as actual aggression. With very few exceptions, indeed, the leaders of these neighboring countries testify to the threat that American withdrawal would mean to them.

Among them are the leaders of countries such as Thailand, Malaysia, Singapore, and the Philippines who back the American stand in

Viet-Nam. Even the most independent and non-aligned of these leaders, such as Singapore's brilliant Lee Kuan Yew, believe that an abandonment of the U.S. role in Viet-Nam would have disastrous consequences for all of Southeast Asia.

In short, the people of Southeast Asia themselves fear for their freedom and independence. It is they who seek protection from Communist subversion, and it is they who look with dread at the militant revolutionary giant of Red China to their north. Whether China is truly an expansionist country, or whether it is too consumed in its own domestic problems, harangues, and intrigues to follow its aggressive words with aggressive deeds, is a debatable matter. But the nervousness of its neighbors is not debatable at all. It is a very palpable thing.

Interestingly enough, the fear of an expansionist China is not restricted to some of its small Asian neighbors. Without endorsing the following in any way—for I think it is much exaggerated—let me read you some brief excerpts from a recent magazine article:

There can now be no doubt that behind the slogan proclaimed in Peking to the effect that the wind is blowing from the East is concealed a concrete plan, which took shape in the minds of Mao Tse-tung and his associates apparently back in the 1950's. . . .

. . . the main idea . . . amounts to the setting up of a sort of superstate embracing not only eastern and central, but later even western Asia. . . .

Mao proposes to include in his "Reich", apart from China itself, Korea, the Mongolian Peoples' Republic, Vietnam, Cambodia, Laos, Indonesia, Burma, and several other countries in that region. In the second stage of the "Storm From the East" it is planned to expand in the direction of the Indian subcontinent, Soviet Central Asia and the Soviet Far East. . . .

Without a global atomic conflict, in the course of which, as Mao has admitted, a "third" or a "half" of mankind may perish, Maoist diplomacy cannot conceive of the basic plan being carried out. . . . The militarists in Peking are obviously dreaming of another Chinese empire, operating formally under the red flag of socialism, but in fact copying the militarist policy of the Chinese emperors—the conquerors and mandarins of long-forgotten centuries.

Does this hair-raising stuff come from some harebrained organ of far right anti-Communist polemics? No, it comes from the Literary Gazette of Moscow and was written by an influential Russian commentator named Rostovsky, who uses the pen name Ernst Henri.

We are in Southeast Asia, then, not out of ambitions for imperial power or because we seek to establish a permanent presence. We are there to help provide enough support to make it

<sup>2</sup> For text of H.J. Res. 1145, see BULLETIN of Aug. 24, 1964, p. 268.

possible for the nations of the area to develop unmolested. The assistance we are able to furnish allows its people to build their own institutions. We are interested in staying only until they are strong enough on their own so they no longer need our presence.

There is, of course, a third group of dissenters who object to our support of South Viet-Nam on far narrower grounds. While recognizing our security interests in Asia and the necessity for our maintaining a presence there, these critics are disturbed with the place in which we are making our stand. Their objections may be worded in terms of geography, history, or the problems of the South Vietnamese Government, but they add up to a single point: Viet-Nam is not the place to fight.

This group of people have a good point. Had the choice been ours, perhaps we would not have picked Viet-Nam either. The terrain favors guerrillas in their mountain and swamp bases; Viet-Nam's tortured history has left it with a partial leadership vacuum which is only now beginning to be filled; the enemy is experienced and determined, well led and highly motivated, carrying on a struggle which began 20 years ago; the enemy has land lines of support back to sanctuaries outside the area in which we can use our ground forces; and so on. But these factors—naturally disadvantageous to us—are the very reasons the fight was joined in Viet-Nam. Since the enemy possessed the initiative at all times to choose the timing and the nature of the assault, he naturally chose those in which he felt he enjoyed the greatest advantage. If our overall strategy was to succeed in Asia, we really had no choice but to meet the offensive where it occurred, even on ground on which we have to jump some difficult hurdles.

Furthermore—and this is really the basic point on January 19, 1968—the decision to fight in Viet-Nam was the product of many decisions by many people over many years. Right or wrong—and I happen to think it was right—it is now too late to look for a nicer, neater battlefield. History and circumstances have given us Viet-Nam as the battlefield—and that is where we must make the decisions which may well determine the future shape of Asia and our role in the future of Asia.

During the administrations of our last three Presidents, decisions and commitments have been made and policies have been formulated. Whether or not every decision was correct, events have turned our willingness to stand by

these decisions into the test of our entire stance in Asia. It is too late to attempt to unravel the strands of our policy. We simply cannot cancel at this date our specific commitment in Viet-Nam without undermining our general commitments in Southeast Asia. Nor could we back down at this time without betraying those South Vietnamese—numbering in the millions—who have made it clear that they do not wish to have their destinies determined by military force directed from Hanoi.

### **Dramatic Transformation in Free Asia**

A final question remains. In making our commitments to Southeast Asia, we of course hoped to deter armed aggression in this area as it had been deterred before in Europe. We were prepared to bear the cost of war, but we hoped there would be no war.

Much of the dissent from our Viet-Nam policy seems to me to reflect above all else the fact that the bills are now arriving. The costs in Americans dead and wounded and Vietnamese killed, in dollars, and even in criticism at home and from some friends abroad are just coming in. If, as I believe, the issue has always been the risks to all of Southeast Asia, and the stake the independence of 250 million people, it is fair to ask whether the gains have been worth the price.

One way of approaching this question is to compare the costs we are incurring with those we might expect had we been unwilling to meet the challenge in Viet-Nam. Even a limited war with its loss of life is a very great tragedy. But if it avoids a future choice between world war III and the loss of Southeast Asia—if that proves to be the ultimate payoff of our actions—the tragedy will have been far more than justified.

Only the future can answer that question. But we can learn from the past.

I do know that a policy of containment of the Soviet Union over a period of years has transferred some Soviet attention from external conquest to internal development. It has led to some easing of tension with the United States and the beginnings of a possible rapprochement which, although cautious and limited, is dramatic when viewed from a perspective of 20 years ago.

I cannot present to you today any clear evidence that Communist China and North Viet-Nam have yet begun to moderate their

aggressive external policies or their repressive internal behavior, although—if such events take place—future historians may well discern their roots in the events of the late 1960's. But I can present to you today clear and unmistakable evidence that outside the Communist sphere in Asia a dramatic transformation is taking place.

The record speaks for itself.

Let us first look at economic growth. In Thailand it has averaged about 7 percent annually in recent years. In Malaysia gross national product has gained some 40 percent over a recent 5-year period; it now has the third highest per capita income in East Asia. In the Philippines, a new rice strain developed at the International Rice Research Institute at Los Baños promises to increase productivity dramatically. Adapted to local conditions in other countries, this advance promises to revolutionize Southeast Asia's rice culture as did the introduction of new hybrid corns in the case of Thailand's agriculture some years ago.

But it is not only in the economic sphere that progress has been made. Malaysia is a working democracy despite its ethnically diverse population of Malay, Chinese, and Indian stock. Singapore, with one of the world's largest overseas-Chinese communities, not only is a thriving commercial center but also is firmly anti-Communist. Thailand is moving toward adoption of a new constitution, to be followed by free elections. Indonesia, after a long slide under Sukarno toward economic bankruptcy and Communist takeover, in a dramatic reversal of political fortunes has begun to lay the groundwork for economic and political reconstruction.

These governments have also begun to create institutions for increased economic, cultural,

and political cooperation. They have had the support of other countries in East Asia, notably Japan and Australia. There is now the new Association of Southeast Asian Nations, in which Indonesia, Malaysia, the Philippines, Singapore, and Thailand participate. There is also the larger Asian and Pacific Council consisting of nine East Asian member countries and one observer. There is the new Asian Development Bank, with headquarters in Manila, designed to bring new development capital and spur the economic growth of the area. There are other regional organizations, notably the Mekong Coordinating Committee, and the U.N. Economic Commission for Asia and the Far East, where constructive work on problems of the region has gone forward for many years.

All of these are Asian institutions working effectively toward the development of a free, prosperous, independent Asia.

In short, Southeast Asia is today a region of growing confidence in its future, and I put it to you that this confidence is rooted in the spectacle of failure in Communist China and the firm stand against aggression we and our allies have taken in Viet-Nam.

Are these gains worth the cost, in the final analysis?

Like all basic questions of value and history, the answer is not subject to scientific analysis. The answer depends upon the kind of people we are, the values we hold, the kind of world we want to live in, how large an effort we are willing to make to achieve that world.

No administration or Congress can decide such fundamental issues in any final way. In the end, the American people will have to decide what kind of world we want to live in and what our role in building peace should be.

## Secretary Rusk Discusses Viet-Nam in Canadian Magazine Interview

*Following is the text of an interview with Secretary Rusk by Blair Fraser, which appears in the February issue of Maclean's, a Canadian monthly magazine.*

Press release 16 dated January 22

*Maclean's:* What is your personal prediction of the way the war will end in Viet-Nam?

*Rusk:* It is difficult to make a prediction, because it takes two sides to make peace. The United States, along with many other governments, has long sought to end the bloodshed and to bring the conflict to the conference table—thus far without success. However, the conflict could end quickly if the Hanoi Government simply decides to close out its attempt to take over South Viet-Nam by force.

*Maclean's:* What would you consider to be reasonable peace terms?

*Rusk:* What is required to make peace can be derived from the causes of the present hostilities. U.S. combat forces were introduced into South Viet-Nam because of the men and arms sent into the South by Hanoi. We believe that the special problems of such divided countries as Germany, Korea, and Viet-Nam must be settled by peaceful means and not by force. We have treaty commitments in all three instances. Canada is a member of NATO and participated with U.N. forces in Korea.

Our view on peace terms can be found in our Fourteen Points,<sup>1</sup> in the seven-nation Manila communique of October 1966,<sup>2</sup> and in the principles of the Geneva Accords of 1954 and 1962. We are prepared to discuss details with those who can stop the shooting. We will meet with them at any time without conditions or will meet to discuss conditions prior to formal negotiations.

*Maclean's:* Would it be correct to say these terms define the war aims of the United States?

*Rusk:* Yes, since the war aim of the United States is peace.

*Maclean's:* How long would it be, in your opinion, before these aims can be achieved?

*Rusk:* I cannot guess how long. The fighting itself can end as soon as Hanoi decides it is more in its interest to negotiate a mutually acceptable settlement than it is to keep on trying to take over South Viet-Nam by force. Until Hanoi makes this decision we are obligated to continue to assist South Viet-Nam to defend itself with armed force.

In partnership with our Vietnamese allies and the other nations assisting in South Viet-Nam's defense, we have made significant progress. Repeated enemy assaults have been thrown back, at heavy loss to the other side. Protection against Viet Cong terror has been steadily extended to wider segments of the population. Five elections have been held in the past 18 months for local officials, the Presidency, and the two legislative chambers, and institutions for representative government have thus been established in the midst of a cruel war. I expect further steady progress over the coming months.

*Maclean's:* Do you believe the government of South Viet-Nam would then become self-sustaining militarily, or would an American garrison be needed for a longer time?

*Rusk:* We have pledged to withdraw our forces from Viet-Nam when the external aggression against South Viet-Nam ceases, North Vietnamese personnel and support are withdrawn, and the level of violence thus subsides. Under those circumstances, the Vietnamese Government should be able to deal with its own self-defense requirements.

*Maclean's:* Do you envisage a united or a permanently divided Viet-Nam? If united, by what means? If divided, how will peace be kept?

*Rusk:* We consider the question of the reunification of Viet-Nam to be one for the free decision of the Vietnamese people. We would accept unity through free elections under international supervision and oppose unity by force.

Realistically, we recognize that there are great obstacles to reunification. The two parts of

<sup>1</sup> BULLETIN of Feb. 20, 1967, p. 284.

<sup>2</sup> For text, see *ibid.*, Nov. 14, 1966, p. 730.

Viet-Nam have developed different political and social systems. However, we do not believe reunification is an impossible goal and are fully prepared to support the free decision of the Vietnamese people.

*Macleans:* Would the United States tolerate an elected Communist government in Saigon? An elected neutralist government?

*Rusk:* We have long supported the idea of genuinely free elections in South Viet-Nam to give the South Vietnamese a government of their own choice, and we are committed to respect their decision.

We support the development of broadly based democratic institutions in South Viet-Nam. We do not seek the exclusion of any segment of the South Vietnamese people from peaceful participation in their country's future. Nor do we seek to determine the South Vietnamese Government's political outlook and orientation.

In the face of the steadfast refusal of the Viet Cong to engage in peaceful participation, and their massive efforts to disrupt the recent series of elections, the success of the South Vietnamese people in establishing a constitutional, representative government is truly remarkable.

*Macleans:* Many Canadians (like many Americans), who accept the sincerity of American intentions in general in Viet-Nam, are disturbed by the use of antipersonnel weapons such as fragmentation bombs, napalm, et cetera. What is the explanation of this policy?

*Rusk:* The weapons you mention are used to achieve specific and limited military purposes. In this war, as in any other, civilian casualties are inevitable. They are deeply regretted, but the most stringent efforts are made to minimize civilian casualties where inflicted by these or any other weapons at our disposal. Fragmentation bombs are used against antiaircraft weapons sites; napalm is rarely used in North Viet-Nam; it has been used in the immediate battlefield area in and around the DMZ. The real point is, however, that all of the fighting could stop within hours if Hanoi will help make peace.

*Macleans:* Do these problems keep you awake at night, literally? Or are you able to put them aside at the end of the working day? Aside from your own personal experience, how important is the problem of sheer physical and intellectual fatigue among men who have to carry these terrible responsibilities?

*Rusk:* A government servant accepts the burden of responsibility in the knowledge that

he must be prepared to accept, and overcome, any fatigue which arises. No reasonable human being contemplates with equanimity the tragedy of war and the horror and sadness it begets. But the cost of human freedom is always high, and most of us believe the price must be paid.

*Macleans:* In the internal politics of the United States, are you confident that the people will continue to support a war without victory over a period of years?

*Rusk:* I am confident that the people of the United States will continue to support the objectives for which we are fighting in Viet-Nam and the policies that have been framed and developed under four Presidents to carry out these objectives.

*Macleans:* In our parliamentary system, the government would be forced to make peace (or to resign) if it lost the support of a majority in Parliament. What happens in the American system if the support for the war in Congress and among the general public drops below the 50-percent mark—or if the disaffection becomes clearly apparent in other, practical ways? In other words, how far can a United States administration pursue a policy when the people have turned against it?

*Rusk:* The American people conduct their public business, at the Federal level, through the President and the Congress. I see no indication that a majority of our Congress will not support our effort in Viet-Nam. Indeed, there is no responsible opinion that we should withdraw from Viet-Nam. In any event, these matters are not decided by public opinion polls. If someone were to ask me "Are you happy about Viet-Nam?" my answer would be "No." In the most literal sense no one wants peace in Southeast Asia more than President Johnson. How to get it is a most complicated question, and withdrawal is not a way to get it. This is very broadly understood among the American people.

*Macleans:* In Canada, discussions of the Viet-Nam war often include references to our dependence on a friendly administration in Washington, and some published reports have alleged that the present administration resented the recent suggestion of Honorable Paul Martin that bombing of North Viet-Nam should be suspended. Are these reports correct?

*Rusk:* Relations between governments, especially friendly governments, have nothing to do with resentment. Mr. Martin and I see each other frequently and discuss all of our problems

with each other in some detail. The suggestion of a "bombing suspension" is not one which offends the United States. The trouble is that Hanoi calls a pause an "ultimatum." The point is that no one in the world can tell us what would happen if we stopped the bombing. Hanoi refuses to do so and no one else is able to do so. But we shall not abandon the effort to find a peaceful settlement to the problems of Southeast Asia.

*Maclean's:* How do you feel about Canada's willingness to admit American draftdodgers as immigrants?

*Rusk:* Canada is fully capable of deciding for itself which immigrants it wishes to receive. So far as I know this matter has not been discussed between our two Governments.

*Maclean's:* In general, what is the effect of public criticism by foreign, but normally friendly, countries? Is it better to express these views openly or only in private? Or not at all?

*Rusk:* Canada and the United States have different responsibilities in the South Pacific. The United States has alliances with Korea, Japan, the Republic of China, the Philippines, Australia, New Zealand, and Thailand. South Viet-Nam is covered by the SEATO Treaty. Canada is not a party to any of these treaties but is a member of the International Control Commission under the Geneva arrangements. We would hope that our Canadian friends would understand that we have a vital stake in the integrity of our alliances in the Pacific Ocean area. We might believe that Canada's own national interests are related to these alliances, whose purpose is to preserve peace in the Pacific—but that is a matter for Canada to decide. On our part, we understand the special responsibilities which Canada bears as a member of the International Control Commission. These are onerous duties and Canada carries them with integrity. We cannot ask that other democracies take steps to restrain public criticism which we ourselves would not take in our free society. We do solicit understanding—but beyond that we cannot properly go.

*Maclean's:* When people mention the so-called "domino theory" in talking about Viet-Nam, the usual assumption is that all the dominoes are standing on end in Southeast Asia and its immediate neighborhood. Would it be fair to suggest that some other dominoes seem to be tottering in other areas—Europe, Latin America, the United States itself? How do you

strike a balance in appraising these elements of support and opposition?

*Rusk:* I have never talked about the "domino theory," because it is much too simplistic and suggests that somehow we are playing games. The problem is that there are North Vietnamese regiments today fighting in South Viet-Nam. There are North Vietnamese armed forces in Laos being opposed by Laotian forces. There are North Vietnamese-trained guerrillas operating in northeast Thailand.

It takes two to make a peace; and we would like to see some indication from the other side that they accept the notion that all countries, large and small, as the United Nations Charter puts it, have a right to live in peace without molestation from across their frontiers.

When that moment comes, there can be peace very quickly indeed; and the United States will be no obstacle whatever in making a peace on that basis. As to the situation in other areas, my own judgment would be that Europe and Latin America are both making steady progress in key respects, although there are, of course, difficulties that may attract disproportionate attention. I have already commented on the situation within the United States, as it relates to the Viet-Nam issue.

*Maclean's:* Do you regard China as the real enemy in the Viet-Nam war?

*Rusk:* No. The aggressor nominates himself by his own action. U.S. combat forces are in South Viet-Nam because North Viet-Nam has been sending men and arms, including regiments of its Regular Army, into South Viet-Nam. But Chinese attitudes and positions are not unrelated to Hanoi's policies. What we are seeking in Asia is an organized and reliable peace. We are not picking out Peking as some sort of special enemy. By advocating and abetting the violent overthrow of legally constituted governments, there is little doubt that Peking has in practical terms designated itself as a state antagonistic to what we and virtually every other state in the world see as the rule of law and order in international relations. In simple terms we believe, and have believed throughout my term of office and before, that if Hanoi were to take over South Viet-Nam by force, the effect would be to stimulate the expansionist ambitions of Communist China and greatly to weaken the will and capacity of the independent nations of Southeast Asia to resist. Thus the Vietnamese situation has a direct bearing on



freedom throughout Southeast Asia, and particularly freedom of the area from Communist Chinese pressure and subversion. This connection is not a new point at all. It has bulked large in the thinking and expression of President Johnson, President Kennedy, and their predecessors, and it plays a major part in the sympathetic views of the great body of responsible opinion in Southeast Asia toward the Allied effort in support of South Viet-Nam.

*Maclean's:* Is there any possibility of improving United States' relations with China while Mao Tse-tung is alive and ruling the country?

*Rusk:* We would be glad to find some way of improving our relations with the people of mainland China, once Peking indicates its willingness to live at peace with other countries in Asia and with us. We have expressed our hope for reconciliation. We have sought some sign from Peking that it is interested in either increasing contacts with the United States or discussing on a bilateral or multilateral basis such major problems of peace and security as disarmament and an easing of tension in Asia. Thus far Peking has given us no hint of interest. It seems to be saying that there is nothing to discuss between us unless we surrender Taiwan.

*Maclean's:* What is your appraisal of the danger that the hostility between the United States and Mao's China may lead to all-out war?

*Rusk:* We have no hostile intent toward Communist China. We wish to avoid a conflict with Peking, and we have taken every measure to avoid such a conflict. We believe Peking knows this. We think the Chinese also wish to avoid such a conflict, and I would see no reason to believe there is any fatal inevitability that it will occur.

*Maclean's:* Are you convinced that Mao's China has adopted a firm policy of military expansion?

*Rusk:* The Chinese have given ample evidence in the past that they are not reluctant to use direct military force across their borders. I would prefer, however, to emphasize that Peking, by its physical size, its population, its large army, its developing nuclear capability, and the policies it espouses, poses a threat which is real in the minds of other Asians. Peking has made completely clear its view that the doctrine and policies which it advocates are the proper and only appropriate guide for the behavior and development of all other states, particularly

those in Asia. It shelters the leaders of insurrectionary movements from a number of Asian states and provides them with funds. It helps to arm and train their supporters. It publicly calls for the overthrow of the legitimate governments of these states. Whether the Chinese themselves physically intend to occupy the countries around them is less to the point than that they seem determined, at least at this point in time, to see the present governments of these states violently replaced by regimes which accept Peking's main policies.

## President Johnson Urges 3-Year Extension of ACDA Authorization

*The White House on January 24 made public the following letter from President Johnson to Hubert H. Humphrey, President of the Senate. The President sent an identical letter to John W. McCormack, Speaker of the House of Representatives.*

White House press release dated January 24

JANUARY 24, 1968

DEAR MR. PRESIDENT: In August 1965, I said:<sup>1</sup>

President Eisenhower and President Kennedy sought, as I seek now, the pathway to a world in which serenity may one day endure. There is no sane description of a nuclear war. There is only the blinding light of man's failure to reason with his fellow man, and then silence.

Now as then arms control is the most urgent business of our time.

If men can join together with their neighbors to harness the power of nuclear energy for peaceful progress, they can transform the world. If not, they may well destroy the world.

This is the ultimate test of our century. On our response rests the very survival of this nation and the fate of every living creature on this planet.

The Arms Control and Disarmament Agency speaks for the United States in this critical area.

*I urge the Congress to extend its life for three years and to authorize the necessary appropriations.*

Just over five years ago the world looked over

<sup>1</sup> BULLETIN of Sept. 20, 1965, p. 466.

the brink of nuclear holocaust. The Cuban missile crisis brought home to every man and woman the unspeakable personal horror of nuclear war. It posed the problem, not in terms of megatons and megadeaths, but in terms of a man's home destroyed and his family wiped off the face of the earth.

One year later, the world took the first great step toward nuclear sanity—the Limited Test Ban Treaty.

From that treaty was born a common spirit and a common trust. National agendas were revised. Priorities were rearranged. Nations around the world joined in the quest for freedom from nuclear terror.

The United Nations passed a resolution against bombs in orbit. The United States and the Soviet Union installed a "hot line" between Washington and Moscow which has already been used to protect the peace. Last year a new treaty went into effect to preserve outer space for the works of peace.

The Arms Control and Disarmament Agency played a central role in all these important advances. Now the energy and perseverance of Director William Foster and his colleagues have brought us close to the next great step forward: a treaty banning the spread of nuclear weapons.

The United States and the Soviet Union have agreed to a complete draft Non-Proliferation Treaty and submitted it to the Eighteen-Nation Disarmament Committee in Geneva for consideration by other nations.<sup>2</sup> This draft already reflects many of the interests and views of the nations which do not now have nuclear weapons. We believe such a treaty represents the most constructive way to avoid the terrible dangers and the criminal waste which all men recognize would flow from the further spread of nuclear weapons.

For at least twenty-five years, this treaty would:

—Prohibit any nuclear weapon state from transferring to any recipient, either directly or indirectly, any nuclear explosive device or the control of any such device;

—Prohibit any nuclear weapon state from

---

<sup>2</sup> For background and text, see *ibid.*, Feb. 5, 1968, p. 164.

helping non-nuclear weapon nations to develop their own nuclear weapons;

—Prohibit any non-nuclear weapon state from receiving nuclear weapons and from manufacturing its own weapons;

—Provide for verification that no nuclear materials are diverted by non-nuclear weapon states to produce explosive devices;

—Encourage cooperation between nuclear and non-nuclear nations to insure that all will benefit from the peaceful uses of nuclear energy.

This treaty will not end tensions between nations nor will it eliminate the shadow of nuclear war which now menaces all mankind. But it will reduce the chances of nuclear disaster arising from local disputes.

It will avoid the tragic waste of resources on nuclear weapon technology by countries whose first and overriding concern must be economic growth and social progress.

And it will, we hope, bring world-wide acceptance of nuclear safeguards inspection as the basic protection which every nation must afford itself and its neighbors.

This treaty looks to the day when a final answer to the nuclear weapons problem will be possible. It does not limit the right or capacity of any present nuclear power to produce nuclear weapons. It does call for further negotiations to end the nuclear arms race and to move down the road to general and complete disarmament.

The lesson of the nuclear era is that this most sacred of human hopes will not be realized through intimidation of one nation by another nor by a single stroke of diplomacy. It will follow months and years of steady, patient effort. It will come step by step as men grow in wisdom and nations grow in responsibility.

The Non-Proliferation Treaty is not a creation of the United States. It is not a creation of the United States and the Soviet Union. It is the creation of all nations, large and small, who share the knowledge and the determination that man can and must and will control these cosmic forces he has unleashed.

When this Treaty comes into force, it will be for all the world the brightest light at the end of the tunnel since 1945.

Sincerely,

LYNDON B. JOHNSON

*In this paper, which was presented before the Marine Science Panel on December 27 during the annual meeting of the American Association for the Advancement of Science at New York, N.Y., Mr. Pollack discusses the components of the Department's task in formulating U.S. foreign policy objectives with respect to the exploration of the oceans and the peaceful exploitation of their resources.*

## National Interest, Foreign Affairs, and the Marine Sciences

*by Herman Pollack*

*Director, International Scientific and Technological Affairs*

The problems of exploring and using the deep oceans are not confined to those of a scientific or technical nature. There are opportunities and risks, and there are purposes and tasks, which affect our international relationships and our foreign policy objectives. The successful exploration of the world's oceans and the peaceful exploitation of their resources will occur only if based on clear international understanding and agreement.

The relationships between and among nations inherent to this exploitation are one of the many areas in which much creative work needs to be done before the nations of the world can effectively apply today's considerable technological resources to the search for ocean treasure. The pattern for international cooperation in the marine sciences has developed largely in response to varying immediate needs or interests. We believe that we must now look to the creation of more coherent and comprehensive international agreements and understandings if we are to accommodate expanding interest and opportunities in this field.

To this end, we will seek to engage the attention and cooperation of other nations in support of two basic and clear objectives: to promote both the study and the use of the world's oceans and their resources; and to avoid conflict in the process and, indeed, advance international amity. In today's world we must seek to do so without compromising our military security, while enhancing our commercial and industrial capabilities. This should be possible.

Since some of you may not be familiar with

the interest of the Department of State in the marine sciences, I shall begin by reviewing that subject. Then I shall open a discussion of the major issues in this field of particular concern to our relationships with other nations.

Let me first point out that the Department of State is not an operating agency in the field of oceanography. We conduct no scientific research projects. We do not operate any research vessels or submersibles. We run no laboratories. Nor do we conduct any operating programs having to do with the exploration of the oceans or the use of their resources.

Rather, it is our task to formulate United States foreign policy objectives with respect to the oceans. As related parts of this task, we must identify the opportunities and needs for international arrangements, consider them in relation to our foreign policy objectives, study the problems which are foreseen, and finally serve as a catalyst for appropriate action.

This necessitates relating the diverse international programs of many Government agencies to clear, attainable national objectives.

This means the negotiation of arrangements abroad to meet our own needs in the field—negotiations which cover a broad spectrum extending from arrangements for specific research projects to the complexities of the international law of the sea.

This requires expert assistance in identifying those opportunities in this field which can support our foreign policy objectives—and some of the experts are sitting here today.

It requires an understanding of the interests

and capabilities of other nations in this field.

It concerns international ground rules for scientific investigation of the oceans and for exploitation of their resources.

We have historically been deeply involved in the negotiation of international agreements on ocean fisheries. The Department of State is charged with the implementation of United States international fishery policies. This is accomplished through participation in eight different international fisheries commissions, and through such international organizations as the FAO [Food and Agriculture Organization]. The focus of these efforts is the rational use of the living resources of the sea in consonance with the principles of conservation.

The Department is also responsible for United States participation in international governmental organizations whose interests relate directly to marine matters or impinge on these matters; for example, the Intergovernmental Oceanographic Commission in its consideration of scientific activities in oceanography, the Food and Agriculture Organization in its concern with fisheries, the World Meteorological Organization in its arrangements to study the effect of the oceans on climate and weather, the International Maritime Consultative Organization with respect to shipping problems and the safety of lives at sea, and the International Telecommunication Union in connection with overseas communications.

We also help arrange, or support, bilateral and multilateral cooperative projects with foreign governments and foreign scientists in this field; for example, the recent worldwide cruise of the *Oceanographer* and such research undertakings as the Indian Ocean expedition.

Finally, we seek the development of a coherent body of objectives and a comprehensive plan for their achievement—in short, policy planning. This is the central task, and it goes hand in hand with the development of a national oceanographic program.

Incidentally, we follow closely the views of nongovernmental scientific organizations such as ICSU [International Council of Scientific Unions] and its member committee, SCOR [Special Committee on Oceanographic Research], in developing national positions. We support the establishment of relationships between such groups and related governmental organizations so that the views of the world scientific community may be brought to bear

continuously on developing policies and programs.

In all of these tasks the Department works closely with other departments and agencies. The Secretary of State is a member of the National Council on Marine Resources and Engineering Development, and the Department is represented on the four committees of the Council.

In addition, nearly a year ago the Department of State established an Interdepartmental Committee on International Policy in the Marine Sciences. The scope of the Committee's interests is indicated by the subjects it assigned to the temporary interagency panels it established; for example, scientific cooperation, the living resources of oceans, and regional cooperation in South America and Europe.

The Committee was originally established on a temporary basis, and the Secretary of State is now converting it into a permanent Committee on International Policy in the Marine Environment. I anticipate that the principal tasks of this Committee in the future will relate to international programs for the exploration of the oceans and their floors and to the question of a regime for the floors which lie beyond present national jurisdictions.

#### **U.N. Debate on Ocean Floor Issues**

Let me now open the discussion of some of the issues relating to the deep ocean floor by considering briefly the debate in the U.N. General Assembly last fall which focused on the resolution introduced by Ambassador [Arvid] Pardo of Malta. That resolution and the reactions to it have involved, at an early state in their development, many of the major policy issues which will confront us in the future.

Ambassador Pardo proposed that the Assembly look toward a new international treaty which would reserve the ocean floor beyond the limit of national jurisdiction exclusively for peaceful purposes and establish an international agency to assume jurisdiction over the deep ocean floor and its resources. It was his suggestion that the financial benefits from the exploitation of these resources be allocated primarily to the less developed countries.

In debating this resolution the Assembly has started a dialog on complex and difficult questions affecting law; arms control; international cooperation, management, and regulation; and

economic development. Yet we are still without clear understanding of the full implications of the proposals contained in the Maltese resolution.

The United States view, as set forth by Ambassador [Arthur J.] Goldberg in the course of the debate, stressed the importance of comprehensive and responsible study, the need for international cooperation in exploration of the ocean floor, and the need for general principles to guide activities undertaken in this field.<sup>1</sup> He pointed out that the deep ocean floor should not become a stage for competing national sovereignties but should be open to exploration and use by all states, without discrimination. He emphasized the complexity of these issues and noted the considerable body of existing international law and treaty rights and obligations which bear on the subject. He further affirmed the willingness of the United States to participate fully in whatever studies are necessary in determining the future legal regime of the deep ocean floor.

Some four dozen countries have spoken in the debate on this subject in the Political Committee of the General Assembly, representing a wide range of attitudes and uncertainties. Their views run all the way from an apparent willingness by some to act now to adopt several of the principles suggested by Ambassador Pardo to a reluctance on the part of others to have the General Assembly involve itself in these issues or to create a special committee to consider them seriously. There is no common view as to the limits of national jurisdiction over coastal waters or the adjacent ocean floor. Some advocate, nonetheless, a freeze on the extension of sovereignty or sovereign rights. There was throughout the debate a sensitivity on the part of developing countries to this new manifestation of the technological gap, evidenced, for example, by suggestions that there be no unilateral exploitation of the resources of the deep ocean floor.

There is, in short, no consensus among the U.N. members on the issues or on comprehensive, long-range approaches.

Any conclusions which might be reached as a result of these discussions should relate as much to science and technology as to national political interest. It is what is possible, as well

<sup>1</sup> For background, see BULLETIN of Nov. 27, 1967, p. 723, and Jan. 22, 1968, p. 125.

as desirable, which will govern the activities of nations in the deep oceans. The political discussions must have the benefit of the best scientific and technical information available if they are to be truly meaningful. I agree with the sage who said: "It is unwise to pursue political goals sharply at odds with technical realities." It will be useful to keep this admonition in mind as we look at the marine issues of particular interest to future foreign policy.

### Alternative to the "Treasure Syndrome"

The nations of the present world stand entranced in much the same frame of mind with which the nations of Europe viewed the New World in the 16th century—with the rumors of immense treasure and riches to be found on the ocean floor. These estimates are as yet based more on speculation than on hard fact. Furthermore, one must keep in mind that it will not suffice to establish the existence of resources in the seabed and on the ocean floor. It must also be established that they are recoverable on an industrial basis and at a competitive price. It can be safely predicted that the capital investments required will be huge. But the selling job has been done—not only in this country but in others—and international interest is now high.

Today, as the world turns its attention to the ocean floor beyond the continental shelf, there is a genuine search on the part of many for internationally agreed guidelines to the development and use of ocean floor resources as an alternative to the preemptive approaches historically spawned by the treasure syndrome. President Johnson made a contribution on behalf of the United States to this discussion when he said:<sup>2</sup>

... under no circumstances, we believe, must we ever allow the prospects of rich harvest and mineral wealth to create a new form of colonial competition among the maritime nations. We must be careful to avoid a race to grab and to hold the lands under the high seas. We must ensure that the deep seas and the ocean bottoms are, and remain, the legacy of all human beings.

Some of the factors which will underlie our approach to these matters are already clear.

<sup>2</sup> For remarks by President Johnson made at the commissioning of the *Oceanographer* at Washington, D.C., on July 13, 1966, see *Public Papers of the Presidents, Lyndon B. Johnson, 1966, Book II, p. 722.*

First, the United States enjoys a significant capability in oceanology, both in research and applications. In some respects we enjoy a significant lead, and our continued commitment to leadership is essential.

Second, the deep interest, both here and abroad, in the resources of the ocean floor and its subsoil compels a response.

Third, we are already confronted with special pleading and special points of view, such as those of the landlocked nations, those who would use revenues primarily for the developing nations, and those who would vest control or management of the deep seabed in the United Nations.

Fourth, in the search for meaningful areas for international cooperation and bridgebuilding between East and West, North and South, the attention will increasingly fall on the deep oceans. Interest is whetted by the attractive analogy between the possibilities for agreement on the exploration and use of the resources of the deep oceans on one hand and agreements concerning the use of the Antarctic and outer space on the other—an analogy which is by no means entirely relevant.

#### Unknowns in the Equation

Some important factors, then, are known—it is the unknowns in the equation which continue to trouble us. There is an old saying that one requires 60 percent of the answer in order to ask an intelligent question; and for this reason we cannot now pose those questions which we need to ask if we are going to have the kind of information on which policy judgments can be based and which can resolve the political issues which will face us in the near future.

But even if we don't know the questions we do know some of the characteristics which the answers must have. They must be able to stand the test of time and accommodate advancing technology. Provision should be made for substantive changes as we match our capabilities to the challenge, but the broad principles should be durable. We must have answers which will provide hospitably for major capital investments while at the same time providing measures for the resolution of economic and jurisdictional issues which could lead to conflict. We must have answers which provide for national security considerations within the larger context of the broad national interest. In all these

aspects, the answers must be generally acceptable to other nations.

But first and foremost we will be in no position to define wisely international guidelines for the development and use of the ocean floor until we learn more than we now know about the deep ocean environment and man's ability to work in it.

There are several problems which will have to be taken into account in the work which lies ahead. For example, the present Convention on the Continental Shelf<sup>3</sup> defines that shelf as "the seabed and subsoil of the submarine areas adjacent to the coast . . . to a depth of 200 meters or, beyond that limit to where the depth of the superjacent waters admits of the exploitation of the natural resources of the said areas. . . ." In this instance, an increasingly important legal definition, which determines the extent of national sovereign rights, rests in part on a changing technological capability. Yet we do not know what the practical effect of those changes will be.

The Convention on Fishing and Conservation of the Living Resources of the High Seas<sup>4</sup> permits any coastal state to adopt "unilateral measures of conservation appropriate to any stock of fish or other marine resources in any area of the high seas adjacent to its territorial sea," provided, in part, that "the measures adopted are based on appropriate scientific findings." In this instance the law defers to science, but we have relatively little in the way of "appropriate scientific findings."

And so we need now to intensify the groundwork and our homework if we are to have effective international arrangements in this field. Scientific knowledge, technical readiness, and national interest are all parts of the whole—and there can be no sum of the parts. Each must make its contribution wholeheartedly; a guessing game in any one of the three could be disastrous.

Further, in formulating these guidelines our response will necessarily be conditioned in part by military requirements. This aspect of our national security as it relates to the oceans is but one, albeit a critical, element in assessing our total national interest. We shall have to take into account the considerable attention that

<sup>3</sup> For text, see BULLETIN of June 30, 1958, p. 1121.

<sup>4</sup> For text, see *ibid.*, p. 1118.

has been given over the centuries by the nations of the world to the military uses of the sea.

In conclusion, there is no possibility that the extending of the sea frontier will be purely an American effort. There are other nations with strong programs in being. We must work within an international framework in opening the sea to profitable enterprise. We need to agree on the obligations and benefits which will accrue to participating nations. The interests of other nations not now ready to participate must be considered, including those of landlocked nations.

Above all, we need to have a sense of urgency in coming to grips with these problems before conflict arises. To be profitable, ocean exploitation must be peaceful, and I can make it no plainer than that. Leadership and enduring solutions, in this age of technology, require active collaboration among scientists, engineers, and political experts.

## President Directs Agencies To Cut Overseas Personnel and Travel

### MEMORANDUM TO THE SECRETARY OF STATE AND DIRECTOR, BUREAU OF THE BUDGET

White House press release dated January 18

JANUARY 18, 1968

Subject: Reduction in U.S. employees and official travel overseas.

As a part of my program for dealing with our balance of payments problem, announced on New Year's day,<sup>1</sup> I would like you jointly to take the specific measures to reduce U.S. employment and curtail official travel abroad, as outlined herein. Within the Department of State, the Senior Interdepartmental Group, chaired by Under Secretary [Nicholas deB.] Katzenbach, shall serve as the focal point for carrying out this directive.

You should make these reductions in a way which maintains the effectiveness of our international programs. I would like you to give particular attention to personnel reductions which can be made through relocation and re-

grouping of functions, the elimination of overlapping and duplication, the discontinuance of outdated and marginal activities, and a general streamlining of operations.

#### I. Reduction in U.S. personnel overseas

This directive applies to all employees under the jurisdiction of U.S. diplomatic missions and includes the representatives of all U.S. civilian agencies which have programs or activities overseas. It also includes military attachés, Military Assistance Advisory Groups, and other military personnel serving under the Ambassadors. It does not apply to U.S. personnel in Vietnam.

The Secretary of Defense has already initiated measures to reduce stalling of the military assistance program. I am asking the Secretary to complete these studies in time to support the goals outlined below.

You are directed to take the following actions:

1. *As a first step, you should proceed, with appropriate participation by U.S. Ambassadors and agencies, to reduce the total number of American personnel overseas by 10 percent, with reductions of at least this magnitude applied to all missions of over 100. Similar reductions should be made in employment of foreign nationals and contract personnel. Your decisions on this first phase, which shall be final, shall be completed by April 1.*

2. *You should also initiate a special intensive review of our activities and staffing in 10 countries with very large U.S. missions. Your objective, in this second step, should be to reduce U.S. employment by substantially more than the 10 percent immediate reduction taken in the first step. Your final decisions should be made on this phase by August 1.*

3. *As a third step, you should proceed to extend these intensive reviews of U.S. activities to other countries beyond the first 10 as rapidly as feasible.*

4. *Simultaneously, you should initiate special studies from Washington of functional areas aimed at reducing instructions, assignments, and activities which unnecessarily create the need for maintaining or increasing overseas staff, e.g., reporting requirements, consular work, and administrative support.*

Clearly, reductions of this magnitude will involve major changes in agency staffing and

<sup>1</sup> For background, see BULLETIN of Jan. 22, 1968, p. 110.

personnel plans. I am asking Chairman [John W.] Macy of the Civil Service Commission to assist agencies in solving attendant personnel problems and in facilitating the reassignment of employees returning to the United States.

## II. *Curtailment in official travel*

I am requesting all Department and agency heads to reduce official travel outside the U.S. to the minimum consistent with orderly conduct of the Government's business. I would like you to give special attention to measures to minimize travel to international conferences.

By April 1, I would like you to report on the actions taken in this regard and to recommend any additional steps required.

LYNDON B. JOHNSON

## MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

White House press release dated January 18

JANUARY 18, 1968

Subject: Reduction of Overseas Personnel  
and Official Travel

Today I sent the attached memorandum to the Secretary of State and the Director of the Bureau of the Budget directing them to undertake a four-part program to reduce United States personnel overseas. I expect each Department and agency to cooperate fully in this endeavor.

In addition, I hereby direct the head of each Department and agency to take steps to reduce U.S. official travel overseas to the minimum consistent with the orderly conduct of the Government's business abroad. I have asked private U.S. citizens to curtail their own travel outside the Western Hemisphere in the interest of reducing our balance of payments deficit. Federal agencies should participate in this effort.

The policy applies particularly to travel to international conferences held overseas. Heads of Departments and agencies will take immediate measures to

—reduce the number of such conferences attended.

—hold our attendance to a minimum and use U.S. personnel located at or near conference site to the extent possible.

—schedule conferences, where possible, in the U.S. or countries in which excess currencies can be used.

You should present your plans for travel to international conferences held overseas to the Secretary of State, who, with the Director of the Budget, will undertake a special review of this matter.

This directive shall not apply to

—travel necessary for permanent change-of-station for U.S. employees, for their home leave, and for medical and rest and recuperative leave.

—travel made necessary by measures to reduce U.S. employment overseas outlined in the attached memorandum.

—travel financed from available excess foreign currencies.

You are requested to submit to the Director of the Budget, not later than March 15, a statement on the actions you have taken to reduce all types of overseas travel, the results expected from such actions, and your recommendations as to any additional measures that might be taken.

LYNDON B. JOHNSON

## President Asks AID To Reduce Balance of Payments Costs

*Following is the text of a memorandum from President Johnson to William S. Gaud, Administrator of the Agency for International Development.*

White House press release (San Antonio, Tex.) dated January 11

JANUARY 11, 1968

SUBJECT: Additional steps to reduce balance of payments costs

Your agency has made notable progress over the past few years in reducing expenditures made outside of the United States under the economic assistance program. Expenditures for goods and services purchased abroad declined from 27 percent of total AID expenditures in 1963 to 10 percent in 1967. At present, all development loans are used exclusively for procurement in the U.S. Eighty percent of grants for technical and supporting assistance and other expenses are used to pay for U.S. goods and services.

In the current situation, however, we cannot rest on this record. I recently outlined a broad program to correct the balance of payments



deficit.<sup>1</sup> As a part of the government actions under this program, we must take even more stringent steps to minimize the balance of payments costs of our AID programs. I therefore request that you take steps to reduce your expenditures overseas in calendar 1968 by a minimum of \$100 million below what they were in 1967.

To achieve this reduction you should take steps to:

—reduce offshore expenditures for commodities, cash payments, technicians and other services to the bare minimum;

—increase the use of U.S.-owned local currencies that are excess or near-excess to our needs;

—increase the contributions of aid receiving countries in the financing of our technicians and related costs;

—carefully review the requirements for personnel stationed abroad financed with U.S. funds.

In addition, I would like you to review and improve the effectiveness of our arrangements with individual countries to assure that AID-financed goods are additional to U.S. commercial exports.

I know that the additional measures called for will be difficult, coming on top of the very substantial efforts of the last few years. I am confident, however, that with ingenuity and resolve we can put into effect the arrangements necessary to carry on the economic aid program, which is vital to our interests and to the well-being of so many people in developing countries, with even less balance of payments impact.

## **April 30 Deadline Set for Claims for Certain Property in Indonesia**

### *Department Announcement*

Press release 18 dated January 25

Information has been received from the Minister for Economy, Finance and Industry of the Government of Indonesia that April 30, 1968, has been established as a deadline for the signing of agreements covering the return to foreign

<sup>1</sup> For background, see BULLETIN of Jan. 22, 1968, p. 110.

owners of enterprises (other than Dutch) taken over by the Indonesian Government during the Sukarno regime. According to the Indonesian Government, failure of the owner to sign by April 30, 1968, will be construed as a waiver by the owner of the right to obtain return of the property. Notwithstanding such a waiver, the owner is however entitled to compensation, payable in accordance with the debt rescheduling terms agreed upon between Indonesia and certain creditor countries at Paris in December 1966, i.e., payments would be spread out over 8 years commencing in 1971.

With the exception of one small estate, it is believed that all American-owned enterprises have been returned to the control of their owners.

## **THE CONGRESS**

## **Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports**

*Statement by Eugene V. Rostow  
Under Secretary for Political Affairs*<sup>1</sup>

Thank you for this opportunity to testify before your subcommittee on the foreign policy implications of S. 1975 and H.R. 10915, bills which would permanently bar imports of extra long staple cotton from the Sudan and the United Arab Republic.

We believe that the passage of either of these bills at this time would be contrary to the national interest. Their enactment could harm our foreign trade and investment and could conflict with our international commitments under the General Agreement on Tariffs and Trade. Most importantly, such a step on our part, at this delicate and promising moment, would seriously hinder us in our efforts to assist in creating conditions of peace in the Middle East.

<sup>1</sup> Made before the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Senate Committee on Agriculture and Forestry on Jan. 23 (press release 17).

Our historic position has been that the absence of diplomatic relations is not in and of itself sufficient justification for severing trade relations. Each case is different and should be examined on its own merits.

In the particular case at hand, the United Arab Republic and the Sudan are the only states in the Middle East which export long staple cotton to the United States. These Governments, along with several others in the area, chose to break diplomatic relations with us on the basis of unfounded allegations that the United States assisted Israel with aircraft and by other means during the latest Arab-Israeli conflict last June. These accusations have no foundation in fact. They are known to be false. In a dignified and statesmanlike speech, King Hussein of Jordan expressly repudiated these charges as based on misinformation. We hope that other governments will see fit to associate themselves with his statement in the near future.

We have serious national interests in the Middle East. We and the nations of Europe have had close and friendly relations with the peoples and governments of the area for generations. We have taken a sympathetic interest in the development of Israel as a progressive and democratic community, and, like most other governments of the world, have insisted on its right to live in peace and security. The Middle East links three continents. Its airspace and waterways are of fundamental importance to the commerce and strategic balance of the world. Its oil resources are a major factor in the life of the world economy. The power to deny access to the Middle East and its resources would be a matter of grave concern to the United States and its allies in Europe and elsewhere.

Our Middle Eastern policy has consistently expressed this strong national interest. For the last 20 years we have attempted to assist the states in the area in creating political and economic conditions which would lead to peace and stability. We take the view that peace in the Middle East should rest on five principles: (1) respect for the territorial integrity and political independence of all the states in the area; (2) justice for the Arab refugees; (3) a status for Jerusalem which recognizes both its international character and its historic identification with three great world religions; (4) the assurance of international maritime rights; and (5) an end to the arms race.

As you know, it has not been easy to achieve

these goals. The Soviet Union has shipped huge volumes of arms to certain states in the area and thus far has refused to consider plans for regional arms limitation. Efforts have been made to exploit the tensions of the region at the expense of the constructive and forward-looking governments which have been working closely with us in their plans for economic and social development.

We did everything within our power to prevent the latest flareup of the Arab-Israeli dispute. When the explosion occurred, we did our best to obtain a cease-fire and to move the parties toward peace. Our diplomacy has been working around the clock, under Ambassador Goldberg [U.S. Representative to the United Nations Arthur J. Goldberg] in New York, and in all the capitals of the region, to obtain a fair and evenhanded political settlement of the conflict so that the region could develop in a condition of security and peace.

After months of debate, the United Nations Security Council last November passed a British resolution,<sup>2</sup> which was accepted by the parties to the dispute as a workable basis for negotiation. Under the mandate of this resolution, the distinguished Swedish diplomat, Ambassador Gunnar Jarring, is now in the Middle East meeting with the governments concerned and trying to assist them in establishing conditions for a just and durable peace. We believe Ambassador Jarring is making progress, and we are doing all we can to support him in his difficult and important task.

We regret the fact that many countries in the area chose to break diplomatic relations with us last June. Diplomatic relations are especially important in times of strain. We wish to do nothing which would make the restoration of these relations more difficult when the governments concerned are ready for that step.

Against this background, we believe it would be a mistake at this point, with definite improvement in the political atmosphere taking place, to abolish the long staple cotton quotas which the United Arab Republic and Sudan have long been allowed to compete for in our market. Such an act would impose a new impediment to the restoration of diplomatic relations, and of friendly relations, between the United States and the states of the region. It would be resented by all the Arab states, in-

---

<sup>2</sup> For text, see BULLETIN of Dec. 18, 1967, p. 843.

cluding those which have worked with us in this tense and difficult period.

We believe the peoples and governments of the area should know that the door to friendly and peaceful relations with the United States is always open. We have no intention of abandoning either our friends or our interests in this part of the world. The elimination of these quotas would not advance any interest of the United States. Such a step would play into the hands of those who are actively seeking to widen the breach between the United States and the Arab world and, indeed, to take positions of control in the internal affairs of the United Arab Republic, Syria, Algeria, and the Yemen.

Enactment of these measures would also damage our economic interests. Their initial impact would be a reduction in our imports of extra long staple cotton. However, their potential adverse effect on our exports and foreign investments should not be overlooked. A country can hardly be expected to maintain purchases from us if we refuse to buy from it. This is a fact we must keep carefully in mind at a time when we are making a serious effort to reduce our balance-of-payments deficit.

Trade with the United Arab Republic continues to run heavily in our favor. During the first 11 months of 1967, January through November, our exports to the U.A.R. totaled \$63.2 million, while imports from the U.A.R. were only \$13.9 million, a net export balance of \$49.3 million. This was, of course, purely commercial trade. This pattern corresponds to the record of recent years. Egypt has consistently bought more from us than she sold.

Since the break in relations, our export trade with the U.A.R. has held up better than our import trade. Exports for the period July to November, inclusive, totaled \$13.6 million, against imports of \$2.8 million, an export balance of \$10.8 million in 5 months.

If the committee so desires, Mr. Chairman, I can explain exactly how H.R. 10915 and S. 1975, if enacted into law, could conflict with international commitments of the United States under the General Agreement on Tariffs and Trade. I went into this subject in some detail last July in my appearance before the House committee,<sup>3</sup> and I shall not take up your time now with this problem unless you wish me to do so. Suffice

<sup>3</sup> For text of Under Secretary Rostow's statement of July 12, 1967, see *ibid.*, Aug. 21, 1967, p. 236.

it to say that a conflict could exist and that such a step on our part could be regarded as a breach of our international obligations.

Let me recapitulate, Mr. Chairman. The enactment of H.R. 10915 or of S. 1975:

Would diminish the prospects for peace in the Middle East;

Would worsen our balance of payments; and

Could conflict with our international commitments.

Moreover, it would reduce the flow of commerce through the great port of Charleston and would further reduce the already restricted right of the textile mills in this country to choose the raw material best suited to their needs.

This would be the cost of legislation applying to less than 1 percent of the cotton produced in this country.

If the Congress decides that our national policy now requires additional inducements to assist domestic producers of extra long staple cotton, I submit that the Hayden bill, H.R. 10864, which has been passed by the Senate, would accomplish this legitimate goal without doing violence to our country's foreign policy objectives.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Aviation

Convention on international civil aviation. Done at Chicago December 7, 1944. Entered into force April 4, 1947. TIAS 1591.

*Adherence deposited:* Burundi, January 19, 1968.

International air services transit agreement. Done at Chicago December 7, 1944. Entered into force for the United States February 8, 1945, 59 Stat. 1693.

*Adherence deposited:* Burundi, January 19, 1968.

##### Fisheries

Convention on conduct of fishing operations in the North Atlantic, with annexes. Done at London June 1, 1967.<sup>1</sup>

<sup>1</sup> Not in force.

*Signatures:* Belgium, November 17, 1967; Canada, November 28, 1967; Denmark, November 24, 1967; Federal Republic of Germany, November 15, 1967; Ireland, November 29, 1967; Italy, November 9, 1967; Netherlands (for the Kingdom in Europe), November 30, 1967; Norway, November 22, 1967; Poland (with reservations), November 29, 1967; Spain (with reservations), November 29, 1967; Sweden, November 27, 1967.

### Maritime Matters

Convention on facilitation of international maritime traffic, with annex. Done at London April 9, 1965. Entered into force for the United States May 16, 1967. TIAS 6251.

*Acceptance deposited:* Denmark, January 9, 1968.

### Publications

Convention concerning the international exchange of publications. Adopted at Paris December 3, 1958. Enters into force for the United States June 9, 1968. *Proclaimed by the President:* January 16, 1968.

Convention concerning the exchange of official publications and government documents between states, with procès-verbal. Adopted at Paris December 3, 1958. Enters into force for the United States June 9, 1968.

*Proclaimed by the President:* January 16, 1968.

### Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Adopted by the United Nations General Assembly December 21, 1965.<sup>1</sup>

*Signatures:* Luxembourg, December 12, 1967; Madagascar (with a reservation), December 18, 1967.

### Safety at Sea

International convention for the safety of life at sea, 1960. Done at London June 17, 1960. Entered into force May 26, 1965. TIAS 5780.

*Acceptance deposited:* Australia, December 20, 1967.

Amendments to chapter II of the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London November 30, 1966.<sup>1</sup>

*Acceptance deposited:* Netherlands (including Netherlands Antilles), December 29, 1967.

## BILATERAL

### Bolivia

Agreement for sales of agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D), with annex. Signed at La Paz January 16, 1968. Entered into force January 16, 1968.

Agreement for sales of agricultural commodities, relating to the agreement of January 16, 1968. Signed at La Paz January 16, 1968. Entered into force January 16, 1968.

<sup>1</sup> Not in force.

### Botswana

Agreement relating to investment guaranties. Signed at Gaborone January 12, 1968. Entered into force January 12, 1968.

### Guatemala

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Effected by exchange of notes at Guatemala November 30 and December 11, 1967. Enters into force 30 days from the date of the Guatemalan note notifying the United States that it has approved the agreement in accordance with its constitutional procedures.

### Indonesia

Memorandum of agreement regarding the rescheduling of payments under the surplus property agreement of May 28, 1947 (TIAS 1750), as extended. Signed at Djakarta December 30, 1967. Entered into force December 30, 1967.

Air transport agreement. Signed at Djakarta January 15, 1968. Entered into force January 15, 1968.

### Japan

Agreement relating to the establishment of an Advisory Committee to the High Commissioner of Ryukyu Islands in Naha. Effected by exchange of notes at Tokyo January 19, 1968. Entered into force January 19, 1968.

Arrangement relating to trade in cotton textiles. Effected by exchanges of notes and letters at Washington January 12, 1968. Entered into force January 12, 1968; effective January 1, 1968.

### Pakistan

Agreement for sales of agricultural commodities, relating to the agreement of May 11, 1967 (TIAS 6258). Signed at Islamabad December 26, 1967. Entered into force December 26, 1967.

## DEPARTMENT AND FOREIGN SERVICE

### Appointments

Thomas H. E. Quimby as Deputy Assistant Secretary for African Affairs, effective January 22. (For biographic details, see Department of State press release dated January 22.)

**Africa.** Quimby appointed Deputy Assistant Secretary . . . . . 220

**Agriculture.** Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports (Rostow) . . . . . 217

**Asia.** Viet-Nam and the Independence of Southeast Asia (Katzenbach) . . . . . 201

**Atomic Energy.** President Johnson Urges 3-Year Extension of ACDA Authorization (Johnson) . . . . . 209

**China.** Secretary Rusk Discusses Viet-Nam in Canadian Magazine Interview (transcript) . . . . . 206

**Claims.** April 30 Deadline Set for Claims for Certain Property in Indonesia . . . . . 217

**Congress**  
 Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports (Rostow) . . . . . 217  
 President Johnson Urges 3-Year Extension of ACDA Authorization (Johnson) . . . . . 209

**Department and Foreign Service**  
 Appointments (Quimby) . . . . . 220  
 President Directs Agencies To Cut Overseas Personnel and Travel (Johnson) . . . . . 215

**Disarmament.** President Johnson Urges 3-Year Extension of ACDA Authorization (Johnson) . . . . . 209

**Economic Affairs**  
 Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports (Rostow) . . . . . 217  
 National Interest, Foreign Affairs, and the Marine Sciences (Pollack) . . . . . 211  
 President Asks AID To Reduce Balance of Payments Costs . . . . . 216  
 President Directs Agencies To Cut Overseas Personnel and Travel (Johnson) . . . . . 215

**Foreign Aid.** President Asks AID To Reduce Balance of Payment Costs . . . . . 216

**Indonesia.** April 30 Deadline Set for Claims for Certain Property in Indonesia . . . . . 217

**Korea**  
 The Crisis in Korea (Johnson, Rusk, related statements) . . . . . 189  
 U.N. Command in Korea Submits Special Report (Goldberg, text of report) . . . . . 199  
 U.N. Security Council Begins Debate on Korea (Goldberg) . . . . . 193

**Military Affairs**  
 The Crisis in Korea (Johnson, Rusk, related statements) . . . . . 189  
 U.N. Security Council Begins Debate on Korea (Goldberg) . . . . . 193

**Near East.** Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports (Rostow) . . . . . 217

**Presidential Documents**  
 The Crisis in Korea . . . . . 189  
 President Asks AID to Reduce Balance of Payments Costs . . . . . 216  
 President Directs Agencies To Cut Overseas Personnel and Travel . . . . . 215  
 President Johnson Urges 3-Year Extension of ACDA Authorization . . . . . 209

**Science.** National Interest, Foreign Affairs, and the Marine Sciences (Pollack) . . . . . 211

**Sudan.** Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports (Rostow) . . . . . 217

**Treaty Information.** Current Actions . . . . . 219

**United Arab Republic.** Department Opposes Bills To Bar U.A.R. and Sudan Cotton Imports (Rostow) . . . . . 217

**United Nations**  
 National Interest, Foreign Affairs, and the Marine Sciences (Pollack) . . . . . 211  
 U.N. Command in Korea Submits Special Report (Goldberg, text of report) . . . . . 199  
 U.N. Security Council Begins Debate on Korea (Goldberg) . . . . . 193

**Viet-Nam**  
 Secretary Rusk Discusses Viet-Nam in Canadian Magazine Interview (transcript) . . . . . 206  
 Viet-Nam and the Independence of Southeast Asia (Katzenbach) . . . . . 201

*Name Index*

Goldberg, Arthur J . . . . . 193, 199  
 Johnson, President . . . . . 189, 209, 215, 216  
 Katzenbach, Nicholas deB . . . . . 201  
 Pollack, Herman . . . . . 211  
 Quimby, Thomas H. E . . . . . 220  
 Rostow, Eugene V . . . . . 217  
 Rusk, Secretary . . . . . 189, 206

**Check List of Department of State Press Releases: January 22-28**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Release issued prior to January 22 which appears in this issue of the BULLETIN is No. 13 of January 19.

No.	Date	Subject
16	1/22	Rusk: interview for Maclean's magazine.
17	1/23	Rostow: Senate Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices.
18	1/25	Indonesia sets deadline for filing property claims.
19	1/27	Foreign policy conference, Phoenix, Ariz., February 23.
20	1/26	Rostow: "A Certain Restlessness About Viet-Nam."

\*Not printed.

† Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

---

OFFICIAL BUSINESS

THE OFFICIAL WEEKLY RECORD OF UNITED STATES FOREIGN POLICY

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

*Vol. LVIII, No. 1495*



*February 19, 1968*

PRESIDENT JOHNSON'S NEWS CONFERENCE OF FEBRUARY 2 (*Excerpts*) 221

"SHARE IN FREEDOM"  
*Address by Secretary Rusk* 228

THE CENTRAL THEMES OF U.S. POLICY TOWARD EUROPE  
*by Ambassador George C. McGhee* 234

THE BUDGET OF THE UNITED STATES GOVERNMENT—FISCAL YEAR 1969  
(EXCERPTS) 247

*For index see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

VOL. LVIII, No. 1495  
February 19, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.



## President Johnson's News Conference of February 2

*Following are excerpts from the official transcript of a news conference held by President Johnson in the Cabinet Room at the White House on February 2.*

### OPENING STATEMENT <sup>1</sup>

We have known for several months now that the Communists planned a massive winter-spring offensive. We have detailed information on Ho Chi Minh's order governing that offensive. Part of it is called a "general uprising."

We know the object was to overthrow the constitutional government in Saigon and to create a situation in which we and the Vietnamese would be willing to accept a Communist-dominated coalition government.

Another part of that offensive was planned as a massive attack across the frontiers of South Viet-Nam by North Vietnamese units. We have already seen the general uprising.

General Westmoreland's [Gen. William C. Westmoreland, Commander, U.S. Military Assistance Command, Viet-Nam] headquarters report the Communists appear to have lost over 10,000 men killed and some 2,300 detained. The United States has lost 249 men killed. The Vietnamese, who had to carry the brunt of the fighting in the cities, lost 553 killed, as of my most recent report from the Westmoreland headquarters.

There were also a number of attacks on United States airfields throughout the country. We have confirmed the loss of 15 fixed-wing aircraft, and 23 helicopters were destroyed. A good many more were damaged but will be returned to service.

---

<sup>1</sup>An advance text of the President's opening statement was issued as a White House press release on Feb. 2.

This is a small proportion of our aircraft and helicopters available in that area. Secretary [of Defense Robert S.] McNamara, General Westmoreland, and the Joint Chiefs of Staff do not think that our military operations will be materially affected.

The biggest fact is that the stated purposes of the general uprising have failed. Communist leaders counted on popular support in the cities for their effort. They found little or none. On the other hand, there have been civilian casualties and disruption of public services. Just before I came into the room, I read a long cable from Ambassador Bunker [American Ambassador to the Republic of Viet-Nam Ellsworth Bunker] which described the vigor with which the Vietnamese Government and our own people are working together to deal with the problems of restoring civilian services and order in all of the cities.

In the meanwhile, we may at this very moment be on the eve of a major enemy offensive in the area of Khe Sanh and generally around the demilitarized zone.

We have known for some time that this offensive was planned by the enemy. Over recent weeks I have been in close touch with General Westmoreland, and in recent days in very close touch with all of our Joint Chiefs of Staff to make sure that every single thing that General Westmoreland believed that he needed at this time was available to him and that our Joint Chiefs believe that his strategy was sound, his men were sure, and they were amply supplied.

I am confident in the light of the information given to me that our men and the South Vietnamese will be giving a good account of themselves.

As all of you know, the situation is a fluid one. We will keep the American people informed as these matters develop.

I would be glad to take any questions.

## QUESTIONS AND ANSWERS

*Q. Mr. President, in your state of the Union message,<sup>2</sup> you said we were exploring certain so-called offers from Hanoi and as soon as you could you would report to the people on that. Is there anything you can tell us today about the status of possible peace negotiations with them?*

*The President:* No. I would think that that statement is about as good as I could make on that general subject. That accurately describes what has been going on and what is going on. I do not have any success or results to report on it.

*Q. Mr. President, does this present rampage in South Viet-Nam give you any reason to change any assessment that you have made previously about the situation in South Viet-Nam?*

*The President:* I am sure that we will make adjustments to what we are doing there.

Insofar as changing our basic strategy, the answer would be "No." I think that there will be changes made here and there as a result of experience that comes from efforts such as they have made. Our best experts think that they had two purposes in mind.

First was a military success. That has been a complete failure. That is not to say that they have not disrupted services. It is just like when we have a riot in a town or when we have a very serious strike or bridges go out or lights—power failures and things. They have disrupted services. A few bandits can do that in any city in the land.

Obviously, they have in the Viet Cong hundreds and thousands; so it is nothing unexpected to anticipate that they will try in cooperation with their friends from the North to coordinate their activities.

The ferocity and the violence, the lack of—the deception and the lack of concern for the basic elements that appeal to human beings—they may have shocked a lot of people in that respect.

The ability to do what they have done has been anticipated, prepared for, and met. Now, so much for the military movements. This is not just a civilian judgment. This is the judgment of the military men in the field, for whatever

<sup>2</sup> BULLETIN of Feb. 5, 1968, p. 161.

that judgment is worth to us back here as expert Monday morning quarterbacks.

That is the judgment of the best military advice I have here. I met with them yesterday at lunch at some length. I had General [Matthew B.] Ridgway come down and spend some time with me and talked to him.

I have spent a good deal of time talking to General [Maxwell D.] Taylor. I had all of the Joint Chiefs of Staff in yesterday. We explored and discussed what had happened, what was happening, what might happen, and so forth.

I have talked to the Pentagon this morning, very early, and have been in touch with Secretary McNamara before his testimony.

Their general conclusion is that as a military movement it has been a failure.

Their second objective, obviously, from the—what you can see from not only Viet-Nam but from other Communist capitals, even from some unknowing people here at home, is a psychological victory.

We have to realize that in moments of tenuousness and trial, as we will have today and as we had in the past days, that there will be a great effort to exploit that and let that substitute for military victory they have not achieved.

I do not believe when the American people know the facts, when the world knows the facts, and when the results are laid out for them to examine, I do not believe that they will achieve a psychological victory.

I do not want to be interpreted as unduly optimistic at all. I would rather wait and let the facts speak for themselves, because there are many things that one far removed from the scene cannot anticipate.

In all of the battles there are many disappointments for the commanders and even the commanders in chief.

So I think at this very critical stage I would much prefer to be played low key than to give any false assurances. I can only say this: that based on the best military advice that I have, I feel confident that the men will give a good accounting of themselves. . . .

### The Crew of the Pueblo

*Q. Mr. President, sir, I was going to shift from that question in view of what you said to another question. Have you any news on the crew of the Pueblo?*

*The President:* We understand from neutral nations and from reports from North Korea that the men are being treated well, that those who have suffered wounds are receiving treatment, that the body of the man who died is being held. We have received those reports and examined them. That is about the extent of the information we have on it.

*Q. Did you say "men" or "man"?*

*The President:* Man.

*Q. Are you confident that we can get back both the ship and the crew?*

*The President:* No, I am not. I don't want to hold out any hopes on information that I have. It is not justified. All I can say is that things take time.

The most comparable incident, I am told by the military people, to this one was the RB-47 that went down in 1960, and it took some 7 months of negotiations to get our pilots back.

We are exploring every diplomatic means that is available to us. We have our best military men reviewing all that happened, and, as I said in my statement to you and to the country some time ago,<sup>3</sup> we are taking such precautionary steps as we may think the military situation calls for.

### **San Antonio Formula**

*Q. Clark Clifford's [Secretary of Defense-designate] testimony before the Armed Services Committee has raised some questions about the San Antonio formula.<sup>4</sup>*

*The President:* Only in the press; not with anyone in the administration. Mr. Clifford said what I had said, what Secretary Rusk said, what everybody said, so far as the San Antonio formula is concerned. The country should know once and for all this morning that Mr. Clifford said what I said in San Antonio.

### **U.S. Troop Deployment**

*Q. Is it possible that these developments in Viet-Nam that you had outlined, plus the imminence of this major offensive, could lead to additional deployment of combat troops to Viet-Nam?*

*The President:* I would not want to make

predictions. Of course it is possible. The answer is "Yes." I wouldn't want your lead to say "Johnson predicts," or "that is anticipated," but we see no evidence of that.

Yesterday I saw that George [George Christian, Press Secretary to the President] said of course we would consider calling up specialists. I must emphasize to you that lots of things will be considered, but so far as adding additional men, we have added the men that General Westmoreland has felt to be desirable and necessary.

There is nothing that has developed there that has caused him to change that estimate. We have something under 500,000. Our objective is 525,000. Most of the combat battalions have already been supplied. There is not anything in any of the developments that would justify the press in leaving the impression that any great new overall moves are going to be made that would involve substantial movements in that direction.

I would not want to foreclose any action on a matter like this. Anything can happen on a moment's notice. We have constantly under advisement various moves we would want to consider. After reviewing them now for several days, I have not seen the requirement or the necessity, nor have the Joint Chiefs, of making any additional requests to the Congress at this time involving additional authority.

It would be desirable, as it was last year, to have legislation a little more generous in a respect or two—maybe more funds appropriated for military assistance that were reduced. We may have to get some adjustments in those fields, but no new legislation is imminent at this moment.

*Q. Mr. President, how much, if any, definite information do you have on the connection between the Pueblo incident and what is happening now in Viet-Nam?*

*The President:* I do not have evidence that would say that they are definitely, positively, one and the same here, because I cannot prove that. Practically every expert I have talked to on Korea and North Viet-Nam and the Communist operation—all of them, I think without exception, believe there is definite connection. I

<sup>3</sup> For an address to the Nation made by President Johnson on Jan. 26, see *ibid.*, Feb. 12, 1968, p. 189.

<sup>4</sup> For an address made by President Johnson at San Antonio, Tex., on Sept. 29, 1967, see *ibid.*, Oct. 23, 1967, p. 519.

would have you know, though, that is based on their opinion and not on hard evidence that I could establish to CBS's satisfaction in a court of law.

*Q. Mr. President, in light of what has happened in the last few days, or going back to the Pueblo incident, do you have any reason to believe that in the last 2 years there have been any genuine peace feelers put out by the North Vietnamese or other Vietnamese Communists, or have they been phony, except when they were winning in '64?*

*The President:* We have tried to explore every suggestion made by enemy and friend. I must say that in retrospect I do not think we have overlooked anything, and I do not think that we have found anything that would give an impartial judge reason to be encouraged.

### **U.S. Policies and Strategy**

*Q. Do you see anything in the developments this week in these attacks in Viet-Nam that causes you to think, to reevaluate, some of the assumptions on which our policies and strategy there has been based? I am thinking in terms of the security ratings, amount of population that is considered under government control? Do you think the basic assumption is still valid?*

*The President:* We do that every week. I would see nothing that would indicate that that should not be done. We must, all the time, try to keep up and to be sure we have not made any mistakes. If you are saying, Have we felt that what happened could not happen? the answer is "No." As a matter of fact, Mr. Bailey, if you have seen any of the intelligence reports, the information has been very clear that two things would happen:

One is that there would be a general uprising, as I stated.

Two, there would be a general invasion and attempt to secure military victory and that the objective would be to get a military victory and a psychological victory. That is one of the great problems the President has to deal with. He is sitting there reading these information reports while his own people, a good many of the best intentioned, are supplying him with military strategy, and the two do not fit in.

So you have to be tolerant and understand

their best intentions while you are looking at the other fellow's hole card. That is what General Westmoreland has been doing while all of these Monday morning quarterbacks are pointing out to him that this is the way he should move or this is the way you should not move.

This is part of what happens when you look at history. It may be that General Westmoreland makes some serious mistakes or that I make some. We don't know. We are just acting in light of the information we have. We believe we have information about what they are trying to do there. We have taken every precaution we know of. But we don't want to give you assurance that all will be satisfactory. We see nothing that would require any change of great consequence.

We will have to move men from this place to that one. We will have to replace helicopters. Probably we had 100-odd helicopters and planes seriously damaged, and we will have to replace them. Secretary McNamara told me he could have that done very shortly.

We will have to replace the 38 planes lost, but we have approximately 5,900 planes there. We anticipate that we will lose 25 or 30 every month just from normal crashes and so forth. . . .

*Q. Mr. President, do you believe, sir, their winter-spring offensive and their call for an uprising and their attempt to impose a coalition government is based on their belief that they are taking military punishment that they cannot sustain for a long time? In short, sir, are we still winning the war?*

*The President:* I think I see nothing in the developments that would indicate that the evaluation that I have had of this situation throughout the month should be changed.

I do think that the second phase is imminent. What we expected is upon us. We have gone through the first phase of it. We will have to see what happens in the second phase. If it comes out as expected, I think I can give you a better answer to your question when it is over with.

I don't want to prophesy on what is going to happen or why. We feel reasonably sure of our strength.

*Q. Mr. President, one of the problems people seem to be having in making up their minds on*

*the psychological importance goes back to our reports that the Viet Cong were really way down in morale, that they were a shattered force.*

*Now people ask: How, then, can they find the people who are so well-motivated to run these suicide attacks in so many places in such good coordination? Some people say: It proves that they know they are licked and this is their last ditch. Some people say: They do have the morale.*

### **Viet Cong Morale**

*The President:* I have not read those so-called "our reports of their morale being really way down" or that there were no more problems. That is not the information we have received.

We do think that we have made progress there. We don't want to overplay it or play it in high key. We want to state it because we believe it is true.

No one in authority has ever felt, as far as I know, that you could not have an uprising of this kind, particularly when they have ordered it and predicted it and we have been expecting it.

As I view history, I think that you have things of this type replete throughout. You can expect it. I see it even in domestic problems. The fact that people's morale may be suffering and they may be having great difficulty does not keep them from breaking glass windows or shooting folks in a store or dashing into your home or trying to assassinate somebody. That goes with it. That is part of the pattern.

Whether they are doing this from a position of greater strength or greater weakness—I would say neither. I don't think they are as weak as you picture them in your straw man that you place up there—that the Government has this feeling. I don't think we feel that way.

I think we know that the march on the Pentagon can tie up things and disrupt things here. I think we can see what happened in Detroit. I think we can see what happened in Saigon.

I think there are times when a few highly energetic and courageous people could seize an airport. But could they hold it? Does it endure? Is it a victory? Do they pay more than it is worth and so on and so forth? Those are the things that we have to evaluate.

I am not a great strategist and tactician. I know that you are not. Let us assume that the best figures we can have are from our responsible military commanders. They say 10,000 died and we lost 249 and the South Vietnamese lost 500. That does not look like a Communist victory. I can count. It looks like somebody has paid a very dear price for the temporary encouragement that some of our enemies had.

We have approximately 5,900 planes and have lost 38 completely destroyed. We lost 100-odd that were damaged and have to be repaired. Maybe Secretary McNamara will fly in 150 shortly. Is that a great enemy victory?

In Peking today they say that we are in panic. You have to judge that for yourself. In other Communist capitals today they say that we have definitely exhibited a lack of power and that we do not have any military strength. You will have to judge that for yourself.

But General Westmoreland evaluating this for us and the Joint Chiefs of Staff reviewing it for him tell me that in their judgment their action has not been a military success.

I am measuring my words. I don't want to overstate anything. We do not believe that we should help them in making it a psychological success either.

We are presenting these reports daily to the Armed Services Committee, where the Secretary of Defense is testifying and will be through a large part of next week.

There will be moments of encouragement and discouragement. As developments occur, we can't estimate them, but they will be given to the committees who have jurisdiction.

Since the Armed Services Committees help draft our people and raise the armies and provide the equipment, the Secretary is appearing there morning and afternoon. He will be giving periodic reports that will be much more in detail and will supplement what I have said to you.

*Q. Mr. President, do you still support talks between the South Vietnamese and the NLF?*

*The President:* I have not changed the viewpoint that I expressed when I quoted the statement of President Thieu of South Viet-Nam in my interview with the correspondents.<sup>5</sup>

<sup>5</sup> For an interview with President Johnson broadcast on Dec. 19, 1967, see *ibid.*, Jan. 8, 1968, p. 33.

*Q. Mr. President, in your judgment, did the interview Premier Kosygin gave to Life magazine reflect any deterioration in our relations with the Soviet Union since the Glassboro meeting?*

*The President:* I do not care to speculate on the developments with the Soviet Union. We just tabled last week a nonproliferation agreement with them.<sup>6</sup> We have other plans for exchanges of thoughts on various subjects.

We would always like to improve our relations with the Soviet Union and with all the nations where we can do that consistently.

### Situation in South Korea

*Q. Mr. President, the Pueblo incident appears to have put a certain strain on relations between Washington and Seoul. Some political figures in South Korea are saying that the United States appears more interested in getting back the 83 men than doing something about North Korean incursions into South Korea.*

*The President:* I do not know the political figures you refer to. I cannot comment on that.

We are in very close touch with the President of that country. I think he understands how we feel.

I would be less than frank if I did not tell you I was deeply concerned about 83 Americans, as I am sure the President in Korea is.

I am also deeply concerned about the situation in South Korea and the obligation we have there. We are going to be equal to that obligation. We are going to be true to our commitment.

We have some 50,000 men there. We are going to see that not only are they adequately informed and supplied but that all of our plans take into consideration the recommendations of that government that we have found to be not only a friendly government but an effective one—and one of our best allies.

I have great respect for the President of South Korea and his judgments. They are being received, considered, and acted upon every day.

I see nothing in any of these developments to

<sup>6</sup> For text, see *ibid.*, Feb. 5, 1968, p. 165.

justify a concern on the part of South Korea or America that there is a strain in our relations. I think that is largely talk and speculation and so-called reports.

### Panmunjom Talks

*Q. Mr. President?*

*The President:* Yes, sir.

*Q. Are we now trying to arrange talks with North Korea at Panmunjom, or has there been a meeting since yesterday there?*

*The President:* Yes, there has been a meeting between representatives of North Korea and the United States. We hope there will be additional meetings.

These meetings have not produced any satisfactory results as far as the United States is concerned.

I know of nothing that I should add to that statement. I don't plan to.

*The press:* Thank you, Mr. President.

### President Reaffirms U.S. Policy on Bombing of North Viet-Nam

*Following is an excerpt from remarks made by President Johnson upon presenting the Medal of Honor to Maj. Merlyn H. Dethlefsen, USAF, in the East Room of the White House on February 1.*

White House press release dated February 1

He answered a call that was far beyond duty, as others of his comrades are answering for you at this hour. I stood before some of them at midnight at an airbase in Thailand just a few weeks ago.<sup>1</sup> I wanted so much that night to give medals to all of them. Instead, I gave them something just as meaningful—I gave them this nation's pride in their unequalled bravery and their unexcelled record.

These are the men who have rewritten the rule book and the flight book of aerial warfare.

<sup>1</sup> BULLETIN of Jan. 15, 1968, p. 73.

These men are comparatively few in number, but each day they are pinning down from 500,000 to 700,000 North Vietnamese, and they number only a few hundred.

These same men are matching courage with a careful and with a very precise restraint.

We are using our greatest resources—of industry, of technology, of skilled and courageous men—to conduct a limited war at the lowest possible cost in human life.

Let those who would stop the bombing answer this question: What would the North Vietnamese be doing if we stopped the bombing and let them alone?

The answer, I think, is clear. The enemy force in the South would be larger. It would be better equipped. The war would be harder. The losses would be greater. The difficulties would be greater. And of one thing you can be sure: It would cost many more American lives.

The men who have met and who have matched the enemy on the ground these past few hours—in I Corps, in the II Corps, in the III Corps, in Saigon, the cities along the entire countryside—have a very special understanding and a very special appreciation, I assure you, of what airpower really means. It cannot keep the enemy from ultimately moving into battle position. It cannot keep the sniper from climbing a roof. But it can and it does reduce their momentum. It can keep many of the enemy's

men off the backs of our men who are defending our lives.

Until we have some better signs than what these last few days have provided—that I hope any American can see and read loud and clear—that he will not step up his terrorism and unless we have some sign that he will not accelerate his aggression if we halt bombing, then we shall continue to give our American men the protection America ought to give them: and that is the best America can afford.

Major, as we honor you here in the East Room today, we think of so many who share your burden and who share our pride:

—The men on the ships like the *Pueblo*, who are not with us but who perform the most perilous missions for their country's sake.

—The men who gave their lives to protect our Saigon Embassy yesterday and to protect that staff from terrorism during a supposedly truce period.

—The men who will throw back the enemy in the hills of Khe Sanh.

They are the bravest and they are the best of the men that we can produce. And none, sir, will do better service to their courage or do better service to our cause, our cause of liberty, our cause of freedom, our cause of compassion and understanding—none will do better service to that cause than you, sir.

## "Share in Freedom"

*Address by Secretary Rusk*<sup>1</sup>

You're very kind to let me be here with you for a few minutes this morning, and I shall try to be brief.

I want to make one or two very simple points:

First, to thank you for what you're doing in buying and selling U.S. savings bonds, these shares in freedom.

Secondly, to say quite simply that buying these bonds is an investment in your country and that your country's worth investing in.

Thanks to people in this room and people like you all over the country, the American economy is a miracle in human history. Our gross national product is equal to that of all of the other members of OECD [Organization for Economic Cooperation and Development] combined; that is, Western Europe, Canada, and Japan combined. It is twice that of the Soviet Union, and the gap continues to widen. It is approximately 10 times the gross national product of all of Latin America. It is 10 times that of mainland China, out of which they have to take care of more than 700 million people in one fashion or another.

When we sneeze the rest of the world catches the flu.

And therefore when we have to make some relatively minor adjustments we have to take into account the impact on the rest of the world. So when we talk about adjusting our balance of payments by some \$3 billion, we are talking about it in the context of over \$110 billion of foreign assets held by this country, and we're talking about it in the context of an \$800 billion gross national product.

When we call upon different sectors to take some share of that problem, we think we're en-

titled to say that we should try to solve that problem without starting a descending spiral of trade and without endangering our security interests all over the world.

Now, out of this fantastic economy we have drawn some important responsibilities in this postwar period. It is again without parallel in history that a nation has turned its hand toward building a decent world through the contribution of so many resources and talents.

It's true we've spent something over \$100 billion in various forms of foreign aid over the last 20 years. To put that in context, recall that we've spent something over \$900 billion in defense budgets alone. And an investment in establishing peace through peaceful processes which is a small fraction of our defense budget is a good investment in our own national interest.

We've tried to build up the nations of the world, heal the wounds of war, and give those who are being pressed by the hounds of human misery and human need a chance to do something about lifting the condition of man in many parts of the world. All that we have done is an indication that this country realizes that what happens in the rest of the world is vital in our own interest—and that we cannot simply exist as a massive economy, devouring the resources of the rest of the world, without helping other nations to increase those resources through their own efforts.

Also, this nation has been committed to building some peace in the world. It isn't very complicated. You can find the reasons for it in article 1 of the United Nations Charter. There were sketched out the essential elements in building a durable peace. That article was written at a time when we and other governments were thinking long and hard about how you could accomplish that purpose. We had just gone through the trauma of World War II, in which

<sup>1</sup> Made at Washington, D.C., on Jan. 10 before a Savings Bond Volunteer Conference sponsored by the Treasury Department.



tens of millions of lives were sacrificed. We felt it necessary to sit down and try to decide how we, as the charter puts it, could "save succeeding generations from the scourge of war." So that article talks about the necessity for suppressing aggression and breaches of the peace and for settling disputes by peaceful means, for supporting the basic human rights, and for cooperation—cooperating across national frontiers—in the great humanitarian interests of all mankind.

The story in this regard since 1945 is a moving story. We've had at times to call upon our people for sacrifices. And on occasion we've had to call upon them for the supreme sacrifice in battle.

But try and imagine a map of the world if it were redrawn as it would have been had we and others not been interested and concerned in what happened in Iran and Turkey and Greece and Berlin and Korea and the Philippines and Malaya and the Congo and in Southeast Asia, or how the map would look if the missiles had successfully been established in Cuba.

During these past 20 years, it has been necessary on occasion for the United States to demonstrate firmness—firmness because we felt that it was, would be, catastrophic to allow unchecked appetite to gather momentum and for the world to repeat the sad, sad story which preceded World War II, in which each aggression fed the next and the combination led us into catastrophe.

Now, it is easy to be relaxed and think that what happens today is what counts and what happens tomorrow can be postponed and forgotten, not fretted about. It's easy to say that some place is too far away or that "perhaps these fellows don't really mean what they say" or that "if he has another bite, perhaps he'll be satisfied" or that "in any event, it is not our business."

But we surely can know, from what is said and what is done, that there is a basic contest now going on in the world between those who would organize the world community as sketched out in the United Nations Charter—a world of consent—and those who would reorganize that world community on the basis of what they call their world revolution—a world of coercion—and that that struggle has not yet been fully resolved.

And so we've had to be firm on more than one occasion for the purpose of stabilizing a

peace and making it possible for others to predict with reasonable certainty what we are going to do, come tomorrow.

But it has also been necessary to act during this 20 years with restraint, for the very simple reason there's too much power in the world to act without restraint. There's power in the world which passes the comprehension of the mind of man. There is power in the world which raises as an operational issue the survival of man. And so we did not go to war against Bulgaria and Yugoslavia when the guerrillas were descending upon Greece; we tried to deal with it in another way. We did not send nonexistent armored divisions into Berlin during the blockade, but rather used an airlift to find a little time to find a peaceful settlement of that problem. We did not open up the Pandora's box of nuclear war during the Korean war, even though we were taking significant and painful casualties. President Kennedy went to special pains to make it possible for the missiles to leave Cuba by peaceful means. We waited 5 years before we bombed North Viet-Nam.

Now, it is not easy to use firmness and restraint at the same time. But if we know what the lessons of World War II are, as we read article 1 of the United Nations Charter, we must also bear in mind that we shall not draw the lessons from world war III; there won't be enough left.

And therefore we had better do what is necessary as rationally, as calmly, and in as clear-headed a fashion as possible, if this nation and the rest of the human race are to survive.

We can be deeply encouraged in some respects by the fact that it is generally recognized that a full nuclear exchange is simply an act of madness and not an instrument of policy; and that the moving of mass divisions across frontiers is generally regarded as too reckless an instrument of policy to play with in the modern world. We can be encouraged by the steady growth of what someone has called "the common law of mankind," representing, in our case, more than 4,200 treaties and agreements, which help us to move with confidence because we can predict what the other fellow is going to do on questions which encompass the entire range of human activity.

There are elements of deep encouragement.

It is a tragedy, after all that has happened since, say, 1939, that once again it should be necessary for us to send our young men out to

risk their lives and give their lives to prevent an aggression into smaller countries in another part of the world.

Our problem is that the consequences of not doing that are almost beyond comprehension. Because, if it should be supposed that the mutual security treaties of the United States are meaningless, then there are those on the other side who could make a miscalculation and a misjudgment about this nation that could destroy them and destroy us as well.

So the integrity of the United States under its mutual security agreements is the principal pillar of peace in the world under present circumstances.

We came out of World War II with fantastic power; we tried to lay down some of that power in the Baruch proposals,<sup>2</sup> under which there would have been no nuclear power in the world. Unhappily, those proposals were rejected and it has been necessary for us to build our power dramatically since 1945—power so formidable that the results of its use cannot be adequately described.

Lord Acton once said that power tends to corrupt and absolute power tends to corrupt absolutely. If there are visitors from other countries here today, I hope they will forgive me a little word of presumption. I do not believe that this unbelievable power, whether in the military field or in the economic field, has corrupted the American people. When you look at their purposes—when you look at the conduct of this nation since 1945—you can understand that the notion of the family of man is important to us; that the notion of “live and let live” is important to us; that the purposes of this nation are those that you find in your own communities. Rather simple! Rather decent!

That is why it is possible for the President to say in San Antonio that we will stop the bombing of North Viet-Nam when it will lead promptly to productive talks and that we assume that the other side will not take military advantage of that cessation of bombing while the talks go forward.<sup>3</sup> I think it will be hard to find in the history of armed struggle a more reasonable and fair suggestion made by one side in the course of the struggle.

I know you would like to have me comment on the statement made by the North Vietnamese

Foreign Minister the other day, but I think you might prefer that I not do so, if you think about the problem. We need to explore its meaning, and we are doing so. We're trying to find out how his statement and the President's San Antonio formula fit together, and whether the attitude of the two sides is somehow moving toward the possibilities of peace.

I have no doubt that if there is a genuine desire to move toward peace by those who are on the other side in Southeast Asia, the United States will meet them more than half way.

But I also have no doubt that the security of these independent nations of Southeast Asia, to which we are committed by a treaty, is a very important thing to us, and that we shall have to insist that these nations be allowed to live in peace without molestation by force from the outside.

So when you buy a bond or you sell a bond, you are engaged in an investment in a great country. America at its best is very good indeed; and in general, in a strange and curious sort of way, the American people have a way of insisting that their public affairs and their public policy reflect America at its best.

Now, that means that there are some burdens to be borne. We have to maintain our military strength; otherwise there may be those who would misjudge and miscalculate. I get no comfort out of the fact that the defense budget of the United States this year is roughly equal to the gross national product of all of Latin America. We should like very much to get peace in Southeast Asia and turn our hands seriously and drastically to the possibilities of a reduction in arms, not only among the great powers but in some of the lesser neighborhood arms races in different parts of the world.

There's no question that we should like to do that. But the burden has to be borne until we know where we are.

We cannot allow space to become the monopoly of those who might wish to destroy freedom. We must hold out a helping hand through aid programs and our share in such international banks as the World Bank and IDA [International Development Association] and the Inter-American Development Bank and the Asian Development Bank in order that governments—many of them new governments—can find some minimum resources through which they can launch their own peoples on to the path of modernization.

<sup>2</sup> For background, see BULLETIN of June 23, 1946, p. 1057.

<sup>3</sup> For background, see *ibid.*, Oct. 23, 1967, p. 519.

All these we have to do, partly because it is in our essential national self-interest that we do so—because we could not maintain this fantastic prosperity, our own internal institutions, if the rest of the world were in misery and chaos—but also because America at its best is concerned about what happens to other human beings.

And there are many things, as the family of man faces the sometimes hostile physical universe, in which we have common interests with other men and women simply because we are a part of homo sapiens. And we're constantly trying to find those elements of common interest which cut across ideological, national, and cultural frontiers.

So we have a full agenda ahead of us, stimulating, exciting, which we should approach with confidence. And we should assume these burdens, which we are thoroughly capable of bearing in our stride, with good heart. And if you're called upon to help in maintaining the stability and the prosperity of this fantastic economy by selling and buying bonds, this is one of the minimum contributions we as citizens can make to a great human enterprise in which we are called upon to play such a large role. Thank you very much for what you're doing.

## President Establishes Commission for Human Rights Year

### STATEMENT BY PRESIDENT JOHNSON

White House press release dated January 30

It is seldom that any one man's life embodies both national leadership and a universal cause. It is rarer still when his spirit survives his death and endures as an inspiration for man's deepest hopes.

Such a man was born 86 years ago this day.

President Franklin Delano Roosevelt stands in life and death as a towering advocate of those timeless ideals that promise individual fulfillment to men and peace to the family of nations. His country pursues those ideals more than two decades after his death: social justice here at home and a community of mutually respecting nations throughout the world.

Today we take another and determined step toward those ideals. We mark the anniversary of President Franklin Roosevelt's birth in the

most fitting and hopeful way—by building on his work.

I have today signed an Executive order establishing a Presidential Commission for the Observance of Human Rights Year.

The General Assembly of the United Nations has designated 1968 as International Year for Human Rights. It is the 20th anniversary year of the Universal Declaration of Human Rights. United Nations members are called upon for appropriate national observances throughout this year.

Three months ago, in declaring 1968 Human Rights Year for the United States, I called upon "All Americans and upon all government agencies—federal, state and local—to use this occasion to deepen our commitment to the defense of human rights and to strengthen our efforts for their full and effective realization both among our own people and among all the peoples of the United Nations."<sup>1</sup> The Commission I have appointed is composed of distinguished citizens and heads of executive agencies. They are charged with shaping the variety of our efforts into a major and purposeful national contribution.

The United States was founded on great and lasting principles of liberty and rights for the individual. Our Constitution and our laws preserve these rights. Our Government is devoted to enlarging them for all Americans.

But rights not perceived cannot be prized; rights not understood are rights not exercised and soon weakened or destroyed. We have a great need and responsibility to educate our people in a fuller understanding of their rights.

We can lead by our example. Peace is the spur. If nations are not to rely forever on a fragile balance of fears, they must find confidence in making justice the guiding principle of their national and international affairs.

We seek justice as a safeguard against tyranny and catastrophe. Secretary of State George Marshall reminded us 20 years ago:<sup>2</sup>

Governments which systematically disregard the rights of their own people are not likely to respect the rights of other nations and other people and are likely to seek their objectives by coercion and force. . . .

Thus warned in 1948, America pledged her

<sup>1</sup> For text of Proclamation No. 3814, see BULLETIN of Nov. 13, 1967, p. 660.

<sup>2</sup> For an address made by Secretary Marshall before the U.N. General Assembly at Paris on Sept. 23, 1948, see *ibid.*, Oct. 3, 1948, p. 432.

strength and hope with other signatories to the Universal Declaration of Human Rights. This great compact gave new power and coherence to man's often shapeless and sometimes hopeless yearning for equality and freedom.

We reaffirm our allegiance to that Declaration today and call upon all our citizens and institutions to advance its purposes to the extent of their abilities.

The Senate has signified that it will enlarge its own important role. It supported our participation in international agreements that further the protection of human rights by consenting to the Supplementary Convention on Slavery on November 2, 1967. In my proclamation designating Human Rights Year, I declared that ratification of the Human Rights Conventions was long overdue. It is my earnest hope that the Senate will complete the tasks before it by ratifying the remaining Human Rights Conventions.

America's domestic initiatives and successes in assuring our people the guarantees of our Constitution should be better understood by the international community.

The Commission I appoint today:

—can enlarge our people's understanding of the principles of human rights as expressed in the Universal Declaration and the Constitution and in the laws of the United States;

—can provide a focus for governmental participation in Human Rights Year, enlisting the cooperation of organizations and individuals;

—and may conduct studies, issue publications, and undertake such other activities as it finds appropriate.

I have appointed the following distinguished citizens to serve on the Commission:

W. Averell Harriman, Ambassador at Large  
Anna Roosevelt Halsted of Washington, D.C.  
A. Philip Randolph of New York  
Tom Clark of Texas, former Associate Justice, U.S. Supreme Court  
George Meany of Maryland, president of the AFL-CIO  
Elinor L. Gordon of New York, president of the Citizens' Committee for Children  
Robert Meyner, former Governor of New Jersey  
Dr. J. Willis Hurst of Atlanta, Georgia  
Bruno Bitker of Wisconsin, Chairman of the Human Rights Panel at the White House Conference on International Cooperation in 1965

I have asked Averell Harriman to serve as Chairman of the Commission. Anna Roosevelt

Halsted has graciously agreed to act as Vice Chairman.

I have also today asked the following heads of executive agencies to serve on the Commission: the Secretary of State; the Attorney General; the Secretary of Labor; the Secretary of Health, Education, and Welfare; the Secretary of Housing and Urban Development; the Staff Director of the U.S. Commission on Civil Rights; and the Chairman of the Equal Employment Opportunity Commission.

I have selected these men and women with care and confidence, because I expect them to perform an outstanding service for every American and for all who prize the rights that we possess and seek to make secure for others.

The Commission will have my strongest personal support.

### EXECUTIVE ORDER 11394<sup>3</sup>

#### ESTABLISHING THE PRESIDENT'S COMMISSION FOR THE OBSERVANCE OF HUMAN RIGHTS YEAR 1968

WHEREAS the United Nations General Assembly has designated the year 1968 as International Human Rights Year to commemorate the 20th Anniversary of the adoption of the Universal Declaration of Human Rights; and

WHEREAS the United States has sought in its national and international policies to promote the principles of the Universal Declaration of Human Rights in accordance with its heritage of civil and political liberties and in recognition of the human rights of all without distinction of race, color, creed, sex, or national origin; and

WHEREAS, by Proclamation No. 3814 of October 11, 1967, I have designated 1968 as Human Rights Year;

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States, it is ordered as follows:

SECTION 1. *Establishment of Commission.* (a) There is hereby established the President's Commission for the Observance of Human Rights Year 1968 (hereinafter referred to as the "Commission").

(b) The Commission shall be composed of the Secretary of State, the Attorney General, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Staff Director for the Commission on Civil Rights (42 U.S.C. 1975d(a)), the Chairman of the Equal Employment Opportunity Commission, and ten other members to be appointed by the President from public or private life. The President shall designate the chairman and the vice chairman of the Commission from among its members.

<sup>3</sup> 33 *Fed. Reg.* 2429.

(c) Members of the Commission who are otherwise employed by the United States shall receive no additional compensation by reason of their service to the Commission. Members who are not so employed shall serve without compensation, but shall be entitled to receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703) for persons so serving.

SEC. 2. *Functions of the Commission.* (a) The Commission shall promote the effective observance in the United States of 1968 as the 20th Anniversary of the United Nations Universal Declaration of Human Rights. To this end the Commission shall seek to create a better understanding of the principles of human rights as expressed in the Universal Declaration, the United States Declaration of Independence, the Constitution and laws of the United States, and the Constitutions and laws of the several States of the United States.

(b) The Commission shall provide a focus for the interest of official bodies, Federal, State, and local, which share its purpose. It shall also enlist the cooperation of educational institutions, foundations, mass media, civic, labor, and other organizations which plan to participate in the observance of International Human Rights Year.

(c) The Commission may conduct such other activities as it may deem appropriate to provide for the effective participation of the United States in the celebration of International Human Rights Year. Such activities may include, but need not be limited to, (i) conducting studies, (ii) issuing reports and other publications, and (iii) holding meetings, both public and private, at such times as the Chairman shall determine.

(d) The Commission shall report from time to time to the President on the progress made in the observance of International Human Rights Year in the United States. The final report of the Commission shall be made to the President on or before the date which occurs one year after the date of this order and the Commission shall be deemed to be terminated on the date which so occurs.

SEC. 3. *Assistance and cooperation.* (a) As may be necessary, each Federal agency, an officer of which is a member of the Commission, may furnish assistance to the Commission in accordance with the provisions of section 214 of the Act of May 3, 1945 (59 Stat. 134; 31 U.S.C. 691), or as otherwise permitted by law. The Department of State is hereby designated as the agency which shall provide the Commission with necessary administrative services and facilities.

(b) The Commission is authorized to request any agency of the executive branch of the Government to furnish the Commission such information and advice as may be useful to it for the fulfillment of its functions under this order. Each such agency is authorized, to the extent permitted by law and within the limits of available funds, to furnish such information and advice to the Commission upon request of the Chairman or Executive Director of the Commission.

(c) Upon request of the Chairman or Executive Director of the Commission each agency of the executive branch of the Government shall otherwise cooperate with the Commission in carrying out the provisions of this order and shall provide the Commission with such additional assistance and service as it may be able to provide.

(d) The Commission shall invite the cooperation of the United States National Commission for UNESCO with a view to coordinating its activities with those of the United States National Commission for UNESCO.

SEC. 4. *Commission staff.* The Commission shall have an executive director who shall receive such compensation as may hereafter be specified, and it is authorized to obtain services in accordance with the provisions of 5 U.S.C. 3109.



THE WHITE HOUSE,  
January 30, 1968.

## The Central Themes of U.S. Policy Toward Europe

by *George C. McGhee*

*Ambassador to the Federal Republic of Germany*<sup>1</sup>

I am delighted to meet with you today and to talk to you about Germany and Europe.

I have just come from Bonn and am glad to report that our relations with Germany are excellent. A contributing factor was the very successful meeting between Chancellor Kiesinger of Germany and President Johnson last August.<sup>2</sup> The mutual confidence which has characterized our relations with German governments throughout the postwar period was reinforced. Minor issues which troubled us a year ago receded into the background.

It is, moreover, very important for the United States that we do have good relations with Germany. Apart from our cultural and historical ties—roughly one American in eight is of German origin—relations between our two countries constitute one of the strongest sinews of the free world. Germany is the third largest industrial country in the world, the second after us as a world trading nation. Germany is our fourth customer, and we are Germany's first supplier and third customer. The combined imports and exports between us aggregate some \$4 billion a year.

Moreover, it is the 460,000 members of the German armed forces committed to NATO who, alongside our own forces in Germany, provide the great bulk of the military strength which protects the eastern frontiers of the free world in Europe. Our troops are not in Germany just to protect Germans. Any major ground attack against free Europe from the Communist world would have to come through Germany. We consider the security of our country to be inextricably bound to that of

Europe. We could not tolerate Western Europe being in the hands of a hostile power. We are fortunate that a resolute country like Germany lies on the eastern approaches to free Europe and is willing to make such an important contribution to European, and therefore to American, defense.

Although we like Germans, and Germans and Americans visit each other on a large scale, our real ties with Germany derive from a fundamental community of interests. I will mention just a few.

Germany and we believe in collective security. We share the concept of an integrated defense of the Atlantic world through NATO.

Germany and America have very much the same concept of the future organization of Europe and of the necessity for close cooperation between America and Europe. The Germans believe in a Europe with a greater degree of political unity—enlarged to include the United Kingdom and other eligible countries who wish to join the Common Market. At the same time, the Germans want Europe to remain a partner with the United States within the larger Atlantic context.

The Germans are also at the forefront of those, including ourselves, who seek to improve relations with the East. They have taken the important step of establishing diplomatic relations with Romania and are presently negotiating with Yugoslavia. The Germans, as are we, are convinced that only through a genuine relaxation of tensions between East and West can the great problem of the division of Germany and Europe be solved.

Germany also shares our views with respect to relations with the underdeveloped countries of the world. Germany is the only country, apart from ourselves, which has a worldwide

<sup>1</sup>Address made before the Foreign Policy Association at New York, N.Y., on Jan. 4.

<sup>2</sup>For background, see BULLETIN of Sept. 11, 1967, p. 325.

program of development assistance. In terms of the German national income, their contribution is comparable to our own.

Germany is a great trading nation and also shares our desire to liberalize the conditions of world trade. Since some 16 percent of Germany's national product is attributable to foreign trade, she has an even greater incentive than we have to bring down trade barriers. No country, including our own, was more enthusiastic over the success of the Kennedy Round than were the Germans.

In summary, Germany is important to us, as we are to Germany.

Moreover, Germany is important not just as Germany but as part of a larger developing Europe. Her trade policies, and increasingly her financial policies, have been merged with the other five members of the Common Market, of which the German economy is roughly one-third. The Six, together with the United Kingdom, comprise approximately the same population as the United States. Their combined industrial base could some day equal our own. The combined resources, experience, and influence of such a Europe make it the one area of greatest importance to us. I assure you that our Government is fully aware of this importance—and that our policies reflect it.

There are some, however, who have doubts of this. One hears in recent months about the supposed decline of American interest in Europe. It is said that the United States no longer has a European policy; that we are preoccupied with Asia—or with our domestic problems—to the detriment of Europe's interests.

I believe that I can demonstrate that this is not the case.

### **NATO a Symbol of U.S. Commitment to Europe**

I recently attended the annual winter ministerial meeting in Brussels of the NATO Council.<sup>3</sup> NATO is the symbol of the American commitment to Europe; and this meeting, which was one of the most successful, clearly demonstrated NATO's vigor both as a military organization and as a forum for seeking lasting peace. America played a key role in this meeting. We did not neglect our interest in Europe and in things European because of Viet-Nam.

Indeed, Americans have been active in all of the recent endeavors to strengthen NATO. We were in the forefront in helping overcome the

problems created by the decision of France to withdraw its forces from NATO. We played an important role in getting agreement in Brussels on new force goals. We contributed importantly to the studies initiated by Belgian Foreign Minister [Pierre] Harmel, which set forth a new work program for NATO in the field of political consultation. The 14 NATO allies were able to agree this year on a new NATO strategy—the first since 1956—providing for a flexible response to the whole spectrum of possible military threats. Our military leaders are not concerned exclusively with our strategy in South Viet-Nam.

Moreover, the United States backs up the NATO strategy—and demonstrates its abiding interest in Europe's security—by maintaining a large and powerfully equipped military force on the Continent. Earlier this year, as a result of an American initiative headed by former U.S. High Commissioner to Germany John J. McCloy, a trilateral agreement was reached stabilizing force levels and resource contributions among the British, the Germans, and ourselves.<sup>4</sup>

A quarter of a million Americans stand guard every day in Europe. They are armed with 7,000 nuclear weapons. It is symbolic that an American, General Lyman Lemnitzer, one of our outstanding military leaders, is the Supreme Commander of NATO. We have no plans to alter our forces in Europe except through the limited redeployment plan previously announced and now approved by NATO. We can maintain our forces in Europe and at the same time meet our force goals in Viet-Nam.

The American security commitment to Europe through NATO is as firm and reliable today as when it was first made in 1949. I would like to repeat that this is not a commitment to maintain just the security of Europe but also that of our own country.

It is obvious that the events of the shooting war in which we are engaged in South Viet-Nam will loom large in the headlines of our press and in the preoccupations of our people. Naturally our high officials must give much of their attention to Viet-Nam. The fact is, however, that they give equal attention to Europe.

There is a constant stream of European lead-

<sup>3</sup> For text of a communique issued at Brussels on Dec. 14, 1967, see *ibid.*, Jan. 8, 1968, p. 49.

<sup>4</sup> For a U.S. statement on May 2, 1967, see *ibid.*, May 22, 1967, p. 788.

ers through the halls of our Government. There is a similar stream of distinguished American visitors to Europe. Much of the business of our National Security Council concerns Europe's problems, including the reunification of Germany. Over a given time, a great proportion of the speeches of our high officials deals with the problems of Europe.

We have traditionally sent senior diplomatic representatives to Europe. The State Department representation in Germany is the largest regular mission in the world. Our officials are constantly at work furthering U.S. relations with Europe—examining policies and carrying out agreed programs.

We recently inaugurated with Germany, starting with the visit of Interior Secretary [Stewart L.] Udall, intensive collaboration in the field of environmental problems and resources. This has brought scores of Americans to Germany—and Germans to America—to study such problems as air and water pollution, traffic, and housing. We have not confined our cooperation in development to the underdeveloped countries.

#### **Efforts To Relax East-West Tensions**

The relaxation of tensions with Eastern Europe and the Soviet Union is a matter of strong and continuing interest to the United States, just as it is to our European allies. We have a vital interest in the future development of relationships between our allies in Western Europe and the states of the Communist East. This is just as true when the trend appears to be toward reconciliation and peaceful settlement of existing political issues as it has been in the past under different circumstances.

Secretary Rusk has asserted many times that the United States intends to play—indeed, will insist upon playing—its full role in the process which we believe will lead eventually to the organization of a stable and peaceful Europe. At the recent NATO meeting in Brussels, to which I alluded earlier, he reminded his colleagues that in the long confrontation between the Soviet Union and the United States the central issue between these superpowers was and is Europe.

We all know that many obstructions lie in the road to a better understanding between East and West. To travel that road we need much patience and a constant regard for the preser-

vation of common Western interests. Nevertheless, we must all make the effort if we are to achieve a lasting peace with justice in Europe. We stand behind Germany and our other European allies in their endeavors toward this end, and I believe we have demonstrated that we can cooperate successfully with our European allies on this and other objectives which lie in our common interest.

#### **Economic Ties Between U.S. and Europe**

In the recent highly successful Kennedy Round negotiations under the GATT [General Agreement on Tariffs and Trade], which resulted from an American initiative, Europe and the United States worked together to liberalize and intensify the trading relations between the nations of the world. The one most important result was to strengthen the economic ties between the United States and Europe—to the benefit of both. Certainly, no one who followed closely the protracted and difficult negotiations of the Kennedy Round could have supposed that the United States was distracted by Viet-Nam.

In the field of international monetary reform, developments of the last year made clear how closely the United States is tied to Europe. The agreement reached in Rio de Janeiro in September of last year<sup>5</sup> to bring up to date the world's monetary system—again on American initiative—found strong support in Germany and elsewhere in Europe. Europe, as well as America, will benefit from increases in the means of payment. Neither could have accomplished this goal alone.

#### **U.S. Interest in European Self-Reliance**

There is perhaps one reason why people who have not thought deeply about the problem may conclude that America is not now so interested in Europe as before. This is because we do not, it is clear, provide today the type of leadership in European matters that we did in the immediate postwar period.

With the cities of Europe in ruins and political and social structures in disarray, it was necessary at that time that we take the lead. This we did in the creation of the OEEC [Organization for European Economic Cooperation],

<sup>5</sup> For background, see *ibid.*, Sept. 25, 1967, p. 392.



in currency reform in Germany, and through the foundation of NATO itself. We all recognized, however, that this was a temporary situation which was certain to pass. Europeans have traditionally been quite capable of handling their own affairs. With European recovery we have progressively, and I hope gracefully, receded from a position of leadership in internal European affairs.

Europeans have, moreover, been quick to assume their own responsibilities. They have increasingly made it clear to us that they expect to stand on their own feet. Their increasing independence does not represent a failure but a success in American policy. During his visit to Washington last August, Chancellor Kiesinger told the National Press Club that Germany would not be running to America asking it to solve all of Germany's problems.

If we do not now speak up forcefully on matters concerning the Common Market, or other purely intra-European affairs, it is not because of lack of interest or ideas but because we do not consider it appropriate. These are matters for Europeans themselves to decide. We have every confidence that what they decide will be consonant with the broader relationship of partnership with us, which is what we desire.

We are, moreover, willing to go even further. As Secretary Rusk recently said, the United States would welcome the development of a European caucus in NATO, something like a European defense community, as a full partner in a reconstituted alliance.<sup>6</sup>

In Europe's interest, and in our own, we shall continue to bear large burdens in the defense

of that continent for as long as necessary. And in Europe's interest, and in our own, we shall be happy to turn over these burdens to a united Europe when it is capable of shouldering them alone.

A central theme of United States policy toward Europe today is to assist and accelerate Europe's movement toward greater self-reliance. Some, who are perhaps wedded too closely to the ideas and forms of the Atlantic relationship 10 or 15 years ago, mistake this for an indication of fading United States interest in Europe.

This, however, is a serious misreading of United States policy. We are as firmly committed to those fundamental judgments made in the early postwar years as we were when the North Atlantic Treaty was signed in 1949. I refer to the judgment that the security and well-being of the peoples of the Atlantic nations are inextricably bound together and that the freedom of Western Europe is a vital American interest.

I have no concern about the present state of relations between Europe and our country. It is a relationship which has undergone changes in recent years, but this does not mean it is of a less binding nature. I have no fear for the future as long as the peoples of the opposite sides of the Atlantic world continue to have mutual confidence, mutual commitment, and respect for each other's integrity.

---

<sup>6</sup> For an address by Secretary Rusk made at New York, N.Y., on Dec. 2, 1967, see *ibid.*, Dec. 25, 1967, p. 855.

## Facts and Ideas on Industrialization

*Statement by Walter M. Kotschnig*<sup>1</sup>

The International Symposium on Industrial Development is a significant event born of the aspirations and the persistence of the developing countries.

As one of the most highly industrialized countries in the world, the United States understands these aspirations. It admires the persistence of the new leaders of Asia, Africa, and Latin America as they struggle for modernization, for economic and social progress, for a better life for their people. Let there be no mistake about this: We do understand and we do want to help, as we have shown in the past and will demonstrate in the future, hopefully on an enlarged scale, whatever the vicissitudes of today and the morrow may be.

To open on our part the great dialog in which this symposium is to engage, I propose to state a few basic issues and face them squarely.

First, there is the problem of the gap, the gap between the rich and the poor, the gap that is steadily widening, as we are told. This is a matter of deep concern to us, as it is to all of you. I submit, however, that it must not become an obsession, a besetting fear paralyzing our thought and action and destroying any hope for fruitful cooperation between countries of different levels of development and living. No one has the final answer as to how this gap can be closed or bridged. Indeed, differences in climate and resources may well make for intractable differences in terms of levels of production which will persist into the dim future. History, of course, also abounds with examples of the rise and decline of rich and powerful nations, which cloud our crystal ball as we look to the future. Thus, Mr. President, an excessive pre-

occupation in this symposium with the elimination of the existing gap might easily become a futile and divisive exercise.

Second, what we do need is a concentration on development—the dynamics of development. By definition, development is a dynamic process, and it is the elucidation of this process which calls for our best and most persistent efforts. We have to find which approaches and attitudes and conditions are best designed to set in motion and accelerate economic and social progress in the developing countries and to help them to achieve the stage of self-sustaining growth which they are seeking.

In the absence of effective action, there has of late been a strong tendency in the economic and social bodies of the U.N. and other international organizations to find escape and a spurious sense of satisfaction in the formulation of ever-new sets of “principles” and a seemingly endless flood of repetitive resolutions which grow longer every year by the simple device of quoting in the preamble all previous resolutions. Frankly, the value of these labors appears to us to be very limited.

Basic principles do not change from year to year. Principles which truly deserve that name emerged 2,000 years ago and more in this very city of Athens, they were proclaimed at Runnymede, they are embodied in the teachings of the great religions in East and West and were refined throughout the ages by the great leaders of thought of East and West, North and South. They are at the very basis of civilized living and help define the relations of man and society.

As to resolutions, most of them are hortatory, usually telling the other side what they ought to do and hence frequently irritating and divisive.

As we see it, there are better ways to achieve forward movement and to release dynamic forces making for development. In our own ex-

<sup>1</sup> Made before the International Symposium on Industrial Development at Athens, Greece, on Dec. 1. Mr. Kotschnig, who is Deputy Assistant Secretary for International Organization Affairs, was chairman of the U.S. delegation to the symposium.

perience, a more pragmatic, flexible approach on the part of individuals and groups which involves continuous change, adaptation, and adjustment has proved most productive. That approach is at the basis of industrial growth of my country. Our industries, more than any other sector of our national life, have been developed as a means of satisfying human needs, with maximum attention given to solving problems and minimum enthusiasm for the ideological and theoretical framework in which the solution might be placed. In this connection, I was much interested to find the other day that M. Jean-Jacques Servan-Schreiber in his book "The American Challenge" sees great strength in this American ability to strip problems of the ideological overlay.

I do not suggest for a minute that everybody should behave like Americans. We place variety above uniformity. However, we detect strong indications of a similar approach in the economic miracle of Japan and in the surprisingly high rate of growth of GNP—10 to 12 percent annually in recent years—in the Republic of China and their skyrocketing export figures. And there are other examples in parts of Latin America and elsewhere.

Third, lest there be any misunderstanding, as Americans we do believe in planning; we do believe in it in terms of looking ahead, of recognizing and defining interrelationships, and of establishing priorities which permit rational and informed choices. Computers are purring all over America these days. Our corporations and industrial complexes have on their drawing boards new models, blueprints for new machinery, plans for expansion and for marketing which will see the light of day only 2, 5, or 10 years from now. Some of them may never emerge if due to unforeseeable circumstances they are deemed unable to meet pragmatic tests. While we have little in the way of an overall national plan of development, far-reaching plans are in existence regarding water management, the development of our road system, the renewal of cities, et cetera.

We are therefore among the first to accept the need for planning and the establishment of priorities in the developing countries, both in the private and the public sector. These plans are bound to differ substantially from country to country since no one pattern will fit all of them. The same elements may of course appear in all these plans, such as a recognition of the importance of family planning related to plans

for increasing food production in order to establish some balance between the two. What we do have to guard against in all our planning is the risk of such plans becoming straitjackets and being abused as means to stifle individual initiative and drive.

### **Needs of the Developing Countries**

Let me now pass from these general observations to a few specific problems to which we have to find concrete answers if industrialization is to be more than a wishful dream and if the United Nations Industrial Development Organization is to become an effective instrument at the service of the developing countries.

Among the most important issues reflected in the reports of the regional symposia are the following:

The need for increased capital resources, both external and internal;

The need for increased technical assistance, skills and training, and competent management, which is closely associated with the need for additional capital, to which I would add the need for greatly extended and improved educational facilities and procedures;

The need for additional outlets for industrial exports;

The opportunities in this connection for the creation of larger markets through regional cooperation;

The vital necessity, hand in hand with industrialization in the narrow sense of the word, of modernizing agriculture, which in itself is an aspect of industrialization in the broader sense and essential to all industrial progress.

### **Bilateral and Multilateral Assistance**

Due to the limitations of time I shall confine myself to a brief discussion of only a few of these points and leave the discussion of others to a later stage in our proceedings.

The problem of finance looms large. There is a growing, although perhaps not yet adequate, recognition on the part of the developing countries of the need for a concerted effort on their part and in every country to mobilize domestic savings and put these to optimum use for development purposes. We on our side recognize that few of the developing countries can at this time accumulate adequate capital. Consequently, if the developing countries are to

mount more adequate investment programs, they must take steps to obtain a portion of their capital and know-how from the resources of the developed countries.

Among the major sources of such aid are the bilateral governmental assistance programs mounted by the developed countries and multilateral aid channeled through the U.N. system of organizations and, above all, the big financial institutions such as the International Bank for Reconstruction and Development and the International Development Association. To maintain and increase the financial assistance thus offered will require continuing major efforts on the part of the developed world. In this connection my Government welcomes the proposal made by President [George D.] Woods of the IBRD in his address of October 27 to the Swedish Bankers Association, in which he urged the establishment by the developed countries of an international group of top-level experts to study new approaches to foreign aid, assess the results of past assistance, pinpoint errors made, and propose policies which will work better in the future. In that same speech Mr. Woods elaborated in terms of facts and figures the substantial magnitude of the assistance effort which will be required and which is in keeping with the absorptive capacity of the developing countries.

Needless to say, the United States would want to participate in such an effort. At the same time I have to sound, in all honesty, a note of warning. We have every intention to continue and, hopefully, enlarge our aid programs, through which we have made available in recent years scores of billions of dollars. I hope you realize, however, that we are ourselves passing at this stage through a difficult period. Our financial resources are strained, due to the burdens imposed upon us by our international obligations and commitments aimed at the establishment of a world in peace. They are strained also by the fact that the revolution of rising expectations did not stop at the doors of the United States. There is still much poverty in our own country. There are underdeveloped regions which cry for assistance; there are the pressing needs for the renewal of our vast urban centers. These strains are reflected in our balance-of-payments difficulties as well as in our growing national debt. Under these conditions any substantial increases in the foreign assistance programs of our Government are not likely to prove possible in the immediate future.

## Private Investment Resources

Whatever the future, it is clear that governmental aid, both bilateral and multilateral, while essential, does not and is not likely to provide enough capital to support adequate development programs throughout the developing world. If the gap between the requirements of development and the resources needed for this task is to be closed, foreign private investment in the developing countries will have to increase. The potential of such investment is enormous, since the resources available from private sources in most of the developed countries far exceed those available to their governments for foreign assistance.

There may be quite a few in this hall who are allergic to foreign or even domestic private investment. A whole mythology has grown up around the idea of private investment: that it equates with exploitation, that it serves to make the rich richer instead of raising the standard of living in the recipient countries, that it establishes economic and political dependence on foreign powers.

Mr. President, everyone has the right to his own opinions, and I have no intention of becoming a *commis voyageur en idéologie*, a salesman for a special brand of economic philosophy. We do not want to force on any developing country private American investments. Whether or not to accept such investment is the problem of these countries, developed or developing. It is not our problem. However, I want to state just a few cold facts to set the record straight:

1. Private investment can be and is being made available to both the private and the public sector in the developing countries. We recognize that a proper mix of both sectors may help to advance development at an accelerated rate and that the public sector in the early stages of development may be essential.

2. United States manufacturing investment in the developing countries has been rising steadily and by the end of 1966 was well over \$4 billion. This represents 20 percent of total United States private direct investment in manufacturing in all foreign countries. This sustained increase in United States investment is taking place despite the fact that the rate of return on manufacturing investment in the developing countries has been somewhat lower than the return realized on comparable investments in Western Europe and in the United States itself.

3. The actual outflow of earnings from the developing countries is much lower because a high proportion of earnings on United States direct investment is plowed back into the local economy.

4. Due to our balance-of-payments difficulties we have found it necessary to discourage private investment in developed countries and to impose restrictions on such investment. No such restrictions have been placed on investment in the developing countries, which we continue to encourage. Our system of investment guarantees is also designed to benefit primarily the developing countries. We have taken these steps in order to make it easier for the poor countries to secure investment capital, of which they are in dire need.

### **Management Skills and Technology**

5. Private investment, furthermore, is making a major contribution to the development of experienced management, the lack of which is one of the most serious impediments to industrialization. Skills of foreign management are transmitted to local talent, and frequently management is taken over by them altogether. In this way private investment often becomes an even more important source of management training and skills than the United Nations technical assistance activities, highly significant as they are. At best, the U.N. program cannot alone meet the needs of the developing countries in the management field.

6. Another important ingredient furnished by both private foreign investment and the U.N. programs of technical assistance is advanced technology. My Government has recently made an intensive investigation of the "technological gap" and the extent to which it is affected by the international flow of capital. This study provided conclusive proof that international direct investment is a primary conveyor of technology and of human expertise.

The transfer of technology thus achieved should enable the developing countries to skip several stages of the industrial revolution as the world has known it. With the help of modern technology, we hope that they will be able to achieve mass production at low cost, without exploitation of labor and any encroachment upon the basic rights of their people. In this connection I should like to point out that technological advances gave rise to great fear in our own country that such advance would lead to

widespread unemployment and create a greater gap between the haves and the have-nots in our own society. As you all know, these fears have proved groundless: Employment has risen and the standard of living and leisure time of our people has increased to an extraordinary extent.

7. Finally, it is clear that the transfer of private capital, mixed with technology and human skills rapidly enriches the economic life of the host country. It pays taxes and it creates new jobs both directly and indirectly, and on all levels of skills. It often creates important new export earnings due to the marketing experience and facilities of the foreign investor. This effect is dramatically illustrated by the impact of United States investment on Europe's exports. It is estimated that in 1965 American capital investment accounted for well over \$4 billion of European exports. This was nearly 9 percent of Europe's total exports of manufactured goods. Although on a smaller scale, there is ample evidence of similar achievements in developing countries such as Peru, Liberia, India, Thailand, the Republic of China, and many others.

I am sure that all those who recognize as valid the facts which I have stated and who are looking for assistance through private investment will also recognize the need for creating a climate which will encourage such investment. I will not belabor this point, which has been discussed extensively in the U.N. General Assembly, the Economic and Social Council, and elsewhere. Suffice it to say: Investors do not seek special privilege and advantage; all they are seeking is fair and equitable treatment, governed by freely entered upon bilateral and multilateral agreements and under international law.

Our interest in the ultimate success of the symposium, which is indeed a pioneering venture, is reflected in the fact that we have come here from far-off America with a delegation of 26 members. It includes governmental experts and 12 outstanding representatives of American industry and labor and institutions of higher learning. No less than 53 American experts in industrialization, in planning, management, and operations have signed up to participate in the Industrial Promotion Service. Among them are representatives of the International Executive Service Corps, which represents a typical American initiative to assist developing countries by providing seasoned business executives on short-term assignments

abroad to provide assistance on management and technical problems. They are all volunteers and serve without salary. This large participation is a clear indication of our desire to help the developing countries in their struggle for industrial development, which is essential to free their countries from the blight of poverty and stagnation.

One last word to our friends from the de-

veloping countries here assembled: We have come here not to seek a confrontation, to accentuate and aggravate differences in views and approach. We have come to seek a free exchange of ideas and experience and to reach a common understanding of ends and means. What is more, I trust that we shall achieve a true partnership in our common struggle for peace and prosperity for all.

## 1968—A Year of Opportunity and Responsibility

*by William M. Roth*

*Special Representative for Trade Negotiations*<sup>1</sup>

In planning this conference, you have called 1968 a year of opportunity for businessmen—and rightly so, because it *is* a year of opportunity. But since this theme was chosen, 1968 has become something else as well: a year of great responsibility for American business.

In order to safeguard the strength of the American dollar, the Government has had to take hard and painful decisions. We have had to impose mandatory controls on American investment abroad as part of a balanced program to stem the outflow of dollars. We have had to ask our banks to cut down further on overseas lending. And we have had to consider measures to narrow the dollar gap from tourism.

Nobody likes to see measures like these in effect, even temporarily. Everyone, your Government most of all, wants to dispense with them as soon as possible.

By far the best means of speeding their abolition is to increase our exports. That's why this is a year of opportunity and responsibility for American business.

Some people have seen in the balance-of-payments crisis a different kind of opportunity:

<sup>1</sup> Address made at the International Center of New England, Inc., at Boston, Mass., on Jan. 17.

an opportunity to press harder for protectionism. As you know, import quota bills for some 18 industries were introduced in the last session of Congress. They included traditionally protectionist industries like textiles and shoes, but they also included major new industries like steel and consumer electronic products. Now we are hearing a new argument for the enactment of these bills. They are being advocated as a remedy for our balance-of-payments problem.

This is a quack medicine the protectionists are peddling, medicine more likely to kill than to cure.

First, we cannot expect to impose quotas on our imports from other countries without their imposing quotas on our exports to them. This is a game any number can play. And it's a game that an export-surplus country like ours is bound to lose. For, as overall world trade shrinks, our own export surplus would shrink with it.

Second, quotas would mean higher costs for American farmers and manufacturers—costs which would put them at a disadvantage in the world market.

Third, quotas—and the higher prices that result from them—would feed the fires of infla-

tion. And the containment of inflation is vital to our domestic well-being and to our competitiveness abroad.

That is why the President is giving the enactment of an anti-inflation tax the highest priority while practicing the strictest economy in government expenditures. That is why he is seeking the cooperation of business and labor leaders in making our voluntary program of wage and price restraint more effective.

Some protectionists question the equity of the balance-of-payments program. Should not trade bear a part of the burden, they ask? Should not imports be limited by quotas if investments abroad are to be restricted?

The answer to the first question is "Yes." Trade must be expanded, to help meet our balance-of-payments problem. The answer to the second question is an emphatic "No," for the imposition of quotas would reduce trade rather than increase it.

To indulge in this kind of protectionism would amount to a retreat from our real responsibility: the expansion of our exports and the maintenance of the dollar's strength abroad.

President Johnson has described exports as "the cornerstone of our balance-of-payments position."<sup>2</sup>

They are indeed the cornerstone—but a cornerstone that needs strengthening. The United States is the world's largest exporter—in absolute terms but not in proportion to our GNP. Our exports have been running at the rate of 4 percent of our GNP. Last year our gross export surplus was up half a billion dollars, to \$4.3 billion. But that is still only a little more than half a percent of our GNP.

Surely we can do better than that—and this is the year to begin.

This is the year that the first installments of the Kennedy Round tariff cuts go into effect, here and abroad. As you know, these tariff cuts when completed will average 35 percent on industrial products—and they will go up to 50 percent on a very wide range of items.

Moreover, many of the higher than average tariff cuts will be in fields where we are already successful exporters and where our prospects for further growth are bright. These include electri-

cal and nonelectrical machinery, transportation equipment, scientific instruments, paper products, and office equipment, to name some of the outstanding examples.

The Kennedy Round tariff cuts will be staged over 5 years. Most of our principal trading partners will make their first cuts—a double installment of 40 percent of the total cut—on July 1. That is a good day to mark on your business calendar.

Periodic cuts will be made thereafter, with the final one on January 1, 1972. That insures an expansionary atmosphere for trade not only this year but for years ahead.

A further stimulus to our exports is within our grasp. It could come through the abolition of the American Selling Price system, an obsolete form of protectionism for benzenoid chemicals and a few other products. This would bring into effect the so-called ASP package negotiated at Geneva as a supplement to the Kennedy Round agreement.

If Congress repeals ASP—and this is a vital part of the trade legislation the administration will be putting before Congress this year—there will be deep additional tariff reductions on our chemical exports. The total Kennedy Round tariff cuts will then be almost 50 percent on nearly a billion dollars' worth of our chemical exports. This should enable our chemical industry to increase its export surplus—already \$1.8 billion—still further. Therefore, I consider the repeal of ASP a significant part of our overall balance-of-payments program.

As you know, the President has proposed additional measures to expand our exports, some of which will require congressional action. They include:

—A 5-year, \$200 million Commerce Department program to promote the sale of American goods abroad.

—A \$500 million Export-Import Bank authorization to provide better export insurance, to expand guarantees for export financing, and to broaden the scope of Government financing for our exports.

—The initiation of a Joint Export Association program to provide direct financial support to American corporations joining together to sell abroad.

An essential part of the President's trade

<sup>2</sup> For a statement by President Johnson released on Jan. 1, see BULLETIN of Jan. 22, 1968, p. 110.

program is a renewed and intensified effort to reduce or eliminate nontariff barriers to trade. While we have already made significant progress in this field, both before and during the Kennedy Round, there is still much to do.

We are concerned that American commerce may be at a disadvantage because of the across-the-board tax rebates which some countries give on exports and the border taxes they impose on the goods we ship to them. We are currently engaged in urgent discussions on this subject within Government and with our friends abroad.

These and other nontariff barriers are a major area of concentration in the study of future American trade policy which the President has asked me to conduct—and which also includes the currently controversial topic of East-West trade. We very much want businessmen to share their ideas and experiences with us, both in the public hearings beginning March 25 and in private consultations. The closest possible cooperation between business and Government is, we have found, absolutely essential to the effective conduct of trade negotiations.

We have run into some heavy weather in international economic affairs lately. But that need not discourage or depress us. As the historian Edward Gibbon has written: "The winds and the waves are always on the side of the ablest navigators."

As inheritors of a great trading tradition, I hope that the businessmen of New England will seize the opportunity to do their part, and more than their part, in meeting and surpassing the goal the President has set for this year: a \$500 million increase in our export surplus.

## **Mr. Rubin To Represent U.S. on U.N. Trade Law Commission**

The Department of State announced on January 31 (press release 22) the designation of Seymour J. Rubin as United States Representative on the United Nations Commission on International Trade Law (UNCITRAL) for a period of 3 years. (For biographic details, see press release 22.)

The Commission, established by the United Nations General Assembly in 1966, is charged with promoting the progressive harmonization and unification of the law of international trade. The General Assembly decided that the Commission should achieve this objective by promoting wider participation in existing international conventions and wider acceptance of existing model and uniform laws. Other functions to be performed by the Commission include coordinating the work of organizations already active in unification of private law activities and encouraging, in collaboration with such organizations, the codification and wider acceptance of international trade law, provisions, customs, and practices. The Commission is also expected to collect and disseminate information on legal developments in the field of international trade.

The United States was among the 29 states elected members of the Commission in October 1967. The first regular session of the Commission, being held at the headquarters of the United Nations in New York, will continue through February 23, 1968.



## The Budget of the United States Government—Fiscal Year 1969 (Excerpts)<sup>1</sup>

### PART 1—THE BUDGET MESSAGE OF THE PRESIDENT

*To the Congress of the United States:*

The budget I send you today reflects a series of difficult choices. They are choices we cannot avoid. How we make the choices will affect our future as a strong, responsible, and compassionate people.

We now possess the strongest military capability that any nation has ever had. Domestically, we have enjoyed an unparalleled period of economic advance. Nevertheless, we are confronted by a number of problems which demand our energies and determination.

Abroad we face the challenge of an obstinate foe, who is testing our resolve and the worth of our commitment. While we maintain our unremitting search for a just and reasonable peace, we must also continue a determined defense against aggression. This budget provides the funds needed for that defense, and for the maintenance and improvement of our total defense forces. The costs of that defense—even after a thorough review and screening—remain very large.

At home we face equally stubborn foes—poverty, slums and substandard housing, urban blight, polluted air and water, excessively high infant mortality, rising crime rates, and inferior education for too many of our citizens. In recent years, we have come to recognize that these are conquerable ills. We have used our ingenuity to develop means to attack them, and

have devoted increasing resources to that effort. We would be derelict in our responsibilities as a great nation if we shrank from pressing forward toward solutions to these problems.

But faced with a costly war abroad and urgent requirements at home, we have had to set priorities. And “priority” is but another word for “choice.” We cannot do everything we would wish to do. And so we must choose carefully among the many competing demands on our resources.

After carefully weighing priorities, I am proposing three kinds of actions:

- *First*, I have carefully examined the broad range of defense and civilian needs, and am proposing the *selective expansion* of existing programs or the inauguration of new programs only as necessary to meet those urgent requirements whose fulfillment we cannot delay.

- *Second*, I am proposing *delays and deferments* in existing programs, wherever this can be done without sacrificing vital national objectives.

- *Third*, I am proposing *basic changes, reforms, or reductions* designed to lower the budgetary cost of a number of Federal programs which, in their present form, no longer effectively meet the needs of today.

Federal programs bring important benefits to all segments of the Nation. This is why they were proposed and enacted in the first place. Setting priorities among them, proposing reductions in some places and fundamental reforms in others, is a difficult and a painful task. But it is also a duty. I ask the Congress and the American people to help me carry out that duty.

Even after a rigorous screening of priorities, however, the cost of meeting our most pressing defense and civilian requirements cannot be responsibly financed without a temporary tax increase. I requested such an increase a year ago.

<sup>1</sup>H. Doc. 225, Part 1, 90th Cong., 2d sess.; transmitted on Jan. 29. Reprinted here are the introductory paragraphs and conclusion from part 1 and the sections on international affairs and finance from parts 1 and 4 of the 556-page volume entitled *The Budget of the United States Government—Fiscal Year 1969*, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (\$1.75).

On the basis of changed fiscal conditions, I revised my request in a special message to the Congress last August.<sup>2</sup> I am renewing that request now.

There is no question that as a nation we are strong enough, we are intelligent enough, we are productive enough to carry out our responsibilities and take advantage of our opportunities. Our *ability* to act as a great nation is not at issue. It is our *will* that is being tested.

Are we willing to tax our incomes an additional penny on the dollar to finance the cost of Vietnam responsibly? Are we willing to take the necessary steps to preserve a stable economy at home and the soundness of the dollar abroad?

One way or the other we will be taxed. We can choose to accept the arbitrary and capricious tax levied by inflation, and high interest rates, and the likelihood of a deteriorating balance of payments, and the threat of an economic bust at the end of the boom.

Or, we can choose the path of responsibility. We can adopt a reasoned and moderate approach to our fiscal needs. We can apportion the fiscal burden equitably and rationally through the tax measures I am proposing.

The question, in short, is whether we can match our will and determination to our responsibilities and our capacity.

## Program Highlights

### *International affairs and finance.—*

Through its international programs, the United States seeks to promote a peaceful world community in which all nations can devote their energies toward improving the lives of their citizens. We share with all governments, particularly those of the developed nations, responsibility for making progress toward these goals.

The task is long, hard, and often frustrating. But we must not shrink from the work of peace. We must continue because we are a Nation founded on the ideals of humanitarian justice and liberty for all men. We must continue because we do not wish our children to inherit a world in which two-thirds of the people are

underfed, diseased, and poorly educated.

The \$2.5 billion in new obligational authority requested for 1969 for the economic assistance program is essential to the success of our efforts. Most of our assistance is provided in concert with other industrialized nations, some of whom devote a larger proportion of their economic resources to this purpose than we do.

Our assistance, even when combined with the growing contribution of other industrial nations, cannot itself guarantee the economic growth of developing nations. But it can provide the crucial margin of difference between success and failure for those countries which are undertaking the arduous task of economic development. Since outside aid cannot substitute for effective self-help, we will continue to direct our economic assistance to those countries willing to help themselves.

The 1969 economic assistance program will continue the trend toward increasing concentration on improved agriculture, education, health, and family planning. The economic aid program I am proposing will:

- Accelerate growth in Latin America by modernizing agriculture and expanding education, and help lay the foundations for a Common Market, as agreed at Punta del Este last April.
- Support India's recovery from recession and drought, and assist Pakistan's drive toward self-sufficiency in food.
- Promote progress in the villages of Southeast Asia by helping them build schools, roads and farms.

More than 90% of our AID expenditures in 1969 will be for purchases made in the United States, and I have directed intensified efforts to increase this percentage.

Upon completion of negotiations now in progress, I shall recommend legislation to authorize a U.S. contribution to a multilateral replenishment of the resources of the International Development Association, which is managed by the World Bank. I shall also request an increase in our subscription to the callable capital of the Inter-American Development Bank (IDB); this action will enlarge the borrowing and lending capacity of this vital Alliance for Progress institution without requiring expenditure of U.S. Government funds. These resources, together with our proposed contributions to the

<sup>2</sup> H. Doc. 152, 90th Cong., 1st sess.; for excerpts, see BULLETIN of Aug. 28, 1967, p. 266.

IDB's Fund for Special Operations and the Asian Development Bank, will permit us to provide effective support for sound development projects while we share the financial burden with other donors. Our contributions will include adequate balance of payments safeguards.

To assure sufficient food supplies for the developing countries, I am proposing extension of the Food for Freedom program beyond its expiration date of December 31, 1968.

The Export-Import Bank will continue to assist the growth of U.S. exports, so essential to our balance of payments. I will propose legislation to establish a new Export Expansion Program to guarantee, insure, and make direct loans for U.S. exports which do not qualify for Bank financing under existing criteria.

### Conclusion

This is a critical and challenging time in our history. It requires sacrifices and hard choices along with the enjoyment of the highest standard of living in the world. No nation has remained great by shedding its resolve or shirking its responsibilities. We have the capacity to meet those responsibilities. The question before us is whether or not our will and determination match that capacity.

In the past 4 years, this Nation has faced formidable challenges. We have confronted them with imagination, courage, and resolution. By acting boldly, we have forced a number of age-old concerns—ignorance, poverty, and disease—to yield stubborn ground.

The rollcall of accomplishments is long. But so is our agenda of unfinished business. Our heritage impels us to steadfast action on those problems of mankind which both gnaw at our conscience and challenge our imagination.

As your President, I have done all in my power to devise a program to meet our responsibilities compassionately and sensibly. The program is embodied in this budget for 1969. I urge active support for its principles and programs.

LYNDON B. JOHNSON

JANUARY 29, 1968.

## PART 4—THE FEDERAL PROGRAM BY FUNCTION

### International Affairs and Finance

The fundamental objective of our international programs is a peaceful world community in which all peoples can progress toward fuller, more satisfying lives. Patience, determination, and understanding are required as we pursue this objective through our diplomatic, financial, and cultural relations with other nations.

Our foreign assistance efforts this year again affirm our commitment to cooperate with other advanced nations in supporting economic and social progress for the less fortunate two-thirds of mankind. The tasks of economic development cannot be completed quickly or without sacrifice. Our assistance can only be a catalyst and supplement to the self-help actions which the developing nations themselves must undertake. In 1969, more than 90% of our development lending will be undertaken in concert with other developed nations or within a regional or multilateral framework.

Total outlays for international affairs and finance are expected to be \$5.2 billion in 1969, \$107 million more than in 1968. Higher expenditures for Food for Freedom shipments and economic assistance will be largely offset by substantial decreases in (1) expenditures of the Foreign Claims Settlement Commission reflecting final settlement of World War II claims in 1968 and (2) net lending by the Export-Import Bank.

### CREDIT PROGRAMS—INTERNATIONAL AFFAIRS AND FINANCE <sup>1</sup>

(Fiscal years. In millions)

Program or agency	1967 actual	1968 estimate	1969 estimate
<b>Economic and financial programs:</b>			
Export-Import Bank:			
Commitments.....	(\$2, 661)	(\$2, 111)	(\$2, 440)
Disbursements.....	1, 167	1, 645	1, 680
Repayment.....	627	929	1, 005
Net lending.....	540	716	675

<sup>1</sup> Excluding credit programs in the expenditure account.

## INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Expenditures and net lending			Recommended NOA and LA for 1969 <sup>1</sup>
	1967 actual	1968 estimate	1969 estimate	
<b>Expenditures:</b>				
<b>Conduct of foreign affairs:</b>				
Department of State <sup>2</sup> .....	\$321	\$337	\$355	\$350
U.S. Arms Control and Disarmament Agency.....	10	9	10	10
Tariff Commission.....	3	4	4	4
Foreign Claims Settlement Commission <sup>3</sup> .....	21	200	1	1
Department of Justice (trust funds).....	2	4	53	-----
Treasury Department (trust funds).....	8	5	6	5
<b>Economic and financial programs:</b>				
<b>Agency for International Development:</b>				
Development loans.....	662	625	670	765
Technical cooperation <sup>2</sup> .....	224	203	216	238
Alliance for Progress.....	511	465	516	625
Supporting assistance.....	587	602	621	595
Contingencies and other.....	334	313	310	280
Applicable receipts from the public (-) <sup>2</sup> .....	-51	-63	-69	-69
Subtotal, Agency for International Development <sup>2</sup> .....	2,268	2,145	2,264	2,434
Subtotal, excluding special Vietnam.....	(1,844)	(1,687)	(1,784)	(1,954)
<b>International financial institutions:</b>				
Present programs.....	170	223	200	320
Proposed legislation.....	-----	-----	10	446
Export-Import Bank.....	-104	-144	-110	-----
Peace Corps <sup>2</sup> .....	112	108	110	113
Other <sup>2</sup> .....	20	21	20	11
Food for Freedom.....	1,452	1,315	1,444	918
<b>Foreign information and exchange activities:</b>				
United States Information Agency <sup>2</sup> .....	185	187	194	179
Department of State and other <sup>2</sup> .....	59	68	61	54
Applicable receipts from the public (-) <sup>2</sup> .....	-417	-153	-144	-144
Subtotal, expenditures.....	4,110	4,330	4,478	4,700
Subtotal, expenditures, excluding special Vietnam.....	(3,687)	(3,872)	(3,998)	(4,220)
<b>Net Lending: Economic and financial programs:</b>				
<b>Export-Import Bank:</b>				
Present programs.....	540	716	660	608
Proposed legislation.....	-----	-----	15	-----
Subtotal, net lending.....	540	716	675	608
Total.....	4,650	5,046	5,153	5,308
Total, excluding special Vietnam.....	(4,227)	(4,588)	(4,673)	(4,828)

<sup>1</sup> Compares with new obligational authority (NOA) and lending authority (LA) for 1967 and 1968, as follows:

NOA: 1967, \$4,336 million; 1968, \$4,402 million.

LA: 1967, \$779 million; 1968, \$865 million.

<sup>2</sup> Includes both Federal funds and trust funds.

<sup>3</sup> Relevant "Interfund and Intragovernmental transactions" and "Applicable receipts from the public" have been deducted to arrive at totals.

**Agency for International Development.—**

The Agency for International Development administers our economic assistance programs through three principal instruments:

- *Long-term, dollar repayable development loans* provide the capital assistance for projects and imports necessary for economic growth.

- *Technical assistance grants* contribute to the development of the human and institutional resources required for effective long-term development.

- *Supporting assistance loans and grants* are provided in a limited number of countries to strengthen political stability and security in order to maintain an environment in which economic and social progress are possible.

AID loans to foreign countries are classified in the budget as expenditures rather than net lending, consistent with the recommendations of the President's Commission on Budget Concepts.

Total expenditures of the Agency for International Development are estimated to rise by \$119 million in 1969. Efforts to minimize the effect of these assistance programs on the U.S. balance of payments have been successful and will be intensified. More than 90% of AID expenditures in 1969 will be for purchases of U.S. goods and services. Special measures are being taken to insure that exports financed with AID support do not substitute for U.S. commercial exports. Thus, AID helps to promote the long-term growth of markets for U.S. exports by stimulating new trade patterns and opportunities.

The AID budget program is summarized in the table below in terms of total obligational authority. This includes primarily new obligational authority granted each year by the Congress, plus the obligational authority becoming available each year from loan repayments and recoveries of prior year obligations.

*East Asia (excluding Vietnam).*—In 1969, some \$277 million is planned for the East Asia program, about the same as in 1967, but \$68 million higher than in 1968. Most of the increase is for the U.S. share of a multilateral stabilization and development program in Indonesia, which is recovering from a long period economic mismanagement. In Korea, further economic progress permits us to continue shifting our aid from supporting assistance to develop-

ment lending. Increased technical cooperation funds will support new regional initiatives in Southeast Asia, primarily to improve education and agriculture.

*Vietnam.*—Economic and social progress in Vietnam are absolutely essential to the stability and security of Southeast Asia. In 1969 the Commercial Import Program will help control inflation by providing foreign exchange to pay for imports needed to meet the requirements of the Vietnamese economy. Assistance will be given the rural citizens of that strife-torn country to build in safety their homes, farms and schools. Total obligational authority in 1969 is estimated at \$480 million, an increase of \$10 million above 1968.

*Near East and South Asia.*—The development assistance program will increase from \$467 million in 1968 to \$706 million in 1969. Most of the increase is for our share of assistance given through international consortia to India and Pakistan. This aid will help speed India's recovery from 2 years of recession by providing over \$200 million for the purchase of fertilizer to help expand farm production and by supporting India's import liberalization program undertaken last year. The increase will also help

maintain Pakistan's progress toward sustained economic growth.

*Africa.*—In 1969, our assistance to Africa will (1) concentrate lending and technical assistance in those countries making significant progress toward economic growth; (2) seek to foster increased cooperation with other industrial countries and multilateral organizations such as the World Bank and the new African Development Bank in providing high priority assistance, especially in agriculture, health, and education; and (3) encourage and support viable regional programs in these areas. Total obligational authority in 1969 will be \$39 million above the 1968 level.

*Latin America.*—In 1969, financial assistance for the Alliance for Progress will be increased by \$170 million to carry out the decisions reached by the American Presidents at Punta del Este in April 1967. Included in the Declaration of the Presidents were commitments to increase agricultural productivity, promote education, encourage science and technology, and provide support for economic integration. We have pledged to assist the Latin American nations in these efforts to advance the pace of change in our hemisphere. Our aid is closely related to the recipients' self-help actions and to the programs of other donors through the Inter-American Committee on the Alliance for Progress (CIAP).

## SUMMARY OF THE AID BUDGET PROGRAM

[Fiscal years. In millions]

Major assistance programs	Total obligational authority (Federal funds)		
	1967 actual	1968 esti- mate	1969 esti- mate
East Asia (excluding Vietnam) ..	\$276	\$209	\$277
Vietnam.....	495	470	480
Near East and South Asia.....	<sup>2</sup> 893	467	706
Africa.....	203	140	179
Latin America (Alliance for Progress).....	585	538	708
Contributions to international organizations.....	144	135	154
Contingency fund (unallocated).....		44	50
General support.....	140	138	152
<b>Total obligational au- thority <sup>1</sup>.....</b>	<b>2, 735</b>	<b>2, 141</b>	<b>2, 706</b>
<b>Of which:</b>			
New obligational authority <sup>1</sup> .....	2, 143	1, 895	2, 500
Prior year and other funds.....	592	245	206

<sup>1</sup> Excludes trust funds not requiring congressional action.

<sup>2</sup> Includes \$320 million of 1966 funds, which were available to support 1967 programs in India and Pakistan because aid to those countries was suspended during the Kashmir crisis.

The term "foreign assistance" generally applies to both economic and military assistance, as authorized by the Foreign Assistance Act. The following table summarizes total expenditures and new obligational authority for both programs. Military assistance is discussed under the heading of National Defense.

## FOREIGN ASSISTANCE TOTALS

[Fiscal years. In millions]

	Expenditures (Federal funds)			New obligational authority		
	1967 actual	1968 esti- mate	1969 esti- mate	1967 actual	1968 esti- mate	1969 recom- mended
Economic assistance <sup>1</sup> .....	\$2, 315	\$2, 205	\$2, 330	\$2, 143	\$1, 895	\$2, 500
Military assistance <sup>1</sup> .....	873	550	525	782	400	540
<b>Total.....</b>	<b>3, 188</b>	<b>2, 755</b>	<b>2, 855</b>	<b>2, 925</b>	<b>2, 295</b>	<b>3, 040</b>

<sup>1</sup> Excludes trust funds not requiring congressional action and deduction of applicable receipts.

**Other economic and financial programs.—**

The United States promotes economic growth abroad through various activities in addition to loans and grants provided by AID. Prominent among these are U.S. contributions to international financial institutions which provide additional resources to support economic development. These institutions are important instruments for mobilizing capital and coordinating economic assistance. A table summarizing the new obligational authority required to fulfill our contributions to these institutions for 1967-1969 follows:

**INTERNATIONAL FINANCIAL INSTITUTIONS**

[Fiscal years. In millions]

Institutions	New obligational authority		
	1967 actual	1968 estimate	1969 estimate
Inter-American Development Bank:			
Fund for Special Operations.....	\$250	\$300	\$300
Ordinary capital.....			<sup>1</sup> 206
Asian Development Bank (ordinary capital).....			20
International Development Association.....	104	104	<sup>1</sup> 240
Total.....	354	404	766

<sup>1</sup> Proposed for separate transmittal.

Through its Fund for Special Operations, the Inter-American Development Bank (IDB) provides long-term loans at low interest rates for economic and social development projects in Latin America. Increased emphasis will be given to multinational transportation, communication, and power projects which promote greater regional economic integration. The ordinary capital of the IDB finances development projects for borrowers capable of meeting more nearly commercial terms. Authorizing legislation will be sought for a \$412 million increase in the U.S. subscription to the Bank's callable capital, with the first installment of \$206 million to be requested in 1969. The availability of callable capital makes it possible for the Bank to raise funds in private markets without requiring Federal expenditures.

The Asian Development Bank, financed by subscriptions from 19 members from that region

and 13 nonregional members, provides loans and technical assistance to the developing countries of Asia. The \$20 million subscription requested for 1969 is the third of five installments. Legislation is pending in Congress to authorize a U.S. contribution to a multilateral special fund for the Bank primarily for use in Southeast Asia.

The International Development Association (IDA), an affiliate of the World Bank, provides long-term loans to developing nations throughout the world, repayable on easy terms. Its resources will be exhausted during 1968. Upon completion of negotiations between IDA and donor nations, legislation will be sought to authorize a new U.S. contribution. A 1969 appropriation is proposed for separate transmittal.

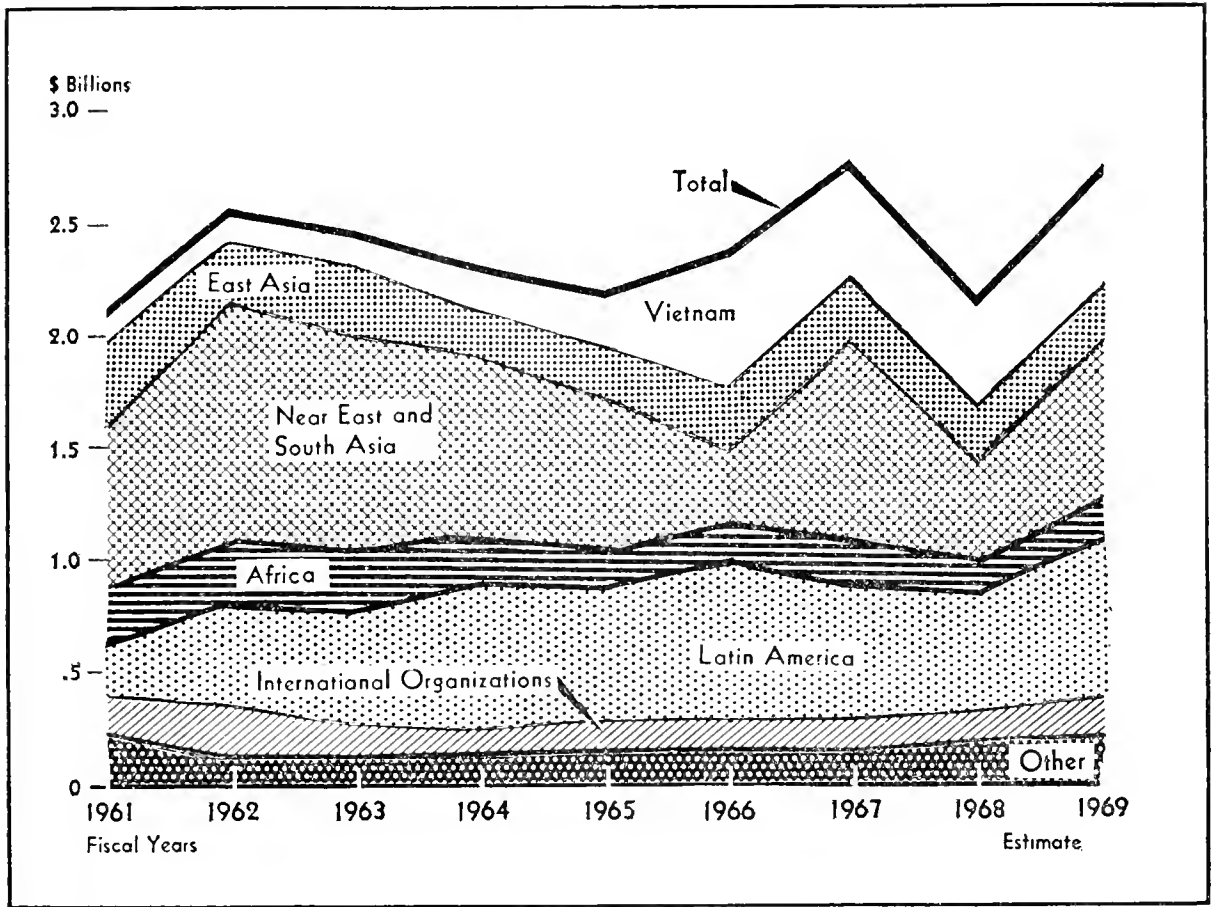
The Export-Import Bank supports the growth of U.S. exports through its direct loan, insurance and guarantee programs. Net lending by the Bank is expected to decrease from \$716 million in 1968 to \$675 million in 1969, reflecting higher repayments of principal on loans made in prior years. These increased repayments will help reduce the U.S. balance of payments deficit. By the end of 1969, the Bank's insurance and guarantee programs will protect \$2.7 billion of U.S. exports against both commercial and political risks.

Transactions of the Bank which are classified as expenditures include guarantee and insurance costs, interest paid, and other expenses. In 1969, receipts of the Bank, primarily from interest received on loans, will exceed expenditures by \$110 million, \$34 million less than in 1968. Legislation is now before Congress to extend the life of the Bank which is due to expire on June 30, 1968.

The Peace Corps will continue to provide Americans with expanded opportunities for significant service abroad. By August 31, 1969, there will be over 15,000 volunteers in training or overseas. During 1969 volunteers are expected to be active in about 60 countries working alongside the peoples of these nations in a variety of projects:

- 41% will participate in education programs, with a growing number involved in teacher training.
- 23% will be working to modernize agricultural production and marketing.
- 14% will be engaged in improving health conditions.

## Agency for International Development — Program Trends



**Food for Freedom.**—The principles embodied in the 1966 amendments to the Agricultural Trade Development and Assistance Act (commonly called Public Law 480) will continue to be applied in 1969:

- All sales agreements specify commitment for self-help activities by recipient countries.
- An increasing proportion of food shipments is being paid for in dollars or local currency convertible to dollars. This proportion is expected to increase from 17% in 1967 to more than 50% in 1969.
- Food aid and dollar aid are being closely linked in the development and negotiation of agreements to assure most effective use of both types of resources.
- The emphasis in donation programs is on child feeding and food-for-work projects, which are oriented to development purposes.

Although efforts to expand food production in the developing countries have been substantially increased, the full impact of these measures on output will take time to be felt. Larger shipments of U.S. agricultural commodities are needed to help fill the gap between supply and demand in the short run. Accordingly, Food for Freedom expenditures will rise by an estimated \$129 million in 1969 to a total of \$1.4 billion. About two-thirds of these expenditures will be under sales agreements; the rest will be for a donation program, administered in part through private voluntary agencies.

Legislation will be proposed to extend the Food for Freedom program beyond its expiration date of December 31, 1968.

**Foreign information and exchange activities.**—The 1969 budget provides for an increase

in U.S. Information Agency activities in Latin America and Europe. Greater emphasis will be placed on programs designed to reach audiences outside the major cities, particularly youth groups at universities. A major new radio facility in the Philippines will be completed during the year, and work will continue on the new facility in Greece scheduled for completion in the spring of 1971. The recommended new obligational authority for 1969 provides for three exhibits in the Soviet Union as part of a new cultural exchange agreement.

Expenditures in fiscal year 1969 for the educational and exchange activities of the Department of State are estimated at \$52 million. These expenditures will support programs to exchange leaders, professors, scholars, teachers, and students with other countries of the world.

## President Transmits AID Reports for 1966 and 1967 to Congress

*Following is the text of President Johnson's letter of January 22 transmitting to the Congress the annual reports of the foreign assistance program for fiscal years 1966 and 1967.<sup>1</sup>*

*To the Congress of the United States:*

One of the clearest lessons of modern times is the destructive power of man's oldest enemies. Where hunger, disease and ignorance abound, the conditions of violence breed.

For two decades, this lesson has helped to shape a fundamental American purpose: to keep conflict from starting by helping to remove its causes and thus insure our own security in a peaceful world.

Four Presidents and ten Congresses have affirmed their faith in this national purpose with a program of foreign assistance.

The documents I transmit to the Congress today—the Annual Reports of our Foreign Assistance Program for fiscal 1966 and 1967—detail this program in action over a 24-month period. Their pages describe projects which range from the training of teachers in Bolivia to the fertilization of farmland in Vietnam—from the construction of a hydroelectric dam in

Ethiopia to inoculation against measles in Nigeria. The reports tell of classrooms built and textbooks distributed, of milk and grain fortified with vitamins, of roads laid and wells dug, and doctors and nurses educated.

These are accomplishments largely unnoted in the swift rush of events. Their effect cannot be easily charted. But they are nonetheless real. In the barrios and the rice fields of the developing world they have helped to improve the conditions of life and expand the margin of hope for millions struggling to overcome centuries of poverty.

But the fundamental challenge still remains. The forces of human need still stalk this globe. Ten thousand people a day—most of them children—die from malnutrition. Diseases long conquered by science cut down life in villages still trapped in the past. In many vast areas, four out of every five persons cannot write their names.

These are tragedies which summon our compassion. More urgently, they threaten our security. They create the conditions of despair in which the fires of violence smoulder.

Our investment in foreign aid is small. In the period covered by these reports, it was only five percent of the amount we spent for our defense.

The dividends from that investment are lives saved and schools opened and hunger relieved. But they are more. The ultimate triumphs of foreign aid are victories of prevention. They are the shots that did not sound, the blood that did not spill, the treasure that did not have to be spent to stamp out spreading flames of violence.

These are victories not of war—but over wars that did not start.

I believe the American people—who know war's cost in lives and fortune—endorse the investment for peace they have made in their program of foreign aid.

LYNDON B. JOHNSON

## Congressional Documents Relating to Foreign Policy

### 90th Congress, 1st Session

Foreign Assistance Appropriations, 1968. Conference Report to accompany H.R. 13893. H. Rept. 1046. December 14, 1967. 6 pp.

Operation of Article VII, NATO Status of Forces Treaty. Report of the Senate Committee on Armed Services made by its Subcommittee on the Operation of Article VII of the NATO Status of Forces Agreement. S. Rept. 946. December 15, 1967. 22 pp.

<sup>1</sup>The reports are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (fiscal year 1966, 77 pp., 35 cents; fiscal year 1967, 99 pp., 40 cents).



## South Africa's Refusal To Comply With U.N. Resolution Condemned

*Following is a statement made in the U.N. Security Council on January 25 by Deputy U.S. Representative William B. Buffum, together with the text of a resolution adopted by the Council that day.*

### STATEMENT BY AMBASSADOR BUFFUM

U.S./U.N. press release 5 dated January 25

If our search of the records is correct, today is indeed a historic occasion. This is so because it marks the first time in the history of this organization that the Security Council has been seized with problems relating directly to South West Africa. Fifty-two members of our organization have requested this meeting in the hope that the Council will add its weight to that of the General Assembly to secure the release and repatriation of the 35 South West Africans now being tried at Pretoria under inadmissible legislation: the so-called Terrorism Act of 1967.

The General Assembly in Resolution 2324<sup>1</sup> has already overwhelmingly denounced the trial and the act; yet the South African authorities have ignored that resolution. The concern widely felt about the fate of those men is shared by my Government. We share also the sense of urgency for this meeting—particularly in view of the fact that the judgment on the individuals concerned may be handed down tomorrow. This concern is highlighted by the continuing disregard by the Government of South Africa of the rights of the inhabitants of South West Africa, the authority of the United Nations, and the humanitarian concern of the people of the world for the welfare of the people of South West Africa.

Resolution 2145,<sup>2</sup> which obtained the overwhelming support of the General Assembly, had already decided that South Africa's mandate

for South West Africa was terminated and that henceforth South West Africa came under the direct responsibility of the United Nations. The decision of this organization was clearly based on South Africa's own actions in breach of its obligations, its disavowal of the mandate, and its disregard of the opinions of the International Court of Justice.

The current arrest and trial of 35 South West Africans under an offensive Terrorism Act which violates the most basic standards of justice to which my own people are dedicated is particularly serious. Various representatives of the United States have already spoken out against the admissibility of the Terrorism Act in other United Nations forums. In the General Assembly last month, Ambassador Goldberg described in detail the reasons why we consider that the act itself violates elementary standards and its application to South West Africa is inadmissible.

Today we reaffirm and reinforce those same views. The United States neither condones violence nor supports anarchy. Indeed, its position on the matter before us springs from respect for the law and from its preference for a peaceful solution of problems. Therefore, it is particularly tragic that the South African Government should pursue policies which, by closing the avenues to peaceful dissent in South West Africa, in and of themselves breed violence. The prosecution and sentencing of the 35 South West Africans under the Terrorism Act is without justification and can only be interpreted as a repudiation of respect for the rule of law.

It is the view of the United States Government that these trials should be halted and that the defendants should be freed.

In December, just before the nearly unanimous adoption of Resolution 2324, which condemned the trial and of which we were a sponsor, Ambassador Goldberg asked why the South West Africans had been held incommunicado and why they had been tried far from their own homes. No logical response has been forthcoming from the South African Government. Despite repeated and numerous requests from various organs of the United Nations and various member states, as well as certain private groups, to that Government to honor the international status of the territory and to observe Resolution 2145, the South African Government has thus far ignored these appeals and continued with the trials.

We believe that the entire international community has a responsibility to these individuals

<sup>1</sup> For a statement by U.S. Representative Arthur J. Goldberg made in the General Assembly on Dec. 14, 1967, and text of the resolution, see BULLETIN of Jan. 15, 1968, p. 92.

<sup>2</sup> For text, see *ibid.*, Dec. 5, 1966, p. 870.

now on trial. That responsibility derives from the international status of South West Africa, the undertakings made in chapters 9 and 11 of the United Nations Charter, the general principles of international law, and from a very fundamental and basic concern for humanitarian treatment of fellow human beings. It is a responsibility that weighs very heavily on this Council at a time when the lives and freedoms of these inhabitants of the international territory of South West Africa are at stake. My Government is of the opinion that the extension of the terrorism laws to South West Africa is illegal, and we are thus prepared to join with other members of the Council in expressing such a view.

Indeed, we think it entirely appropriate that in view of the urgency of the situation, the Security Council should be asked now to add its influential voice to the call for the discontinuance of this illegal trial and to do so today. Accordingly, we welcome this move. We support the call on South Africa to release and repatriate those being tried and to cease its application of the Terrorism Act to the territory and to its people. We believe very strongly that it is important that the action of this Council on such a basic and important issue should be taken with the same unity of purpose and intent that existed when Resolution 2324 was adopted in the General Assembly.

I can only say that it is with great gratification and appreciation that it now appears under your wise leadership, Mr. President, that this will be the case. For its part, the United States will support the resolution as submitted and will continue to exert every appropriate effort in seeking to secure the release of the prisoners.

It is our earnest desire to see that the people of South West Africa as a whole will be able, through peaceful means, to achieve their goal and that they will be in a position to exercise fully those basic rights to which all men are entitled.

### TEXT OF RESOLUTION <sup>3</sup>

*The Security Council,*

*Taking note of General Assembly resolution 2145 (XXI) of 27 October 1966, by which it terminated South Africa's Mandate over South West Africa and decided, inter alia, that South Africa has no other right to administer the Territory and that henceforth South*

<sup>3</sup> U.N. doc. S/RES/245 (1968); adopted unanimously without objection on Jan. 25.

West Africa comes under the direct responsibility of the United Nations,

*Taking note further of General Assembly resolution 2324 (XXII) of 16 December 1967, in which it condemned the illegal arrest, deportation and trial at Pretoria of thirty-seven South West Africans, as a flagrant violation by the Government of South Africa of their rights, of the international status of the Territory and of General Assembly resolution 2145 (XXI),*

*Gravely concerned that the Government of South Africa has ignored world public opinion so overwhelmingly expressed in General Assembly resolution 2324 (XXII) by refusing to discontinue this illegal trial and to release and repatriate the South West Africans concerned,*

*Taking into consideration the letter of 23 January 1968 from the President of the United Nations Council for South West Africa (S/8353),*

*Noting with great concern that the trial is being held under arbitrary laws whose application has been illegally extended to the Territory of South West Africa in defiance of General Assembly resolutions,*

*Mindful of the grave consequences of the continued illegal application of these arbitrary laws by the Government of South Africa to the Territory of South West Africa,*

*Conscious of the special responsibilities of the United Nations towards the people and the Territory of South West Africa,*

1. *Condemns* the refusal of the Government of South Africa to comply with the provisions of General Assembly resolution 2324 (XXII);

2. *Calls upon* the Government of South Africa to discontinue forthwith this illegal trial and to release and repatriate the South West Africans concerned;

3. *Invites* all States to exert their influence in order to induce the Government of South Africa to comply with the provisions of the present resolution;

4. *Requests* the Secretary-General to follow closely the implementation of the present resolution and to report thereon to the Security Council at the earliest possible date;

5. *Decides* to remain actively seized of the matter.

## Current U.N. Documents: A Selected Bibliography

*Mimeographed or processed documents (such as those listed below) may be consulted at depository libraries in the United States. U.N. printed publications may be purchased from the Sales Section of the United Nations, United Nations Plaza, N.Y.*

### General Assembly

Activities of Foreign Economic and Other Interests Which Are Impeding the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories Under Portuguese Domination and in All Other Territories Under Colonial Domination. Report of the Special Committee on the Situation With Regard to the Implementation of the Declaration on the Granting of

Independence to Colonial Countries and Peoples. A/6868. November 3, 1967. 31 pp.

Letter from the representative of Algeria transmitting the Development Charter adopted on October 24 at the ministerial meeting of the group of developing countries known as the Group of 77. A/C.2/237. November 6, 1967. 29 pp.

Report of the United Nations Council for South West Africa. A/6897. November 10, 1967. 16 pp.

Report of the International Law Commission on the Work of its Nineteenth Session. Report of the Sixth Committee. A/6898. November 17, 1967. 34 pp.

Committee on the Peaceful Uses of Outer Space:

Information furnished by the U.S.S.R. on objects launched into orbit or beyond during the period September 22–November 3. A/AC.105/INF.173. November 21, 1967.

Information furnished by the United States on objects launched into orbit or beyond. A/AC.105/INF.174–179. November 22, 1967.

Information furnished by Australia on objects launched into orbit or beyond. A/AC.105/INF.180. December 5, 1967.

Treaty for the Prohibition of Nuclear Weapons in Latin America. Report of the First Committee. A/6921. November 30, 1967. 5 pp.

Elimination of All Forms of Religious Intolerance. Report of the Third Committee. A/6934. December 7, 1967. 30 pp.

U.S. Ambassador Marshall Green and by Vice Air Marshal Sutopo, Minister for Communications.

## TEXT OF AGREEMENT

### Air Transport Agreement Between the Government of the United States of America and the Government of the Republic of Indonesia

The Government of the United States of America and the Government of the Republic of Indonesia,

Recognizing the increasing importance of international air travel between the two countries and desiring to conclude an Agreement which will assure its continued development in the common welfare, and

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December 1944,<sup>1</sup>

Have accordingly appointed duly authorized representatives for this purpose, who have agreed as follows:

#### ARTICLE 1

For the purposes of this Agreement:

A. "Aeronautical authorities" shall mean, in the case of the Republic of Indonesia, the Minister for Communications or any person or agency authorized to perform the functions exercised at the present time by the Minister for Communications; and in the case of the United States of America the Civil Aeronautics Board or any person or entity authorized to perform the functions exercised at present by the Civil Aeronautics Board.

B. "Designated airline" shall mean an airline that one Contracting Party has notified the other Contracting Party to be an airline which will operate a specific route or routes listed in the Route Schedule of this Agreement. Such notification shall be communicated in writing, through diplomatic channels.

C. "Territory", in relation to a State, shall mean the land areas under the sovereignty, protection, administration or trusteeship of that State, and territorial waters adjacent thereto.

D. "Air service" shall mean any scheduled air service performed by aircraft for the public transport of passengers, mail or cargo.

E. "International air service" shall mean an air service which passes through the air space over the territory of more than one State.

F. "Stop for non-traffic purposes" shall mean a landing for any purpose other than taking on or discharging passengers, cargo, or mail.

G. "Agreement" shall mean this Agreement and the annexed Route Schedule, and any amendments thereto.

#### ARTICLE 2

A. Each Contracting Party grants to the other Contracting Party rights for the conduct of air services by the designated airline or airlines as follows:

<sup>1</sup>Treaties and Other International Acts Series 1591.

## TREATY INFORMATION

## U.S. and Indonesia Sign Air Transport Agreement

Press release S dated January 15

### DEPARTMENT ANNOUNCEMENT

The United States and Indonesia on January 15 concluded an air transport services agreement to provide a continuing basis for commercial air services between the two countries. Prior to this agreement, U.S.–carrier services to Indonesia have been on the basis of permission given by the Government of Indonesia to the Government of the United States.

Under the new agreement, U.S.–designated airlines may serve Djakarta and Bali over various specified routes. Indonesia may serve San Francisco by way of Singapore, Malaysia, Thailand, South Viet-Nam, Hong Kong, Taiwan, Japan, and Honolulu.

The agreement was signed in Djakarta by

(i) To fly without landing across the territory of the other Contracting Party;

(ii) To make stops in the said territory for non-traffic purposes; and

(iii) To take on and discharge international traffic in passengers, cargo, and mail, separately or in combination, at the points in its territory named on each of the routes specified in the appropriate paragraph of the Route Schedule of this Agreement.

B. Nothing in paragraph A of this Article shall be deemed to confer on the airline of one Contracting Party the privilege of taking up, in the territory of the other Contracting Party, passengers, cargo, or mail carried with or without remuneration or hire and destined for another point in the territory of the other Contracting Party. However, an airline designated by one Contracting Party to provide service over a route containing more than one point in the territory of the other Contracting Party may provide a stop-over at any of such points to traffic moving on a ticket or waybill providing for transportation on the same airline on a through journey to or from a point outside the territory of such other Contracting Party.

C. Notwithstanding the provisions of paragraph A of this Article, the operation of agreed services in areas of hostilities or military occupation, or in areas affected thereby, shall, in accordance with Article 9 of the Convention on International Civil Aviation, be subject to the approval of the competent military authorities.

#### ARTICLE 3

A. Air service on a route specified in the route schedule of this Agreement may be inaugurated by an airline or airlines of one Contracting Party at any time after that Contracting Party has designated such airline or airlines for that route and the other Contracting Party has granted any operating permission that may be necessary. Such other Contracting Party shall, subject to the following paragraphs, grant this permission with a minimum of procedural delay provided that the designated airline or airlines may be required to qualify before the competent aeronautical authorities of that Contracting Party, under the laws and regulations normally applied by those authorities, before being permitted to engage in the operations contemplated by this Agreement.

B. Each Contracting Party reserves the right to withhold or revoke the operating permission referred to in paragraph A of this Article with respect to an airline designated by the other Contracting Party, or to impose conditions on such permission, in the event that:

(1) such airline fails to qualify under the laws and regulations normally applied by the aeronautical authorities of that Contracting Party;

(2) such airline fails to qualify under the laws and regulations referred to in Article 4 of this Agreement, or

(3) that Contracting Party is not satisfied that substantial ownership and effective control of such airline are vested in nationals of the other Contracting Parties.

C. Unless immediate action is essential to prevent infringement of the laws and regulations referred to in

Article 4 of this Agreement, the right to revoke such permission shall be exercised only after consultation with the other Contracting Party.

#### ARTICLE 4

A. The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the airline or airlines designated by the other Contracting Party and shall be complied with by such aircraft upon entering or departing from, and while within the territory of the first Contracting Party.

B. The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of passengers, crew or cargo of aircraft including regulations relating to entry, clearance, immigration, passports, customs, and quarantine shall be complied with by or on behalf of such passengers, crew, or cargo of the airline or airlines of the other Contracting Party upon entrance into or departure from, and while within, the territory of the first Contracting Party.

#### ARTICLE 5

Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Contracting Party, and still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the routes and services provided for in this Agreement, provided that the requirements under which such certificates or licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention on International Civil Aviation. Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flight above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

#### ARTICLE 6

Each Contracting Party may impose or permit to be imposed just and reasonable charges for the use of public airports and other facilities under its control, provided that such charges shall not be higher than the charges imposed for use by its national aircraft engaged in similar international services.

#### ARTICLE 7

A. Each Contracting Party shall exempt the designated airlines of the other Contracting Party to the fullest extent possible under its national law from import restrictions, customs duties, excise taxes, inspection fees, and other national duties and charges on fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular equipment, ground equipment, stores, and other items intended for use solely in connection with the operation or servicing of aircraft of the airlines of such other Contracting Party in international air services.

B. The immunities granted by this Article shall apply to the items referred to in paragraph A:

(1) introduced into the territory of one Contracting Party by the other Contracting Party or its nationals;

(2) retained on aircraft of the airline of one Con-

tracting Party upon arriving in or leaving the territory of the other Contracting Party; or

(3) taken on board aircraft of the airlines of one Contracting Party in the territory of the other and intended for use in international air service.

#### ARTICLE 8

A. There shall be a fair and equal opportunity for the airlines of each Contracting Party to operate on any route covered by this Agreement.

B. In the operation by the airlines of either Contracting Party of the air services described in this Agreement, the interest of the airlines of the other Contracting Party shall be taken into consideration so as not to affect unduly the services which the latter provide on all or part of the same routes.

C. The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirement of the public for such services.

D. Services provided by a designated airline under this Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be exercised in accordance with the general principles of orderly development to which both parties subscribe and shall be subject to the general principle that capacity should be related:

(i) to traffic requirements between the country of origin and the countries of ultimate destination of the traffic;

(ii) to the requirements of through airline operation; and,

(iii) to the traffic requirements of the area through which the airline passes, after taking account of local and regional services.

#### ARTICLE 9

A. Neither Contracting Party may unilaterally impose any restriction on the airline or airlines of the other Contracting Party with respect to capacity, frequency, scheduling or type of aircraft employed in connection with services over any of the routes specified in this Agreement.

B. In the event that one of the Contracting Parties believes that the operations conducted by an airline of the other Contracting Party have been inconsistent with the standards and principles set forth in Article 8, it may request consultation pursuant to Article 11 of the Agreement for the purpose of reviewing the operations in question to determine whether they are in conformity with said standards and principles. For that purpose statistics will be maintained in a manner to be determined by both Contracting Parties.

#### ARTICLE 10

A. All rates to be charged by an airline of one Contracting Party for carriage to or from the territory of the other Contracting Party shall be reasonable, due regard being paid to all relevant factors, such as costs of operation, reasonable profit, and the rates

charged by any other airlines, as well as the characteristics of each service. Such rates shall be subject to the approval of the aeronautical authorities of the Contracting Parties, who shall act in accordance with their obligations under this Agreement, within the limits of their legal powers.

B. Any rate proposed to be charged by an airline of one Contracting Party to or from the territory of the other Contracting Party, shall, if so required, be filed by such airline with the aeronautical authorities of the other Contracting Party at least thirty (30) days before the proposed date of introduction unless the Contracting Party with whom the filing is to be made permits filing on shorter notice. The aeronautical authorities of each Contracting Party shall use their best efforts to insure that the rates charged and collected conform to the rates filed with either Contracting Party, and that no airline rebates any portion of such rates by any means, directly or indirectly, including the payment of excessive sales commissions to agents or the use of unrealistic currency conversion rates.

C. It is recognized by both Contracting Parties that during any period for which either Contracting Party has approved the traffic conference procedures of the International Air Transport Association, or other association of international air carriers, any rate agreements concluded through these procedures and involving an airline or airlines of that Contracting Party will be subject to the approval of the aeronautical authorities of that Contracting Party.

D. If a Contracting Party, on receipt of the notification referred to in paragraph B above, is dissatisfied with the rate proposed, it shall so inform the other Contracting Party at least fifteen (15) days prior to the date that such rate would otherwise become effective, and the Contracting Parties shall endeavor to reach agreement on the appropriate rate.

E. If a Contracting Party, upon review of an existing rate charged for carriage to or from its territory by an airline or airlines of the other Contracting Party, is dissatisfied with that rate, it shall so notify the other Contracting Party and the Contracting Parties shall endeavor to reach agreement on the appropriate rate.

F. In the event that an agreement is reached pursuant to the provisions of paragraphs D or E, each Contracting Party will exercise its best efforts to put such rate into effect.

G. (a) If, under the circumstances set forth in paragraph D, no agreement can be reached prior to the date that such rate would otherwise become effective, or

(b) If, under the circumstances set forth in paragraph E, no agreement can be reached prior to the expiration of sixty (60) days from the date of notification, then the Contracting Party raising the objection to the rate may take such steps as it may consider necessary to prevent the inauguration or the continuation of the service in question at the rate complained of, provided, however, that the Contracting Party raising the objection shall not require the charging of a rate higher than the lowest rate charged by its own airline or airlines for comparable service between the same points.

H. When in any case, after consultations pursuant to paragraphs D and E of this Article the aeronautical authorities of the two Contracting Parties cannot agree

within a reasonable time upon the appropriate rate, either Contracting Party may request arbitration pursuant to Article 12 of this Agreement. In rendering its decision or award, the arbitral tribunal shall be guided by the principles laid down in this Article.

I. Each Contracting Party undertakes to use its best efforts to insure that rates for carriage specified in terms of the national currency of one of the parties will be established in amounts which reflect the effective exchange rate (including any exchange fees or other charges) at which the airlines of the Contracting Parties can convert and remit the revenues from their transport operations in the territory of one Contracting Party into the national currency of the other Contracting Party. If a Contracting Party does not have a convertible currency and requires the submission of applications for conversion and remittance, the airlines of the other Contracting Party shall be permitted to file as often as monthly applications for conversion and remittance of surplus cash receipts, free of unnecessary or discriminatory documentary requirements. Each Contracting Party shall permit such conversion and remittance to be effected promptly at the exchange rate in effect at the time of application.

#### ARTICLE 11

Either Contracting Party may at any time request consultations on the interpretation, application, or amendment of this Agreement. Such consultations shall begin within a period of ninety (90) days from the date the other Contracting Party receives the request.

#### ARTICLE 12

A. Any dispute with respect to matters covered by this Agreement not satisfactorily adjusted through consultation shall, upon request of either Contracting Party, be submitted to arbitration in accordance with the procedures set forth herein.

B. Arbitration shall be by a tribunal of three arbitrators constituted as follows:

(1) One arbitrator shall be named by each Contracting Party within sixty (60) days of the date of delivery by either Contracting Party to the other of a request for arbitration. Within thirty (30) days after such period of sixty (60) days, the two arbitrators so designated shall by agreement designate a third arbitrator, who shall not be a national of either Contracting Party.

(2) If the third arbitrator is not agreed upon in accordance with paragraph (1), either Contracting Party may request the President of the International Court of Justice to designate the necessary arbitrator.

C. Each Contracting Party shall use its best efforts consistent with its national law to put into effect any decision or award of the arbitral tribunal.

D. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties.

#### ARTICLE 13

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

#### ARTICLE 14

Either Contracting Party may at any time notify the other of its intention to terminate the present Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization.

This Agreement shall terminate one year after the date on which the notice of termination is received by the other Contracting Party, unless withdrawn before the end of this period by agreement between the Contracting Parties.

#### ARTICLE 15

This agreement shall come into force on the date it is signed.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed the present Agreement.

Done in duplicate at Djakarta, this fifteenth day of January 1968.

For the Government  
of the United States  
of America:

MARSHALL GREEN

For the Government  
of the Republic  
of Indonesia:

SUTOPO

#### Route Schedule

1. An airline or airlines designated by the Government of the United States of America shall be entitled to operate air services on each of the air routes specified via intermediate points, in both directions, and to make scheduled landings in Indonesia at the points specified in this paragraph:

From the United States\* via Mexico, Society Islands, Fiji Islands, New Caledonia, New Zealand, Australia to Bali and Djakarta and beyond to Singapore, Malaysia, territory formerly comprising Indo-China, and beyond to (a) the Philippines, Hong Kong, Taiwan, Okinawa, Korea, Japan and beyond to the United States, in both directions; (b) Thailand, Burma, India and beyond via intermediate points to the United States, in both directions.

\*On services on this route, the United States points Hawaii, America Samoa and Guam may be served either as points of origin or destination or as intermediate points.

2. An airline or airlines designated by the Government of the Republic of Indonesia shall be entitled to operate air services on each of the air routes specified via intermediate points, in both directions, and to make scheduled landings in the United States at the points specified in this paragraph:

From Indonesia via Singapore, Malaysia, Thailand, South Vietnam, Hong Kong, Taiwan, Japan to Honolulu,\* and to San Francisco, in both directions.

\*Mandatory stop in Honolulu.

3. Points on any of the specified routes may at the option of the designated airlines be omitted on any or all flights.

## Current Actions

### MULTILATERAL

#### Hydrography

Convention on the International Hydrographic Organization, with annexes. Done at Monaco May 3, 1967.<sup>1</sup>  
*Signatures:*<sup>2</sup> China, December 19, 1967; Cuba, December 20, 1967; Dominican Republic, December 15, 1967; Federal Republic of Germany, December 14, 1967; Greece, December 11, 1967; Guatemala, December 29, 1967; India, December 29, 1967; Indonesia, December 29, 1967; Iran, December 29, 1967; Japan, December 19, 1967; Norway, December 21, 1967; New Zealand, December 21, 1967; Pakistan, December 29, 1967; Paraguay, December 29, 1967; Poland, December 29, 1967; Spain, December 29, 1967; Sweden, December 20, 1967; Turkey, December 29, 1967; United Arab Republic, November 29, 1967; Yugoslavia, December 20, 1967.

#### Postal Matters

Constitution of the Universal Postal Union with final protocol, general regulations with final protocol, and convention with final protocol and regulations of execution. Done at Vienna July 10, 1964. Entered into force January 1, 1966. TIAS 5881.  
*Adherence:* Botswana (with reservations), January 12, 1968.  
*Ratification deposited:* Argentina (with reservations), June 23, 1967.

#### Publications

Convention concerning the international exchange of publications. Adopted at Paris December 3, 1958. Enters into force for the United States June 9, 1968.  
*Ratification deposited:* Luxembourg, December 13, 1967.

Convention concerning the exchange of official publications and government documents between states, with procès-verbal. Adopted at Paris December 3, 1958. Enters into force for the United States June 9, 1968.  
*Ratification deposited:* Luxembourg, December 13, 1967.

#### Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies. Opened for signature at Washington, London, and Moscow January 27, 1967. Entered into force October 10, 1967. TIAS 6347.  
*Ratifications deposited:* Mexico, January 31, 1968; Poland, January 30, 1968.

#### Telecommunications

International telecommunication convention with annexes. Done at Montreux November 12, 1965. Entered

into force January 1, 1967; as to the United States May 29, 1967. TIAS 6267.

*Ratifications deposited:* Dahomey, November 10, 1967; India, December 1, 1967; Singapore, November 23, 1967.

Partial revision of the radio regulations (Geneva, 1959), as amended (TIAS 4893, 5603), to put into effect a revised frequency allotment plan for the aeronautical mobile (R) service and related information, with annexes. Done at Geneva April 29, 1966. Entered into force July 1, 1967; as to the United States August 23, 1967, except the frequency allotment plan contained in appendix 27 shall enter into force April 10, 1970. TIAS 6332.

*Notifications of approval:* Ireland, December 5, 1967; Paraguay, November 27, 1967.

#### Trade

Protocol extending the arrangement regarding international trade in cotton textiles of October 1, 1962 (TIAS 5240). Done at Geneva May 1, 1967. Entered into force October 1, 1967. TIAS 6289.

*Acceptance:* Poland, October 30, 1967.

*Territorial application:* Netherlands for Surinam, November 2, 1967.

Protocol amending the General Agreement on Tariffs and Trade to introduce a part IV on trade and development. Done at Geneva February 8, 1965. Entered into force June 27, 1966. TIAS 6139.

*Ratifications deposited:* Italy, December 20, 1967; Upper Volta, January 4, 1968.

Protocol for the accession of Argentina to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force October 11, 1967.

*Acceptance:* Norway, December 21, 1967.

Protocol for the accession of Iceland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967.<sup>1</sup>

*Acceptances:* Norway, December 21, 1967; Portugal, December 5, 1967.

Protocol for the accession of Ireland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force December 22, 1967.

*Acceptances:* Norway, December 21, 1967; Portugal, December 5, 1967.

Protocol for the accession of Poland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force October 18, 1967.

*Acceptance:* Norway, December 21, 1967.

### BILATERAL

#### Finland

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Effected by exchange of notes at Helsinki December 15 and 27, 1967. Entered into force December 27, 1967.

#### Mali

Geodetic survey agreement. Signed at Bamako January 17, 1968. Entered into force January 17, 1968.

#### Sierra Leone

Agreement for sales of agricultural commodities under

<sup>1</sup> Not in force.

<sup>2</sup> Except for Cuba, all signatures made subject to ratification or approval.

title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D), with annex. Signed at Freetown January 23, 1968. Entered into force January 23, 1968.

### United Kingdom

Agreement modifying the agreement of March 15, 1961, as modified, providing for the establishment and operation of a space vehicle tracking and communication station in Bermuda (TIAS 4701, 5434). Effected by exchange of notes at London January 17, 1968. Entered into force January 17, 1968.

### Uruguay

Agreement for sales of agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, as amended; 7 U.S.C. 1691-1736D), with annex. Signed at Montevideo January 19, 1968. Entered into force January 19, 1968.

## PUBLICATIONS

### Department Issues 1968 Edition of "Treaties in Force"

Press release 23 dated January 31

The Department of State on January 31 released for publication *Treaties in Force: A List of Treaties and Other International Agreements of the United States in Force on January 1, 1968*.

This is a collection showing the bilateral relations of the United States with 148 states or other entities and the multilateral rights and obligations of the contracting parties to more than 365 treaties and agreements on 77 subjects. The 1968 edition includes some 300 new treaties and agreements including the fisheries agreements with Japan, Mexico, and the Union of Soviet Socialist Republics; the supplementary income tax conventions with Belgium and Canada; the income tax convention with Trinidad and Tobago; the treaty of amity and economic relations with Togo; the outer space treaty; the single convention on narcotic drugs; and the supplementary convention on the abolition of slavery.

The bilateral treaties and other agreements are arranged by country or other political entity and the multilateral treaties and other agreements are arranged by subject with names of countries which have become parties. Date of signature, date of entry into force for the United States, and citations to texts are furnished for each agreement.

The publication provides information concerning treaty relations with numerous newly independent states, indicating wherever possible the provisions of

their constitutions and independence arrangements regarding assumption of treaty obligations.

Information on current treaty actions, supplementing the information contained in *Treaties in Force*, is published weekly in the *Department of State Bulletin*.

The 1968 edition of *Treaties in Force* (360 pp.; Department of State publication 8355) is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$1.50.

### Recent Releases

*For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Address requests direct to the Superintendent of Documents. A 25-percent discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders.*

**U.S. Participation in the UN.** Annual report by the President to the Congress for the year 1966. With appendixes and organization charts. Pub. 8276. International Organization and Conference Series 77. 330 pp. \$1.50.

**The Foreign Service.** A discussion guide to accompany a tape-recorded briefing by U.S. Ambassador to Japan U. Alexis Johnson, a career officer since 1935. Pub. 8308. 3 pp. 5¢.

**American Security in an Unstable World.** Text of an address by Eugene V. Rostow, Under Secretary of State for Political Affairs, made before the regional foreign policy conference at the University of Kansas, Lawrence, Kansas, on Oct. 17, 1967. Pub. 8322. East Asian and Pacific Series 171. 18 pp. 15¢.

**The Price of Protectionism.** Statements on U.S. trade policy made at hearings before the Senate Finance Committee on Oct. 18, 1967, by Secretary Rusk, Interior Secretary Udall, Agriculture Secretary Freeman, Commerce Secretary Trowbridge, and Special Representative for Trade Negotiations Roth. Also includes text of a letter sent by Treasury Secretary Fowler to Senator Long, committee chairman. Texts reprinted from *Department of State Bulletin* of Nov. 13, 1967. Pub. 8328. Commercial Policy Series 204. 20 pp. 15¢.

**Communist China's View of the World.** A discussion guide to accompany a tape-recorded briefing by William J. Cunningham, Office of Asian Communist Affairs. The discussion guide is based on the Department's publication: *Background Notes on Communist China*. Pub. 8337. 4 pp. 5¢.

**Agricultural Commodities.** Agreement with India, supplementing the agreement of February 20, 1967, as supplemented—Signed at New Delhi September 12, 1967. Entered into force September 12, 1967. TIAS 6342. 4 pp. 5¢.

**Trade in Cotton Textiles.** Agreement with the Philippines, amending the agreement of February 24, 1964, as amended. Exchange of notes—Signed at Washington September 21, 1967. Entered into force September 21, 1967. TIAS 6343. 3 pp. 5¢.



**Africa.** The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245

**American Principles.** "Share in Freedom" (Rusk) . . . 228

**Asia.** The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245

**Aviation.** U.S. and Indonesia Sign Air Transport Agreement (text) . . . 255

**Congress**  
The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245  
Congressional Documents Relating to Foreign Policy . . . 252  
President Transmits AID Reports for 1966 and 1967 to Congress (Johnson) . . . 252

**Developing Countries.** Facts and Ideas on Industrialization (Kotschnig) . . . 238

**Economic Affairs**  
The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245  
The Central Themes of U.S. Policy Toward Europe (McGhee) . . . 234  
Facts and Ideas on Industrialization (Kotschnig) . . . 238  
1968—A Year of Opportunity and Responsibility (Roth) . . . 242  
Mr. Rubin To Represent U.S. on U.N. Trade Law Commission . . . 244

**Educational and Cultural Affairs.** The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245

**Europe.** The Central Themes of U.S. Policy Toward Europe (McGhee) . . . 234

**Foreign Aid**  
The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245  
President Transmits AID Reports for 1966 and 1967 to Congress (Johnson) . . . 252

**Germany.** The Central Themes of U.S. Policy Toward Europe (McGhee) . . . 234

**Human Rights.** President Establishes Commission for Human Rights Year (Johnson, Executive order) . . . 231

**Indonesia.** U.S. and Indonesia Sign Air Transport Agreement (text) . . . 255

**Korea.** President Johnson's News Conference of February 2 (excerpts) . . . 221

**Latin America.** The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245

**Military Affairs**  
President Johnson's News Conference of February 2 (excerpts) . . . 221  
President Reaffirms U.S. Policy on Bombing of North Viet-Nam (Johnson) . . . 226

**Near East.** The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245

**Presidential Documents**  
The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245  
President Establishes Commission for Human Rights Year . . . 231  
President Johnson's News Conference of February 2 (excerpts) . . . 221  
President Reaffirms U.S. Policy on Bombing of North Viet-Nam (Johnson) . . . 226  
President Transmits AID Reports for 1966 and 1967 to Congress . . . 252

**Publications**  
Department Issues 1968 Edition of "Treaties in Force" . . . 260  
Recent Releases . . . 260

**South Africa.** South Africa's Refusal To Comply With U.N. Resolution Condemned (Buffum, text of resolution) . . . 253

**South West Africa.** South Africa's Refusal To Comply With U.N. Resolution Condemned (Buffum, text of resolution) . . . 253

**Trade**  
1968—A Year of Opportunity and Responsibility (Roth) . . . 242  
Mr. Rubin To Represent U.S. on U.N. Trade Law Commission . . . 244

**Treaty Information**  
Current Actions . . . 259  
Department Issues 1968 Edition of "Treaties in Force" . . . 260  
U.S. and Indonesia Sign Air Transport Agreement (text) . . . 255

**United Nations**  
Current U.N. Documents . . . 254  
President Establishes Commission for Human Rights Year (Johnson, Executive order) . . . 231  
Mr. Rubin To Represent U.S. on U.N. Trade Law Commission . . . 244  
South Africa's Refusal To Comply With U.N. Resolution Condemned (Buffum, text of resolution) . . . 253

**Viet-Nam**  
The Budget of the United States Government—Fiscal Year 1969 (Excerpts) . . . 245  
President Johnson's News Conference of February 2 (excerpts) . . . 221  
President Reaffirms U.S. Policy on Bombing of North Viet-Nam (Johnson) . . . 226  
"Share in Freedom" (Rusk) . . . 228

*Name Index*

Buffum, William B . . . 253  
Johnson, President . . . 221, 223, 231, 245, 252  
Kotschnig, Walter M . . . 238  
McGhee, George C . . . 234  
Roth, William M . . . 242  
Rubin, Seymour J . . . 244  
Rusk, Secretary . . . 228

**Check List of Department of State Press Releases: Jan. 29–Feb. 4**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Release issued prior to January 29 which appears in this issue of the BULLETIN is No. 8 of January 15.

No.	Date	Subject
21	1/29	2d United Nations Conference on Trade and Development, New Delhi, February 1–March 25 (U.S. delegation) (rewrite).
22	1/31	Rubin designated U.S. representative to U.N. Commission on International Trade Law (rewrite).
23	1/31	<i>Treaties in Force</i> . . . 1968 released.

Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

---

OFFICIAL BUSINESS

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

*Vol. LVIII, No. 1496*



*February 26, 1968*

SECRETARY RUSK AND SECRETARY OF DEFENSE McNAMARA  
DISCUSS VIET-NAM AND KOREA ON "MEET THE PRESS"

*Transcript of Interview 261*

UNDER SECRETARY KATZENBACH INTERVIEWED ON "FACE THE NATION"

*Transcript 273*

PROBLEMS AND PROGRAMS IN OUR INTERNATIONAL ECONOMIC AFFAIRS

*Excerpts From the President's Economic Report  
and the Annual Report of the Council of Economic Advisers 279*

*For index see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

VOL. LVIII, No. 1496  
February 26, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

## Secretary Rusk and Secretary of Defense McNamara Discuss Viet-Nam and Korea on "Meet the Press"

Following is the transcript of an interview with Secretary Rusk and Secretary of Defense Robert S. McNamara on February 4 on a special 1-hour edition of the National Broadcasting Company's television and radio program "Meet the Press." The interviewers were Max Frankel of the New York Times, Peter Lisagor of the Chicago Daily News, Warren Rogers of Look magazine, Elie Abel of NBC News, and Lawrence Spivak, permanent member of the "Meet the Press" panel, moderator.

*Mr. Abel:* Secretary Rusk, there is a report this morning from Seoul that the North Koreans have agreed to release the body of one dead American and the wounded crew members of the *Pueblo*. Can you confirm this?

*Secretary Rusk:* No; I cannot confirm that. We met with them a little more than 12 hours ago. We have met with them on the 2d and the 4th, Korean time, and I have no information that indicates they are prepared to do so or even to give us the names of the injured and the dead.

*Mr. Abel:* Mr. Secretary, about a week ago you were talking rather urgently about the need to get these men and this ship back.<sup>1</sup> You spoke of the seizure of the *Pueblo* as an act of war. What has happened between now and then to cause the administration to moderate its tone here?

*Secretary Rusk:* There has been no moderation in that sense. President Johnson has made it clear that we would prefer to get these men back through diplomatic process. We are using a variety of means: first, diplomatic contacts through capitals; secondly, the Military Armistice Commission machinery at Panmunjom, Korea; and third, the United Nations Security Council.<sup>2</sup>

<sup>1</sup> For background, see BULLETIN of Feb. 12, 1968, p. 189.

<sup>2</sup> For U.S. statements in the Security Council on Jan. 25 and 26, see *ibid.*, p. 193.

The fact that we are now meeting at Panmunjom has caused the Security Council to wait for a bit to see what happens at Panmunjom. Now, the only satisfactory answer is the prompt release of the ship and crew.

I cannot report to you this morning that that is occurring, and therefore we shall have to continue with it.

*Mr. Abel:* But you hope to continue on the diplomatic route yet for some time?

*Secretary Rusk:* Well, I do not want to put a time factor on it. The important thing is that we get the ship and the crew back immediately, and we shall press that very hard indeed and report as we see a blue sky ahead on that point.

*Mr. Abel:* Secretary McNamara, it is 3 years this week since we started bombing North Viet-Nam. It was also in '65 that we started the big buildup on the ground. What happened this week? How do you relate the ability of the Viet Cong to stage as major an offensive as this one was to the efforts we have been making these past 3 years?

*Secretary McNamara:* Three years ago, or more exactly, 2½ years ago, in July of 1965, President Johnson made the decision—announced to our people the decision to move significant numbers of combat troops into South Viet-Nam.<sup>3</sup> At that time the North Vietnamese and their associates, the Viet Cong, were on the verge of cutting the country in half and of destroying the South Vietnamese Army. We said so at the time, and I think hindsight has proven that a correct appraisal. What has happened since that time, of course, is that they have suffered severe losses, they have failed in their objective to destroy the Government of South Viet-Nam, they have failed in their objective to take control of the country. They have continued to fight.

Just 4 days ago I remember reading in our

<sup>3</sup> For a statement by President Johnson made at a news conference on July 28, 1965, see *ibid.*, Aug. 16, 1965, p. 262.

press that I had presented a gloomy, pessimistic picture of activities in South Viet-Nam. I don't think it was gloomy or pessimistic; it was realistic. It said that while they had suffered severe penalties, they continued to have strength to carry out the attacks which we have seen in the last 2 or 3 days.

*Mr. Abel:* Mr. Secretary, are you telling us the fact that the Viet Cong, after all these years, were able to, temporarily at least, grab control of some 20-odd Provincial capitals and the city of Saigon—are you telling us this has no military meaning at all?

*Secretary McNamara:* No; certainly not. I think South Viet-Nam is such a complex situation—one must always look at the pluses and the minuses, and I don't mean to say there haven't been any minuses for the South Vietnamese in the last several days. I think there have been, but there have been many, many pluses. The North Vietnamese and the Viet Cong have not accomplished either one of their major objectives: either to ignite a general uprising or to force a diversion of the troops which the South Vietnamese and the United States have moved into the northern areas of South Viet-Nam, anticipating a major Viet Cong and North Vietnamese offensive in that area.

And beyond that, the North Vietnamese and the Viet Cong have suffered very heavy penalties in terms of losses of weapons and losses of men in the past several days. They have, of course, dealt a very heavy blow to many of the cities of South Viet-Nam.

## Two Parts to Korean Crisis

*Mr. Rogers:* Secretary Rusk, in 1957 the Prime Minister of North Korea boasted that by the early seventies he was going to have all of South Korea under Communist domination. Now we have the *Pueblo* incident. What is behind the *Pueblo* incident? Is it a grand design, the beginning of a Viet-Nam-type operation, a guerrilla operation to take over all of Korea?

*Secretary Rusk:* There have been two parts to the present crisis in Korea. One has been the rapidly increasing infiltration of North Koreans into South Korea, including the dispatch of a group of about 30 highly trained officers for the purpose of assassinating the President of South Korea and the American Ambassador. Those were promptly dispatched, but that infiltration

has gone up 10 times in 1967 over 1966, from about 50 incidents to about 570 incidents.

Now, if these people in North Korea think that they are going to take over South Korea by force, they could not make a worse mistake. The South Koreans and Korea's allies are going to insure that that cannot happen.

Now, the seizure of the *Pueblo* may or may not be a part of that general effort. We are not quite clear why the North Koreans should undertake this action, which is almost literally without precedent, which is contrary to all of the generally accepted rules of international law and practice. It may be that they wanted to create some sense of insecurity in South Korea because of South Korea's assistance to Viet-Nam. It may be that these fellows up there in Pyongyang actually believe that somehow they can intimidate the South Koreans and make a political impact upon South Korea. This is not going to happen. South Korea has been thriving in the last few years, moving from strength to strength not only politically but economically and militarily.

I cannot read what is in the minds of these people about seizing the *Pueblo*. I do know what the answer must be, and that is a prompt release of the ship and crew.

*Mr. Rogers:* Well, we are told that the North Koreans have gone underground with a lot of their heavy industry and so forth, they have put in a lot of new ground-to-air missiles and that sort of thing. Is it possible that they are prepared to undertake a military adventure with the understanding, of course, that we are committed heavily in Southeast Asia and may not be able to resist this—

*Secretary Rusk:* Secretary McNamara can talk about the extent to which we are overcommitted. As a matter of fact, we have the wherewithal to do what is required in Korea without drawing down our forces in Viet-Nam.

*Mr. Rogers:* I was talking about the other side's intentions.

*Secretary Rusk:* Yes.

*Mr. Rogers:* Do you think that they are possibly harboring this possibility?

*Secretary Rusk:* General [Charles H.] Bonesteel, our commander in Korea, said the other day that we do not have indicators showing that they intend to put on a mass offensive against South Korea. Now, you will recall that when the 16 nations who had troops in Korea

reviewed the situation after the peace in 1953, they made a very firm declaration<sup>4</sup> that this sort of thing is not going to happen again. I have no doubt whatever that if North Korea entertains any such hopes, they are fruitless. And they would be well advised to abandon any such hopes, because it just isn't going to happen. It isn't going to happen.

### Operations of the Pueblo

*Mr. Frankel:* Secretary McNamara, does the Navy know for sure that the *Pueblo* at no time entered North Korean waters?

*Secretary McNamara:* No; I think we can't say beyond a shadow of a doubt that at no time during its voyage it entered North Korean waters. We can say this—I think it bears on the answer:

First, the commander had the strictest of instructions to stay in international waters. We believe he did.

Second, at the time of seizure, we are quite positive it was in international waters.

Thirdly, there was a period of radio silence appropriate to its mission from the period of roughly January 10 to January 21, and it is in that period that we lack knowledge, and we will not be able to obtain knowledge of that until the crew and the commander are released.

*Mr. Frankel:* Since the North Koreans seem to want to salvage some piece of "face" here and since our primary objective is to get the ship and the crew back, why couldn't we say more or less that, "Well, we think they were in the right. There is a possibility—we don't know until we talk to them—that they did something wrong or that they shouldn't have or that they violated their orders. In that case, if that turns out to be true, we are sorry. Now let's cancel this whole incident"—and why don't we speak in that tone?

*Secretary McNamara:* The diplomatic tack is a question for Secretary Rusk to address. Let me suggest he speak to that.

*Secretary Rusk:* I think I would say to that: We cannot be 1,000 percent sure until we get our officers and crew back and we have a chance to interrogate them and look at the log of the

<sup>4</sup>For text of the Special Report of the Unified Command in Korea, the foreword of which included the declaration signed by representatives of 16 nations at Washington on July 27, 1953, see *ibid.*, Aug. 24, 1953, p. 246.

ship. This was a ship peculiarly qualified to navigate with accuracy.

Now, it would not disturb us to let everybody know that when we get them back, if we discover that they were at any point within a 12-mile limit, for example, as claimed by North Korea, despite the fact that we recognize only a 3-mile limit, we will make those facts available. We will make them available. But we can't do that on the basis of the testimony that we get from men who are being held prisoner or from spliced tapes of broadcasts that they are alleged to have made. We have got to have access to hard information, and I would add that we have not a single scrap of information from any source whatever that this vessel was inside the 12-mile limit at any time during its voyage.

*Mr. Frankel:* Secretary McNamara, did this raise havoc with your whole intelligence operation; that is, the equipment that may have fallen into enemy hands?

*Secretary McNamara:* No; we are not certain how much equipment or classified information did fall into enemy hands. The orders of the commander and crew were to destroy the equipment in the event of boarding as occurred. We know from the messages that we received they went far to that end. Exactly how much they destroyed and how much was undestroyed we don't know. We do know that our worldwide communications were not compromised. Within the hour after the event, we had changed the foundation of those communications.

### Reaction to Viet Cong Terror Campaign

*Mr. Lisagor:* Secretary Rusk, President Johnson said last Friday<sup>5</sup> that the Viet Cong did not achieve their objective of a general uprising in the South. What does that say to you: that they did not, or have not yet, achieved a general uprising?

*Secretary Rusk:* You know, I think it is possible, Mr. Lisagor, that these people, living within a totalitarian practice of thought and expression, may actually have believed that if they came into town, came into the Provincial capitals, there would be a popular uprising. That has not occurred.

Today, for example, the National Assembly

<sup>5</sup>For President Johnson's news conference of Feb. 2, see *ibid.*, Feb. 19, 1968, p. 221.

out there has passed a very strong resolution of solidarity with the government. One of the important presidential candidates in opposition to the present President, Dr. [Than Khac] Suu, issued a similar statement. The labor groups have issued statements of solidarity.

We have not seen evidence around the countryside of what the Viet Cong might call a popular uprising.

Now, we have known for some months they were going to launch a winter-spring offensive, they call it, which they anticipated would trigger off such a popular uprising.

Now, I have no doubt that there are some people in South Viet-Nam who are grumpy, as there are a few people here who are grumpy, because somehow it was not possible to give them complete protection against what has happened in the last few days. But on the other hand, we find a widespread sense of outrage and reaction against this campaign of terror put on by the Viet Cong. So I would say that there is very little prospect or evidence of that popular uprising that they were talking about when they launched the offensive.

*Mr. Lisagor:* Secretary Rusk, at the time of the Bay of Pigs in 1961, the Cuban rebels thought that when they landed there, there would be a popular uprising against Castro. At that time we didn't say that the people in Cuba were in favor of Castro because there was no popular uprising. My question is, might it not be that the South Vietnamese people are just simply apathetic about this whole war?

*Secretary Rusk:* Oh, I think there are those in some of the villages, who are—villagers, as there are people all over the world, who have—pay little attention to what is going on at the center of political power. They are not basically politically motivated. They want to know what is going to happen to the crops, whether their babies are going to be born in good health, whether they can be protected against outside marauders of any sort. But I have been very much impressed by the fact that all of the principal groups in South Viet-Nam—the Buddhists, the Catholics, the Montagnards, the two sects that occupy the southwest part of the country, the million refugees from North Viet-Nam that came down 10 years ago—these groups, although they differ among themselves on various aspects, seem to be united on the fact that

they do not want what Hanoi is trying to impose upon them or what the Viet Cong is offering them. We just haven't seen it in any grassroots movement flowing through the country in this connection.

*Mr. Lisagor:* But, Mr. Secretary, in order to have infiltrated as many men and as much equipment as they did into cities like Saigon, didn't they have to have a large measure of acquiescence, if not actual collusion, from the people in those cities?

*Secretary Rusk:* I would not say a large measure. You see, during the Tet period the entire population of Viet-Nam is on the move. People are going back to their places of birth, they are rejoining their families, there is a lot of traffic on the road. The suicide group that attacked the American Embassy apparently came in in a truckload of flowers, according to some of the reports I have seen.

Now, that kind of infiltration—in civilian clothes, on motor scooters, on buses—that kind of infiltration can occur. What is important is that they did not succeed and were not permitted to succeed.

*Mr. Spivak:* Secretary McNamara, may I ask you a question? According to latest press reports, the Communists lost about 15,000 men killed, against only 350 for the United States. Now, there are many people who are skeptical of those tremendous odds. How do our military men have time in an emergency like that to count the dead? How do they obtain these figures?

*Secretary McNamara:* They make the best estimate possible. And by the way, let me correct one of your figures: The latest reports of Americans killed total 415. But in any event the estimates of enemy dead are based on battlefield reports. They carry the error that you would expect from battlefield conditions. But they are a reasonable approximation of the price the enemy is paying for his current operations. To some degree they may be overstated, but we know there are many understatements as well. Those reports do not include the dead from artillery and air action, for example. We know the enemy seeks to remove the dead from the battlefield. So they are a reasonable approximation of the price the enemy is paying, corroborated in part by the actual count of enemy weapons captured, some 3,800. We know normally



there is a ratio of three or four to one between weapons captured and men killed on the battlefield.

*Mr. Spivak:* Mr. Secretary, one more question: The President described the recent attack against South Viet-Nam as a complete failure as a military movement. That is not the impression many of us get from the press reports. Would you describe that as a complete failure?

*Secretary McNamara:* Well, I think the President pointed out that this was but the first act of a three-act play and we can't forecast the second and third scenes at the present time. Furthermore, there are pluses and minuses that we should watch, as I mentioned a moment ago.

It is quite clear that the military objective of the attack has not been achieved. It was to divert U.S. troops and South Vietnamese troops from the probable offensive action of the Viet Cong and North Vietnamese around Khe Sanh; and secondarily, it was to penetrate and hold one or more district or Provincial capitals. In that sense the military objective has not been achieved, because the troops have not been diverted and the district and Provincial capitals have not been held.

The political objective of an uprising which Mr. Lisagor referred to has not been achieved. And let me say, since he mentioned the Bay of Pigs, that I have never said publicly, and I want to say today, that when President Kennedy assumed full responsibility for that action, he didn't say what he might have said: that every single one of his advisers, me included, recommended it. So I was responsible for that.

In any event, they did not achieve their political objective. Nor have they fully achieved their psychological objective, although I think there have been pluses and minuses psychologically. There is no question but what the people of the cities and towns of South Viet-Nam have been dealt a heavy blow. They must have been surprised, they must have been impressed by the weight of the attack. But, at the same time, we know that they have been revolted by the violence and the brutality of the attack, and the Viet Cong are going to leave those cities and towns with less support than when they entered it.

*Mr. Abel:* Secretary Rusk, to return just for one moment to the *Pueblo*, you were saying a few minutes ago that if after recovering the

ship and the crew, we were to discover that it had in fact been inside territorial waters, we would make those facts known. Are you prepared to go one step further and to say now, or to have Secretary McNamara say now, that if there was such an infraction, the men would be disciplined?

### Sovereign Immunity of Warships

*Secretary Rusk:* Well, if there were such an infraction—and we have not the slightest evidence that there was such an infraction—presumably those men would have to, at least the skipper would have to, face the fact that there was a violation of very stringent orders in this respect; and I leave that question to Secretary McNamara.

Let me point out something that is quite important here. Warships on the high seas—according to the 1958 conventions on the law of the sea—warships on the high seas have complete immunity from the jurisdiction of any state other than the flag state.<sup>6</sup>

Now, let's assume just for a moment what is obviously not true from the testimony from all sides, including the North Korean side, that this ship was picked up in territorial waters, or in waters claimed by North Korea to be territorial waters. Even there, under the convention of the law of the sea, 1958, article 23, it makes it quite clear that if any warship comes into territorial waters, the coastal state can require it to leave. It does not obtain a right to seize it.

Now, in 1965 and in 1966 there were three incidents in which a Soviet war vessel came into American territorial waters within our 3-mile limit. We didn't seize those vessels; we simply required them to depart. That is the civilized practice among nations in dealing with such questions, because warships have a sovereign immunity attached to them, you see. So under no theory of the case can the action taken by North Korea be justified.

*Mr. Abel:* Secretary McNamara, would you care to follow up on this point of disciplining the skipper if in fact we discover he was in territorial waters?

*Secretary McNamara:* We would always dis-

---

<sup>6</sup> For texts of the conventions, see *ibid.*, June 30, 1958, p. 1111.

cipline a commander if he violated his instructions consciously or through negligence. We have no evidence that he did here. I certainly wouldn't want to predict any action we would take following his return.

### Changing Balance in Viet-Nam

*Mr. Rogers:* Secretary McNamara, on the question of enemy dead in this latest offensive, upward of 15,000, how can you tell if a dead person was a Viet Cong?

*Secretary McNamara:* In some cases they wear Viet Cong uniforms. In other cases they have Viet Cong weapons in their hands; roughly a third or a fourth of them had Viet Cong weapons in their hands. In other cases they carry Viet Cong documents and identification on them.

I do not think we should imply that the 15,000 dead are all from the main-force units of the Viet Cong or the North Vietnamese Regular Army units that have been infiltrated into South Viet-Nam. Undoubtedly some of the dead represent guerrillas, porters, logistical personnel.

*Mr. Rogers:* Now, since the South Vietnamese forces were primarily engaged in this action, your figures, I guess, come primarily from the South Vietnamese. And in the short space of time, do you have any way to check up on this, to make sure that the figures are not inflated?

*Secretary McNamara:* Let me first emphasize a point you implied by your question. It is true the South Vietnamese forces were primarily engaged in this action. They are the ones who are bearing the brunt of the fighting. And of course they are also bearing the heaviest casualties. I mentioned a moment ago there have been 415 Americans killed, but there have been 904 South Vietnamese killed. Now to specifically answer your question, "How, in the midst of the battle, do we in the United States know of the accuracy of these figures?"—and of course the answer is, "We do not." They are the best possible estimates. They come to us not from the South Vietnamese but from the American advisers who are accompanying the South Vietnamese units.

*Mr. Rogers:* Even if those figures are correct, down to almost the fractions that we get—you know, you get figures like 13,722—even if those are correct, how can a small country like North Viet-Nam continue to suffer these heavy losses

and still be able to, as you said a moment ago, fight and apparently in some cases improve their fighting?

*Secretary McNamara:* The population of North Viet-Nam is about 17 million. I think it is quite clear they have a manpower supply that will continue to support losses of the kind they are absorbing. Whether they can support them psychologically and politically is another question.

*Mr. Rogers:* Isn't there something Orwellian about it, that the more we kill, the stronger they get?

*Secretary McNamara:* I don't think it is fair to say that they are getting stronger. It is the balance of force that is important here, and it is very clear that they are not as strong today as they were 3½ years ago. Three and a half years ago the South Vietnamese forces were on the verge of defeat. The North Vietnamese and the Viet Cong forces were on the verge of victory. That is not true today. The balance has definitely moved toward the South Vietnamese.

I think, however, that you are putting undue emphasis on the military aspects of this war. This is a complicated situation. There isn't a simple military solution to it. It is a political-economic-military problem. Each of these facets intertwine, and we should not only examine the military operations when we are talking about relative balance of progress.

### Psychological Factors

*Mr. Frankel:* Secretary Rusk, the administration has naturally been stressing the things that they think the Viet Cong did not achieve in this week of attacks—didn't cause an uprising, which you say may have been one of their goals, didn't seize cities for any permanent period. But yet we have also been given to understand that the real name of this game out there is "Who can provide safety for whom?" And haven't they in a very serious way humiliated our ability in major cities all up and down this country to provide the South Vietnamese population that is listed as clearly in our control with a degree of assurance and safety that South Vietnamese forces and American forces together could give them?

*Secretary Rusk:* There is almost no way to prevent the other side from making a try. There is a way to prevent them from having a success.

I said earlier that I thought there would be

a number of South Vietnamese who would take a very grumpy view over the inability of the Government to protect them against some of the things that have happened in the last 3 or 4 days. But the net effect of the transaction is to make it clear that the Viet Cong are not able to come into these Provincial capitals and seize Provincial capitals and hold them; that they are not able to announce the formation of a new committee, or a coalition or a federation, and have it pick up any support in the country; that they are not able to undermine the solidarity of those who are supporting the Government.

No; I think there is a psychological factor here that we won't be able to assess until a week or two after the event, and I might say also that we know there is going to be some hard fighting ahead. We are not over this period at all. As a matter of fact, the major fighting up in the northern part of South Viet-Nam has not yet occurred, so there are some hard battles ahead.

*Mr. Frankel:* Are we sure, by the way, sir, that this whole buildup up in the north was not intended as a diversion from what has already taken place?

*Secretary Rusk:* Well, it has not succeeded in drawing forces away from other missions. After all, the other side has to take into account the fact that something in the order of 15,000 of their people have been killed and another four or five thousand have been taken prisoner.

We can see some of the pains on our own side, but imagine yourself at the general headquarters of the Viet Cong-North Vietnamese forces and see how they would be totting up this situation at the present time. In the III and IV Corps areas they have committed practically every unit they had. There have been some up in II and I Corps that have not been committed in this situation. Now, they have had disastrous losses.

Now, undoubtedly there is going to be some sag in morale due to what has happened in the last 3 or 4 days, but this could be followed by a sharp increase in morale when it is discovered that even this kind of an effort produces no result for the other side.

*Mr. Frankel:* What does this tell us in terms of the American impatience with this war, about when we could really negotiate and leave out there? Is it really still possible to say that unless every Viet Cong were to be turned in, and if they were to turn their weapons in, that

we could leave that country in 6 months and that the South Vietnamese Government is capable of extending its—

### North Vietnamese-Viet Cong Operation

*Secretary Rusk:* If the North Vietnamese forces go home, if the violence in the South subsides, the countries with troops in South Viet-Nam have indicated they could take their forces out in a period of about 6 months' time—<sup>7</sup>

*Mr. Frankel:* But these attacks were not organized by the North Vietnamese, were they?

*Secretary Rusk:* Of course they were. There were North Vietnamese regiments involved in these attacks. Let's not be under misapprehension, Mr. Frankel, that these military actions are not under the control of Hanoi.

*Mr. Frankel:* No; I am not questioning the control of the organization, but weren't they largely Viet Cong forces?

*Secretary Rusk:* Well, the Viet Cong forces in III and IV Corps made up the principal numbers of those conducting the attack; but there were North Vietnamese elements involved there, and in the II Corps there were significant numbers of North Vietnamese. The concentration of North Vietnamese forces around the Tchepone area did not take part in these operations. But this is a North Vietnamese-Viet Cong operation which cannot be sorted out and separated out as between one and the other. This is a joint enterprise.

*Mr. Lisagor:* Secretary McNamara, a great many people—myself included—have been puzzled by why, in view of the advance intelligence we had about the enemy actions in Viet-Nam, they were able to achieve such tactical surprise. They apparently directed their attacks against areas supposedly defended by South Vietnamese Army units. Was that correct, and what happened to those South Vietnamese armies?

*Secretary McNamara:* We did have advance intelligence of the winter-spring campaign offensive that the North Vietnamese were planning. We know that it includes a major attack in the northern part of South Viet-Nam. We believed it also included planned attacks on the cities and towns, particularly the district headquarters and Province capitals in the 44 Provinces.

<sup>7</sup> For text of a joint communique issued at the close of the Manila Summit Conference on Oct. 25, 1966, see *ibid.*, Nov. 14, 1966, p. 730.

We didn't know the date on which these guerilla attacks would take place, and we didn't know the specific targets. I doubt very much that intelligence would ever provide that much detail.

I think it is perfectly clear that the South Vietnamese had sufficient intelligence to maintain their forces in a state of alert such as they were able to inflict these very heavy penalties on the Viet Cong and North Vietnamese, but I would be the last to tell you that we had perfect intelligence. We certainly did not.

*Mr. Lisagor:* Mr. Secretary, the White House itself said this past week that we knew to the day, to be precise and quote them, that these attacks would occur.

*Secretary McNamara:* We knew that they were scheduling very large attacks in the northern part of South Viet-Nam for the Tet or post-Tet period. We certainly didn't know to the hour of the day the attack planned on the American Embassy, for example, or some other structure; and it is absolutely impossible to obtain that kind of knowledge. We will never have an intelligence system that will provide it to us.

*Mr. Lisagor:* Would the Viet Cong have been less able to stage these attacks, especially in the highland area, if we had not delivered the 15,000 troops to the Tchepone area?

*Secretary McNamara:* No; I think it is very clear that the Viet Cong would have had essentially the same capability. The diversion of troops from other areas in South Viet-Nam—which wasn't great, by the way—the buildup in the Khe Sanh area has come largely from the total increase in our forces in South Viet-Nam over the past 3 or 4 months. But in any event, I think the result would have been essentially the same.

*Mr. Lisagor:* Secretary McNamara, you said in your posture statement before the Congress this week that the main-force units of the enemy are not capable of winning major battles against U.S. forces. The President said last Friday that a full-scale battle is now imminent at Khe Sanh and I think you suggested that earlier on this program. Why are they trying this kind of tactic? Why are they throwing themselves into a major battle against what should be our long suit?

*Secretary McNamara:* Well, this is sheer speculation on my part. I can only suggest now that he hoped to inflict a severe defeat upon us,

a defeat of the kind they inflicted on the French at Dien Bien Phu. We believe we are prepared for such forces and strategy and tactics and equipment and supplies to prevent that.

### Political Consequences

*Mr. Spivak:* Secretary Rusk, may I ask you a question?

*Secretary Rusk:* Yes.

*Mr. Spivak:* The President, the other day, asked this question—he said, "What would the North Vietnamese be doing if we stopped the bombing and let them alone?"<sup>8</sup> Now, there is some confusion about what we want them to do. What is it we want them to do today if we stop the bombing?

*Secretary Rusk:* Well, many, many months ago the President said: almost anything as a step toward peace.<sup>9</sup>

Now, I think it is important to understand the political significance of the events of the last 3 or 4 days in South Viet-Nam.

President Johnson said some weeks ago that we are exploring the difference between the statement of their Foreign Minister about entering into discussions and his own San Antonio formula.<sup>10</sup>

Now, we have been in the process of exploring the problems that arise when you put those two statements side by side. Hanoi knows that. They know that these explorations are going on, because they were party to them.

Secondly, we have exercised some restraint in our bombing in North Viet-Nam during this period of exploration, particularly in the immediate vicinity of Hanoi and Haiphong. Again, Hanoi knows this.

They also knew that the Tet cease-fire period was coming up.

*Mr. Spivak:* Have we stopped the bombing there?

*Secretary Rusk:* No; we have not had a pause in the traditionally accepted sense, but we have limited the bombing to certain points in order to make it somewhat easier to carry forward these explorations, so that particularly difficult incidents would not interrupt them. We have

<sup>8</sup> For an excerpt from remarks made by President Johnson at a Medal of Honor ceremony on Feb. 1, see *ibid.*, Feb. 19, 1968, p. 226.

<sup>9</sup> At a news conference on Feb. 2, 1967.

<sup>10</sup> For an address by President Johnson made at San Antonio, Tex., on Sept. 29, 1967, see BULLETIN of Oct. 23, 1967, p. 519.

not gone into a pause, as that word is generally understood.

But they have also known that the Tet cease-fire was coming up, and they have known from earlier years that we have been interested in converting something like a Tet cease-fire into a more productive dialog, into some opportunity to move toward peace.

Now, in the face of all these elements, they participated in laying on this major offensive. Now, I think it would be foolish not to draw a political conclusion from this: that they are not seriously interested at the present time in talking about peaceful settlement or in exploring the problems connected with the San Antonio formula.

I remind those who don't recall that formula that it was that we would stop the bombing when it would lead promptly to productive discussions and we assumed that they would not take advantage of this cessation of bombing while such discussions were going on.

Now, it is hard to imagine a more reasonable proposal by any nation involved in an armed conflict than that. And I think we have to assume that these recent offensives in the South are an answer, in addition to their public denunciation of the San Antonio formula.

*Mr. Abel:* Are you saying, Mr. Secretary, that we interpret this offensive as their rejection of the diplomatic overtures that have been made?

*Secretary Rusk:* Well, they have rejected the San Antonio formula publicly, simply on the political level, but I think it would be foolish for us not to take into account what they are doing on the ground when we try to analyze what their political position is. I mean you will remember the old saying that "What you do speaks so loud I can't hear what you say."

Now, we can't be indifferent to these actions on the ground and think that these have no consequences from a political point of view.

So they know where we live. Everything that we have said—our 14 points,<sup>11</sup> the 28 proposals<sup>12</sup> to which we have said "Yes" and to which they have said "No," the San Antonio formula—all these things remain there on the table for anyone who is interested in moving toward peace. They are all there; but they know where we live, and we will be glad to hear from

them some time, at their convenience, when they decide that they want to move toward peace.

*Mr. Abel:* I am assuming, sir, that the San Antonio formula stands as our longer term position here.

*Secretary Rusk:* That is correct.

*Mr. Abel:* Aren't we leaving out of account, however, a thought that is embodied in these many captured documents that have been thrown around so much in the discussion here; namely, that they did speak of a general uprising and of inflicting humiliating defeats upon us, of capturing Province capitals, but all of this was somehow keyed to imminent negotiations, to strengthening their position before hand, isn't that right?

*Secretary Rusk:* Then I would suppose if that is true—and I cannot confirm that that is true in terms of what I know about the attitude of the other side—but to the extent that that is true, then I would suppose that they would be further off from negotiation than before because they now have to count 20,000 killed and captured in the last few days.

*Mr. Rogers:* Secretary McNamara, you are approaching the end of a long and distinguished career as Secretary of Defense, and during that time I do not think I have ever heard you make quite the statement you made a moment ago in which you said that you pleaded you made a mistake in your Bay of Pigs recommendation. Can you think of any other cases where you also failed?

*Secretary McNamara:* I can think of far more than the time would permit me to list, but I do not propose to start trying.

*Mr. Rogers:* Could you list a few of the—

*Secretary McNamara:* I do want to emphasize what I said a moment ago—and it is very much on my conscience—that I recommended that we undertake the Bay of Pigs and it was a serious error, and it was an error for which President Kennedy assumed full responsibility and that was a gallant deed; but I want the American people to know that it wasn't by any means a decision that was not supported by others in the Government. It was recommended to him unanimously by all of his advisers.

*Mr. Rogers:* Let me prod you in another case and get back to Viet-Nam. It seems to me to go really to Mr. Lisagor's point a moment ago, that the fact that this thing was able to succeed as much as it did may, it seems to me, indicate a failure at least of our pacification program. If

<sup>11</sup> For background, see *ibid.*, Feb. 20, 1967, p. 284.

<sup>12</sup> *Ibid.*, May 22, 1967, p. 770.

the people were coming over, they would have told us.

*Secretary McNamara:* No; I do not think so—any more than we could expect to stop all uprisings in our cities in this country. These guerrilla-type actions can be initiated by a few, and the many can't stop them. The many can prevent them from succeeding but the many can't stop them from starting; and I think that is exactly what has happened in South Viet-Nam today.

*Mr. Frankel:* Secretary McNamara, let me take advantage of your valedictory mood. Looking back over this long conflict and especially in this rather agonized week in Viet-Nam, if we had to do it all over again, would you make any major changes in our—

*Secretary McNamara:* This is not an appropriate time for me to be talking of changes, with hindsight. There is no question but what 5 or 10 or 20 years from now the historians will find actions that might have been done differently. I am sure they will. As a matter of fact, my wife pointed out to me the other day four lines from T. S. Eliot that answer your question. Eliot stated:

We shall not cease from exploration  
And the end of all our exploring  
Will be to arrive where we started  
And know the place for the first time.

Now, that applies to Viet-Nam. I am learning more and more about Viet-Nam every day. There is no question I see better today than I did 3 years ago or 5 years ago what might have been done there.

On balance, I feel much the way the Asian leaders do. I think the action that this Government has followed, policies it has followed, the objectives it has had in Viet-Nam, are wise. I do not by any means suggest that we have not made mistakes over the many, many years that we have been pursuing those objectives.

*Mr. Frankel:* You seem to suggest that we really didn't—that none of us appreciated what we were really getting into.

*Secretary McNamara:* I don't think any of us predicted 7 years ago or 15 years ago the deployment of 500,000 men to Viet-Nam. I know I didn't.

*Secretary Rusk:* But I think, Mr. Frankel, if I may interrupt here, a part of this is that we have tried at every stage to bring this matter to a peaceful conclusion. In retrospect, was it a mistake or not to go to the Laos conference in

1962? There President Kennedy and I thought that we ought to try to remove that little country from the conflict in Southeast Asia. Had we succeeded, that would have been a major step toward peace in Southeast Asia. On the other hand, we got no performance on that agreement. The North Vietnamese troops stayed there. They continued to use it for infiltration.

Now, some of our mistakes, if you like, have been through an effort to bring it to a peaceful conclusion without an enlargement of the conflict; and that is something that I think this country will always be inclined to do, because our major purpose is peace in these situations.

*Mr. Lisagor:* Secretary Rusk, I'd like to quote a statement from Secretary McNamara and then ask you a question about it. In his posture report, he said that we cannot provide South Viet-Nam with the will to survive as an independent nation, or with a sense of national purpose. I'd like to ask you whether you are satisfied that they are developing this will and sense in view of the fact that they have not yet declared a state of national mobilization, they still don't draft 18- and 19-year olds for their army.

*Secretary Rusk:* Well, I have seen many countries in a state of crisis in my lifetime, and it is always easy to find one or another weak spot in a particular performance. What, I must say, impresses me is the dogged determination of all of these major elements in South Viet-Nam not to accept what Hanoi is trying to impose upon them by force.

Now, of course, there are difficulties. If you had listened to the expressions of difficulties among the Allies during World War II, you would have wondered how we ever won the war. There were enormous difficulties in the Korean struggle. No one minimizes those; but there has been, despite 20 years of conflict in Viet-Nam, there has been apparent a determination not to accept what Hanoi is trying to impose upon them by force. That doesn't mean they act with complete solidarity on every question.

I think they are going ahead with their manpower program. I think surely it is fair to give the legislature a chance to look at these mobilization decrees—after all, we claim we are interested in a democratic government out there—so the legislature is now looking at those measures, just as we would expect our Congress to look at similar measures in this country. So we can't have it both ways. We can't expect from them

the efficiency of a totalitarian society and the relaxation of a democratic society.

*Secretary McNamara:* Since you have quoted me, may I just interrupt one moment to say the South Vietnamese would be the first to endorse what I said. This is their war, and the reason it is their war is that it is not primarily a military war. It is a political war; and what they are trying to do is create a state, and they can do it, not we. Only they can do it, and that is basically what I have said and what I believe.

*Secretary Rusk:* May I just illustrate this point again, Mr. Lisagor, because we are in a situation where whatever you do there is bound to be some criticism. The South Vietnamese could have prevented much of this infiltration had they organized themselves as a totalitarian society. This kind of infiltration and this kind of exercise could not have been carried on in North Viet-Nam because every hamlet, every precinct, every home has got a watchdog in it.

If the South Vietnamese had organized themselves to prevent—in line with some of the present criticism—prevent what happened, then they would have had their ears boxed most roundly by people in this country for being so totalitarian about it. In other words, you can't win if the determination is to criticize whatever happens.

*Mr. Lisagor:* But the point, Mr. Secretary, is that South Korea is not totalitarian and yet I understand 85 percent of those who had infiltrated into South Korea from the North recently were informed about by the South Korean citizens.

*Secretary Rusk:* Yes; we're talking about hundreds there and not tens of thousands, as we are talking about in Viet-Nam.

### Capture of the Pueblo

*Mr. Spivak:* With regard to the *Pueblo*, there are many Americans very greatly disturbed that a ship as important as the *Pueblo* could be captured so easily. Why wasn't it better protected?

*Secretary McNamara:* I think that is a good question, and the answer is threefold.

First, to have protected it would have been a provocative act.

Secondly, it would have compromised the mission. This ship went undetected by the North Koreans for 10 to 12 days. During that period of time it carried out its mission. Not only

would it have been subject to capture during that period had it been detected; but also their reaction, a reaction it was sent there to determine, would have been quite different.

And finally, the protection itself always runs the risk of leading to military escalation.

There is, of course, beyond that the fact that is very important, that Secretary Rusk mentioned. We are operating on the high seas in an entirely legal fashion.

Neither the Soviets nor we protect ships of this kind. Nor do we protect aircraft of similar kinds. You will remember we lost an RB-47 shot down by the Soviets in a mission similar to this in 1960. It was unprotected. Neither then nor now do we protect it, for the reasons I have outlined.

*Mr. Spivak:* Now, Mr. Secretary, I understand it took 2 hours to tow the *Pueblo* into the port of Wonsan. Why did we fail to rescue the ship during that time?

*Secretary McNamara:* There were three or four reasons why reaction forces were not sent.

First, it was necessary to find out what happened, and it takes time. In the case of the *Liberty* in the Mediterranean in June as an example, I thought the *Liberty* had been attacked by Soviet forces. Thank goodness, our carrier commanders did not launch immediately against the Soviet forces who were operating in the Mediterranean at the time. I then thought it had been attacked by Egyptian forces. Who else could have done it? Thank goodness, we did not launch against the Egyptians. We took time to find out it was the Israeli. Now, the same kind of a problem existed with respect to the *Pueblo*.

Secondly, we do not maintain contingency plans to prevent the hijacking of each individual American ship operating on the high seas.

Thirdly, any reaction force that would have moved into the area would have moved into the air control sectors of the North Korean Air Defense, manned by about 500 aircraft. And almost surely any reaction force that we could have mounted, or could have been expected to mount, would have faced a bloody battle at the time.

And finally, I think it is quite clear with hindsight that no reaction force could have saved those men.

*Secretary Rusk:* I would like to add if I may on that, that the Soviets have about 18 of these ships scattered around the world, some of them

off our own coast, some of them in the Sea of Japan, one of them off Guam. I would hope very much they would not attempt to put air cover and protection around those vessels when they come into our general vicinity.

*Mr. Spivak:* Secretary McNamara, am I to conclude from what you have just said that the same thing can happen to other American ships?

*Secretary McNamara:* Yes; I think so. I think it can happen to our ships, it can happen to British ships, it can happen to Japanese ships, it can happen to Russian ships.

*Mr. Abel:* I do not know which of you ought to get this question; but it has to do with the fact that the 1965 ground buildup and the beginning of the bombing was triggered, you will recall, by similar terror attacks at Pleiku and Qui Nhon, similar to what we have now seen in some 20-odd cities of Viet-Nam. What is our answer going to be this time, do we send more men?

*Secretary McNamara:* The commanders have not asked for more men, they feel they have adequate strength to meet the situation now and as far into the future as they project. I do not want to foreclose the possibility of requests in the future, but we have received none to date.

While I am on that, let me simply say we are prepared to send more men if more are required. We have sent three carriers into the Korean waters, plus substantial reinforcement to our airpower there, all out of our active forces, without in any way reducing the forces in Western Europe or Southeast Asia. We can send additional aircraft or additional ground forces from our active forces, should that prove necessary.

*Mr. Rogers:* Secretary Rusk, Roger Hilsman, who used to work for you, says we either have to change our goal now in Viet-Nam, which is to prevent the spread of communism in the South, or invade North Viet-Nam. What is your reaction to that?

*Secretary Rusk:* It has been some 3 years now since I have had the benefit of Mr. Roger Hilsman's advice, and I don't expect to take it seriously now.

*Mr. Frankel:* Mr. McNamara, the sum total of what you and Mr. Rusk say is: While they were hitting us in the guts of our cities in South

Viet-Nam, we were in fact restraining ourselves on their biggest cities in North Viet-Nam. Are we going to retaliate?

*Secretary McNamara:* I don't want to anticipate future decisions of military operations.

*Mr. Lisagor:* Secretary Rusk, to clarify our terms now for halting the bombing, you have said just a little while ago, "almost anything." Now, Mr. Clifford [Clark M. Clifford, Secretary of Defense-designate] says "normal" activity. Whatever happened to the concept of reciprocity and mutual deescalation that we talked about in the past?

*Secretary Rusk:* President Johnson stated at San Antonio that we assume that the other side will not take military advantage of a cessation of the bombing while discussions are going forward; and that is something which can be explored privately. Such explorations were in process. It would not be, I think, advisable for me to get into details, because it may be that we will reach a point where that process can be picked up again. But these are matters which can only get somewhere if there is some interest on the other side in a peaceful settlement of this situation, and thus far we don't see much evidence of that.

*Mr. Lisagor:* Since we are somewhat confused about the terms, is the enemy perfectly clear about them, Mr. Secretary?

*Secretary Rusk:* Oh, I would think that Hanoi is more clear than you are, Mr. Lisagor.

*Mr. Abel:* Mr. Secretary, do you think it at all bad or contradictory that in the same week in which we lose a nuclear-armed bomber in Greenland, we appealed to the Russians, of all people, to help spring our men from Korea?

*Secretary Rusk:* No; I wouldn't connect these two in any way. This was an unfortunate accident there, but it had no political significance. It was an operational accident.

We called upon the Russians and other governments because they have effective contacts with the North Koreans and also because they have a very important stake in these elementary principles of international law with respect to open seas—

*Mr. Spivak:* I am sorry to interrupt, Mr. Secretary, but our time is up.

Thank you, Secretary Rusk and Secretary McNamara, for being with us today on "Meet the Press."



## Under Secretary Katzenbach Interviewed on "Face the Nation"

*Under Secretary Nicholas deB. Katzenbach was interviewed on the Columbia Broadcasting System's television and radio program "Face the Nation" on February 4 by CBS News correspondents Martin Agronsky and Marvin Kalb and Clayton Fritchey, a syndicated columnist.*

*Mr. Agronsky:* Mr. Under Secretary, Admiral [U.S.G.] Sharp, the U.S. naval commander in the Pacific, came back here in November and said we are winning the war. In the light of the extensive, intensive, ferocious enemy attacks of the past few days in South Viet-Nam, do you think we are still winning the war?

*Mr. Katzenbach:* Yes; I do, Mr. Agronsky. I think it is too early to assess all of the effects; but I see no reason to make these incidents, serious as they are, an excuse or a reason for changing and denying all the progress that we have made in Viet-Nam.

*Mr. Agronsky:* Mr. Under Secretary, your optimism that we're still winning the war is reassuring. One person who doesn't share that optimism is Senator [Charles H.] Percy of Illinois, who has said that the Johnson administration—I quote him now—"has deliberately misled the American people about the great strength of the Viet Cong." Mr. Percy joins with Senator [Mike] Mansfield, the Democratic majority leader, in calling on the President, in light of what has been happening, to reassess the whole picture of U.S. involvement in South Viet-Nam. Do you feel that Mr. Percy is wrong and that is unnecessary?

*Mr. Katzenbach:* I don't believe that in any sense at all the administration has misled the American people. We have, in the course of this, recognized that the problems in Viet-Nam were considerable, that they would take a good deal of time to resolve, and that they had great difficulties to them. We believe that we have made slow and steady progress; and I would stand by that, even despite the recent events, certainly until we have time to assess those events. In my

judgment it is very premature to jump on these events of the last 3 or 4 days and say, "Oh, my goodness, isn't this terrible." I think a sober judgment needs to be made when all the facts are in.

*Mr. Fritchey:* Mr. Secretary, we can't hold you responsible for what everyone has said, but I would like to follow up Mr. Agronsky by some remarks that General Westmoreland [Gen. William C. Westmoreland, Commander, U.S. Military Assistance Command, Viet-Nam] has been saying. He has said the situation in Viet-Nam—I have the quotes here—are very, very encouraging, that the guerrilla war, guerrilla forces are "declining at a steady rate," and that the end of war "begins to come into view." Don't you think the total effect of all these statements of Admiral Sharp, General Westmoreland, and the others we have been referring to, do tend to overencourage the public so that events of last week come as an extra shock to them?

*Mr. Katzenbach:* Oh, I think the events of this past week came as something of a shock, even though nothing that General Westmoreland has ever said, or anyone else, would have indicated that there were not many thousand VC, nor that this was beyond their competence or capacity. It is very difficult, Mr. Fritchey, to prevent an enemy from taking action if he chooses to take it despite high casualties, and particularly take it with suicide squads. Now, again, what the impact of all this is, I think it is too early to judge, but I am not discouraged by it.

*Mr. Kalb:* Mr. Secretary, you said we are winning, but could you tell us what we are winning?

*Mr. Katzenbach:* Admiral Sharp said that we were winning, and I said I saw no reason to disagree. We are in Viet-Nam, as you know, Mr. Kalb, with very limited objectives, to try to prevent the North Vietnamese from taking over South Viet-Nam. We are there fighting, with the South Vietnamese and with our allies. Our objectives are limited; and all we are try-

ing to "win"—if you want to use that word, it was not mine—is simply to make our point that the South Vietnamese people are as entitled as any people to make their decisions and to live in a world of their choosing, not a world imposed or a country imposed or rule imposed by somebody else. That's all.

*Mr. Kalb:* One of the problems, sir, is the question of cost. And there is a high body count this week on the North Vietnamese and the Viet Cong side. There is also an extremely high body count on our side. And the question that comes up is the order of priorities. You said that the purpose is to simply make the point that the North Vietnamese will not take over the South.

*Mr. Katzenbach:* Yes. That is what—

*Mr. Kalb:* Is the cost getting to be high? That is the question.

*Mr. Katzenbach:* I don't think so, because the stakes in Viet-Nam are not just South Viet-Nam. The stakes in Viet-Nam are 250 million people in Southeast Asia. And the point that we're making in Viet-Nam, which happens by an accident of history to be the place where that point is being made, affects the lives of 250 million other Asians. And I think that is a point to emphasize and to be remembered. It is not just people in South Viet-Nam that we are concerned about; we're concerned about all of free Asia.

### Chinese Communist Aggression

*Mr. Agronsky:* Is it your feeling, Mr. Under Secretary, that what we are doing in South Viet-Nam is containing a possible Chinese Communist expansion in Southeast Asia?

*Mr. Katzenbach:* Yes; I think it is related to Chinese Communist expansion. It is also related to a North Vietnamese expansion, which is aimed at South Viet-Nam, which is aimed at Laos, and which I would expect to be aimed at Cambodia.

*Mr. Agronsky:* We have constantly said that we're containing Chinese Communist aggression. How would you document that belief?

*Mr. Katzenbach:* I document that belief with the kind of insurgency that they're presently undertaking in Thailand; and I would document it in addition by some of their subversive activities in Burma and by their alliance with Ho Chi Minh, whose stated objectives are not simply to take over South Viet-Nam but to do what he's doing in Laos today and to move on into Cambodia.

Now, I think there is another point on that. Our efforts are equally important to the psychology of the area—what the people think and what they are willing to do. It seems to me that whatever the intentions or nonintentions of China may be, that unless the people of Southeast Asia believe that they have some protection from a possible Chinese takeover they, for political reasons or out of fear, are going to throw in the towel and give up. I think it is very significant that Asian leaders support our efforts.

*Mr. Fritchey:* From time to time our Government tells us that we will have to retreat to California if we don't carry on in Viet-Nam. But I must say it is clear to me and to many readers that I hear from—it is not clear to us who is going to push us out of the Pacific nor how they are going to do it—considering the fact that we have all the principal bases in the Pacific, the largest navy in the world, the greatest strategic air force in the world, and the most sophisticated nuclear power, and the fact that China has none of these things makes it very difficult, I find, among people I talk to, in lectures and so on, to understand who and how they are going to chase us out of the Pacific. Could you comment on that, Mr. Secretary?

*Mr. Katzenbach:* I would be concerned if the 250 million people that I talked about went into Red China's orbit. I don't think it is a question of our military bases. I think it is a question of trying to help to build a peace in this world, and I think a part of building a peace in this world is to indicate that people can't take over other countries by arms. I think this is important. I don't know what the future is going to bring. I don't have a particularly good crystal ball. But I think it is going to be a lot safer future for the whole world, not just for the United States, if people in Asia are permitted to make their own decisions and live their own lives.

*Mr. Agronsky:* Mr. Under Secretary, what are our conditions at the moment for stopping the bombing in Viet-Nam and for conducting peace negotiations? There is considerable confusion about where we actually stand. For example, Mr. [Clark M.] Clifford, who is going to become the Secretary of Defense, said that the President's formula for stopping the bombing didn't require North Viet-Nam to hold its normal supply of men and materiel in South Viet-Nam. On that same day our Secretary of State, Mr. Rusk, said "do you really expect us

to stop half the war while the other half goes on"<sup>1</sup>—which seems to contradict. At the same time the President of South Viet-Nam, Mr. Thieu, said that the bombing of North Viet-Nam could be stopped only if the North halted all of its aggression, raising another contradiction. And the President himself, Mr. Johnson, said on Thursday, in view of North Viet-Nam's aggressive actions now he could not possibly stop the bombing.<sup>2</sup> Well, where are we?

### Hanoi's Reaction to Bombing Pause

*Mr. Katzenbach:* We're right with the President's statement at San Antonio,<sup>3</sup> that is where we have been for several months. I don't see the inconsistencies that you're referring to. Mr. Clifford did not intend to spell out all of the terms of the President's formula in a formal sense. What he said is certainly consistent with what the President said. The President himself, in his press conference Friday,<sup>4</sup> emphasized that there was no difference; and there had been no difference within the administration on this.

I think the President's statement is a very clear one. We are concerned by what they're doing, what they've done in the cities. We're concerned with what they have done at Khe Sanh. And it would seem to me that the matter of Khe Sanh was quite inconsistent with the assumption made in the San Antonio formula because it is all taking place right on the DMZ [demilitarized zone]. Obviously, what occurs in the DMZ is an important part of any cessation of bombing.

*Mr. Kalb:* Why can't you stop the bombing of the rest of North Viet-Nam and leave open the area south of Vinh?

*Mr. Katzenbach:* That would be possible but it doesn't seem to meet Mr. Trinh's conditions, Mr. Kalb. Foreign Minister [Nguyen Duy] Trinh says we have to stop the bombing and all other acts of war. And that is what we are trying to explore, what he means.

*Mr. Kalb:* Well, why can't we just try it? Why can't we see it on a *de facto* basis rather than try it in advance—

*Mr. Katzenbach:* We could. We have—

<sup>1</sup> In an address before the Cathedral Club at Brooklyn, N.Y. on Jan. 25.

<sup>2</sup> For an excerpt from President Johnson's remarks at a Medal of Honor ceremony on Feb. 1, see BULLETIN of Feb. 19, 1968, p. 226.

<sup>3</sup> *Ibid.*, Oct. 23, 1967, p. 519.

<sup>4</sup> *Ibid.*, Feb. 19, 1968, p. 221.

*Mr. Fritchey:* We could stop for a day or two and see what happens.

*Mr. Katzenbach:* If you stop for a day or two, they regard that as a threat. They talked about stopping for good. But it seems to me that the objective is not to find a reason to stop the bombing, the objective is to get into serious negotiations for peace. And I think that the President was as forthcoming at San Antonio as anybody could possibly be. He says if we stop our bombing we are going to assume—and that assumption is a very important one—that they are not going to take advantage of that bombing pause.

*Mr. Agronsky:* Mr. Under Secretary, can I try to pin down a rather significant report that has been going around here that I am sure you're aware of, and that is that twice since August the United States has been in direct contact with Hanoi and has told them that we would stop the bombing, that we did indeed stop the bombing, to see what result would come from it. Is that true?

*Mr. Katzenbach:* We have ways of getting into communication with Hanoi, and we have from time to time been in communication with Hanoi. We have not had any cessation of bombing in this period. From time to time various other acts have been taken, but that is not correct.

*Mr. Agronsky:* We have not on two occasions told Hanoi that we would stop the bombing in order to see what effect it would have?

*Mr. Katzenbach:* No, not in those terms, Mr. Agronsky.

*Mr. Kalb:* Have we at any time since August actually stopped the bombing and after the cessation of bombing informed Hanoi that we are in a bombing pause—what is your response?

*Mr. Katzenbach:* No.

### U.S. Policy Toward Negotiations

*Mr. Fritchey:* Could we move to peace talk again? Last week has pretty well obliterated it, but I take it we're still interested in negotiations.

*Mr. Katzenbach:* There is nothing, Mr. Fritchey, that President Johnson is more interested in than peace.

*Mr. Fritchey:* I find that I myself and many of my colleagues are not sure that we quite understand the administration's policy vis-a-vis peace negotiations. Would it be accurate to say that the administration has no objection to the

National Liberation Front participating in its own right in any possible negotiations; and, two, that the United States has no objection to the National Liberation Front participating in some degree in a coalition government preparatory to new elections? Would that be a fair interpretation of our policy? And if it isn't, would you clarify it for me?

*Mr. Katzenbach:* Let me see if I can clarify it, Mr. Fritchey. As far as the first is concerned, we have repeatedly made it clear that if there were negotiations, it would be possible for the NLF to be heard and to have its views made known in those negotiations.

*Mr. Fritchey:* I said "in its own right." I don't know whether you noticed that I put that in or whether—

*Mr. Katzenbach:* I noticed that. It seems to me that how this would be done is a matter which could be discussed with Hanoi if they were willing to discuss peace with us. As to the second point, I think you get catchwords in this business, and I think "coalition" has become a sort of a catchword.

*Mr. Fritchey:* Well, we have to use shorthand between us a little bit.

*Mr. Katzenbach:* We've made awfully clear that we're not going to impose a government on the South Vietnamese people that is a government that they don't want and that they are not prepared to accept. And we're not interested in being in Viet-Nam in order to have peace negotiations which hand the whole business over to Hanoi, and then we leave. So I think that to concentrate on coalition is simply to concentrate on the wrong thing. Now, that the South Vietnamese have to find a way of living together, whatever their political views, seems to me absolutely clear. There are many who are opposed and violently opposed to the present government there in South Viet-Nam. That problem has to be coped with in one way or another. But there are a variety of ways to cope with it, and I don't think it has to be coped with by some catch phrase like "coalition."

*Mr. Agronsky:* Mr. Under Secretary, one of the things that creates so much pessimism here and everywhere about the prospect of ever ending this war is the great concern that the Government of South Viet-Nam will itself never be able to induce the support, to win the backing from its own people that is necessary for it to stand alone, and that we will have to stay there interminably—forever. Now, our Secretary of Defense, Mr. [Robert S.] McNamara, who is

not a critic of this administration, made the observation in his last report to the Senate Armed Services Committee that: "No matter how great be"—I quote his language now—"the resources we commit to the struggle, we cannot provide the South Vietnamese with the will to survive as an independent nation, with a sense of national purpose . . . with the ability and self-discipline a people must have to govern themselves." How long do we have to be there before they demonstrate that?

*Mr. Katzenbach:* I don't know, Mr. Agronsky, but I do know that the statement that Secretary McNamara made has been repeatedly made by South Vietnamese Government officials themselves. They accept this. They have to—

*Mr. Agronsky:* They accept it, but what do they do about it?

### Tasks of South Vietnamese Government

*Mr. Katzenbach:* They don't always do everything that we would like to see. Things don't always go as fast as we would like to see them go. That happens. It even happens within the United States from time to time. They have trouble getting tax legislation; we have trouble getting tax legislation. It is not an unusual situation.

But I would say that right now, at this moment, there is a great opportunity for the South Vietnamese Government. Immediately following all these attacks they have a great opportunity to move into the situation, to move into it effectively and efficiently and to take hold. It was significant that the people did not join the VC in any large numbers. It is now incumbent on the South Vietnamese Government to see if they can use this opportunity to improve their governmental services as they are trying to do, to make various reforms that they want to make and that they ought to make, and to see if right now they can gain the loyalty of considerable numbers of the people.

*Mr. Kalb:* You mean the people did not join the Viet Cong in this past week, in terms of this general uprising?

*Mr. Katzenbach:* In some instances, some did. I think a good many people probably remained silent, even though they knew what the VC was doing. I can understand that, Mr. Kalb, if you look at what the VC does to them if they don't.

*Mr. Kalb:* But the point is did the South Vietnamese people rally to the side of their Government against all of these outrageous—

*Mr. Katzenbach:* No; they didn't rally to the side of their Government, and they didn't rally to the side of the VC. They just tried to take cover, for the most part, and let the military and the police cope with the situation, as they are doing.

*Mr. Agronsky:* How will you ever win a war there if the Government that we're trying to establish is not able to win the support of its people?

*Mr. Katzenbach:* I think it is essential that it win the support of its people. They have now gone through elections, a Constitution, and so forth. They haven't had a long time since these events, but it is absolutely essential that they win the support of their people and they recognize that just as we do.

*Mr. Kalb:* Mr. Secretary, you said a little earlier in the program that the events of the past week came as somewhat of a shock. In what way did they come as somewhat of a shock?

*Mr. Katzenbach:* They came as somewhat of a shock because there were well-coordinated attacks in many cities. It came as a shock to the American public—which was what I was referring to—to suddenly realize that in all these areas, which have been relatively secure, the VC had the capacity to do what it did, even though the situation could be brought back under control fairly rapidly. I think many people were surprised and shocked by that. I suspect even in Viet-Nam people were shocked by that. They had become adjusted to security within these cities.

*Mr. Kalb:* What does that say about our intelligence? I thought we were well aware of this, prepared for it, responded—

*Mr. Katzenbach:* I think we were aware of their general plans. I don't think we were aware, certainly, of the details of their large coordinated plan. I doubt that very many Viet Cong were aware of this. It is very hard to penetrate a Communist organization to get that kind of intelligence.

*Mr. Agronsky:* Implication of your shock and unawareness is that we didn't know about it.

*Mr. Katzenbach:* My reference was to the American people, and I am sure they didn't have the intelligence.

*Mr. Agronsky:* My reference is to the American Army in Viet-Nam. Brigadier General Philip Davidson, who is the Intelligence Chief for General Westmoreland, said his office knew that Communists were planning the offensive,

even had the precise details of the Communist attack orders in some cases. Now, if we knew all this, why weren't we ready? Actually, what happened was that we had in Viet-Nam itself only half of the South Vietnamese Police. We only had 300 American Military Police. Where were they if they knew this was going to happen?

*Mr. Katzenbach:* It came during the Tet period, which is a period that traditionally the Vietnamese have returned to their home villages. The Communists took—

*Mr. Agronsky:* Is that an answer, Mr. Under Secretary?

*Mr. Katzenbach:* It is an explanation, Mr. Agronsky. You say why weren't they there? Let me put it in the form of a question: If we weren't ready for this, why have we been able to clean it up as fast as we have?

*Mr. Agronsky:* We haven't cleaned it up.

*Mr. Kalb:* Is it cleaned up?

*Mr. Katzenbach:* It has been cleaned up in a good many places. If we weren't ready for it why have 15,000 of them been killed, with relatively light casualties on our side?

*Mr. Fritchey:* Mr. Secretary—

*Mr. Katzenbach:* I agree that the Vietnamese Government was mostly home for Tet. This is true.

*Mr. Fritchey:* To seek clarification on another point, Mr. Secretary: Mr. Clark Clifford, our new Secretary of Defense, told the Armed Services Committee the other day that, in effect, not to take too seriously our Manila pledge<sup>5</sup> to withdraw all of our forces from Viet-Nam not later than 6 months after Hanoi did. And I believe he used the exact language, saying that our Manila pledge contained "protective language." Could you tell us what that language is? Are there some escape clauses there that we don't know about or haven't heard about?

*Mr. Katzenbach:* No, I think it is entirely within the Manila communique itself. But there was a reference—I am trusting my recollection here—which says "and the level of violence subsides." And I would suspect, although I don't know, that that was what Mr. Clifford was referring to.

*Mr. Agronsky:* Mr. Under Secretary, there is another question that is of great concern to the American public, the case of the Navy ship, the

<sup>5</sup> For text of a communique issued on Oct. 25, 1966, at the close of the Manila conference, see *Ibid.*, Nov. 14, 1966, p. 730.

*Pueblo*, which is in the hands of the North Koreans. Are we any closer to getting that ship or its men back? What are we going to do about it if we can't?

### The Pueblo Situation

*Mr. Katzenbach:* We have been in communication at Panmunjom with the North Koreans seeking to get back that ship and those men. We have been trying in many channels. Whether we will succeed or not, I don't know. Obviously, I am hopeful that we will.

*Mr. Agronsky:* Do you have any reason to be?

*Mr. Katzenbach:* I think the fact that talks are going on is encouraging in and of itself. It doesn't guarantee the results, and I don't want to hold out any false hopes that these people will be returned quickly. I very much hope that they will.

*Mr. Kalb:* Mr. Secretary, Secretary Rusk said, on the Thursday of the week that the ship was captured, that he demanded the immediate return and said the situation was "intolerable."<sup>6</sup> It is almost 2 weeks since the capture of the ship. Is this open ended? Can we wait forever before taking action?

*Mr. Katzenbach:* I don't know what action you have in mind our taking, Mr. Kalb, but I think—

*Mr. Kalb:* People make reference to military.

*Mr. Katzenbach:* I think we should keep our eye on our objective of getting that crew and that boat back and pursue every peaceful channel for doing so.

*Mr. Agronsky:* And we do reject military action and are going to concentrate entirely on diplomacy?

*Mr. Katzenbach:* I don't close any options. That is something that obviously is a matter

for President Johnson. I do say that he has and he will continue to pursue peaceful paths of recovering that crew and that vessel.

*Mr. Agronsky:* Mr. Under Secretary, we thank you very much for being here with us to "Face the Nation." I am sorry we have run out of time.

### U.S. Reaffirms Support of Nigerian Government

*In response to recent press articles suggesting the involvement of a few private American citizens in the flying of arms and other supplies to the rebel "Biafran" regime, the Department spokesman read the following statement to news correspondents on February 5.*

We've been concerned with a number of insinuations recently alleging United States support of the "Biafra" regime. I wish to make very clear that the United States continues to recognize the Federal Military Government as the only legal government in Nigeria. We do not recognize "Biafra" nor, so far as we know, does any other government in the world. We have, from the outset of the Nigerian crisis, regarded it as an internal conflict which, in the last analysis, only the Nigerians themselves can resolve. At the same time, we had hoped that the conflict would yield a peaceful solution which would spare all Nigerians from further tragic loss of life. The private actions of a few American citizens over which we have no control should in no way be construed as an indication of United States Government support for an unrecognized regime.

The United States Government has in no way encouraged, supported, or otherwise been involved in this rebellion.

<sup>6</sup> *Ibid.*, Feb. 12, 1968, p. 192.

## Problems and Programs in Our International Economic Affairs

### ECONOMIC REPORT OF THE PRESIDENT AND ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS (EXCERPTS)

*Following are excerpts from the Economic Report of the President (pages 3-28), together with the portion of the Annual Report of the Council of Economic Advisers which deals with the international economy (chapter 5, pages 163-194).<sup>1</sup>*

#### ECONOMIC REPORT OF THE PRESIDENT

*To the Congress of the United States:*

Most Americans see the economy in terms of a particular job or farm or business. Yet the welfare of each of us depends significantly on the state of the economy as a whole.

It was never more necessary for all Americans to try to see the whole economy in perspective—to realize its achievements, to recognize its problems, to understand what must be done to develop its full potential for good. For, as a people, we face some important choices.

#### A TIME FOR DECISIONS

Seldom can any single choice make or break an economy as strong and healthy as ours. But the series of interrelated decisions we face will affect our economy and that of the whole free world for years to come.

We face these hard decisions with a confidence born of success. Our economy has never been stronger and more vigorous than during the 1960's.

Our achievements demonstrate that we *can*

<sup>1</sup> *Economic Report of the President Transmitted to the Congress February 1968. Together With the Annual Report of the Council of Economic Advisers (H. Doc. 238, 90th Cong., 2d sess.; transmitted on Feb. 1), for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (\$1.25).*

manage our economic affairs wisely—that we *can* make sound choices.

If we now choose responsibly, we can look forward—at home—to more years of healthy prosperity, and of social and economic progress.

If we choose responsibly, and our friends abroad cooperate responsibly, we and they can look forward in confidence to the continuing smooth and rapid expansion of the mutually rewarding international exchange of goods and services.

But if we temporize—try to avoid the hard choices before us—we will soon discover that we have even more difficult choices to make. In six months or a year, we could find our prices and interest rates rising far too fast. In a few months we and our friends abroad could face new uncertainty and turbulence in international financial affairs.

If we wait for the problems to become acute and obvious, then everyone will be ready to act. By then, the tasks could well be much harder.

In the coming weeks and months we must choose

—whether we will conduct our fiscal affairs sensibly; or whether we will allow a clearly excessive budgetary deficit to go uncorrected by failing to raise taxes, and thereby risk a feverish boom that could generate an unacceptable acceleration of price increases, a possible financial crisis, and perhaps ultimately a recession;

—whether as businessmen and workers we will behave prudently in setting prices and wages; or whether we will risk an intensified wage-price spiral that would threaten our trade surplus and the stability of our economy for years to come;

—whether we will act firmly and wisely to control our balance-of-payments deficit; or

whether we will risk a breakdown in the financial system that has underpinned world prosperity, a possible reversion toward economic isolationism, and a spiraling slowdown in world economic expansion;

—whether we will move constructively to deal with the urgent problems of our cities and compassionately to bring hope to our disadvantaged; or whether we are willing to risk irreversible urban deterioration and social explosion.

I know that Americans *can* face up to the tasks before us—that we *can* run our economic affairs responsibly. I am confident that we *will* take timely action to maintain the health and strength of our economy and our society in the months and years ahead.

#### THE RECORD AND PROBLEMS OF PROSPERITY

The year 1967 was one of uncertainties and difficulties both in our external and our internal economic affairs. Yet there were reasons for confidence as well as concern, both internationally and domestically.

#### 1967—A Year of External Problems and Promise

The U.S. balance-of-payments deficit—a chronic problem since 1957—worsened in 1967 after several years of substantial improvement. In important measure this deterioration reflected the fears and uncertainties surrounding the devaluation of the British pound in November.

The same uncertainties also fed a massive wave of private speculation against gold late in the year. This subsided only after the United States and other countries in the “gold pool” demonstrated their determination—backed by the use of their monetary reserves—not to allow a change in the price of gold.

In the absence of strong new action by the United States—and by the surplus countries of Western Europe—there was danger that the deterioration of the U.S. payments balance and speculation against gold and currencies might feed upon and reinforce one another in a way that could touch off an international financial crisis in 1968.

Even if the dangers were remote, the grave consequences of such a crisis for the world economy demanded bold and immediate pro-

ventive action. It was taken on January 1. The substance of our measures, plans, and priorities is discussed later in this Report.

But 1967 saw progress as well as problems on the international front. For it also brought the culmination of two giant forward steps in world international economic affairs, both long in gestation:

- In June, the Kennedy Round of negotiations produced agreement on the single most significant multilateral reduction in world trade barriers in history. It promises further to stimulate the expansion of international trade, already a major source of postwar economic growth throughout the world.

- In September, the member nations of the IMF [International Monetary Fund] reached agreement on plans to create by deliberate cooperative action a new form of world reserves, supplementing gold and the dollar.<sup>2</sup> Once this plan comes into full operation, the vulnerability of the present system to speculation should gradually fade away, and so should any threat of a possible future strangulation of the growth of world trade and production.

#### PROBLEMS AND PROGRAMS IN OUR INTERNATIONAL ECONOMIC AFFAIRS

#### The U.S. Balance-of-Payments Deficit

On January 1, I announced the main elements of our new balance-of-payments program for 1968.<sup>3</sup> That program deals decisively with the threat to the dollar that developed in 1967.

#### *Nature of the Problem*

It is important to be clear about the nature of our balance-of-payments problem. The United States has a sizable surplus of exports of goods and services over imports. Our past overseas investments bring in excellent and growing earnings, and our new overseas investments are running at a very high level. There is a small but growing reverse flow of foreign investment here.

We have heavy military expenditures overseas, which are not fully offset by our allies; and our aid program still accounts for a small outflow of dollars.

<sup>2</sup> For background, see BULLETIN of Oct. 23, 1967, p. 523.

<sup>3</sup> *Ibid.*, Jan. 22, 1968, p. 110.



Our export sales, our investment return, and the inflow of investment from abroad are not large enough to finance our imports, our new investments abroad, and our net Government overseas expenditures.

The difference—the deficit—is financed partly by sales of gold and partly by increased foreign holdings of short-term dollar investments by foreign businesses, banks, individuals, and governments.

The position of the United States in its international economic affairs is thus much like that of a wealthy and prosperous businessman whose liquidity has come under strain.

His commercial operations remain highly successful, with the value of his sales well in excess of his costs.

His large long-term investments in other enterprises are yielding an excellent return, and he sees an abundance of further opportunities for profitable investments that will bring large future returns.

Both his income and his net worth are growing strongly every year. And he does not hesitate to spend freely on the good things of life, while also making large gifts to worthy causes.

But he has been borrowing extensively at short term to help finance his long-term investments. Each year, he adds more to his short-term debts than to his liquid assets. It is in this sense—but only this—that he has an annual deficit. It is a liquidity deficit. It is not a deficit in his profit and loss account, nor an overspending of his income.

Some of his short-term creditors—although not really doubting the strong excess of his assets over his liabilities—are nevertheless getting a bit concerned about continuing to expand—or even to renew—their short-term credits.

Should some of them refuse to renew their loans, his situation could become awkward. Other creditors might become nervous and would rush to present their claims. Financial pressures would extend to other, smaller businessmen with whom he had strong commercial ties, and whose basic positions were less sound.

That man—like the United States—needs to pull back for a while to strengthen his liquidity.

He will want to cut costs and increase sales in his commercial operations.

He will have to pass up for a while many of his attractive opportunities for profitable long-term investments.

He will need to review the terms of his spend-

ing and gifts—to ease their impact on his cash position.

Most of all, he wants no doubt to arise about his ability to meet his debts as they come due. He would easily survive a financial crisis with no major impairment of his income or net worth. But some other businessmen who bought from or sold to him could easily be dragged into bankruptcy.

### *Reducing the Deficit*

Since 1961, the United States has been making a determined effort to reduce its liquidity deficit. Through 1965, steady progress had been made.

In 1966 the deficit held even, in spite of the rising overseas costs of Vietnam. But the deficit increased in 1967—particularly sharply in the fourth quarter—reversing that progress. The instability generated by devaluation of the British pound was responsible for a significant part of the deterioration, but not for all of it.

- Overseas defense costs rose despite tight controls on spending.

- The net balance of tourist expenditures shifted further against the United States.

- Private U.S. capital outflows rose, even though direct investment was held in check by the voluntary program; and foreign capital inflows decreased.

- Our trade balance failed to improve as much as we expected, mainly because of the economic slowdown in Europe.

Some of the steps we might consider to reduce our payments abroad—such as reverting to high tariffs or quotas—would reverse long-term policies and, by provoking retaliation, reduce our receipts by as much as or more than our payments. And many of the other things we could do would seriously and irresponsibly harm our domestic economy, friendly countries overseas, or the flow of world trade.

### **Program for 1968**

We have a clear duty to act. And we are taking action—as constructively and responsibly as we can.

### *Domestic Economic Policies*

The avoidance of excessive demand in our economy is crucial to the strength of the dollar as well as to our domestic prosperity.

If we place too much pressure on our resources, U.S. buyers will turn abroad for sup-

plies and our imports will soar. And if our prices rise, we will weaken our export competitiveness and attract even more imports—not just immediately, but for years to come.

That is why the first order of business in defense of the dollar is to pass the tax bill.

We must also exert every effort to avoid the possible destructive effects on our trade surplus of strikes or the threat of strikes in key industries. I urge business and labor to cooperate with the Secretaries of Labor and Commerce in dealing with this danger to our export surplus.

#### *Direct Balance-of-Payments Measures*

In addition to assuring the health of our economy at home, we must act directly on the key international flows that contribute to our deficit. Our direct balance-of-payments measures are designed to move us strongly toward equilibrium—this year. Some measures are temporary and will be removed as soon as conditions permit. Others are designed for longer range needs. Several will require congressional action.

We have already put into effect

—a new mandatory program to restrain direct investment abroad, which will reduce outflows by at least \$1 billion from 1967.

—a tighter Federal Reserve program to restrain foreign lending by U.S. banks and other financial institutions, to achieve an inflow of at least \$500 million.

We have begun action to save \$500 million on Government expenditures overseas. Negotiations are already underway to minimize the foreign exchange costs of our essential security commitments abroad. Orders have already been issued to cut the number of civilian personnel abroad.

We are organizing major efforts to encourage foreign investment and travel in the United States.

I announced on January 1 that the Secretary of the Treasury would explore with the Congress legislative measures to help us achieve our objective of reducing our travel deficit abroad by \$500 million this year. Those explorations are proceeding.

In the meantime, I again ask the American people to defer for the next two years all non-essential travel outside the Western Hemisphere.

I also announced on January 1

—that we were initiating discussions with our friends abroad on ways to minimize the disadvantages to our trade from various nontariff barriers and national tax systems abroad; and

—that we were preparing legislation in this area whose scope and nature would depend on the outcome of these consultations.

The consultations have been in progress since January 1. When they are completed, I will announce their outcome, and indicate what if any legislation we shall seek.

I am asking the Congress for the funds necessary to support long-term measures to stimulate exports, by

—intensifying promotion of American goods overseas; and

—expanding and strengthening the role of the Export-Import Bank.

#### *Responsibilities of Surplus Countries*

As we fulfill our responsibilities, other nations have an equal obligation to act. The balance-of-payments surpluses of our trading partners in continental Europe are essentially the mirror image of our deficit. Their constructive adjustments, as well as our own, can contribute to remedying our mutual imbalance.

For them, as for us, action at home heads the list. The nations of continental Europe should use their fiscal and monetary policies to pursue steady expansion of their domestic economies. Indeed, if they were to tighten credit and budgets in order to protect their surpluses, then we could not succeed in our efforts to come into equilibrium in a healthy world economy. Even worse, a competitive slowdown in world economic expansion could ensue, to the detriment of all peoples everywhere.

Surplus countries can also contribute to a smooth process of adjustment by reducing their barriers to trade, by increasing their economic assistance to developing countries, by expanding their capital markets to finance their own investment, by permitting wider access to these capital markets by other nations, and by meeting their full share of the foreign-exchange costs of our collective defense effort.

The world tried competitive beggar-my-neighbor policies in the 1930's and they ended in chaos. The surplus countries have the obligation to assure that this does not happen again.

## The Dollar and the International Monetary System

The interests of major nations are also linked together in the international monetary system. For us, there is a special responsibility, since the dollar is a world currency

- widely used by businesses abroad,
- held along with gold as a reserve asset by foreign central banks.

Our deficits in the past decade have sent more dollars abroad than businesses there needed to acquire, or than governments have wanted to hold as reserves. Many of these dollars were used to purchase gold from the United States.

Speculation generated by the strains on the international monetary system has caused further drains of gold from international reserves—much of it from our own.

As a result, U.S. gold reserves have declined to about \$12 billion. This is still ample to cope with foreseeable demands on our gold stock. But persistent large U.S. deficits would threaten the entire international monetary system.

Our commitment to maintain dollar convertibility into gold at \$35 an ounce is firm and clear. We will not be a party to raising its price. The dollar will continue to be kept as good as or better than gold.

### *Freeing Our Gold Reserves*

I am therefore asking the Congress to take prompt action to free our gold reserves so that they can unequivocally fulfill their true purpose—to insure the international convertibility of the dollar into gold at \$35 per ounce.

- The gold reserve requirement against Federal Reserve notes is not needed to tell us what prudent monetary policy should be—that myth was destroyed long ago.

- It is not needed to give value to the dollar—that value derives from our productive economy.

- The reserve requirement does make some foreigners question whether all of our gold is really available to guarantee our commitment to sell gold at the \$35 price. Removing the requirement will prove to them that we mean what we say.

I ask speedy action from the Congress—because it will demonstrate to the world the determination of America to meet its international economic obligations.

## *Special Drawing Rights*

Through U.S. deficits the dollar has been the major element of the recent growth of international reserves.

As we move into balance, the world can no longer look to the dollar for major future additions to reserves.

Neither can it depend on gold. Gold production has been leveling off in the face of rising industrial use and a steady drain into private hoards. What is needed is a reserve asset universally acceptable as a supplement to gold and dollars, that can be created in the amount needed to meet the desired expansion of world reserves.

The Special Drawing Rights plan agreed on in Rio de Janeiro last September provides such an asset. This plan will fundamentally strengthen—and ultimately transform—the international monetary system in the years ahead.

The agreement should be promptly ratified and swiftly activated on an adequate scale. I will call upon the Congress to approve U.S. participation.

## **Trade**

The Kennedy Round was completed on June 30, the most successful multilateral agreement on tariff reduction ever negotiated. Four years of hard negotiating were required—but the ultimate success was worth it. A fair bargain was struck. Our farmers and businessmen will get major benefits as new markets are opened to them.

We will continue to work with our trading partners—in the GATT [General Agreement on Tariffs and Trade] and in other bodies—to find new approaches to the liberalization of world trade, with urgent consideration given to nontariff barriers.

Some would throw away the gains from three decades of liberal trade policy, retreating into shortsighted protectionism. Mandatory quotas on American imports would meet prompt retaliation abroad. All Americans would pay a high price for the benefit of a few.

Protectionism is no answer to our balance-of-payments problem. Its solution depends on expanding world trade.

The Government stands ready to help the few that may be hurt by rising imports—but in ways that expand trade, strengthen our economy, and improve our international relations.

Accordingly, I will shortly send to the Congress legislation which will

- provide an extension of unused tariff-reducing authority;
- liberalize the criteria for adjustment assistance to firms and workers; and
- eliminate the American selling price system of customs valuation.

During the year ahead, opportunities may develop to expand peaceful trade with the countries of Eastern Europe and the Soviet Union. I again urge the Congress to provide the necessary authority for us to pursue such opportunities should they develop.

The United States has been discussing with other industrial countries a system of temporary generalized tariff preferences by all developed countries for all developing countries. Agreement was reached in the OECD [Organization for Economic Cooperation and Development] on the general principles of such a system. It will be presented to the developing countries at the UNCTAD [United Nations Conference on Trade and Development] meeting in New Delhi.

We shall continue to consult with Members of Congress and representatives of American industry, agriculture, and labor as these discussions proceed.

### **Aid to Developing Countries**

If economic progress were now to slow down in the developing countries that make up two-thirds of the free world—in the arc of Asia from Turkey to Korea, in Latin America, and in Africa—our hopes for a peaceful world would be menaced. In 1968 this means that we should

- approve a prudent AID [Agency for International Development] program;
- quickly agree with other donor countries on a substantially increased replenishment of funds for the International Development Association;
- extend the Food for Freedom Act;
- authorize the United States to share with other donors in establishing the Special Funds of the Asian Development Bank.

Several less-developed countries have made great strides in the promotion of family planning. We must be prepared to assist their efforts

if the grim race between food supplies and population is to be won decisively.

We can do these things—as in conscience we must—without detriment to our international payments. AID has already made great progress in reducing the impact of its program on the U.S. balance of payments. In 1968 that impact would be reduced by another \$100 million, so that less than 8 percent of AID's dollar expenditures will be for non-U.S. goods and services.

### **CONCLUSION**

A strong and sustained advance of production surely does not mean we have solved all economic problems—much less that the Nation is making satisfactory progress toward its broader and more fundamental goals.

Americans know how to create an expanding abundance. But we are still learning how to use it wisely and compassionately to further the self-development and happiness of men, women, and children.

Similarly, merely to achieve a balance in our international payments would not assure that our international economic relations amply serve the interests of this Nation and of world progress. We could bring our balance of payments into equilibrium by means which would weaken our domestic economy, forfeit our foreign policy objectives, or impair the vitality of world economic development.

This Administration will never forget that the purpose of our economy and of our economic policies is to serve the American people—not the reverse.

Yet this recognition would not justify policies which ignore the dangers of inflation, economic distortions, and ultimately recession. For these are equally enemies of our public purposes.

Nor will we forget that balance-of-payments policies should serve the Nation's basic goals abroad and at home—not the reverse.

Yet this recognition makes it no less necessary to deal firmly and decisively with our balance-of-payments problem. For a breakdown of the international financial system would bring incalculable harm not only to ourselves and free peoples around the world, but even to world peace and progress.

I am determined that our economic policies in 1968 will be prudent as well as creative; safe

as well as ambitious; responsible as well as compassionate.

The American people are giving their sons and brothers to fight for freedom abroad. At home we must support their sacrifice by preserving a sound economy. I believe that the American people will accept the cost of doing that

—by paying an extra cent of each dollar of income in taxes,

—by accepting the cutback of lower-priority Federal programs, and

—by limiting the expansion of Federal spending to a few areas of the most vital priority.

Today the war in Vietnam is costing us 3 percent of our total production. That is a burden a wealthy people can bear. It represents less than one year's growth in our total output.

But one day peace will return. If we plan wisely—as the committee on post-Vietnam adjustment I announced in my Economic Report last year has been doing—and act boldly, we will have that 3 percent of output to add—over a year or two—to our normal 4 percent a year of economic growth.

If we preserve a healthy economy in the meantime, we will be prepared when our sons and brothers return to take full advantage of that bonus.

Our obligation to them demands that we do no less.

LYNDON B. JOHNSON

*February 1, 1968.*

## REPORT OF COUNCIL OF ECONOMIC ADVISERS

### CHAPTER 5—THE INTERNATIONAL ECONOMY

The events of 1967 dramatized the importance of economic developments around the world to the progress and health of the U.S. economy. They also demonstrated both the need for international cooperation and the possibilities for achieving it. After highlighting the major developments of 1967, this chapter reviews the principles of balance-of-payments adjustment, surveys the U.S. balance-of-payments situation and policies in the light of these principles, and discusses problems and progress in the international monetary system and in the trading relations of the United States with both developed and developing nations.

#### A YEAR OF MAJOR DEVELOPMENTS

Developments during 1967 left a lasting imprint on the international economy. The headlines in the closing months of the year recorded the strains on the inter-

national monetary system generated by the sterling crisis and the subsequent devaluation of the pound. Anxieties and speculation in world financial markets contributed to a sharp widening of the U.S. deficit in the fourth quarter. The U.S. Government responded decisively with a major program to move our balance of payments strongly toward equilibrium.

Events earlier in 1967 paved the way for strengthening the future expansion of trade and the foundation of the international monetary system. The completion of the Kennedy Round negotiations marked the most successful effort toward reducing tariffs ever conducted under the aegis of the General Agreement on Tariffs and Trade (GATT). A major step was also taken toward the creation of a new form of international liquidity as the Special Drawing Rights (SDR) plan was agreed upon at the annual meeting of the International Monetary Fund (IMF).

Participating countries in the tariff negotiations displayed the enlightened statesmanship required to overcome particular interests for the greater general welfare of their own citizens and those of less-developed countries, which were not required to reciprocate in full. The same spirit ruled in the negotiations on liquidity, where substantial differences were resolved in the interest of international monetary progress.

During the difficult period preceding and following sterling devaluation, international consultations were conducted in the best postwar tradition; they permitted Britain to devalue without similar actions by major competing countries which could have denied her the intended and needed benefits of the move. When nervousness and speculation threatened to disrupt world finance, the central banks of most major industrial countries expressed their determination and pledged their resources to defend the stability of the world monetary system.

The United States and other countries will continue to work cooperatively toward strengthening the foundation of world finance and expanding the network of international trade. There is a long agenda of unsolved and urgent problems. Payments adjustment still challenges the best efforts of all countries. The United States must insure the effectiveness of its balance-of-payments program and the proper management of its domestic economy. Meanwhile, countries with balance-of-payments surpluses have obligations and responsibilities to insure that they too move toward balance. All member countries of the IMF are called on to render promptly a clear verdict in favor of the creation of supplemental liquidity through the new Special Drawing Rights plan—as an unmistakable alternative to a shortage of reserves or to pressures on the price of gold. The year 1968 will be a period of testing for international financial cooperation, but it will also be a time of opportunity.

#### ADJUSTMENT PROCESS

Countries draw on international reserves, mostly in gold and U.S. dollars, to meet balance-of-payments needs when their payments to foreigners exceed their receipts. A country's reserve position is weakened when it incurs such deficits. On the other hand, its reserves will increase with balance-of-payments surpluses. Thus, reserves change hands as countries have payments imbalances.

Apart from the flow of gold to private holders, a deficit on the part of any country tends to have a counterpart in surpluses elsewhere in the world. Thus a loss of reserves by the United States is usually a gain for another nation; and an increase in our liabilities to official dollar-holders represents a gain in dollar reserves by some other nation. During the past decade, while the U.S. accounts have been persistently in deficit, many countries have had surpluses from time to time. But the European Economic Community (EEC) alone has had persistent surpluses of the same order of magnitude as U.S. deficits.

### Mutual Responsibilities

While moderate and clearly temporary deficits or surpluses need not cause concern, large and prolonged payments imbalances are normally undesirable for the proper functioning of the international monetary system. Unilateral actions by deficit countries, if forceful enough, generally can succeed in moving such countries toward balance. But the payments pattern that results from unilateral action may not always be compatible with the broad economic objectives that all nations hold—such as high employment, sustained worldwide economic growth, a high degree of freedom of international trade and capital movements, and an adequate flow of capital to the less-developed countries.

Indeed, unless special precautions are taken to prevent such an outcome, much of the burden of corrective measures by any one deficit country could fall on countries that are already in weak payments positions, causing such countries to suffer unnecessarily and making it doubtful whether the new payments pattern could be long sustained. And there is also a danger that unilateral actions, such as tight monetary policy or restrictive budget measures, could impart a general deflationary bias to the world economy. Likewise, if corrective action is limited to surplus countries, it could in some cases add unduly to inflationary pressures.

In the light of such considerations, it is now generally recognized that the interest of all countries can best be served if payments adjustment is brought about through cooperative efforts by both deficit and surplus countries. Both types of countries bear major responsibility for such adjustments; both must seek to insure that their actions are mutually compatible and consistent with the broader aims that they share.

### Principles of Adjustment

The particular policies and combinations of policy instruments that countries should appropriately use to achieve adjustment were outlined in the Report on the Adjustment Process by Working Party 3 of the Organization for Economic Cooperation and Development (OECD). The findings were described in the Council's 1967 Report. These policies vary, depending on the circumstances and the particular characteristics of the countries involved. There is no question, however, that deficit countries must seek to avoid excessive internal demand for balance-of-payments as well as domestic reasons. Surplus countries, similarly, have a special responsibility to maintain an adequate pace of domestic economic expansion. The Adjustment Process

Report stresses, moreover, that fiscal policy needs to be given a major role in the achievement of domestic economic balance, and that there is a special need to avoid inappropriately high levels of interest rates.

There are many situations in which the choice of policies is especially difficult, because measures taken to satisfy domestic goals may run counter to international objectives, or vice versa. In such cases it may be necessary to employ new types and combinations of policy instruments. In particular, countries whose competitive position and domestic demand levels are satisfactory may have deficits due to excessive capital outflows. Such countries may find it necessary to use selective measures to limit these outflows. As the Adjustment Process Report indicated, however, "Whenever possible, it is desirable that adjustment should

TABLE 26.—United States balance of payments, 1961-67

Type of transaction	[Billions of dollars]						1967, first 3 quarters <sup>1</sup>
	1961	1962	1963	1964	1965	1966	
Balance on goods and services.....	5.5	5.0	5.9	8.5	6.9	5.1	5.4
Balance on merchandise trade.....	5.4	4.4	5.1	6.7	4.8	3.7	4.3
Military expenditures, net <sup>2</sup> .....	-2.6	-2.4	-2.3	-2.1	-2.1	-2.8	-3.1
Balance on other services.....	2.6	3.1	3.1	3.9	4.2	4.3	4.1
Remittances and pensions.....	-7	-8	-9	-9	-1.0	-1.0	-1.4
Government grants and capital, net.....	-2.8	-3.0	-3.6	-3.6	-3.4	-3.4	-4.2
U.S. private capital, net.....	-4.2	-3.4	-4.5	-6.5	-3.7	-4.2	-5.1
Foreign nonliquid capital, net.....	.7	1.0	.7	.7	.3	2.5	3.9
Errors and omissions.....	-9	-1.1	-3	-9	-4	-3	-9
BALANCE ON LIQUIDITY BASIS.....	-2.4	-2.2	-2.7	-2.8	-1.3	-1.4	-2.3
Plus: Foreign private liquid capital, net <sup>3</sup> .....	1.0	-.2	.6	1.6	.1	2.4	4.9
Less: Increases in non-liquid liabilities to foreign monetary authorities <sup>4</sup> .....		.3	( <sup>5</sup> )	.3	.1	.8	1.4
BALANCE ON OFFICIAL RESERVE TRANSACTIONS BASIS.....	-1.3	-2.7	-2.0	-1.5	-1.3	.2	-2.9
Gold (decrease +).....	.9	.9	.5	.1	1.7	.6	4.2
Convertible currencies (decrease +).....	-.1	( <sup>6</sup> )	-.1	-.2	-.3	-.5	4.2
IMF gold tranche position (decrease +).....	-.1	.6	( <sup>6</sup> )	.3	-.1	.5	( <sup>6</sup> )
Foreign monetary official claims (increase +).....	.7	1.2	1.7	1.4	.1	-.8	2.6

<sup>1</sup> Average of the first 3 quarters at seasonally adjusted annual rates, except as noted.

<sup>2</sup> Military expenditures less transfers under military sales contracts.

<sup>3</sup> Includes changes in Treasury liabilities to certain foreign military agencies during 1961-62 and to international nonmonetary institutions.

<sup>4</sup> Average of the first 3 quarters on an unadjusted annual rate basis.

<sup>5</sup> Included above under foreign nonliquid capital.

<sup>6</sup> Less than \$50 million.

NOTE.—Detail will not necessarily add to totals because of rounding.  
Source: Department of Commerce.

take place through the relaxation of controls and restraints over international trade and capital movements by surplus countries, rather than by the imposition of new restraints by deficit countries."

The next section outlines the major actions which the United States has taken to move its payments position decisively toward equilibrium. A number of these actions are clearly of a temporary nature. While they have been designed to hold the possible damage to individual nations to a minimum, there was no choice but to move, in part, in ways that are restrictive and thus not fully compatible with the long-run aims of expansion and efficiency of the world economy. Achievement of a viable payments adjustment consistent with these goals must in part be based on the positive element of the U.S. program, which aims at a strengthening of the U.S. economic position through appropriate fiscal, monetary, and incomes policies. But it must also rest on more decisive actions by surplus countries—and particularly those in the EEC: to assure adequate economic expansion; to encourage capital outflows and increased aid to less-developed countries; to reduce barriers to trade; and to share more fully in the cost of the common defense.

### THE U.S. BALANCE OF PAYMENTS

Current policies of the United States are designed to fulfill our responsibilities in the adjustment process and to the stability of the international monetary system.

The American dollar is the major reserve asset, other than gold, of world central banks; and it is the major transaction currency of international business and finance. The ability of the United States to carry out its responsibilities as the major world bank depends on the strength of its reserve position, which has been slowly diminished by continuing large deficits.

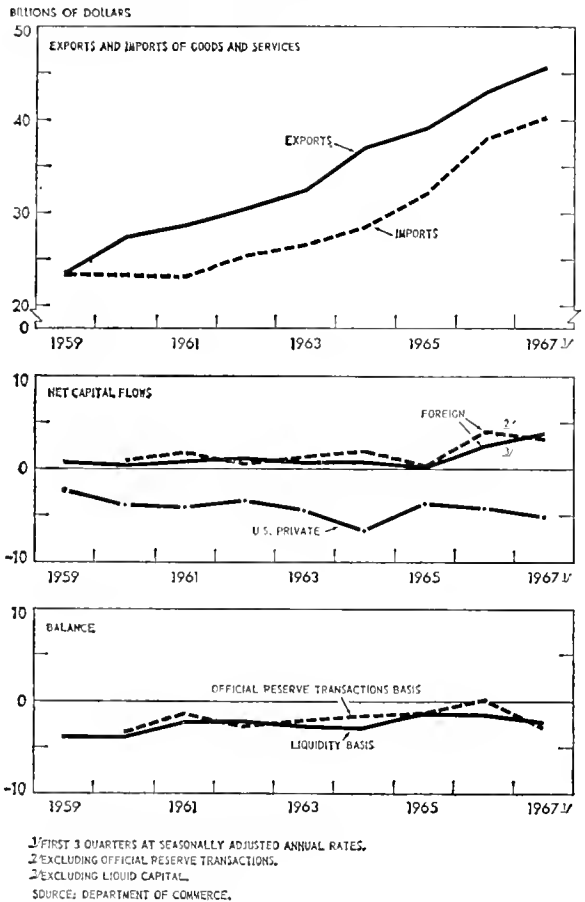
These balance-of-payments deficits arise when the sum of U.S. expenditures abroad on imports, travel, foreign securities and loans, direct investment, and other items exceeds the inflow of such payments by foreigners.

The U.S. balance-of-payment deficit records the change in our reserve position, measured as the sum of (a) losses in our reserves, and (b) increases in selected dollar claims of foreigners. The balance is statistically measured by two alternative concepts, which differ in their treatment of foreign claims. The *liquidity deficit* counts increases in the liquid claims on the United States of all foreigners—private and public—as well as losses in reserves. The *official settlements deficit* counts increases in all claims of foreign official monetary authorities—but not in private holdings of dollars—in addition to reserve losses.

Many of the transactions which contribute to the deficit involve the acquisition of productive foreign assets. The Nation does not lose wealth by such transactions, but it does sacrifice liquidity—much like an individual drawing down his bank account to buy promising growth stocks. A nation which holds its international assets primarily in liquid form loses opportunities for productive investment. On the other hand, every nation—particularly the one that serves as the world's bank—needs an adequate margin of liquidity.

Chart 14

## U.S. Balance of International Payments



### The Recent Record

The United States has had a balance-of-payments deficit almost continually since 1950. During the early part of that period, the entire U.S. deficit was beneficial to the rest of the world because it helped replenish the depleted reserves of other countries; and it could be tolerated by the United States because we had started the postwar era in an extremely strong reserve position.

Beginning in 1958-59, the situation changed. The U.S. deficit increased, while the acute shortage of dollars abroad was easing. From 1960 to 1965, the deficit was reduced progressively (Table 26 and Chart 14). But a deficit continued. The improvement came from automatic adjustment forces, and from judicious use of policy measures. New measures were required from time to time as fundamental factors changed. Foreign demands on our capital markets burgeoned with the return of currency convertibility in Europe. Trade and direct investment flows were influenced by the creation of the EEC and the European Free Trade Association (EFTA).

The improvement in the U.S. balance of payments was arrested in 1966 by the greatly increased foreign exchange costs of the Vietnam war, and indirectly through the strains placed on our domestic economy.

However, the impact on the payments position was largely offset by the inflow of interest-sensitive funds in response to the tightening of domestic money markets. The liquidity deficit of \$1.4 billion in 1966 essentially matched the \$1.3 billion of 1965.

In 1967, the unfavorable forces that had operated in 1966 persisted while monetary conditions eased, and the deficit widened (Table 26). Measured on the liquidity basis, the deficit was at an annual rate of \$2.3 billion during the first three quarters of the year.

The U.S. payments position in the fourth quarter deteriorated sharply, reflecting a decline in the merchandise surplus, the British devaluation, and the foreign exchange and gold speculation which it set off. Preliminary estimates indicate a liquidity deficit of about \$3.6 billion for the year as a whole. As measured by official settlements, the deterioration in the U.S. payments position was even more pronounced; the balance shifted from a \$200 million surplus in 1966 to a deficit of about \$3 billion in 1967, reflecting the especially marked effect of changing monetary conditions.

While shifts in payments can be readily identified in an accounting sense, their causes are more difficult to trace. A great deal of caution is required in making analytical judgments based on the accounts, especially while the estimates are still provisional.

To assess the underlying forces, cyclical and special factors must be disentangled from trend elements.

#### *Cyclical Forces in 1967*

Even though expansion slowed down last year, the American economy was closer to its high-employment growth path than were our major trading partners, which on average fell substantially below their normal growth performance. From 1966 to 1967, industrial production abroad rose rapidly only in Japan, increased moderately in Italy, sluggishly in Canada, hardly changed in Britain or France, and declined in Germany. The depth and persistence of the German recession dampened the total performance of continental Europe significantly, with cumulative effects on world trade.

Cyclical factors affected a number of balance-of-payments accounts, including merchandise exports and imports, income from investments abroad, and capital outflows for direct investment.

The U.S. merchandise balance improved during 1967, but the increase was held down by the sluggish state of demand abroad. Exports gained about 5 percent for the year as a whole, but they declined after midyear, primarily because of the weakness of demand in some of our largest foreign markets. Reflecting the slowdown of U.S. economic activity, imports remained at the level reached in the fourth quarter of 1966 and showed little tendency to increase until the fourth quarter of 1967. For the year as a whole, they rose about 4½ percent. The comparison between 1966 and 1967 demonstrates the sensitivity of imports to the rate of change of U.S. economic activity and to the degree of pressure on our productive capacities. In 1966, when rapid expansion and shortages prevailed, imports increased by 6.8 percent of the gain in GNP; in the somewhat more relaxed economic conditions prevailing for most of 1967, imports increased by only about 3 percent of the advance in GNP.

Income from U.S. direct investments abroad expanded somewhat in 1967 after having increased only slightly in 1966. This disappointing performance re-

flected an actual decline in income from investments in Western Europe during the last two years, despite the further substantial buildup of assets there. The gradual narrowing of European profit margins that has been occurring for a number of years was aggravated by the cyclical situation—a phenomenon not confined to American-owned firms. U.S. income from private assets other than direct investments and from Government assets abroad continued to increase, however, about in line with previous years.

Some of the effects of the economic weakness in Europe and the slowdown in Canada, on the other hand, were favorable to the U.S. payments position. Along with other influences, the cyclical forces contributed to an indicated total drop in U.S. direct investment outflow during 1967 of about \$500 million (Table 27). This was the first decline in the level of outflows since 1961, although the \$3 billion level remained substantially above that of all years prior to 1965. In addition to the slowdown abroad, the substantial increase of borrowing abroad during the last two years—in response to the voluntary program—reduced considerably the outflow from the United States.

#### *Special Factors in 1967*

While the payments structure is always influenced by many special factors, 1967 produced a bumper crop. The list of those significant to the U.S. balance of payments includes Expo 67, the Middle East crisis, Vietnam intensification, and sterling devaluation.

*Expo.* U.S. travel expenditures, which had been increasing on the average about 10 percent a year, jumped about 20 percent (or \$500 million) in 1967. The acceleration was accounted for by tourist spending in Canada, which rose more than 50 percent, reflecting the attraction of Expo 67. Meanwhile, U.S. receipts from travel expenditures, which has been increasing about 15 percent a year, rose only about 4 percent last year. There was no increase in receipts from Canadians, who usually contribute one-third of U.S. travel earnings.

*Middle East.* The Middle East crisis and its aftermath also, on balance, had some adverse effects. While not of great magnitude, the contrast with the favorable balance-of-payments consequences of the 1956-57 Suez crisis is very marked. Net payments increased as the result of lower merchandise exports to the area, higher payments for transportation, greater personal remittances, and larger new issues of foreign securities in the U.S. market. These outweighed the gains in petroleum trade and some increase in earnings of American-owned international oil companies.

*Southeast Asia.* The intensification of the hostilities in Vietnam had an additional impact on the U.S. balance of payments. U.S. overseas military expenditures increased further by about \$700 million in 1967, to a level more than \$1.4 billion above the plateau prior to mid-1965.

*Sterling.* The events surrounding the devaluation of sterling had many immediate consequences for the U.S. balance of payments. Some are easily identified but others harder to evaluate. Prior to the devaluation, speculation against sterling forced the United Kingdom to liquidate all of its remaining long-term government-owned assets in the United States, in order to reconstitute official reserves. This action increased the U.S.



liquidity deficit by about \$500 million in the fourth quarter. The deficit may have been increased further indirectly by the flurry of private gold purchases; it was also widened to whatever extent funds moved out of the United States for purposes of speculation or hedging in the period of stress and uncertainty.

In combination, cyclical and special factors account for much of the deterioration in the U.S. balance of payments during 1967, particularly in the fourth quarter. However, against the history of a persistent U.S. deficit, the sterling devaluation and its aftermath posed a threat to the stability of the dollar and consequently to the stability of the international monetary system. Thus new U.S. balance-of-payments measures became necessary in order to strengthen the international monetary system, insure that the 1967 deterioration of the U.S. balance of payments is decisively reversed, and improve the underlying strength of the U.S. payments position enough to bear the heightened military costs in Southeast Asia.

### The 1968 Program

The monetary and fiscal measures outlined in Chapters 1 and 2 and the continued efforts to increase efficiency and to encourage responsible price and wage behavior discussed in Chapter 3 provide the broad base for improvement in our international payments position and are an integral part of our balance-of-payments program. In addition, the President set forth on New Year's Day a major new program of measures specifically directed at the balance of payments.

The new program is directed at improvement in five separate areas: (1) capital outflows for American direct investments abroad; (2) loans to foreigners by American financial institutions; (3) Government net expenditures abroad; (4) net travel expenditures; and (5) merchandise trade. Most of the measures included in the program will have an immediate impact on the balance of payments. Some are intended to be temporary; others are long term in character. Some have been put into effect by administrative actions, others require legislation by Congress, and still others require cooperative action by our allies and trading partners.

#### Regulations on Foreign Direct Investment

On January 1, 1968, the President issued an Executive order<sup>4</sup> which basically transformed the Commerce Department's previously existing Voluntary Direct Investment program into a mandatory program with much lower levels of permitted capital outflows. The voluntary program, which began in 1965, called on the business community to reduce capital transfers for direct investment in developed countries; it also sought additional contributions to the balance of payments through such means as expanding exports and remittances of earnings abroad. The program stressed the desirability of financing investments abroad through foreign borrowing.

The largest needs for cash by American affiliates abroad are for financing plant and equipment expenditures. Foreign plant and equipment outlays by American firms in 1967 were an estimated \$10.2 billion, up from \$6.2 billion in 1964. These expenditures are fi-

TABLE 27.—United States balance of payments: Capital transactions, 1961-67

[Billions of dollars]							
Type of capital transaction	1961	1962	1963	1964	1965	1966	1967, first 3 quarters <sup>1</sup>
U.S. private capital, net	-4.2	-3.4	-4.5	-6.5	-3.7	-4.2	-5.1
Direct investment	-1.6	-1.7	-2.0	-2.4	-3.4	-3.5	-2.9
New foreign security issues	-5	-1.1	-1.2	-1.1	-1.2	-1.2	-1.6
Other transactions in foreign securities <sup>2</sup>	-.2	.1	.1	.4	.4	.7	.5
U.S. bank claims	-1.3	-5	-1.5	-2.5	.1	.3	-.7
Other claims	-.6	-.4	.2	-1.0	.3	-.4	-.3
Foreign nonliquid capital, net	.7	1.0	.7	.7	.3	2.5	3.9
Direct investment	.1	.1	(3)	(3)	.1	.1	.2
U.S. securities (excluding Treasury issues)	.3	.1	.3	-.1	-.4	.9	1.3
Long-term U.S. bank liabilities	(3)	(3)	.1	.2	.2	1.0	1.1
Other <sup>4</sup>	.3	.8	.4	.5	.4	.5	1.3
Foreign nonliquid capital, net	.7	1.0	.7	.7	.3	2.5	3.9
Plus: Foreign private liquid capital, net <sup>5</sup>	1.0	-.2	.6	1.6	.1	2.4	6.9
Less: Increases in non-liquid liabilities to foreign monetary authorities <sup>7</sup>		.3	(3)	.3	.1	.8	1.4
Equals: Foreign capital excluding official reserve transactions, net	1.7	.5	1.3	1.9	.3	4.1	3.3

<sup>1</sup> Average of the first 3 quarters at seasonally adjusted annual rates, except as noted.

<sup>2</sup> Includes redemptions.

<sup>3</sup> Less than \$50 million.

<sup>4</sup> Includes certain special Government transactions.

<sup>5</sup> Includes changes in Treasury liabilities to certain foreign military agencies during 1961-62 and to international nonmonetary institutions.

<sup>6</sup> Average of the first 3 quarters on an unadjusted annual rate basis.

<sup>7</sup> Included above under foreign nonliquid capital.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

nanced out of many sources. In 1966, capital outflows for direct investment accounted for about 32 percent of the total; reinvested earnings were 20 percent; long-term borrowings abroad amounted to 8 percent; short-term borrowings abroad and depreciation allowances on existing foreign assets represented the remainder—about 40 percent. As had been the case previously, the new program is directed only at new outflows of funds from the United States and reinvested earnings. It does not aim to curb plant and equipment expenditures as such, although they are bound to be affected. Long-term funds borrowed abroad are specifically exempted.

Despite excellent business cooperation with the voluntary program, a mandatory program is necessary to achieve the large improvement required in 1968 and to insure equality of burdens among all direct investors.

The new program provides three basic limitations on direct investors: (1) annual limits are placed on their new direct investment—capital outflow plus reinvested

<sup>4</sup> For text, see *ibid.*, Jan. 22, 1968, p. 114.

earnings—in foreign subsidiaries or branches; (2) a minimum share of total earnings from their direct investments must be repatriated—generally equal to the same percentage that they repatriated during 1964-66; and (3) their short-term financial assets held abroad must be reduced to the average level of 1965-66 and held at or below that level.

The annual limits on direct investment are determined in the following way:

(1) For less-developed countries, as a group, new capital transfers and reinvested earnings, in combination, may not exceed 110 percent of a direct investor's average new direct investment in less-developed countries in 1965-66.

(2) For developed countries to which U.S. capital inflow is essential—including Canada, Japan, Australia, New Zealand, the United Kingdom, and some oil-producing countries—the maximum permitted allowance is 65 percent of the annual average of capital outflow plus reinvested earnings in 1965-66.

(3) For all other countries, principally continental Western Europe, a moratorium is imposed on any new capital outflows for direct investment. However, a direct investor may normally plow back each year into his existing direct investments in these countries as a group the same percentage of his earnings as he reinvested in the years 1964-66.

The program exempts small direct investments not exceeding \$100,000 in the aggregate. It also establishes administrative procedures whereby the Secretary of Commerce may authorize in exceptional cases direct investments in excess of those allowed under the general rules.

The direct investment program is designed to achieve a \$1 billion improvement in the balance of payments. The impact is to be concentrated on the surplus countries of continental Europe, with a minimum effect on other countries. It requires an important sacrifice by U.S. international corporations, but it is designed to keep interference in the details of business decisions to a minimum. Normal international trade among affiliate companies will not be restricted, nor will other usual business transactions be disturbed. The program is intended to be temporary, subject to relaxation as soon as world payments conditions permit.

#### *Foreign Credits by Financial Institutions*

The Board of Governors of the Federal Reserve System issued new suggested guidelines on foreign credits of financial institutions. The President gave the Board authority to make the guidelines mandatory if that should prove necessary. The new guidelines, covering both banks and other financial institutions, represent a major tightening of the program begun in 1965. They aim at a substantial inflow of \$500 million in credits subject to the program in 1968. There was an outflow of such credits of about \$400 million in 1967.

Three types of restrictions were placed on the extension of foreign credits by banks. (1) Ceilings on credits for most large banks were reduced to 103 percent of foreign credits outstanding on December 31, 1964. Priority within the ceiling is to be given to credits for financing American exports and for supplying capital to less-developed countries. (2) In addition, banks

are called on not to renew at maturity outstanding term loans to developed countries of continental Europe and not to relend the repayments of such loans to residents of those countries. (3) Banks are also to reduce the amount of short-term loans outstanding to developed countries of continental Europe by 40 percent of such credits outstanding on December 31, 1967, bringing them down at a minimum rate of 10 percent a quarter.

Parallel restrictions were also placed upon activities of nonbank financial institutions such as insurance companies, finance companies, trust companies, and employee retirement and pension funds. It is expected that all financial institutions will continue to cooperate fully in the program.

#### *Government Expenditures Abroad*

The impact of the Government's own expenditures abroad will be reduced as part of the new program while still maintaining essential functions. The President has directed

—the Secretary of State to negotiate with our NATO allies to minimize the foreign exchange costs of keeping our troops in Europe;

—the Secretary of Defense to take steps to reduce further the foreign exchange impact of personal spending by U.S. forces and their dependents in Europe;

—the Director of the Bureau of the Budget and the Secretary of State to reduce by at least 10 percent the number of Government civilian personnel working overseas and to curtail overseas travel abroad to the minimum consistent with the orderly conduct of Government; and

—the Administrator of the Agency for International Development to reduce expenditures abroad by \$100 million and take measures to insure that goods exported from the U.S. under AID loans are additional to U.S. commercial exports.

These measures are aimed at saving \$500 million in the balance of payments.

#### *Travel Account*

In order to reduce the net travel deficit by \$500 million, the President has asked Americans to defer all nonessential travel outside the Western Hemisphere for two years; he also directed the Secretary of the Treasury to explore with the appropriate congressional committees legislation to help achieve that objective. Long-term efforts to attract more foreign visitors to the United States are being intensified.

#### *Trade Expansion*

The new program also includes several long-range measures of improved export financing and export promotion. Congress will be asked to earmark \$500 million of the Export-Import Bank's lending authority for a new export expansion program designed to guarantee, insure, and make direct loans for exports which do not fall under the Bank's existing criteria. The Bank will also expand and liberalize its rediscount program to encourage private banks to increase their financing of exports. Congress will also be asked to support a five-year, \$200 million program in the Department of Commerce to promote the sale of U.S.

goods abroad. The Department plans to initiate a program of joint export associations to provide direct financial support to American firms joining together to sell abroad.

## Prospects for 1968

The new program will have a major impact in reducing the U.S. deficit this year. It should cut private capital outflows by more than \$1½ billion from 1967 levels. It aims to reduce net travel outflows by \$500 million. The impact of Government expenditures abroad will be reduced and American exports stimulated. Moreover, the prompt and decisive action taken by the United States should help to halt the speculation and anxiety that led to some short-term capital outflows in the closing months of last year. Long-term capital outflows in the form of security purchases will continue to be restrained by the Interest Equalization Tax, which was extended in 1967 with new authority for the President to vary the rate of tax within specified margins.

The condition of the U.S. domestic economy will have very great importance for the balance of payments. Prompt enactment of the tax surcharge by the Congress and responsible wage and price decisions by American labor and management are essential to insure that the growth of imports will be moderate and that American business firms will have incentives to market exports actively and competitively.

General business conditions abroad will also have a significant influence on the balance of payments in 1968. As appraised by OECD and leading private experts, European economic growth is expected to improve from the disappointing sluggishness of 1967.

To be sure, the new U.S. program will tend to reduce investment demand and to tighten monetary conditions in Europe. However, most countries on the continent are in a position to counter this tendency effectively with more expansionary monetary and fiscal policies. Both balance-of-payments conditions and the state of domestic demand call for more stimulative policies on their part. As indicated in the discussion of the adjustment process, surplus countries have a world responsibility to manage their economies in such a way as to insure growth and to encourage expansion.

The possibility of a major improvement in U.S. trade this year, however, is limited by several factors, including the improvement in the competitive position of Britain provided by devaluation, the indicated forthcoming bulge in steel imports in anticipation of a possible strike, and the recent good agricultural harvest in many countries which will limit the growth of exports of farm products. Furthermore, a number of European countries, including Germany, the Netherlands, and Austria, are instituting major changes in their border tax arrangements this year in ways likely to encourage exports and inhibit imports—contrary to the needs of world payments adjustment. Diplomatic consultations have been initiated to mitigate the disadvantages to our trade which arise from differences in national tax systems. The Administration is preparing legislative measures in this area; their scope will depend on the outcome of these consultations.

Finally, the Common Market at midyear is scheduled

TABLE 28.—Unit labor costs in manufacturing for selected industrialized countries since 1961<sup>1</sup>

[1961=100]

Country	1962	1963	1964	1965	1966 <sup>2</sup>
United States.....	99	98	98	97	99
Canada.....	99	98	97	99	103
France.....	107	112	117	119	116
Germany.....	107	110	110	117	123
Italy.....	107	118	123	120	118
Japan.....	109	114	111	118	125
United Kingdom.....	103	102	103	108	113

<sup>1</sup> Ratio of wages, salaries, and supplements to production; national currency basis.

<sup>2</sup> Preliminary.

Note.—Data relate to wage earners in Italy and to all employees in other countries.

Sources: Department of Labor and Council of Economic Advisers.

to remove all remaining internal tariffs and to complete the adoption of a common external tariff. The consequences of this action on U.S. trade will be moderated, however, by the simultaneous implementation of the first tariff cuts by the EEC under the Kennedy Round.

## Long-Term Prospects

A key element in the balance-of-payments outlook for the long run is our ability to maintain and improve the competitive position of the United States. It is difficult to trace the connection between competitive changes and trade movements, but there is little doubt that an increase in relative costs—which, in turn, raises relative prices—can impair a country's trade performance, while reductions in relative costs can enhance its trade surplus.

Empirical evidence on costs is limited to manufactured goods, and even there it is far from satisfactory. The data do make clear that, during much of the decade of the 1950's, U.S. costs and prices rose faster than those of our major competitors. We lost ground in international markets during that period. Within recent years, however, the situation with respect to costs was reversed. In manufacturing, U.S. unit labor costs (the largest element in total costs) declined between 1961 and 1965, while costs in other countries except Canada increased substantially (Table 28). As a result, our share of foreign markets in manufactured products stabilized, when intra-EEC and intra-EFTA trade are excluded. In 1966, our costs increased about as rapidly as the average of other countries. Comprehensive data are not yet available for 1967, but our costs continued to rise, probably at a rate exceeding that of most European countries.

Many of our trading partners are facing fundamental structural changes in their economies. The labor supply situation that permitted the period of extremely rapid growth in Europe has altered fundamentally. The growth of the European labor force in the next decade will be much smaller than in the recent past,

and less scope remains for shifting European labor out of less efficient pursuits, such as agriculture, or out of unemployment into industrial activity. This will mean greater European demands for labor-saving machinery, in which U.S. producers hold a marked competitive edge; it may also increase pressures in the European labor market and strengthen the bargaining power of European workers. Finally, with the elimination of all tariff barriers this year, internal EEC trade will no longer receive the further benefit of periodic duty reductions. Therefore, with proper economic management at home, the United States has an excellent opportunity to strengthen its trade surplus over time.

The development of European capital markets has proceeded at a substantial pace in the past few years, spurred partly by the U.S. voluntary programs and the Interest Equalization Tax. The new program will provide added incentives for the mobilization of long-term funds in European capital markets. This should, in the years ahead, tend to moderate the basic demand for capital from the United States. The recent vast expansion in U.S. business holdings overseas should also help by increasing the inflow of earnings, dividends, royalties, and fees in the years ahead.

## THE INTERNATIONAL MONETARY SYSTEM

Because dollars are used as reserve assets, the U.S. balance of payments is closely linked to the stability of the entire international monetary system.

### The Gold-Exchange Standard

In major part, existing international monetary arrangements are based on the rules and institutions developed at the Bretton Woods Conference in 1944, which established the IMF. The basic principles underlying the Bretton Woods system call for the convertibility of one currency into another at essentially fixed exchange rates, with fluctuation around declared parities limited to a narrow range. Changes in parities are to be made only in cases of fundamental payments disequilibrium and upon prior consultation with the Fund.

Because demands for a nation's currency vary from time to time, and thus receipts and payments do not balance exactly, a nation needs monetary reserves to support the value of its currency in a fixed exchange rate system. Under the so-called gold-exchange standard, these "owned" reserves are held both in gold and in certain foreign currencies. In fact, the dollar is the principal reserve currency for most nations of the world, although the pound sterling and the French franc also serve this purpose on a smaller scale. Currencies are useful as reserve assets because they are convertible amongst themselves, are claims on the real resources of issuing countries, and can be held in interest-yielding, but still highly liquid, form. All countries other than the United States meet their IMF obligations by buying and selling currencies, mostly dollars. The United States meets its basic commitment under the Fund rules by freely buying and selling gold to foreign monetary authorities at a fixed price of \$35 an ounce. Gold maintains its reserve asset status by being linked to the dollar and the IMF, and by tradition.

Reserves are the main line of defense for any nation which is seeking to correct a payments deficit through an orderly adjustment. Multilateral credit facilities serve as a further line of defense. The Fund provides medium-term credits to assist members in overcoming temporary payments deficits without resort to unduly restrictive international or domestic measures. This system has been strengthened by the recent creation of a network of short-term credit facilities among central banks and by the development of the General Arrangements to Borrow, which enlists additional resources from major industrial nations to help the Fund meet large credit needs.

These various credit facilities supplement but are not a substitute for owned reserves. As has been clearly demonstrated in the past, in a world of growing trade and payments, nations desire to hold a growing quantity of monetary reserve assets. In order to increase their reserves, nations aim for payments surpluses. If successful, the efforts of some countries to attain surpluses must be reflected in deficits for other countries. Under present arrangements, such a competitive effort to build reserves can lead to undesirably restrictive actions on domestic economies and on trade and capital flows.

In fact, world trade and output have grown rapidly in recent years. But monetary reserves have increased slowly. If that sluggish pace continues, it could inhibit the growth of economic activity. Total world reserves have grown at an annual rate of 2.7 percent since 1960 (Chart 15), far below the 7.4 percent annual rate of expansion of world trade.

Of the major types of reserves, the dollar has contributed most of the increase in the total stock of monetary reserves. Gold has made very little contribution in the 1960's, and none at all in the past two years. Certain drawing rights in the IMF, which are created as a byproduct of the credit operations of the Fund, are automatically available to member nations and are thus properly classified as reserve assets. These "super gold tranche" reserve assets have achieved some quantitative importance in recent years, but they are also extinguished through specific credit operations.

A survey of future prospects makes it clear that neither gold nor the dollar can be counted on to add substantially to total world reserves in the years ahead.

### Gold Reserves

Gold constituted 56 percent of total world monetary reserves in 1967 (excluding the Soviet Union and other Communist countries), a decline from 72 percent in 1948. The supply of newly mined gold has been small in relation to existing monetary stocks, and a large portion of new supplies has been absorbed into private uses and holdings.

#### *Historical Background*

In many respects, the recent decline in the importance of gold is an extension of a trend that began after World War I. That trend, in turn, reversed the developments of the preceding half century when gold first achieved a preeminent role.

Following the discovery of important new deposits in the middle of the 19th century, gold replaced silver as

the standard of international finance and became the predominant basis of the monetary system of most major trading countries. Even in this period, the slow increase in monetary gold threatened to act as a brake on economic development. However, new discoveries, chiefly in South Africa, provided enough additional gold to keep the system going.

After World War I, the gold standard was transformed into a less rigid system. Gold holdings were increasingly concentrated in the hands of central banks, while the public relied increasingly on paper currency and checking accounts for domestic transactions. Many central banks kept all or part of their international reserves in the form of claims on "key currencies"—primarily the pound sterling and the dollar—themselves convertible into gold. This system is the gold-exchange standard, which, after an interruption during the 1930's, has survived to the present day.

### Private Demands

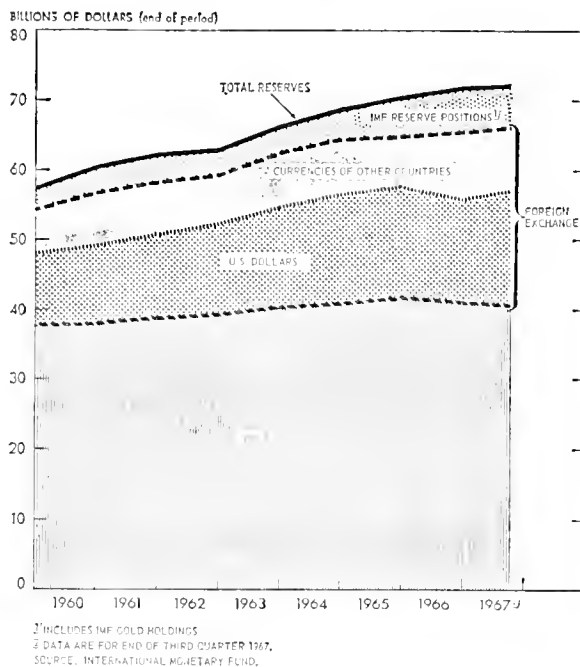
By developing the use of financial claims as reserves, the world has learned to avoid the constraints imposed by the slow growth of gold stocks. In the last few years, the importance of this development has become especially great because gold production has leveled off, while the nonmonetary consumption of gold has increased rapidly. The physical properties of gold, such as electrical conductivity and resistance to corrosion, have proved to be increasingly attractive in industrial applications. The use of gold in jewelry and dentistry has more than kept pace with the rise in world income. Commercial gold consumption in the United States amounted to \$220 million in 1966, and is rising at an annual rate of more than 10 percent. While there are no accurate worldwide data, gold consumption in industry and the arts appears to be absorbing about \$¾ billion a year. Production of newly mined gold (outside of Communist countries) now amounts to about \$1½ billion a year, intermittently augmented by Russian gold sales.

Hoarding and speculation also contribute to the private demand for gold. Even if it were not illegal, most Americans would find gold an unattractive asset because it earns no interest and is expensive to store safely or to insure. But many foreigners have reasons for thinking otherwise. Gold can be more easily carried in emergencies or hidden (especially from the tax collector) than bulkier assets. Also, in some parts of Asia, gold is the only asset that a wife may own beyond the control of her husband. Furthermore, there has also been some net acquisition of gold by private speculators who were betting on an increase in the price of gold.

Quite apart from speculation, it is clear that gold can supply, at most, a small fraction of the needed growth in world monetary reserves. The monetary gold stock could grow no more than 2 percent a year on the basis of present rates of mining less consumption in industry and the arts. Given the prospect of growing commercial use, even that rate of growth may not be achievable over time. Indeed, the world cannot count on any sustained increase in monetary gold reserves in the long run. In fact, it is possible that, over time, gold may gradually lose even its present importance as a monetary reserve asset.

Chart 15

## World Monetary Reserves



### Dollars As Reserves

At the present time, liquid dollar holdings of foreign monetary authorities amount to about \$16 billion and are larger than the U.S. gold stock. The United States could provide substantial further increases in foreign reserves only by running continued large deficits. The persistence of such deficits would impair confidence and thus endanger the link between gold and the dollar, which is the essence of the gold exchange standard. The U.S. commitment to move toward payments equilibrium is designed to assure the strength of the link, preserving the high quality of the dollar as a reserve asset by limiting the increase in the quantity of dollars held abroad.

As another step to insure the strength of the dollar and thus of the gold exchange standard, the President has proposed legislation to remove the current "gold cover" requirement on domestic currency.

### Removal of the Gold Cover

Under existing legislation, the Federal Reserve System is required to hold a 25-percent reserve in gold against Federal Reserve note liabilities. Increasing amounts of gold are brought under the gold cover as the volume of Federal Reserve notes expands to meet the needs of a growing economy. As a domestic requirement, the gold cover is an anachronism. Appropriate monetary policy is related to the over-all needs of the economy; and the Federal Reserve Board exercises its authority in relation to those needs, not in relation to our gold holdings.

The only real purpose for the United States to hold a gold stock is to insure the international convertibility of the dollar. The growing amount of gold needed to satisfy the gold cover requirement is approaching the level of U.S. gold holdings. While there are provisions permitting the gold stock to dip below the gold cover requirement, the retention of this statutory limit serves no useful purpose. And its removal will make unmistakably clear that our entire gold stock is available to defend the international convertibility of the dollar at its present parity.

### Meeting Reserve Needs

In view of the limited possibilities for gold and the dollar to provide additional international monetary reserves, it is clear that positive action must be taken to assure the growth in reserves essential to support expanding world trade.

That need must be met in a more constructive way than by an increase in the price of gold. As the President has repeatedly stated, the United States is unalterably opposed to a rise in the price of gold. Such an action would be both inefficient and inequitable. Its primary impact on reserves would be achieved by a large "one-shot" write-up of the nominal value of gold reserves, rather than by an assurance of continued steady growth. It would stimulate a limited increase in gold production, but only by diverting scarce resources into the production of a commodity for which there is no shortage in nonmonetary use. It would give unearned windfall gains to major gold producing nations, such as South Africa and the Soviet Union, while penalizing those countries, such as Japan and Sweden, which have supported the gold exchange standard by holding reserves in dollars. It would not only reward speculators but—more important—would encourage them in the belief that further price rises were inevitable.

In rejecting an increase in the gold price as a means of expanding reserves, the United States can point toward a far more constructive alternative. Just as the gold exchange standard added key currencies as reserve assets supplementing gold, now the key currencies must be supplemented by appropriate new reserve assets. The decision to create such new reserve assets is needed promptly. The threat that total reserves may not grow adequately in the future is a source of strain and uncertainty in the international monetary system and an encouragement to speculation in gold and foreign exchange markets.

To encourage the orderly progress of world trade and economic growth, and to maintain confidence in international monetary arrangements, the nations of the world must show decisively and promptly their determination to meet the need for growing reserves by creating an adequate supplement to gold and the dollar. The development of a supplemental reserve asset, backed by the full faith and credit of participating nations, is the ideal way to solve the problem. Such an asset can be universally accepted as a supplement to gold and dollars and can be issued in quantities sufficient to insure adequate growth of total monetary reserves. The outline plan for international monetary reform, unanimously endorsed at the 1967 annual meeting of the IMF in Rio de Janeiro, is a major forward step toward a solution.

### The Rio Agreement

The plan agreed upon in Rio represents the outcome of four years of intensive study and negotiation, involving the major industrial countries in the so-called "Group of Ten" as well as the wider forum of the Fund. It provides for the establishment, within the IMF, of a new reserve facility for the creation of Special Drawing Rights (SDR's), designed to "meet the need, as and when it arises, for a supplement to existing reserve assets." SDR's will be created by deliberate decision of IMF members and will be distributed to all participants in proportion to their Fund quotas. Countries receiving these rights will be able to count them as part of their reserves. Subject to certain rules described below, they can use them to settle balance-of-payments deficits or satisfy reserve needs by drawing on (i.e., exchanging them for) convertible currencies of other countries. An amendment to the Fund's Articles of Agreement that will express the new scheme in precise legal terms is to be prepared by the Executive Directors of the IMF not later than the end of March of this year, and will be submitted to member countries for ratification.

As President Johnson has indicated, the Rio agreement constitutes the greatest forward step in the improvement of the international monetary system since the creation of the Fund itself. For the first time in history, the great majority of the world's nations, comprising all the members of the IMF, has agreed to cooperate in the conscious and deliberate creation of a new and permanent reserve asset, in amounts and at a pace systematically geared to assure adequate growth of total international reserves.

#### *Nature of the New Reserve Asset*

Essentially, SDR's are claims giving their holders the unconditional right to obtain convertible currencies from other members of the Fund to meet balance-of-payments needs or unfavorable developments in a country's total reserves. These claims are backed by the obligation of member countries to accept them in exchange for convertible currencies up to certain limits.

In the design of the new asset, every effort has been made to assure that it will be a true supplement to existing reserve assets and will, in fact, add to the total of world reserves. In line with these considerations, SDR's will carry a gold value guarantee and will be "as good as gold" for the settlement of international payments. Indeed, since they can be used *only* for such settlements, any newly created SDR's constitute a permanent addition to the world's official monetary reserves. Unlike gold, they cannot be drained into private hoards, and unlike super gold tranche drawing rights, they cannot be extinguished as the by-product of other Fund operations.

The new reserve asset will also have an advantage over gold in bearing interest; at the same time the rate will be much lower than is available on dollars and other reserve currencies. And they will, of course, not share the dollar's unique role of serving simultaneously as a reserve asset and as the world's principal transactions currency.

While SDR's will have all the essential characteristics of reserve assets, the framers of the plan realized that it may take some time until participating countries become fully accustomed to this new asset. The plan therefore places certain limitations on the ability of

individual participating countries to use SDR's and on their obligation to accept them. As the new asset becomes more familiar to the world through experience, it should become increasingly possible to reduce or even eliminate such limitations.

The initial rules are designed to assure that the new reserve asset will be smoothly integrated into the monetary system with existing assets. Under them, the Fund will frequently act as a traffic policeman guiding transfers.

The rules require, first, that SDR's should be used only for balance-of-payments needs or to meet reserve losses and not merely for the purpose of shifting from one reserve asset into another.

Second, when SDR's are used for the acquisition of convertible currencies, the countries drawn upon should normally be in a solid balance-of-payments position—as a result of either surpluses or strong reserves. And the drawings are to be guided toward such countries in a way that will, over time, provide a more or less proportionate relationship of the new asset to total reserves. Thus it is assured that the holdings of the new asset will be widely dispersed among participating nations.

Third, each participating country is obligated to accept SDR's in exchange for convertible currency only up to the point where its total holdings are three times the amount of such reserve assets that have been cumulatively allocated to it. This limits the obligation of any individual nation while insuring ample scope for the effective use of the new asset.

Fourth, countries which have used SDR's in large amounts over an extended period will have a limited obligation to reconstitute their holdings over time. The rule provides that, during the first five years of the operation of the plan, a country's average holdings should be at least 30 percent of its average allocation over this period. In a very rough way, this requirement can be compared to a minimum average balance that a bank may require on checking accounts.

### *Decisionmaking and Distribution*

Following ratification of the Rio plan, the activation of the new facility will require a separate set of decisions. Activation can only occur when the Managing Director of the Fund, after careful study and upon consultations with Fund members to assure him of the need for additional reserves, makes a specific proposal as to the timing and the amount of SDR's to be created. Final approval of the proposal requires an 85-percent majority of the voting power of the participating countries, somewhat more than the 80-percent vote required for quota increases in the Fund. In effect, it gives a veto power not only to the United States but also to the countries of the Common Market, should they choose to vote as a group.

Since SDR's are designed to assure an adequate over-all growth of international reserves over time, decisions regarding the amount of SDR's to be created will normally be made for a basic period ahead (such as five years), with equal amounts to be issued during each of these years. The task of satisfying short-term variations in liquidity needs will thus continue to be left to such existing mechanisms as the credit facilities of the Fund and the network of central bank swap arrangements.

The new facility will be universally available to Fund members, without discrimination—an important principle on which the United States placed great stress during the course of the negotiations. Under this arrangement, the United States would receive about \$250 million out of each \$1 billion of SDR's created. The share of the Common Market countries as a group would be about \$180 million; of the United Kingdom, \$116 million; of Canada and Japan, about \$35 million each; of other developed countries, \$107 million; and of the less-developed countries, \$280 million.

In effect, the new drawing rights are to be created by the stroke of a pen, but that stroke will commit the full faith and credit of participating countries behind the asset that they have jointly established. As is true in the case of domestic money, the general and unconditional acceptability of such monetary assets reflects confidence in the issuing agent. No one could ask for a stronger issuing agent than the nations of the IMF banded together.

Paper monetary reserves are by no means new—sterling and dollars have served as reserves for generations. What will be new is the reliance on a reserve asset backed by a group of nations rather than a single one and capable of being created by international decision.

The ratification of the Rio plan is still to come. And the implementation and actual creation of SDR's are a further step away. Even when they are created, it will take time for them to become established as a customary usable reserve asset. But the world is now taking the decisive step of choosing to travel this route. It is adopting, as a means of meeting the need for growing reserves, a clear alternative to a rise in the monetary gold price.

The potentialities for this reserve asset are obvious and enormous. It need not and will not displace gold and the dollar as reserve assets. But it will free the world from concern about the supply and demand for gold.

While the creation of SDR's will not, in itself, solve the balance-of-payments problems of the United States or any other country, it will enable countries to increase their reserves without pursuing mutually incompatible payments goals. Thus, it should facilitate an orderly adaptation of other countries' payments positions as the United States reduces its deficit, and contribute to the general health and strength of the international monetary system.

### *The Tasks Ahead*

The developments of late 1967 have given special urgency to the early ratification of the SDR facility. Indeed, activation of the facility in the relatively near future may prove highly desirable to insure that the international monetary system will function with full effectiveness.

Several aspects of the current situation point toward the need for early action. The world's monetary gold stock actually declined in 1967. There are indications that inadequate reserve expansion may already be inhibiting economic growth and the freedom of international transactions. Moreover, successful implementation of the British devaluation will require a sharp shift in Britain's payment position from a large deficit to a sizable surplus; this will in turn call for reductions in surpluses and the incurring of deficits by other major

countries. Additional adjustments in the payments positions and structures of major surplus countries will also be needed as a counterpart to improvements in the U.S. balance of payments. These difficult adjustments will be greatly facilitated if an adequate growth of total world reserves is assured.

## TRADE POLICIES

World trade has grown spectacularly in recent years. Between 1953 and 1966 it expanded by almost two and a half times, while world output of primary and manufactured products doubled. The growth of trade relative to output has been an important factor in making this period the most prosperous one in recorded history. It was fostered by the progressive liberalization of the commercial policies of the major trading nations. The United States can take pride in its leading role in this liberalization.

### Kennedy Round

The Kennedy Round was the sixth venture at multilateral trade negotiations undertaken by the GATT since its creation in 1947. The growth of regional trading blocs in Europe and elsewhere introduced a special urgency and significance to the latest negotiations. The major nations of Europe had divided themselves into two trading groups, the EEC and the EFTA. Each group provided for eventual free trade among its members, accompanied by a continuation of tariffs and other restrictions against nonmembers. While these organizations have many desirable features, they can pose a threat to the development of more liberal trading relations among nations that belong to different groups and between group members and nonmembers like the United States.

The United States' response to this challenge was the passage of the Trade Expansion Act of 1962 which became the stimulus for the Kennedy Round. This act permitted the President greater flexibility in bargaining for lower tariffs and provided for adjustment assistance to American workers and business firms that might be injured as a result of tariff concessions. The negotiations were formally begun in May 1964 and were concluded after many difficulties on June 30, 1967. Although some problems could not be adequately overcome within the Kennedy Round, a remarkable degree of tariff reduction was achieved. The results have been widely and accurately acclaimed as a major accomplishment.

#### *Features of the Agreement*

The agreement includes tariff concessions covering about \$40 billion of world trade; the United States gave concessions on about \$8.5 billion of its imports while concessions by others cover the same amount of U.S. exports. Tariff reductions of 50 percent were applied to numerous manufactured products and significant but smaller reductions were applied to many others. For the four largest participants—the United States, the EEC, the United Kingdom, and Japan—the weighted average reduction of tariffs on manufactured products was about 35 percent. The U.S. tariff reductions will generally take effect in five equal annual installments,

the first of which became effective on January 1, 1968. Some of our trading partners took a similar step at the same time, but others will wait until midyear and then make 40 percent of their reductions.

Certain manufactured products required special negotiations; these included chemicals, cotton textiles, and iron and steel. Chemical products posed a particularly difficult problem, which was resolved by making two separate agreements. The first is incorporated in the multilateral tariff-reducing agreement providing for a stipulated unconditional reduction of chemical tariffs by the United States and other countries.

The second is conditional upon legislative action by the United States to remove the special valuation method now applied by U.S. tariff regulations on benzenoid chemicals. Under legislation adopted in 1922, when the American chemical industry was still in an "infant" stage, the U.S. tariff rate for competitive benzenoid chemicals is applied to the price of similar products made by domestic producers rather than to the actual price of imports. If the United States adopts the normal valuation practice on these items, certain of its major trading partners will further reduce chemical tariffs and will also lower some nontariff barriers.

Agricultural products were also considered in the Kennedy Round and proved to be especially troublesome. However, significant tariff concessions were finally agreed upon. Those by other nations cover about \$870 million of U.S. exports. Our concessions covered about the same amount of U.S. imports. The other major accomplishment in agriculture was the negotiation of a grains agreement. It provides for a higher minimum price for wheat than existed under the old International Wheat Agreement, and involves an increase of about 15 percent in U.S. export prices. It also provides for a multilateral food aid program equivalent to 4.5 million tons of cereals a year, of which the United States would contribute 42 percent.

While these steps are encouraging, the degree of restriction remaining on international trade in agricultural products—particularly through nontariff barriers—still greatly exceeds that on manufactured goods. Nevertheless, the Kennedy Round went further than previous negotiations in the agricultural area. Furthermore, the principle embodied in the food aid agreement may have great significance over the long run, because it recognizes that responsibility in the international war on hunger extends to all countries, not just to the United States and the other major food exporting nations. If the world's need for food should outrun supplies in the years ahead, this agreement could become the pattern for an international corrective program.

The United States made particular efforts to reduce tariffs on products of special interest to less-developed countries. It granted concessions on more than \$900 million of such products without attempting to obtain full reciprocity.

Another element in the Kennedy Round package was the successful negotiation of an international anti-dumping code. This accord is consistent with existing American laws which safeguard our industry, and it commits our trading partners to insure fair procedures to American exporters. Also as part of the negotiation, a three-year extension of the long-term cotton textile arrangement was concluded.



The amount of existing trade covered by tariff cuts in the Kennedy Round does not reflect the potential expansion of trade which is one of the key benefits of the tariff reductions. New U.S. export opportunities will be created. Moreover, American producers will experience lower costs as a result of reduced tariffs on many inputs. The welfare of American consumers will be enhanced by lower prices of goods of both domestic and foreign origin.

*Exports.* American exports will be stimulated from two sources. First, as tariffs abroad are reduced, our exporters will have an opportunity to compete on a more equal footing in the domestic markets of foreign producers. Second, the tariff advantage in favor of member nations over non-members within the EEC and EFTA will be reduced, thereby enabling American exporters to compete more effectively in these large markets. For example, because the EEC tariff on pumps and compressors will be reduced from 12 to 6 percent when the Kennedy Round reductions are completed, German pumps will have only a 6-percent preferential edge over American pumps in the Dutch market as compared to the 12 percent they now enjoy.

*Inputs.* A second major gain from the Kennedy Round will come from the reduction of American tariffs on materials and components used by American manufacturers. Both the imported items and the competing domestic materials will be cheaper, and production costs will thereby be reduced. As a consequence, the competitive position of American manufacturers using these inputs will be improved in both export and domestic markets.

To cite only one example, tariffs on a wide range of steel alloying materials will be progressively reduced. This should reduce the costs of producing alloy steels, and of machine tools, machinery and equipment manufactured from such steels, thus strengthening the competitive position of our machinery industries in export markets.

*Consumer Goods.* The Kennedy Round also provides benefit to American consumers from U.S. tariff reductions. Consumers will enjoy reduced prices on imported goods and also on American products that compete with imports. If the full reduction is passed on, for instance, the 50-percent drop in tariffs on wooden furniture is the equivalent of price reductions of 5 to 10 percent. Further, in the climate of more liberal trade, foreign producers will be encouraged to market new products to American consumers.

*Adjustment Strains.* A full evaluation of the impact of the Kennedy Round must recognize that there may be some adverse effects as well. The increases in imports resulting from reduced U.S. tariffs can cause discomfort for certain American industries. Imports, however, still amount to only 3 percent of our GNP, and can hardly pose insuperable adjustment problems, even in the short run. The overwhelming majority of American industries that face brisk competition from imports can adjust in stride. American business knows how to respond to shifting domestic and international competitive pressures, and its responses are generally beneficial to the entire economy. But a few American industries may need help to meet the competitive challenge; and that aid should be given through temporary

Government support to improve efficiency. Adjustment assistance is essential to meet the limited costs the Kennedy Round may impose in a few areas while maintaining its large benefits for the entire Nation.

#### *Legislative Tasks*

The 1962 act provided for adjustment assistance in cases of injury arising from tariff reductions, but the legislated criteria for eligibility have proven to be excessively restrictive. These criteria can and should be liberalized without opening the door to possible abuse, and the President is asking for the necessary congressional action to this effect.

Assistance for workers includes the payment of re-adjustment allowances directly to those who are obliged to seek alternative employment as a result of tariff reductions. The allowances can also be paid while workers are taking part in on-the-job training. The Government can also provide for testing, counseling, training, and placement services to promote a swift and smooth transfer. Adjustment assistance can be provided to injured firms to permit them to adapt their product lines or lower their costs in order to meet new competitive conditions. Such a solution within the affected firms is particularly desirable because it avoids dislocation in the employment of workers and in the use of capital. The offices of the Department of Commerce can make technical assistance available. Financial aid can be provided through loans or loan guarantees. Tax relief is offered through extension of the provisions of the Internal Revenue Code for the carryback and carryforward of business losses.

A second urgent legislative requirement is the elimination of the American selling price system. This action is needed to assure the full benefit of lower chemical tariffs abroad and to win important concessions on certain foreign nontariff barriers, as well as to provide the United States with a uniformly rational valuation system.

It is essential that Congress *not* enact legislation that would reverse or jeopardize our long-term efforts and policies to promote liberal trade. Bills were introduced into the Congress in 1967 to impose new legislated quotas on textiles, apparel, steel, meat and meat products, mink furs, lead and zinc, groundfish filets, baseball gloves and mitts, consumer electronic products, scissors and shears, hardwood plywood, ferro-alloys, potash, flat glass, ball and roller bearings, and stainless steel flatware. Other bills sought to tighten restrictions on petroleum and petroleum products and dairy products. The value of the imports covered by specific bills amounts to over \$6 billion. If general quota provisions were adopted along lines proposed in some bills, \$12 billion or more of imports would be affected.

If enacted, quota bills could severely harm our economy in several ways. Quotas would deprive American producers and consumers of flexible import supplies that help to moderate shortages. Quotas also would exert upward pressures on prices at a time when price stability is a critical national objective. Furthermore, protected American industries would be insulated from competitive forces abroad. Many of these industries need the invigorating influence of foreign competition, and should not be permitted to relax behind high protective barriers.

TABLE 29.—*Growth of exports of less-developed countries in two selected periods*

Export group	Percentage change per year in export value	
	1953-54 average to 1959-60 average	1959-60 average to 1965-66 average
All commodities.....	3.5	5.9
Primary products.....	3.4	5.3
Manufactured products.....	4.7	12.6

Source: General Agreement on Tariffs and Trade.

Finally, and perhaps most seriously, our exports would certainly suffer from quota restrictions on imports. Some exports would be lost simply because importing countries would have less foreign exchange. But more importantly, foreign governments would surely take advantage of their rights under the GATT to retaliate against whichever American products they may choose. In the end, we would have sacrificed the interests of more efficient industries and businesses for the sake of protecting less competitive elements in the economy; we would have jeopardized the creation of higher paying jobs in order to preserve low-wage jobs; and we would have traded international cooperation for international economic warfare. A move toward protectionism would also hurt our balance of payments. The rising trade surplus counted upon to help achieve payments equilibrium would be impossible in a world of widespread trade restrictions. For all of these reasons, a liberal commercial policy is the only rational policy for the United States.

### Trade With Less-Developed Countries

It is of vital interest to the United States and other developed countries that less-developed countries achieve an adequate rate of economic growth. Probably the most important way that the developed countries can support this goal is to maintain healthy rates of growth of their own economies. The higher rate of growth of the industrialized nations in the 1960's as compared with the 1950's was a major factor in the more rapid growth of less-developed countries' exports (Table 29). But the developed countries can also promote development of poor nations through their trade and aid policies.

### UNCTAD

The United States will soon participate with about 130 other nations in the second session of the United Nations Conference on Trade and Development (UNCTAD) in New Delhi. This conference takes as its starting point the recognition that access to the markets of the industrialized countries is essential to the economic growth of less-developed countries.

The industrialization of a poor country enlarges its need for foreign exchange. It generates increased demands for goods which can be produced domestically only at great cost. This is especially true of countries with small markets, which cannot support the efficient

production of many manufactures, such as basic metals, machinery, and transport equipment. Only seven less-developed countries have gross national products in excess of \$10 billion—less than the output of the State of Connecticut. But even the larger less-developed countries must look abroad for their supplies of most technically complex manufactured goods.

The export performance of less-developed countries depends in part on the policies followed by these countries themselves. In the area of manufactured exports, a few developing nations have been quite successful, particularly in those goods requiring relatively large amounts of unskilled labor. Other countries could probably follow suit if they pursue well-designed policies to provide education and training for labor, and to encourage investment in export-oriented industries.

Realization of the potential also depends on commercial policies of the developed countries. According to calculations made by the research staff of the UNCTAD secretariat, the average tariffs on manufactured products of particular interest to the less-developed countries are somewhat higher and were reduced somewhat less in the Kennedy Round than the average rates of duty on other products. Furthermore, some of the manufactured exports of interest to less-developed countries are restrained by quantitative restrictions and other nontariff barriers.

In order to improve the access of the less-developed countries to the markets of the industrial nations, the OECD countries have approved the outline of a scheme of generalized nonreciprocal tariff preferences to be granted by all developed member nations to all less-developed countries. This outline will be presented to the less-developed countries at the meeting in New Delhi. It is hoped that the task of working out the elements of such a preferential scheme can then be undertaken. The adoption of a system of generalized preferences would help to check the proliferation of discriminatory preferences and to keep the world trading community from fragmenting into preferential trading blocs.

The proposed trade preferences should be viewed as a supplement to other efforts by advanced nations to assist the development of poor countries. For many countries, economic growth and export capabilities require foreign aid in the form of developmental capital as well as improved trading opportunities. Foreign aid from the United States and the encouragement of increased aid by others—particularly countries in balance-of-payments surplus—is and will continue to be an important aspect of U.S. foreign policy. The replenishment of the capital funds of the International Development Association is currently being negotiated, and the United States hopes that its resources will be increased substantially.

### Stabilizing Export Earnings

The development programs of less-developed countries have often been hampered by the uncertainties arising from wide variations in earnings from primary products. The uncertainties can be reduced by commodity agreements and by special financing arrangements to meet temporary reductions in export earnings.

*Commodity Agreements.* Most underdeveloped countries have relied on primary products for the bulk of their export earnings. A number of these countries have

had unfortunate experiences with their primary product exports, either because of export instability, or because of slow long-term growth, or even long-term decline, of export receipts from particular products.

New exports are frequently not introduced even when the value of traditional exports is declining. In part, this is because the natural resources (agricultural land, mineral deposits) on which certain primary exports are based have few alternative uses. The low skill level of workers and the technological backwardness of industry make it difficult for these countries to break into the market for manufactured goods and some primary products. Exchange rates and monetary policies may also discourage development of new exports. It is encouraging to note, however, that in the 1960's some less-developed countries whose main export products have been stagnant have achieved high rates of growth of other exports.

Countries experiencing highly fluctuating or declining prices for their exports have attempted to set up commodity agreements. A typical agreement creates a buffer stock, which purchases the commodity when the price falls below a predetermined floor, and sells from the stock when the price rises above a predetermined ceiling. Such agreements can help primary producers achieve more stable prices, although they cannot insure stable export proceeds for individual countries when supplies vary. The United States favors commodity agreements designed to stabilize prices and stands ready to support efforts by less-developed countries to move resources out of the production of commodities in chronic surplus.

Primary producers sometimes attempt through commodity agreements to raise prices above the long-term equilibrium level. They rarely succeed. Maintenance of a price above long-run cost requires restrictions on supply; the necessary export quotas are extremely hard to negotiate and to enforce.

*Financing.* Multilateral financing facilities can help less-developed countries formulate and carry out development plans in the face of export uncertainties. A step in this direction was taken in 1963 when the IMF created its compensatory finance facility. Under this program, as liberalized in 1966, a less-developed country may borrow for a term of three to five years, up to 50 percent of its IMF quota when its exports fall below a medium-term trend for reasons beyond its control. Under new proposals for "supplementary finance", which will be discussed at UNCTAD, countries experiencing deep or protracted shortfalls disruptive of development could receive longer term loans on concessional terms.

## CONCLUSION

The course of international economic relations in the postwar period justifies a basic optimism about the future, but it also suggests that careful action is needed if this favorable experience is to continue. The gold exchange standard, reinforced by the Bretton Woods agreements, has proved to be flexible enough to support a prodigious expansion of world trade, which was also stimulated by a gradual reduction in tariffs and other restrictions.

Under present circumstances, there is a clear need for a new demonstration of the flexibility of the system.

The creation of adequate reserves has come to depend on a deficit in the U.S. balance of payments which has long been a matter of concern but which now has to be dealt with decisively. This will require a resolute and continuing attack on inflationary pressures in our domestic economy and various measures in the field of international transactions. The present situation calls for the cooperation of all countries, especially those with persistent surpluses, in bringing about better equilibrium in international payments. It is also essential to provide for new reserve assets to supplement gold and the dollar.

There are still many obstacles to overcome before the international monetary system is fully adapted to the needs of the present and the foreseeable future, but fortunately there is increasing awareness that these obstacles can and must be surmounted through multilateral cooperation. The hopes of the free world depend on our success in meeting this challenge.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

#### Disputes

Convention on the settlement of investment disputes between states and nationals of other states. Done at Washington March 18, 1965. Entered into force October 14, 1966. TIAS 6090.  
*Signature:* Singapore, February 2, 1968.

#### Maritime Matters

Inter-American convention on facilitation of international waterborne transportation, with annex. Signed at Mar del Plata June 7, 1963.<sup>1</sup>  
*Ratification deposited:* Paraguay, January 23, 1968.

#### Oil Pollution

International convention for the prevention of pollution of the sea by oil, with annexes, as amended (TIAS 6109). Done at London May 12, 1954. Entered into force for the United States December 8, 1961. TIAS 4900.  
*Acceptance deposited:* Nigeria, January 22, 1968.

#### Organization of American States

Protocol of amendment to the Charter of the Organization of American States. Signed at Buenos Aires February 27, 1967.<sup>1</sup>  
*Ratifications deposited:* Guatemala, January 26, 1968; Paraguay, January 23, 1968.

#### Safety at Sea

Amendments to chapter II of the international conven-

<sup>1</sup> Not in force.

tion for the safety of life at sea, 1960 (TIAS 5780). Adopted at London November 30, 1966.<sup>1</sup>  
*Acceptance deposited:* Lebanon, January 25, 1968.

## Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies. Opened for signature at Washington, London, and Moscow January 27, 1967. Entered into force October 10, 1967.  
*Ratification deposited:* Iceland, February 5, 1968.

## Trade, Transit

Convention on transit trade of land-locked states. Done at New York July 8, 1965. Entered into force June 9, 1967.<sup>2</sup>  
*Ratification deposited:* Laos, December 29, 1967.

## Wheat

1967 Protocol for the further extension of the International Wheat Agreement, 1962 (TIAS 5115). Open for signature at Washington May 15 through June 1, 1967, inclusive. Entered into force July 16, 1967. TIAS 6315.  
*Ratifications deposited:* El Salvador, January 15, 1968; Guatemala, January 29, 1968.

## BILATERAL

### Philippines

Agreement relating to the expansion of banking facilities at Clark Air Base and Sangley Point Navy Base. Effected by exchange of notes at Manila January 17 and 23, 1968. Entered into force January 23, 1968.

## DEPARTMENT AND FOREIGN SERVICE

## Confirmations

The Senate on February 2 confirmed the nomination of Edward D. Re to be an Assistant Secretary of State. (For biographic details, see White House press release dated January 12.)

## Designations

Frederic R. Mann, U.S. Ambassador to Barbados, to be also U.S. Special Representative to each of the five "states in association with the United Kingdom," Antigua, Dominica, Grenada, St. Christopher-Nevis-Anguilla, and St. Lucia. (For biographic details, see White House press release dated February 5.)

<sup>1</sup> Not in force.

<sup>2</sup> Not in force for the United States.

## PUBLICATIONS

### Third Volume in Foreign Relations Series for 1945 Released

The Department of State on February 1 released *Foreign Relations of the United States: Diplomatic Papers, 1945, Volume V, Europe* (vii, 1,349 pp.).

This volume, the third volume to be published on United States policy and diplomacy in 1945, includes documentation on American relations beginning with the Netherlands and proceeding alphabetically through Yugoslavia. A subsequent volume will complete the documentary account of United States bilateral relations with the other European states in 1945.

Of particular interest in this volume are correspondence on American efforts to achieve fulfillment by the Polish Provisional Government of the Yalta and Potsdam agreements regarding the future of Poland, efforts of the United States to establish and maintain democratic governments in Romania and Yugoslavia, and our attitude toward the Franco regime following the end of the war. There is also extensive and varied documentation on U.S. relations with the Soviet Union.

Copies of this volume (Department of State publication 8343) may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$4.50 each.

### Recent Releases

*For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Address requests direct to the Superintendent of Documents. A 25-percent discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders.*

**Trade in Cotton Textiles.** Agreement with the Philippines. Exchange of notes—Signed at Washington September 21, 1967. Date of entry into force January 1, 1968. TIAS 6344. 12 pp. 10¢.

**Whaling.** Amendments to the Schedule to the International Whaling Convention signed at Washington December 2, 1946. Adopted at the Nineteenth Meeting of the International Whaling Commission, London, June 26-30, 1967. Entered into force October 6, 1967. TIAS 6345. 2 pp. 5¢.

**Agricultural Commodities.** Agreement with Indonesia—Signed at Djakarta September 15, 1967. Entered into force September 15, 1967. TIAS 6346. 17 pp. 15¢.

**Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies.** Between the United States and Other Governments—Done at Washington, London, and Moscow January 27, 1967. Entered into force October 10, 1967. TIAS 6347. 89 pp. 30¢.

Antigua. Designations (Mann) . . . . . 300

Congress. Problems and Programs in Our International Economic Affairs (excerpts from the President's Economic Report and the Annual Report of the Council of Economic Advisers) . . . . . 279

Department and Foreign Service

Confirmations (Re) . . . . . 300

Designations (Mann) . . . . . 300

Dominica. Designations (Mann) . . . . . 300

Economic Affairs. Problems and Programs in Our International Economic Affairs (excerpts from the President's Economic Report and the Annual Report of the Council of Economic Advisers) . . . . . 279

Educational and Cultural Affairs. Re confirmed as Assistant Secretary . . . . . 300

Grenada. Designations (Mann) . . . . . 300

Korea

Secretary Rusk and Secretary of Defense McNamara Discuss Viet-Nam and Korea on "Meet the Press" (transcript) . . . . . 261

Under Secretary Katzenbach Interviewed on "Face the Nation" (transcript) . . . . . 273

Nigeria. U.S. Reaffirms Support of Nigerian Government (Department statement) . . . . . 278

Presidential Documents. Problems and Programs in Our International Economic Affairs . . . . . 279

Publications

Recent Releases . . . . . 300

Third Volume in Foreign Relations Series for 1945 Released . . . . . 300

St. Christopher-Nevis-Anguilla. Designations (Mann) . . . . . 300

St. Lucia. Designations (Mann) . . . . . 300

Treaty Information. Current Actions . . . . . 299

United Kingdom. Designations (Mann) . . . . . 300

Viet-Nam

Secretary Rusk and Secretary of Defense McNamara Discuss Viet-Nam and Korea on "Meet the Press" (transcript) . . . . . 261

Under Secretary Katzenbach Interviewed on "Face the Nation" (transcript) . . . . . 273

*Name Index*

Katzenbach, Nicholas deB . . . . . 273

Johnson, President . . . . . 279

Mann, Fredric F . . . . . 300

McNamara, Robert S . . . . . 261

Re, Edward D . . . . . 300

Rusk, Secretary . . . . . 261

**Check List of Department of State Press Releases: February 5-11**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

No.	Date	Subject
†24	2/6	Rostow: "From Aid to Cooperation: Development Strategy for the Next Decade" (UNCTAD statement).
*25	2/5	Program for visit of Jean Rey, President of the Commission of the European Communities.
†26	2/6	Rusk: student press interview, February 2.
*27	2/6	Program for visit of British Prime Minister Harold Wilson.
†28	2/9	U.S.-Czechoslovak civil aviation talks concluded.
†29	2/10	Rusk: National Association of Secondary School Principals, Atlantic City, N.J. (excerpts).

\*Not printed.

†Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

---

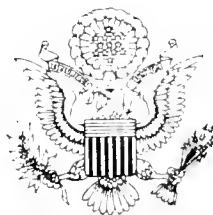
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

**THE  
DEPARTMENT  
OF  
STATE**

**BULLETIN**

Vol. LVIII, No. 1497



March 4, 1968

OUR CONCERN FOR PEACE IN EAST ASIA

*Address by Secretary Rusk 301*

THE UNITED NATIONS AND UNITED STATES FOREIGN POLICY

*by Ambassador Arthur J. Goldberg 306*

OUR LATIN AMERICAN POLICY IN THE DECADE OF URGENCY

*by Ambassador Sol M. Linowitz 310*

THIRD ANNUAL REPORT ON THE INTERNATIONAL COFFEE AGREEMENT  
TRANSMITTED TO CONGRESS

*President Johnson's Letter of Transmittal and Text of Report 330*

TO BUILD THE PEACE—THE FOREIGN AID PROGRAM FOR FISCAL 1969

*President Johnson's Message to Congress 322*

*For index see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

VOL. LVIII, No. 1497  
March 4, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20462

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.



# Our Concern for Peace in East Asia

*Address by Secretary Rusk<sup>1</sup>*

I am glad to have a chance to visit with you who are preparing our young people for the future which will belong to them. That future is the primary concern of our foreign policy, and the central object of our foreign policy is to build an enduring peace. Almost literally, everything we do must be weighed in terms of whether it reinforces or diminishes the prospect for a lasting peace.

During these present weeks, our concern for peace draws our attention to East Asia—to Korea and to Viet-Nam.

Nearly 18 years ago, South Korea was almost completely overrun by the invading armies of North Korea. Six months later Communist China committed to battle hundreds of thousands of its own troops.

Many thousands of Koreans, Americans, and other United Nations troops gave their lives in 3 years of hard fighting before the aggression from the North was halted by an armistice. Much of the Republic of Korea was devastated. But the spirit of its people was unbroken. With resolution and energy—and our help—they set about the task of national reconstruction. It was a long and hard, and at times discouraging, task. But it has been accomplished. And, during the last several years, the Republic of Korea's gross national product has increased by from 8 to 10 percent annually, one of the highest rates in the world. I have visited the Republic of Korea four times as Secretary of State. On each occasion I have seen visible signs of further progress and rising confidence in the future.

The Republic of Korea has not only moved ahead economically and politically but has come to be a leader in regional cooperation. It took the initiative in forming the Asian and Pacific

Council of 10 nations, which held its first ministerial meeting in Seoul in 1966 and its second in Bangkok in 1967.

The Republic of Korea is a large contributor to the security of East Asia and the Western Pacific. Its armed forces stand shoulder to shoulder with ours on the northern rampart of freedom in Asia. Its leaders and people realize that the security of other free nations in Asia is vital to their own, and they have not forgotten that when they were the target of aggression, others came to their aid. They have sent 50,000 soldiers and marines to South Viet-Nam—splendid troops, whose valor and skill have earned the deep respect of all their comrades in arms, and of the Vietnamese Communists.

Last year the North Koreans stepped up sharply their infiltrations into South Korea—from about 50 incidents in 1966 to about 570 in 1967. Recently they sent in a group of about 30 highly trained officers for the purpose of assassinating President Park of the Republic of Korea and the American Ambassador.

## North Korean Seizure of the *Pueblo*

Then, on January 23, North Korea seized the *Pueblo* in international waters. This may or may not have been part of the North Korean program for trying to intimidate the South Koreans, disrupt their progress, and divert South Korean and American armed forces from South Viet-Nam.

The *Pueblo* is an intelligence-gathering ship, one of a number of such vessels which we and the Soviet Union and others have long had on the high seas. The Soviet Union has had such ships operating along both our east and our west coasts, off Guam, and near our naval task forces in the Mediterranean, the Western Pacific, and elsewhere.

<sup>1</sup> Made before the National Association of Secondary School Principals at Atlantic City, N.J., on Feb. 10 (press release 29). The Secretary also made extemporaneous remarks.

In a genuinely peaceful and open world these operations would not be needed. In the world of today they are essential. They are especially important to us because our adversaries have closed societies. They don't publish the sort of facts that the Communists know about our military disposition simply from reading newspapers and department and committee reports.

There is not a scrap of evidence to indicate that the *Pueblo* was at any time inside the 12-mile limit which North Korea claims as territorial waters. It was under strict orders to stay outside the 12-mile limit. It was outside that limit when it was intercepted and seized. We know that not only from our own data but from intercepted North Korean messages.

The most essential fact is that, under accepted international law, North Korea had no right to seize the *Pueblo* either on the high seas or in territorial waters. The convention on the law of the sea, adopted in 1958, makes it entirely clear that, if any warship comes inside territorial waters, the coastal state can require it to leave but does not have the right to seize it.<sup>2</sup> At least three times in recent years Soviet war vessels have come inside our territorial limit of only three miles. We didn't seize them; we simply required them to depart.

So this North Korean action was a very grave violation of the law and practice of nations.

The President's first concern has been to recover the crew and the ship. And he has hoped to avoid a renewal of major warfare in Korea. So, while taking various precautionary measures, he has been seeking to obtain the return of the crew and ship by peaceful means.<sup>3</sup>

We asked the International Red Cross to intercede on behalf of the crew, and it agreed to do so.

We have asked many other nations to cooperate with our efforts to recover the crew and ship by peaceful means.

At our suggestion, an emergency session of the United Nations Security Council was convened.<sup>4</sup>

Then the North Koreans said the matter was not within the jurisdiction of the United Nations but should be discussed through the Mili-

tary Armistice Commission at Panmunjom. We have been meeting with them there, so far with very little result. They have given us the names of the one member of the crew who was killed and of three who were injured—that is all.

There are 50,000 American troops in the Republic of Korea. The President has taken steps to strengthen our forces in the area, without diminishing our forces in South Viet-Nam.

North Korea will make a grave error if it interprets our restraint as a lack of determination or deludes itself into thinking that the American commitment to defend the Republic of Korea has weakened in the slightest.

### The Communist Offensive in Viet-Nam

Now, I turn to Viet-Nam.

About 12 days ago, the Communists launched a major offensive.

For months we had been receiving information about this winter-spring offensive. We had indications that it would combine two main elements:

—terrorist attacks in the cities; and

—a massive assault by North Vietnamese regular divisions across the north and north-west frontiers of South Viet-Nam.

The objective of this dual offensive was to try to convince the South Vietnamese and their allies—and governments and peoples in other parts of the non-Communist world—that the South Vietnamese cause is hopeless, thus preparing the way for a peace-at-any-price settlement—a settlement providing for a coalition government dominated by Communist leaders. There is strong evidence that they really expected the offensive not only to paralyze government in South Viet-Nam but to bring down the administration elected last year.

Ho Chi Minh and the Central Committee of the Communist Party in Hanoi directed the Communist headquarters in South Viet-Nam "to carry out the General Offensive and the general uprising, in order to gain a decisive victory for the revolution during the 1968 Winter-Spring phase." This quotation is from a captured document.

We knew the offensive was coming, but we didn't know precisely where and when each part of the attack would come.

The attacks, as you know, have been widespread and coordinated. They have caused substantial casualties among civilians as well as

<sup>2</sup>For text of the Convention on the Territorial Sea and the Contiguous Zone, see BULLETIN of June 30, 1958, p. 1111.

<sup>3</sup>For President Johnson's address to the Nation on Jan. 26 and other U.S. Government statements, see *ibid.*, Feb. 12, 1968, p. 189.

<sup>4</sup>For background, see *ibid.*, p. 193.

among fighting men. And they have led to substantial damage to property in some cities and left many thousands homeless.

### **Costs and Losses on Communist Side**

I do not minimize the costs to the Allies, but some of the accounts I have heard and seen have paid little attention to the costs and losses on the Communist side.

Let me cite a few pertinent facts:

—Many of the Communist units had been assured that the people in the cities they were to enter would rise up and support them. The Communists proclaimed that they were setting up Revolutionary Councils to govern various cities. We have reports that in some instances they had military government cadre with them or near at hand. The Communists attacked 39 provincial capitals and more than 70 district capitals. There was no popular uprising anywhere. The Communists were not able to hold any of those capitals. Not even one Revolutionary Council was actually set up.

—The Communists paid a terrible price in casualties, many times the casualties on our side. They lost more men in one week than we have lost since our involvement in Viet-Nam.

—With very few exceptions, South Viet-Nam troops fought with courage and persistence. Their record in the last 12 days should lay to rest once and for all the myth that the South Vietnamese troops won't fight.

—Some people have expressed disbelief that so many Communists could enter the cities without being noticed by South Vietnamese police and civilians. They have asserted that, if loyal, the South Vietnamese civilians would have informed their military forces. Such observations fail to take account of the fact that most of the Communist infiltrators wore civilian clothes or South Vietnamese army uniforms and mingled with the thousands of South Vietnamese who were flocking into the cities to celebrate Tet, the lunar New Year. Some of them carried bundles containing arms. Others picked up arms which had been hidden—in some cases two or more years ago.

—In launching their onslaught on the cities during Tet the Communists violated the most important religious holiday in Viet-Nam, and most particularly the injunction against settling grudges during the first 3 days of the New Year observance. In the main, both sides had observed Tet for years. Nevertheless, all U.S. forces and

many South Vietnamese units were on alert before the attacks started. But the deliberate wholesale violation of a sacred holiday has incensed the South Vietnamese.

—The North Vietnamese radio has broadcast false reports about the defection of various units of the South Vietnamese armed forces. None has, in fact, defected. And one unit which the Hanoi radio specifically said had defected was at that very time fighting with marked valor.

—The families of provincial chiefs and of other officers in the South Vietnamese forces were special targets of the Viet Cong. Many were slaughtered in cold blood or kidnaped. The objective was intimidation—or perhaps in some cases to induce officers whose families were kidnaped to defect. But the principal harvest is deep anger.

—Not only was there no uprising, not only was the Government of South Viet-Nam not toppled, but not a single well-known South Vietnamese rallied to the Communist side. Both Houses of the Assembly elected last year promptly passed resolutions denouncing the Viet Cong and calling on the people of South Viet-Nam to support their Government. So did labor leaders—of both national unions and the Saigon Council—and many other important groups and individual citizens. Among them was Dr. Phan Khac Suu, former Chief of State and a candidate for President last year against General Thieu. There were indications that the Communists had hoped to induce him to head a revolutionary regime. But he publicly denounced the Viet Cong and urged support of the national government.

—Two weeks ago about 65 members of the faculty of Saigon University called for an end to the warfare. Thursday of this week a statement on behalf of the entire faculty denounced the sacrilege and brutality of the Communist offensive.

—The South Vietnamese Government has set up a task force under Vice President Ky to deal with refugees and other urgent problems. The lower House has designated a Member to serve on it, and other groups will be represented. More than 70 refugee centers are already operating in Saigon, and food is being distributed throughout the city.

—Yesterday, President Thieu forcefully addressed his people. He reaffirmed his government's intention to continue to "build democracy, seek a solution to (the) war, and construct

(the) nation." To help accomplish this, he announced plans for an increased and more rapid mobilization, to include the recalling of veterans with less than 5 years' service, as well as to provide military training to students 17 years of age and up. He emphasized that he is taking these measures within the constitutional framework and expects to cooperate fully with the Legislature.

There are indications that the Communists will launch a second attack on some cities in the near future. The offensive in the north is still in its early stages. General Westmoreland [Gen. William C. Westmoreland, Commander, U.S. Military Assistance Command, Viet-Nam] and our Joint Chiefs of Staff are confident that it will not succeed.

It is pertinent to note that in the offensive against the cities, North Vietnamese Regulars were deployed to fill out undermanned Viet Cong units as far south as Saigon. It is time—and past time—for those who have long asserted that this is just a "civil war" to recognize that that notion is a myth. There are genuine South Vietnamese who are bearing arms against their Government. But that is not why we are there. We have combat forces there because of the invasion from the North.

Over a period of several years, there has been mounting evidence that the Viet Cong have very little following outside their own ranks. The principal groups in South Viet-Nam have indicated repeatedly in many ways that, although they disagree among themselves about many things, they don't want the sort of regime the Communists are trying to impose on them by force. I am sure that the people of South Viet-Nam want peace, but we have seen no indications that they want peace at the price of Communist rule.

### U.S. Efforts To Move Toward Peace

The winter-spring Communist offensive should be viewed against President Johnson's persistent efforts to bring Hanoi to the conference table. Recently, we deescalated our bombing of North Viet-Nam, especially in the immediate vicinity of Hanoi and Haiphong. Our purpose was to make it easier for Hanoi to consider the formula which President Johnson set forth in his address at San Antonio.<sup>6</sup>

The San Antonio formula said that we would stop the bombing when that would lead

promptly to productive discussions and that we assumed that Hanoi would not take advantage of this cessation of bombing while such discussions were going on. It is hard to imagine a more reasonable proposal from a nation involved in armed conflict.

There were those, both in this country and abroad, who urged us to go further—to cease altogether bombing of the North. Many of them said that the United States is strong enough to "take risks" for peace. Now, what does that mean when translated into practical terms on the ground? It means additional casualties for our troops and our allies. We are strong, all right, but the life of every one of our fighting men is precious to us.

After months of hostile public replies, the Foreign Minister of North Viet-Nam said that a cessation of the bombing *will* lead to talks. But that left a good many key questions unanswered: Would the talks begin promptly, what would be discussed, and so forth? So we set out to find out what really was in the minds of the North Vietnamese. They also knew that, as in previous years, we would be interested in trying to convert a Tet cease-fire into a productive move toward peace.

Our diplomatic explorations continued right up to the moment the Communists launched their offensive 12 days ago. Meanwhile, they had been preparing this major onslaught.

Despite that, we are not withdrawing any of the proposals to which Hanoi has said "no": our 14 points,<sup>6</sup> the 28 proposals of our own or of others which we have accepted,<sup>7</sup> the San Antonio formula. All these remain on the table, awaiting the day when Hanoi realizes that it will not be permitted to take over South Viet-Nam by force and decides to make peace.

Meanwhile, this is a time of trial for the South Vietnamese and their allies—it may well be the climactic period of the struggle in Southeast Asia. This is the kind of test which separates the timid from the intrepid, the weak from the strong. Beyond doubt, our magnificent fighting men and their comrades in arms will pass this test with flying colors. And I believe that, despite the voices of doubt and despair here and there, Americans on the home front will rise to the occasion, as they have done so often in the past. If the home front stands up to the test half as well as the men on the front line, there will be no question about the outcome.

<sup>6</sup> *Ibid.*, Feb. 20, 1967, p. 284.

<sup>7</sup> For background, see *ibid.*, May 22, 1967, p. 770.

## Secretary Rusk Reports on Hanoi's Rejections of U.S. Peace Proposals

*Statement by Secretary Rusk*<sup>1</sup>

Questions have been asked about the connection between the possibility of negotiations for a peaceful settlement in Viet-Nam and the military operations now in progress. It should be obvious that there is a connection, since both are involved in moving from hostilities to peace.

Hanoi has repeatedly refused to take steps to reduce the scale of violence in Southeast Asia. They have refused to respect the territorial integrity and neutrality of Cambodia, despite intensive international effort to respond to Cambodia's own wishes in the matter.

Hanoi has repeatedly rejected any efforts to bring about a full compliance by all parties with the Geneva accords of 1962 on Laos. Today their forces are increasing their operations in Laos itself and are stepping up their illegal infiltration through Laos into South Viet-Nam.

Hanoi has treated with contempt the demilitarized character of the demilitarized zone between North and South Viet-Nam and has rejected all efforts to restore the demilitarization of that area.

Repeated periods of bombing cessation or reduction in North Viet-Nam have elicited no corresponding action by North Vietnamese forces in South Viet-Nam. Quite the contrary, such periods have been used to build up their military forces in South Viet-Nam. Cease-fire periods have been marked by hundreds of cynical violations by North Vietnamese and Viet Cong forces—and on a massive scale during the recent Tet holidays.

At no time has Hanoi indicated publicly or privately that it will refrain from taking military advantage of any cessation of the bombing of North Viet-Nam. Nor has it shown any interest in preliminary discussions to arrange a general cease-fire.

In recent weeks Hanoi knew that discussions of a peaceful settlement were being seriously explored; they also knew that there was a reduction of bombing attacks on North Viet-Nam,

<sup>1</sup> Read to news correspondents by the Department spokesman on Feb. 14 (press release 32).

specifically in the Hanoi and Haiphong areas during these explorations. Their reply was a major offensive through South Viet-Nam to bring the war to the civilian population in most of the cities of that country. Their preparations for a major offensive in the northern Provinces of South Viet-Nam continue unabated.

In assessing, therefore, whether Hanoi's alleged interest in political talks has anything to do with making peace, one must take into full account the negative meaning of their recent escalation. The President declared in his state of the Union message<sup>2</sup> that he would continue to explore the possibilities of negotiation and would report the results. I must report that all explorations to date have resulted in a rejection of his San Antonio formula.<sup>3</sup>

All of the proposals made by the United States for peace in Southeast Asia continue to be valid; specifically, the San Antonio formula put forward by President Johnson in September remains the basis of our position.

We are not interested in propaganda gestures whose purpose is to mislead and confuse; we will be interested in a serious move toward peace when Hanoi comes to the conclusion that it is ready to move in that direction. Hanoi knows how to get in touch with us.

## U.S. To Resume Shipments of Arms to Jordan

*Department Statement*<sup>4</sup>

We have decided to resume arms shipments to Jordan, as we have done in the case of other Near Eastern countries.<sup>5</sup> Details are now being negotiated with the Jordanian Government. We continue to believe that restraint on all arms shipments to the area is essential to stability in the area.

<sup>2</sup> BULLETIN of Feb. 5, 1968, p. 161.

<sup>3</sup> For an address made by President Johnson at San Antonio, Tex., on Sept. 29, 1967, see *ibid.*, Oct. 23, 1967, p. 519.

<sup>4</sup> Read to news correspondents by the Department spokesman on Feb. 14.

<sup>5</sup> For a Department announcement of Oct. 24, 1967, see BULLETIN of Nov. 13, 1967, p. 652.

## The United Nations and United States Foreign Policy

by Arthur J. Goldberg

United States Representative to the United Nations<sup>1</sup>

It is as true today as it was when George Washington wrote his Farewell Address that, in his words, "The unity of government which constitutes you one people . . . is a main pillar in the edifice of your real independence, the support of your tranquillity at home, your peace abroad, of your safety, of your prosperity, of that very liberty which you so highly prize."

To me, of course, working as I have in the international field for the past 2½ years, President Washington's advice carries particular application to America's relations abroad and to our search for security in this turbulent and unruly world. I would therefore like to consider with you what lessons our American foreign policy can still draw from that famous Farewell Address written at the end of the 18th century.

For quite some years the fashion has been to consider Washington's Farewell Address as a counsel of isolationism. I do not share that view. Obviously, some important points in the address which were true in 1797 are no longer true in 1968. It can no longer be said, for example, that "Europe has a set of primary interests which to us have none or a very remote relation." And in this age of thermonuclear rockets, no nation in the world, even behind the widest oceans, can ever again describe itself as enjoying a "detached and distant situation."

Nevertheless, that celebrated address still provides for the foreign policy maker of our day wise counsels which have withstood the

passage of time and revolutionary change. Particularly is this true of Washington's warning that "permanent, inveterate antipathies against particular nations and passionate attachments for others should be excluded." We do well to remember this truth as we contemplate the changes in the antagonisms and alliances to which we have grown accustomed in the past 20 years. Rather than indulge in passionate attachments or antipathies, we would be wisest to stick to Washington's rule: "Observe good faith and justice toward all nations."

It is a tribute to Washington's wisdom that the same universal rule of foreign policy which he expounded also lies at the heart of that great document of our own time, the Charter of the United Nations. The primary purpose proclaimed in that document is to maintain international peace and to settle the disputes of nations justly, in conformity with international law. That is the purpose for which member states are pledged to harmonize their actions.

It may seem utopian to refer to these lofty aims at this moment when the relations among nations, far from being "harmonized," are marred by much discord and violence. At the U.N. in the past 12 months alone, we have sought to deal with no less than four major crises: the war in Viet-Nam, the renewed fighting in the Middle East, a near-war in Cyprus, and, now, seizure of the *Pueblo* on the high seas and other aggressive acts by North Korea in violation of the Korean Armistice Agreement.

Our experience with these four points of world tension and trouble illustrates clearly both what the United Nations can do and what it cannot do. Even more, they demonstrate that the United Nations must become stronger and more

<sup>1</sup> Address made before a joint session of the General Assembly of Virginia at Richmond, Va., on Feb. 8 (U.S./U.N. press release 16).

effective if it is to realize its great aim of peace and justice.

Let me comment briefly on the U.N.'s record in each of these situations.

### The Search for Peace in Viet-Nam

In the case of Viet-Nam, our own Government, and I personally as the United States Representative, have sought repeatedly and vigorously for over 2 years to enlist the United Nations Security Council in the search for a just and honorable peace. Our efforts have been frustrated largely by the negative attitudes of certain members—particularly the Soviet Union, which possesses the veto power and has strongly opposed any U.N. involvement in this matter—as has North Viet-Nam itself.

This situation, if I may add a personal note, has been the greatest source of frustration and disappointment in my 2½ years at the United Nations. Of course, we have not abandoned our efforts, but in candor I must report that we have no present basis for expecting positive results through the Security Council in the near future.

But let no one suppose that our failure to enlist the Security Council in the quest for peace in Viet-Nam means that we have not vigorously continued to explore other diplomatic avenues to that goal. Our purpose is and always has been peace. As far as the United States is concerned, the door to a peace settlement remains open. But passage through it cannot be forced; it can be passed only through reasonable negotiations. Last September, with the full authority of the United States Government, I said in the United Nations General Assembly:<sup>2</sup>

A military solution is not the answer. For our part, we do not seek to impose a military solution on North Viet-Nam or on its adherents. By the same token, in fidelity to our commitment to a political solution, we will not permit North Viet-Nam and its adherents to impose a military solution upon South Viet-Nam.

That continues to be the policy of the United States Government.

Now I turn to the Middle East, an area in which, unlike Viet-Nam, the United Nations has been continuously and officially involved for 20 years.

For 11 years, from the Suez crisis until last spring, U.N. peace forces had maintained an

uneasy and fragile armistice in that area. The U.N. was unable to prevent the outbreak of war last June; but it did make an important contribution to bringing about a cease-fire after 6 days of full-scale fighting, and without a confrontation between the major powers.

That cease-fire is still in effect, policed by U.N. observers—although its several violations have given us serious concern. It is the objective of American policy that the nations of the Middle East should progress beyond that fragile cease-fire and find the terms of living together in stable peace and dignity. The Security Council last November unanimously decided on the dispatch to the area of a special representative with a mandate to help the parties to move in this direction.<sup>3</sup> This representative, Ambassador [Gunnar] Jarring of Sweden, is in the area now. His task is bound to be difficult and arduous; but it is in the interest of all the parties, and indeed of the world community, that he should succeed.

Cyprus is still another area in which the United Nations has been playing a key role for some years, including the maintenance on the island of an international peace force of some 5,000 men. In addition, the U.N. has been of considerable diplomatic importance. The fact that the tensions and incidents between the Greek and Turkish communities did not explode into open war in recent months is due both to the outstanding work of the President's envoy, Mr. Cyrus Vance, and to the constant diplomatic activity of Secretary-General U Thant and the efforts of members of the Security Council.

### Seizure of the *Pueblo*

Finally, I come to the most recent crisis: the illegal seizure of the *Pueblo* and its crew and the aggressive acts of North Korea against South Korea in violation of the Korean Armistice Agreement, including the flagrant attempt to assassinate President Park of the Republic of Korea.

In this situation the U.N. has served two useful purposes. It provided, as it often does in such cases, a breathing spell and a starting point for diplomatic efforts elsewhere, which are now underway. And it also provided an open forum—the Security Council—in which we

<sup>2</sup> BULLETIN of Oct. 16, 1967, p. 483.

<sup>3</sup> For background, see *ibid.*, Dec. 18, 1967, p. 834.

could state our case before the bar of world opinion.

In my presentation to the Security Council,<sup>4</sup> I addressed myself to the basic pretext advanced by North Korea for seizing the *Pueblo*: namely, that the ship was in North Korean territorial waters when approached and seized. I demonstrated by incontrovertible evidence—including the radio messages transmitted by the North Korean vessels that seized the *Pueblo*, which we monitored—that the *Pueblo* when first approached, and when seized, was in international waters well beyond the 12-mile limit; that it had not fled from territorial waters under hot pursuit; and that the North Koreans themselves knew all this to be true. This was an accurate statement when I made it; it is an accurate statement today; it is the conclusion of all in authority in our Government; and nothing credible has come to light to controvert it.

In my statement to the Council I went on to make clear three important points of United States policy in regard to this incident:

First, the seizure of the *Pueblo* on the high seas and the forcible detention of the ship and her crew are not acceptable to the United States. They constitute a knowing and willful aggressive act in contravention of international law.

Second, in our efforts to obtain redress, the United States wishes to give all possible scope to the processes of peaceful action, processes which are greatly to be preferred to other remedies which are reserved to all nations under international law and under the Charter of the United Nations.

Third, our objective from the outset has been, and continues to be, to obtain the prompt release of the ship and her crew. Our Government will not rest until they are safely home.

### **The U.N.'s Capabilities and Limitations**

The four international conflict situations I have discussed illustrate certain truths about the United Nations, about its capabilities and its limitations in the search for a more peaceful and stable world. In the Middle East and Cyprus it has achieved partial but important successes in preventing or limiting violence. It has been useful also in the *Pueblo* situation in the ways I have indicated. In other situations,

<sup>4</sup> *Ibid.*, Feb. 12, 1968, p. 193.

above all, Viet-Nam, even this limited role has been denied it, chiefly because of the negative attitude of a major power.

But in addition to these limitations, a more basic shortcoming must also be faced. The United Nations, even when it is able to contain and suppress violence, has yet to show the capacity to deal with the underlying grievances and pressures from which violence erupts. No enduring peace settlements are possible that do not relieve these pressures. This is one of the major future challenges to the United Nations—and hence to its members, who hold the U.N.'s fate in their hands.

We cannot be content simply to keep what peace we have and restore it when it is broken. We must devote our highest statesmanship to building the peace which we do not yet have. The United Nations this past year has again demonstrated a limited capacity for peacekeeping. It has still to show adequate capacity for peacemaking. Until the necessary effort is made to develop this capacity, the world community and all its members, strong and weak alike, will remain dangerously insecure.

But whatever the U.N.'s defects may be, one thing should be clear: Our country, in its own interests, cannot afford to slacken its support of this world organization which is so much our own creation. On the contrary, there is no realistic alternative to the United Nations. If it did not exist, something like it would have to be created. And having been created, it must be made to work.

There is no mystery about what is needed. The United Nations works very well whenever it is supported by the common will of its members. Without that common will, it cannot realize its full promise.

In forging such a common will, a particularly heavy responsibility lies on the great powers—including, above all, the United States and the Soviet Union. This truth was clearly recognized over 20 years ago by that great Virginian, soldier, and statesman, George C. Marshall, who as Secretary of State said to the U.N. Assembly in 1947:<sup>5</sup>

. . . the Great Powers must recognize that restraint is an essential companion of power and privilege. The United Nations will never endure if there is insistence on privilege to the point of frustration of the collective will. . . .

The Government of the United States believes that

<sup>5</sup> *Ibid.*, Sept. 28, 1947, p. 618.



the surest foundation for permanent peace lies in the extension of the benefits and the restraints of the rule of law to all peoples and to all governments. That is the heart of the Charter and of the structure of the United Nations. It is the best hope of mankind.

That advice of General Marshall's is as sound today as it was when he delivered it. We Americans especially, as a great world power, should be constantly mindful of his plea for "the benefits and the restraints of the rule of law"; and we should patiently persist in our efforts to bring the same truth home to the other great world power, the Soviet Union—and, indeed, to all powers. For until all powers, great and small, recognize that their security depends on the extension of the rule of law, its restraints as well as its benefits, the world will remain insecure.

And as long as this insecurity persists, we will have little choice but, as President Washington expressed it, "to keep ourselves by suitable establishments on a respectable defensive posture." But let nobody deceive himself as to the degree of true national security which military defensive power confers. One of our wisest career ambassadors, my former colleague at the United States Mission, Charles W. Yost, has warned in a recent book "The Insecurity of Nations," that nations will never know real security until they acknowledge some impartial and effective international agency, designed to keep the peace, restrain aggression, control national armaments, negotiate peaceful settlements, and facilitate peaceful change and the redress of just grievances. Single states, however strong, cannot attempt these tasks by themselves without raising up rival forces and generating the very insecurity they seek to end.

The United States is not exempt from this rule. It should not be the American aim to impose a pax Americana on the world—any more than we would allow an alien rule to be imposed on us.

The central challenge to our foreign policy in this nuclear age is to organize a system of international security which will render any unilateral solution unnecessary. This system will not be created quickly, but it must be our steady aim to bring it into being.

Adlai Stevenson once said: "Survival is still

an open question." And he enjoined his fellow countrymen to act in the light of this simple thought: "that the human race is a family, that men are brothers, and all killing is fratricidal."

This is not visionary talk. It is the highest realism, and we Americans in all walks of life must act upon it in the dangerous years ahead with all the perseverance and imagination and skill we possess.

## President Meets With U.S. Section of U.S.-Mexico Border Commission

The White House announced on February 3 that President Johnson had met the day before with the U.S. Section of the United States-Mexico Commission for Border Development and Friendship to review the group's progress and its plans for 1968.<sup>1</sup>

The Commission was formed in 1967 as a result of a decision reached during President Johnson's visit with President Gustavo Diaz Ordaz of Mexico in April 1966 to establish a mechanism to help the people in the border areas of the two nations improve their living conditions.<sup>2</sup> The Commission is engaged primarily in projects aimed at creating job opportunities, urban planning and development, technical and skills training, cultural and community services, health and sanitation, and recreation and sports.

The U.S. Section is chaired by Ambassador Raymond Telles of El Paso, Tex., and is composed of representatives at the Assistant Secretary level, or above, of 10 Federal departments and agencies. The Mexican Section is similarly constituted, and Sr. José Vivanco is chairman.

The full Commission, which met first in October of 1967 in Mexico City, will have its next meeting in Washington, May 1, 2, and 3.

---

<sup>1</sup> For highlights of the report submitted to President Johnson by the U.S. Section, see White House press release dated Feb. 3.

<sup>2</sup> For text of a joint statement released at the close of President Johnson's visit, see BULLETIN of May 9, 1966, p. 731.

## Our Latin American Policy in the Decade of Urgency

by Sol M. Linowitz

U.S. Representative to the Organization of American States<sup>1</sup>

There was a period not too long ago when Latin American policy was a makeshift affair, when our chief foreign policy interests focused on virtually every area of the world except the one closest to us geographically, historically, and traditionally. Today our policy is no longer a stopgap action, a hurried response to an explosive situation, but a policy that has taken its place among this nation's most vital commitments. For we know that by helping Latin America to modernize and become economically stable and viable we help ourselves and the entire course of freedom and democracy. In a day of widespread and unprecedented demand on our resources and will, it is second to none anywhere.

When I was last here 10 months ago,<sup>2</sup> I had just returned from Punta del Este, where I had accompanied the President to the Summit Meeting of American Presidents. I said at the time that I thought the decisions taken there to integrate the economy of the continent and to reinvigorate the Alliance for Progress marked a milestone in the development of the inter-American community. In retrospect, I believe I understated it.

It was at Punta del Este that the President, in speaking of the proposed Common Market, re-emphasized that if the Latin American states would move with boldness and determination toward that goal, the United States would be at their side.<sup>3</sup> Thus our participation in hemi-

sphere affairs is now projected more fully than ever before as a shared, multilateral, cooperative endeavor in which we are at the side of the people of Latin America as they take the leadership in their struggle against economic and social injustice and in their effort to build democratic societies responsive to the will of the people.

It is a policy which views the Alliance as part of a long and deeply rooted tradition embodying the basic principles of a new society, as set forth in the Charter of Punta del Este.<sup>4</sup>

It is a policy which recognizes that the problems faced by the people of New York, Chicago, and Los Angeles differ only in degree from those confronting the people of the large cities of Latin America and that the Alliance must, therefore, be part of a continentwide effort in which the people of all the countries—North and South alike—learn from each other even as they help each other.

It is a policy in which we are cooperating with a multinational group—the OAS Inter-American Committee on the Alliance for Progress, or CIAP (as it is known from its initials in Spanish)—in laying down criteria for the allocation of Alliance funds, including our own.

It is a policy which recognizes that so long as there remain in the Americas people without jobs, families without roofs, children without schools, there is much for us all to do.

It is a policy which seeks to make education the deep concern of all, recognizing, in the words of Edmund Burke, "that a nation which seeks to be both ignorant and free, seeks what never was and never can be."

It is a policy which extends to the political aspect of our relationship as well. United States

<sup>1</sup> Excerpts from an address made before the National Press Club at Washington, D.C., on Feb. 14 (press release 31).

<sup>2</sup> BULLETIN of May 8, 1967, p. 729.

<sup>3</sup> For statements by President Johnson and text of the Declaration of Presidents of America signed at Punta del Este, Uruguay, on April 14, 1967, see *ibid.*, p. 706.

<sup>4</sup> For text, see *ibid.*, Sept. 11, 1961, p. 463.

policy toward Cuba, for example, adheres to the hemisphere policy shaped by the OAS at several meetings of foreign ministers since 1961.

It is a policy which, over and above the Alliance, seeks to broaden the base of friendship, as in the fulfillment of the Chamizal agreement with Mexico,<sup>5</sup> the effort to find an amicable basis for resolving our problem with Panama, the assistance mobilized to help ease floods in Costa Rica.

It is a policy which seeks to resolve disputes by peaceful means and to find a way that will avoid unnecessary military expenditures which divert resources from urgent social and economic purposes.

It is a policy which, in the words of President Johnson, "will not be deterred by those who tenaciously cling to special privileges from the past . . . (or) who say that to risk change is to risk communism."<sup>6</sup>

### The Progress of the Alliance

In the light of this, let us take a look at the reports we hear from time to time that the Alliance is not fulfilling its goals; that low standards of living, soaring birth rates, mushrooming slums and urban blight, straggling agricultural development, and erratic industrial advances are still more the rule than the exception; that the people of Latin America therefore are becoming discouraged with its slow rate of progress.

It is certainly true, as my colleagues and I pointed out at a recent CIAP meeting, that Latin America overall is not yet reaching the Punta del Este goal of an increased 2.5 percent in per capita gross product each year and that last year available data indicate the figure was 1.6 percent.

The real point, however, is that gross national product statistics in themselves are a poor measure of development. Figures in this area are mere abstractions which do not reflect whether the mass of people is better or worse off than before. In the United States, for example, our per capita increase in GNP last year was 1.3 percent.

What is the measure of such improvement in Latin America? To me it is the extent to which

Latin American nations are helping themselves in creating a viable climate for development. Take government revenues. Since the start of the Alliance, nearly every government of Latin America has reformed and strengthened its tax structure. With only three exceptions, government income is substantially above pre-Punta del Este levels. In some cases, the increases are above the increases in gross product.

What do the governments do with this increased revenue? Our CIAP studies show that Alliance member governments are spending much more today on such items as education, housing, and social services. Such investments in the human sector do not, of course, produce the spectacular results infrastructure investments do. Nor are they reflected in present gross national product growth figures. But they are the surest guarantee of continued development in the years to come. And they do reinforce the deeply significant fact that the development of Latin America is greater than its growth. This to me is the true test.

### The Importance of the OAS

I know full well the skepticism being voiced about the OAS today, the questions being raised about its usefulness and whether we should place such emphasis on our membership in an organization which seems to move in languid fashion.

Let me but say that if our emphasis is on peace, if our emphasis is on a hemisphere secure politically and strong economically, if our emphasis is on progress, law, and respect for the rights of others—and I believe our emphasis is on all these things—then our membership in the OAS serves both our national and international interests and will continue to serve them in an unmatched manner.

Yesterday the OAS elected a new Secretary General.<sup>7</sup> The fact that it took six ballots elicited some sad commentaries from the Cassandras and prophets of gloom who seemed convinced that this exercise in parliamentary democracy was a regrettable phenomenon.

Were they right? Was it wrong for the OAS to take the time and the ballots required to elect a man who is to fill what is surely one of the most important offices in all international organizations?

If there is one thing we should have learned

<sup>5</sup> For background, see *ibid.*, Nov. 20, 1967, p. 684.

<sup>6</sup> For an address by President Johnson made at Mexico City on Apr. 15, 1966, see *ibid.*, May 9, 1966, p. 726.

<sup>7</sup> Galo Plaza Lasso, of Ecuador.

by now it is that making international cooperation and organization work is tedious, difficult, and unglamorous labor. It does not succeed merely because of good intentions or wishes. It will succeed only if we believe in it and are willing to work at it, recognizing that in international organizations sovereign nations have equal responsibilities. In the OAS these responsibilities must be discharged with full respect to a nation's individuality of choice, an individuality that is the hallmark of its independence.

We have now arrived at a consensus; and a strong, independent Secretary General will lead a strong regional organization in coping with the challenges that confront the hemisphere. We pledge him our cooperation and support.

Today the diversity of opinion that marked the election no longer is an issue, and it will not be permitted to intrude in all the areas of cooperation and trust that bind together the members of the OAS in a common endeavor—an endeavor that is and will remain our prime concern.

All in all, I believe that the election experience has been good for the OAS and the inter-American community. For it demonstrated the importance with which the organization and its leadership is regarded by the countries of Latin America. And it points up a growing conviction and confidence that the Organization of American States is needed today far more than at any previous time in its history to keep inter-American affairs on an even keel and to move toward a hemisphere of peace and democracy.

### Democracy in Latin America

I think it is perfectly valid to ask about the state of democracy in Latin America; the answer, after all, is a key to whether we are following a wise policy in and out of the OAS. Democracy is, of course, not all we would like it to be everywhere in Latin America. But it is not in the United States either. And I would also say that democracy has moved forward in Latin America in a manner not seen on any other continent since the end of the last war.

True enough, we have witnessed the rise of extremism in Cuba; and its lesson is that a despotism that ignores the just needs of the many for the selfish desires of the few offers a perfect breeding ground for communism and extremism. But it is also true that the number of those searching for a violent revolution in

Latin America has lessened and the number of those who believe that a peaceful revolution of the Alliance may yet be the answer to the ills of Latin America has increased.

Whether it be Latin America or the United States, or anywhere for that matter, the growth of democracy is related to basic social and economic factors. Indeed, we can see a parallel to some of the problems confronting our Latin American neighbors by looking at the problems in our own cities where, in some cases, desperate citizens have bypassed the democratic process as they seek other avenues toward a better life.

The great lesson is that time—here and in Latin America—is not on our side and that desperate acts, while demanding firm response in upholding the law, demand equally firm measures to correct the causative ills. For if we want to see democracy fulfill its destiny, then we have a responsibility to help create conditions that will allow it to flower—conditions under which economic freedom and social justice are the firm foundation upon which political democracy must rest.

It is true we will not like what we see at times in Latin America, particularly when military governments, no matter how benevolent, interrupt the normal democratic process. We have a serious choice to make on such occasions; for these coups d'etat can never be the appropriate means of a people's self-determination.

We have both the responsibility to the inter-American system and the commitment to our own principles to advance and encourage the growth of representative government and to act so that we make clear our hopes for the secure future of political democracy and self determination in Latin America.

For in the words of the President, “. . . we shall have—and deserve—the respect of the people of other countries only as they know what side we are on.”<sup>8</sup>

That too many still do not know—that some feeling against the United States still remains—is evident from time to time. But I am convinced that this sentiment is not a reflection of majority opinion. I am also convinced it will yet disappear, as more and more of the people learn we stand with the men of vision of their hemisphere, with those who believe that hunger and disease and illiteracy can be ended,

<sup>8</sup> For an address by President Johnson made at Denver, Colo., on Aug. 26, 1966, see *ibid.*, Sept. 19, 1966, p. 406.

with those who are convinced that the entrenchment of the oligarchies and the privileged can be modified peacefully, with those who know there is a future in a unified continent in which the various governments are dedicated to democracy, reform, and progress.

Knowing this, they will know our policy is not a sterile and negative anti-Castro, anti-Communist commitment; that we know a man is not a Communist just because he longs for change; that we know his support of social progress does not mean he also supports Castro extremism; and that perhaps, above all, we understand that the possibility of success for insurgency exists in every village, every community, every phase of life where the heritage of neglect is greater than the effort to bring about a better life for the people.

### **Military Expenditures**

From time to time in recent months, efforts have been made among the countries of Latin America to agree to the elimination of unnecessary military expenditures. Prior to the Summit Conference, discussions were undertaken among various countries in order to determine whether a nonreceipt agreement affecting certain types of heavy military equipment might be feasible. Included in the arrangement would have been an undertaking not to acquire super-sonic jet aircraft prior to the end of the decade. Although regrettably such a specific agreement could not be achieved, the desire to accomplish some such limitation remains alive and current. In recent weeks President Frei of Chile has spoken out suggesting its urgency, and several other Latin American Presidents have indicated their concurrence.

In the Summit Declaration the Latin American Presidents expressed their resolve to eliminate unnecessary military expenditures in recognition of the fact that "the demands of economic development and social progress make it necessary to apply the maximum resources available in Latin America to these ends." Preliminary discussions about one procedure to help fulfill this intent involved a review of military expenditures within the context of CIAP's annual country reviews; but this did not meet with requisite support on the part of other CIAP members. Accordingly, other ways or another mechanism must be found, under the OAS or elsewhere within the inter-American system, to focus upon the problem and seek

agreement on its solution. We are encouraging the exploration of such possibilities.

Taken as a whole, how does our Latin American policy shape up? Bearing in mind all that still remains undone, all the patience and the determination that are still demanded, all the dangers still to be met, with the basic question still unanswered—will the inevitable revolution in Latin America be one of international cooperation and peaceful change or will it be a violent one in which the only ones to gain will be the forces of tyranny?—Latin America stands today as a vivid and exciting example of what can and should be done to strengthen freedom and de-fuse extremism.

In and of itself, of course, the Alliance will not insure the security of the hemisphere, nor will it solve the problems that beset it. Nor will the OAS. Used wisely and appropriately by the peoples of the hemisphere, however, these are the roadmaps to the future that we believe the Americas can and will attain. Then time can be our ally in this Decade of Urgency. To this end our policy is dedicated.

## **U.S. To Sign Protocol to Treaty of Tlatelolco**

*Statement by President Johnson*

White House press release dated February 14

One year ago today, on February 14, 1967, the nations of Latin America gathered in Tlatelolco, Mexico, to sign a treaty for the prohibition of nuclear weapons in Latin America. Twenty-one nations of the region have now joined in this historic undertaking.

The United States considers this treaty to be a realistic and effective arms control measure of unique significance—not only to the peoples of Latin America but to all the peoples of the world.

Today I am pleased to announce that the United States will sign protocol II to this treaty, which calls upon the powers possessing nuclear weapons to respect the status of denuclearization in Latin America and not to use or threaten to use nuclear weapons against the Latin American states party to the treaty. I have appointed Adrian S. Fisher, Deputy Director of the Arms Control and Disarmament Agency, as my

emissary to sign the protocol in Mexico with an appropriate statement.

Upon ratification by the Senate, the United States will assume the obligations to those countries within the region which undertake and meet the treaty's requirements. I am pleased to note that the drafters of this treaty have indicated that transit by the United States within the treaty zone will continue to be governed by the principles and rules of international law.

The Treaty of Tlatelolco has been closely related to the long effort to reach worldwide agreement to prevent the further spread of nuclear weapons. It will create a nuclear-free zone in an area of 7½ million square miles inhabited by nearly 200 million people. Like the nonproliferation treaty, this treaty in addition to prohibiting the acquisition of nuclear weapons also prohibits the acquisition of nuclear explosive devices for peaceful purposes. However, it has

been drafted in such a way as to make it possible for Latin American parties to the treaty to obtain peaceful nuclear explosion services.

It is indeed fitting that this giant step forward should have had its genesis in Latin America, an area which has come to be identified with regional cooperation. I particularly wish to congratulate our distinguished friend, President Diaz Ordaz of Mexico, for the initiative and leadership which his government has contributed to this treaty and thereby to the peace of this region and the world.

In signing this protocol, the United States once again affirms its special and historic relationship with the peoples of Latin America and its stake in their future. The United States gives this affirmation gladly, in the conviction that the denuclearization of this region enhances the development of its peaceful nuclear potential.

## British Prime Minister Harold Wilson Visits the United States

*British Prime Minister Harold Wilson visited the United States February 7-9. He met with President Johnson and other Government officials at Washington February 8-9. Following is an exchange of toasts between President Johnson and Prime Minister Wilson at a dinner at the White House on February 8.*

White House press release dated February 8

### PRESIDENT JOHNSON

Let me thank you first of all for coming out on a winter's night to warm this house with friendship.

It could be said that we are gathered here to welcome a Prime Minister who has come in out of the cold.

I refer, of course, to the famous English winter—ending in July and reappearing in August.

But whatever the season, sir, there is always strength and comfort in standing beside you to field the challenges of the day. It is always a good day for any man or any nation when they

can claim the British as comrades in adversity or brothers in adventure or as partners in advancement.

But I do not want tonight to wave either the Union Jack or the Stars and Stripes. We buried the need for that with Colonel Blimp, Yankee Doodle, and other caricatures of yesteryear. When Americans talk today of what Great Britain means to us—and means to the world in which we live—we are moved by a more meaningful English voice from the past. It was Robert Browning who spoke the truth for our time: "My sun sets to rise again."

Yes, these are difficult times for Great Britain—and they are very difficult times for the United States. Yes, we have our family differences still. And yes, Britain means as much to us as she ever meant.

—Our two nations are as close as ever.

—Our two peoples are as determined as ever to master the trials of the moment and to move on to the triumphs of the future.

That is what the Prime Minister and I have

spent the day talking about. We have ranged around the world, reviewing our large responsibilities, drawing on our experiences, exchanging insights, giving and getting much of value. But we always came back to one basic and unbreakable agreement.

—We want the same things for our people.

—They will not come easily or they will not come overnight, but our people shall have them if patience and perseverance can win them.

They are the simplest things to describe—but they are the hardest to achieve:

—A peace rooted in the good, firm earth of freedom.

—A world respectful of law, given to justice, hostile only to force.

—A life without the torment of hunger, ignorance, and disease.

—A higher standard of living and more opportunity for all.

It will come for us. If any man doubts it, let him look at how far the Americans and the British have come already in common purpose. Let him reflect on all that we have overcome already by sharing struggle and sacrifice.

And then let him look deeply into the well of our strength—the traditions and the character that shape us.

He will come quickly to the truth that sustains us: The American and British peoples are not short-distance crusaders. If we must tighten our belts for a time, it does not leave us breathless for the next battle. We are veteran campaigners, not amateurs. We have learned to pace ourselves—to accept temporary detours and steer around them.

I have enormous confidence, Mr. Prime Minister, in the character of my own people, in their ability to understand and master trial. I am very proud to place equal faith in your people, in their characteristic courage and fortitude. I say with them, and I say to them, using the slogan of the moment: The American people are backing Britain.

The greatness of nations, the size of their global role and influence: these laurels are not earned or held by the trappings of power alone.

Ultimately, nations can only lead and leave their mark if they have the power to attract and to instruct by example. The rank and worth of nations are decided, finally, by what pushes

upward and outward from their roots: the character of citizens, the value of ideals, the quality of life, the purpose of a people.

What a magnificent opportunity for the people of Great Britain!

Character, ideals, culture, purpose: the world already knows them as unmistakably British qualities, as the benchmarks of civilized life, as standards of decency and development that surpass and survive the importance of any single epoch.

The new and struggling states of the world can gain much from these gifts of British example. The older nations can also learn from them and can count on them for security and for progress. Britain itself will continue to build on them:

—In British education, for example, where a revolution of learning and opportunity is already underway.

—And in British technology, where the native skills of an inventive and industrious people are establishing a new “workshop of the world.”

There is so much, Mr. Prime Minister, waiting for our peoples on the road ahead.

The confidence and purpose that we show to the world will always be a reflection of our own relationship. I want it always to have the importance and to have the meaning that that great President of ours, Franklin D. Roosevelt, gave it more than a quarter-century ago, when he welcomed King George VI to this house:

I am persuaded (he said) that the greatest single contribution our two countries have been enabled to make to civilization, and to the welfare of peoples throughout the world, is the example we have jointly set by our manner of conducting relations between our two nations.

It is a grand toast still. I renew its promise now, Mr. Prime Minister, by offering it as a tribute to you and to your people.

The thing our people want most tonight, Mr. Prime Minister, of course, is peace in the world. As you and I pursue it, I think we are entitled for a moment to have a little peace of mind—even a little music while we work.

The songs you will hear tonight have been challenged in some sections of the press today. When I heard that on my morning radio, I thought, “Well, there they go again, always wanting me to dance to their tune.”

But I am a man who really, after all, loves harmony. I was ready to believe that Mr. [Robert] Merrill and Miss [Veronica] Tyler were actually trying to maintain the balance of payments in their choice of songs tonight by paying you a compliment on "The Road to Mandalay" and paying me a compliment—"Oh, Bury Me Not on the Lone Prairie."

I was ready to believe it until I had some Senator say to me this morning: "Well, what have they really got to sing about anyway?" I think that should settle the matter. If it doesn't, Mr. Prime Minister, I am prepared tonight to keep peace at any price.

Let us now toast to lasting harmony between the best of friends—the British and the American people.

Ladies and gentlemen, Her Majesty the Queen.

### PRIME MINISTER WILSON

It is my privilege, Mr. President, to rise and toast your health. On behalf of my colleagues, may I thank you for your kind hospitality to us this evening and for enabling us to meet this distinguished gathering of American citizens.

In particular, I should like to thank you for what you have said and the way in which you have said it.

It was one of the most moving speeches I think any of us has ever listened to.

You referred to the difficult times through which the United States, Britain, and the world are moving. You set out in words which all of us would endorse your conception of the hopes and aspirations for our people—yours and, indeed, ours.

We welcomed everything you have said to us tonight. You referred to the days of Anglo-American relationships, the days of your great master and tutor, Franklin Delano Roosevelt. But I make bold acclaim that relations between our two countries today, in 1968, in the years when you and I have been meeting, are no less close and no less intimate than they were in those perilous wartime days of the Anglo-American alliance.

I was particularly moved to hear you endorsing the slogan of backing Britain. Mr. President, the acoustics in this room are always a little dubious. Last year I dispensed with this machine and relied on my own voice. From this

distance, I thought what you were saying was not "backing Britain," but "buying British." I hope the acoustics will not blame me for it.

Mr. President, our talks this morning and this afternoon, as always, have been informal, friendly, and, above all, to the point. This meeting was arranged some time ago. We couldn't know the exact developments that we should be discussing in each part of the world where our talks today have led us.

What I particularly appreciate is that at this time we have been able to have such a thorough and wide discussion of the whole world scene. Inevitably, at this time—and I think this has been true of almost every discussion we have had together in the last 3 or 4 years—and true also of the contacts that we are able to maintain in between meetings—a great part of our discussion has related today to the situation of Viet-Nam.

I make no apology for the fact that on what should be a happy occasion I want to devote most of my time this evening to referring to that situation, because the events of the last 10 days have brought home to millions of people far from the conflict, within our own countries, the indescribable horror and agony this war is bringing to a people for whom peace has been a stranger for a generation.

But the scenes of outrage that we have seen on our television screen can beget dangerous counsel. It can beget impatient and exasperated demands to hit back, to escalate in ways which would widen and not end that war.

The responsibility of power, Mr. President, as you know, means not only loneliness. In a democracy, it means facing demands for punitive action whenever national interests are outraged. The hardest part of statesmanship is to show restraint in the face of that exasperation.

All those understandable demands for actions which are immediately satisfying could have incalculable effects, effects, indeed, on the whole world. That is why, Mr. President, your administration's attitude following the *Pueblo* incident is one which will earn tributes from reasoning men everywhere and, indeed, from history.

You referred just now, Mr. President, to the musical entertainment. When I read your press this morning—and I always believe everything I read in the American press—I said, "I hope they won't change the program for me. These are my favorite tunes."

"Mandalay"—I don't know why anyone



thought that was embarrassing. We got out of Mandalay 20 years ago.

But if we are going to go back to Rudyard Kipling—and some of us are trying now to escape from him—I think one of the greatest phrases he used—which must have rung many times in your ears, Mr. President, when you talked about the hard and difficult times, and the misunderstandings of the things that statesmen have to do from time to time—was when Kipling in his famous poem said—and when things are really tough, one should either reread that poem or read what Lincoln said when he was up against it—“If you can meet with triumph and disaster and treat those two imposters both the same”—once we can recognize that, it makes us a little more detached about some of the things we have to do.

Mr. President, the problem of Viet-Nam, as you have always recognized, can never be settled on a durable and just basis by an imposed military solution. Indeed, the events of these past days have underlined yet again that there can be no purely military solution to this problem, that there can be no solution before men meet around the conference table, determined to get peace.

I have said a hundred times that this problem will never be solved by a military solution, which I see is one of the lessons of the last few days—a determined resistance to see that a military solution is not imposed on the people of Viet-Nam.

I am frequently urged, as what is supposed to be the means to peace, to disassociate the British Government from American action and, in particular, to call for the unconditional ending of all the bombing.

Mr. President, I have said this a hundred times, too, in my own country, in Western Europe, in the Kremlin: that if I felt that by doing this I could insure that this war ended one day earlier or that it would insure that peace, when achieved, was one degree more durable, one degree more just, I would do what I am urged and disassociate.

I have not done so, and I am going to say why. Over the past 3 years, Mr. President, as you know, as the Secretary knows, I have been in the position to know a good deal about the history of negotiations and consultations and contacts and discussions aimed at getting away from the battleground and getting around the conference table.

I recall our talks here in Washington at the

time of your Baltimore speech, now nearly 3 years ago.<sup>1</sup>

I recall the Commonwealth Prime Ministers Conference over 21½ years ago when 20 Commonwealth heads of government from Asia and Africa, from the Mediterranean, the Caribbean, Australia, Europe, and America, of widely different views and widely differing loyalties over Viet-Nam, all of them, called for a cessation of the bombing and, in return, a cessation of infiltration by the North Vietnamese Army in South Viet-Nam.

I recall a hundred proposals to our fellow Geneva cochairman to activate the Geneva conference or any other forum to get the parties around the table.

I recall meetings and discussions in Washington, in London, in New York, in Moscow, and innumerable less formal consultations, with anyone and everyone who could help find the road to peace.

And all of these have failed—failed so far to find a solution.

But it doesn't mean we were wrong, all of us here, to try and to go on trying.

I believe—and this is true even today against the differing background of all that is now happening on the battlefield—that the road to peace was fairly charted, not for the first time, but with greater and more meaningful clarity, at San Antonio last September.<sup>2</sup>

A fortnight ago I was in the Kremlin, and in many hours of discussion with the Soviet leaders I sought to spell out what San Antonio and what subsequent elucidations of San Antonio meant.

I believe the Soviet leaders now know, if they did not understand before, that what that formula means is that the United States would be prepared to stop the bombing, given an assurance that prompt and productive discussions will start and that this action will not be exploited to create a new situation of military advantage which would delay a political settlement.

It was, Mr. President, as you know, our purpose in Moscow to show that once the surrounding misunderstandings have been removed, this

---

<sup>1</sup> For an address by President Johnson made at Baltimore, Md., on Apr. 7, 1965, see BULLETIN of Apr. 26, 1965, p. 606.

<sup>2</sup> For an address by President Johnson made at San Antonio, Tex., on Sept. 29, 1967, see *ibid.*, Oct. 23, 1967, p. 519.

approach could be reconciled with the conditions laid down by the DRV Foreign Minister, Mr. [Nguyen Duy] Trinh, on December 29th.

What I am saying now, interpreting—and I think you will agree I am interpreting correctly—the San Antonio formula, really answers his latest speech this week which has been printed today.

There have been some, not only in Moscow, as I learned, who would believe that San Antonio meant that the United States were insisting in advance, as a precondition, on a given outcome to the talks as a condition to stopping the bombing.

We believe that this reconciliation is possible once it is clear that all that is needed to start negotiations is assurance that the talks will begin promptly and that they will be meaningful and directed in good faith to a peaceful settlement.

Given, therefore, good faith, we—all of us—America, the Soviet Union—we ourselves are to ask now whether the events of these past 10 days mean that there is not, that there cannot be, that good faith. Whatever the discouragement of these past 10 days, all of us, Mr. President, feel for you in this conflict. I do not take that view because, as I have said, this problem cannot be settled by a purely military solution. Negotiations for a political settlement will have to come. Every day that the start of those negotiations is delayed means more suffering.

This is not the time to attempt to set out what the provisions of such a settlement should be. But statesmen from many countries, differing deeply in their attitudes to the Vietnamese problem, have each in their own words stressed that the basic principle involved in that settlement is the right of the peoples of that area to determine their own future through democratic and constitutional processes—words, Mr. President, I am quoting from yourself.

Once willingness is shown to enter into prompt and productive discussions, we in Britain in our capacities as Geneva cochairmen, or in any other appropriate way, will play our full part in helping the parties to reach agreement. And with the political settlement will come the enormous task of repairing the damage, of embarking on the great era, the great challenge, of economic and social reconstruction in that area.

Mr. President, the noises of battle, the noises

of controversy, too, in all our countries, have perhaps caused many to forget your own proposal on the theme of economic reconstruction in Viet-Nam which I read in your speech at Baltimore, now nearly 3 years ago. It may have been forgotten, but once again it will become, I hope soon, a reality.

I feel it right to add that within the resources we could make available we shall be ready to play our part.

It may be, Mr. President, that tonight in my speech of thanks and appreciation to you I have been striking—as indeed you yourself said—something of a somber note because of the circumstances in which we meet, somber but at the same time hopeful, hopeful because at the same time determined.

As you have said, when we have pursued a common aim, however dark the background against which we have been operating, that common aim, that hope, and that determination have set an example to the world.

The problems with which so many of us here tonight are concerned, the problems we have dealt with in our wide-ranging talks earlier today, have not been confined even to the compelling and urgent problem brought about by the tragedy of Viet-Nam. We have discussed problems of Europe, of the Middle East, the problems of the developing world, problems of nuclear disarmament, the challenge of making a reality of the authority of the United Nations.

And all of these have proved again today, and in all of our continuing discussions and changes over these past years, to have their own urgencies and their own priorities.

But in a wider sense we are trying, together, to face challenges on a world scale, the challenge of a world increasingly dominated by the explosion of race and color.

Mr. President, whatever they say, neither you nor we have any need to apologize about our reaction to the challenge of race and difficulty, the challenge on a world scale of the population explosion, the challenge of the problems acute for advanced countries and for developing countries alike, the problem of freer movement of trade and freedom from the throes of outmoded international financial practices and international financial doctoring—may I add: and the worship of the Golden Calf.

It is, therefore, Mr. President, in the confi-

dence that together we, the United States and Britain, are friends and partners—in the Commonwealth, in Europe, in the United Nations.

The years ahead will bring for us a new and fresh spirit to the attack on these problems.

It is in that spirit and in that confidence that I have the pleasure now of toasting the health of the President of the United States of America.

## **President Meets With Mr. Rey of the European Communities**

*Jean Rey, President of the Commission of the European Communities, visited Washington February 6-9. Following is a joint statement issued at the conclusion of his meeting with President Johnson on February 7.*

White House press release dated February 7

The President and Mr. Jean Rey, President of the Commission of the European Communities, met at the White House on February 7. During his visit to Washington, Mr. Rey, accompanied by Vice President [Fritz] Hellwig and Commissioner [Jean-Francois] Deniau, is also meeting with the Vice President, the Secretary of State, and other Cabinet and sub-Cabinet officials.

The President and Mr. Rey confirmed their belief in the need for continued progress toward the unity of Europe. The President reaffirmed the support of the United States for the progress of the European Communities. A strong and democratic Western Europe working as an equal partner with the United States would help to build a peaceful, prosperous and just world order. Both the United States and the European Communities recognize their responsibilities to the developing countries in expanding export earnings and development.

The President reviewed his balance of payments program with Mr. Rey and emphasized the firm intention of the United States to take the necessary action to restore equilibrium. The President and Mr. Rey recognized the need for both surplus and deficit countries to continue and intensify their individual and common efforts to achieve a better equilibrium in the international balance of payments.

The closest cooperation between the United States and the European Communities is necessary to ensure that international adjustment takes place under conditions of continued economic growth with financial stability. In particular, they agreed that the achievements of the Kennedy Round must be preserved, that protectionist measures should be avoided and that further progress should be made in the elimination of barriers to trade.

Mr. Rey told the President of his satisfaction with a meeting held on February 7 between his party and senior officials of the United States Government on matters of common concern pertaining to the economic interrelationship of Europe and the United States. The President and Mr. Rey agreed similar high level consultations would be useful in the future.

## **Ryukyuan People To Elect Chief Executive Directly**

### **STATEMENT BY PRESIDENT JOHNSON, FEBRUARY 1**

White House press release dated February 1

I have signed an amendment to the basic Executive order<sup>1</sup> that provides for the administration of Okinawa and other Ryukyu Islands.

The amendment I have signed provides that the Ryukyuan chief executive, who is now elected by the legislative body of the government of the Ryukyu Islands, shall in the future be popularly elected by the Ryukyuan people.

This is another forward step in the continuing policy of the United States to afford the Ryukyuan people a voice in managing their own affairs, as great a voice as is compatible with the Ryukyus' role in maintaining the security of Japan and the Far East. The amendment will also further the identification of Ryukyuan institutions with those of Japan proper, where prefectural chief executives are directly elected. This is consistent with the agreement reached

<sup>1</sup> For text of Executive Order 10713, see BULLETIN of July 8, 1957, p. 55.

in my recent talks with Prime Minister [Eisaku] Sato of Japan.<sup>2</sup>

General [Ferdinand T.] Unger, our High Commissioner in the Ryukyus, announced this change today in a speech to the Ryukyuan Legislature.

It will insure that the Ryukyuan chief executive for the next term can be elected directly by the Ryukyuan people.

### EXECUTIVE ORDER 11395<sup>3</sup>

FURTHER AMENDING EXECUTIVE ORDER NO. 10713, PROVIDING FOR ADMINISTRATION OF THE RYUKYU ISLANDS

By virtue of the authority vested in me by the Constitution, and as President of the United States and Commander in Chief of the armed forces of the United States, subsection (b) of section 8 of Executive Order No. 10713 of June 5, 1957, as amended by Executive Order No. 11010 of March 19, 1962, and Executive Order No. 11263 of December 20, 1965,<sup>4</sup> is further amended to read as follows:

"(b) (1) The Chief Executive shall be elected by the people of the Ryukyu Islands. The person having the greatest number of votes shall be the Chief Executive, provided that he shall have received at least one-fourth of the total number of votes cast. The Chief Executive shall be elected on the same day as are the members of the legislative body and shall serve a term concurrent with the term of the members of the legislative body and thereafter until his successor takes office. The first such election of the Chief Executive shall be on the same day as the legislative elections in November 1968. The legislative body shall by law establish procedures for the election of the Chief Executive, determine the qualifications for the office of Chief Executive, and provide for special elections when necessary to fill a vacancy.

"(2) In the event that a Chief Executive is not, within a reasonable period of time, as determined by the High Commissioner, elected to succeed an incumbent or to fill a vacancy, the High Commissioner may appoint a Chief Executive who shall serve until a successor is duly elected."



THE WHITE HOUSE,  
January 31, 1968.

<sup>2</sup> For text of a joint communique issued at Washington on Nov. 15, 1967, see *ibid.*, Dec. 4, 1967, p. 744.

<sup>3</sup> 33 *Fed. Reg.* 2561.

<sup>4</sup> For text, see BULLETIN of Jan. 10, 1966, p. 66.

## United States Delegations to International Conferences

### 2d United Nations Conference on Trade and Development

The Department of State announced on January 29 (press release 21) that Eugene V. Rostow, Under Secretary for Political Affairs, would be the U.S. Ministerial Representative to the meeting of the Second United Nations Conference on Trade and Development, to be held in New Delhi from February 1 to March 25. Mr. Rostow will be present for the first week of the conference.

Joseph A. Greenwald, Deputy Assistant Secretary for International Trade Policy, will be the chairman of the United States delegation to the Conference.

Chester Bowles, American Ambassador to India, and Mr. Greenwald will be the U.S. Representatives to the Conference.<sup>1</sup>

About 130 delegations numbering perhaps 2,000 persons will participate in the meeting, popularly referred to as UNCTAD II.

The First United Nations Conference on Trade and Development was held in Geneva from March 23 to June 16, 1964. UNCTAD I recommended that the Conference be established as an organ of the General Assembly, to meet at least every 3 years, and that a 55-member Trade and Development Board be created. Following UNCTAD I, the General Assembly approved the institutional recommendations of UNCTAD I, and the Trade and Development Board and a Secretariat were in fact created. Dr. Raul Prebisch has served in the post of Secretary General of both the Conference and the Board.

The provisional agenda for UNCTAD II was approved by the Trade and Development Board on September 7, 1967. The final agenda will be approved by the Conference in February. Major items on the agenda include:

1. Trends and problems in world trade and development;
2. Commodity problems and policies;
3. Expansion and diversification of exports

<sup>1</sup> For names of advisers on the U.S. delegation, see Department of State press release 21 dated Jan. 29.

of manufactures and semimanufactures of developing countries;

4. Growth, development finance, and aid;
5. Problems of developing countries in regard to invisibles, including shipping;
6. Trade expansion and economic integration among developing countries;
7. Special measures to be taken in favor of the least developed; and
8. General review of the work of the UNCTAD.

On the initiative of the United States, an item on the world food problem appears on the agenda. The rise in food import requirements of many developing countries caused by the slow growth of their agricultural output is a serious hindrance to their development. The United States hopes UNCTAD II will emphasize the relation between increased agricultural output and general economic development with particular emphasis on the measures needed to increase food production in the developing countries.

The question of temporary tariff advantages to be granted by all industrialized countries to all developing countries will probably be one of the principal topics of discussion. As President

Johnson announced at Punta del Este in April 1967,<sup>2</sup> the United States is prepared to seek the cooperation of other nations in seeing whether a broad consensus can be reached on this important matter.

## **U.S. and Czechoslovakia Conclude Civil Aviation Talks**

Press release 28 dated February 9

Delegations representing the Government of the United States of America and the Government of the Czechoslovak Socialist Republic met in Washington on January 22 to resume discussions, begun in Prague in April 1967, on an updating of the air transport agreement between the two governments which was negotiated in 1946.<sup>1</sup> The current talks were concluded on February 9, when the delegations agreed to submit their recommendations to their respective Governments for appropriate action.

<sup>2</sup> For background, see BULLETIN of May 8, 1967, p. 706.

<sup>1</sup> Treaties and Other International Acts Series 1560.

## To Build the Peace—The Foreign Aid Program for Fiscal 1969

*Message From President Johnson to the Congress*<sup>1</sup>

*To the Congress of the United States:*

Peace will never be secure so long as:

—Seven out of ten people on earth cannot read or write;

—Tens of millions of people each day—most of them children—are maimed and stunted by malnutrition.

—Diseases long conquered by science still ravage cities and villages around the world.

If most men can look forward to nothing more than a lifetime of backbreaking toil which only preserves their misery, violence will always beckon, freedom will ever be under siege.

It is only when peace offers hope for a better life that it attracts the hundreds of millions around the world who live in the shadow of despair.

Twenty years ago America resolved to lead the world against the destructive power of man's oldest enemies. We declared war on the hunger, the ignorance, the disease, and the hopelessness which breed violence in human affairs.

We knew then that the job would take many years. We knew then that many trials and many disappointments would test our will.

But we also knew that, in the long run, a single ray of hope—a school, a road, a hybrid seed, a vaccination—can do more to build the peace and guard America from harm than guns and bombs.

This is the great truth upon which all our foreign aid programs are founded. It was valid in 1948 when we helped Greece and Turkey maintain their independence. It was valid in the early fifties when the Marshall Plan helped rebuild a ruined Western Europe into a show-

case of freedom. It was valid in the sixties when we helped Taiwan and Iran and Israel take their places in the ranks of free nations able to defend their own independence and moving toward prosperity on their own.

The programs I propose today are as important and as essential to the security of this nation as our military defenses. Victory on the battlefield must be matched by victory in the peaceful struggles which shape men's minds.

In these fateful years, we must not falter. In these decisive times, we dare not fail.

### No Retreat, No Waste

The foreign aid program for fiscal 1969 is designed to foster our fundamental American purpose: to help root out the causes of conflict and thus ensure our own security in a peaceful community of nations.

*For fiscal 1969 I propose:*

—An economic aid appropriation of \$2.5 billion.

—A military grant aid appropriation of \$420 million.

—New and separate legislation for foreign military sales.

—A five-year program to develop and manufacture low-cost protein additives from fish, to help avoid the tragic brain damage now inflicted on millions of children because of malnutrition in their early years.

—That the United States join with other nations to expand the International Development Association, the development-lending affiliate of the World Bank. For every two dollars the United States contributes, other nations will contribute three dollars.

—That the Congress authorize a contribution

<sup>1</sup> Transmitted on Feb. 8 (White House press release; also printed as H. Doc. 251, 90th Cong., 2d sess.).

to new Special Funds of the Asian Development Bank.

—Prompt appropriation of the annual contribution to the Fund for Special Operations of the Inter-American Development Bank.

—A further authorization and appropriation of callable funds for the Inter-American Development Bank to stand behind the Bank's borrowing in private money markets.

### Common Effort for Common Good

I pledge to the Congress and to the people of America that these programs will be carried out with strict attention to the six basic principles of foreign aid administration we announced last year.<sup>2</sup>

#### 1. *Self-Help*

Self-help is the fundamental condition for all American aid. We will continue to insist on several dollars of local investment for every dollar of American investment. We will help those—and only those—who help themselves. We will not tolerate waste and mismanagement.

#### 2. *Multilateralism*

This year, 90 percent of our AID loans will be made as part of international arrangements in which donors and recipients alike carry their fair shares of the common burden.

America now ranks fifth among donor countries in terms of the share of its national product devoted to official foreign aid. Japan increased her aid by nearly 50 percent last year. Germany has increased her aid budget despite fiscal restraints which have curtailed domestic welfare programs. Great Britain is maintaining aid levels despite severe financial problems. With the signing of the International Grains Agreement, other wealthy nations will for the first time be obligated to contribute food and money to the world-wide war on hunger.

This year we must take another important step to sustain those international institutions which build the peace.

The International Development Association, the World Bank's concessional lending affiliate is almost without funds. Discussions to provide the needed capital and balance of payments safeguards are now underway. We hope that these talks will soon result in agreements among

the wealthy nations of the world to continue the critical work of the Association in the developing countries. The Administration will transmit specific legislation promptly upon completion of these discussions. I urge the Congress to give it full support.

#### 3. *Regionalism*

Last year I joined with the Latin American Presidents to renew, reaffirm and redirect the Alliance for Progress.

The nations of free Asia began a general survey of their joint transportation and education needs, while work proceeded on projects to bring power, water and the other tools of progress to all.

The African Development Bank, financed entirely by Africans, opened its doors and made its first loan.

The coming year will present three major opportunities for the United States to add new momentum to these regional efforts:

##### A. *The Inter-American Development Bank.*

This Bank stands at the center of the Alliance for Progress. Last year, the Congress authorized three annual contributions of \$300 million each to the Bank's Fund for Special Operations. The second of these contributions should be appropriated this year.

The Ordinary Capital of the Bank, which comes mainly from sales of its bonds in the private market, must now be expanded. Since 1960, we have appropriated \$612 million which is kept in the U.S. Treasury to guarantee these bonds. Not one dollar of this money has ever been spent, but this guarantee has enabled the bank to raise \$612 million from private sources for worthy projects. We must extend this proud record. *I urge the Congress to authorize \$412 million in callable funds, of which \$206 million will be needed this year.*

##### B. *The Asian Development Bank.*

This Bank has asked the United States, Japan, and other donors to help establish Special Funds for projects of regional significance—in agriculture, education, transportation and other fields. Last October I requested that the Congress authorize a United States contribution of up to \$200 million.<sup>3</sup> This would be paid over a four-year period—only if it were a minority share of the total fund, and if it did not ad-

<sup>2</sup> BULLETIN of Mar. 6, 1967, p. 378.

<sup>3</sup> *Ibid.*, Oct. 16, 1967, p. 508.

versely affect our balance of payments. *I urge that the Congress take prompt and favorable action on this request.*

### C. *The African Development Bank.*

This Bank has also asked for our help to establish a small Special Fund for projects which cannot or should not be financed through the Bank's Ordinary Capital. *We must stand ready to provide our fair share, with full safeguards for our balance of payments.*

### 4. *Priority for Agriculture and Population Planning*

Victory in the war on hunger is as important to every human being as any achievement in the history of mankind.

The report of 100 experts assembled last year by the President's Science Advisory Committee on the World Food Supply<sup>4</sup> rings with grim clarity. Their message is clear: The world has entered a food-population crisis. Unless the rich and the poor nations join in a long-range, innovative effort unprecedented in human affairs, this crisis will reach disastrous proportions by the mid-1980's.

That Report also reminded us that more food production is not enough. People must have the money to buy food. They must have jobs and homes and schools and rising incomes. Agricultural development must go hand-in-hand with general economic growth.

AID programs are designed *both* to stimulate general economic growth and to give first priority to agriculture. In India, for instance, about half of all AID-financed imports this year will consist of fertilizer and other agricultural supplies.

We have made a good start:

—India is harvesting the largest grain crop in her history. Fertilizer use has doubled in the past two years. Last year five million acres were planted with new high yield wheat seeds. By 1970 this will increase to 32 million acres.

—Brazil, with AID help, has developed a new grass which has already added 400,000 acres of new pastureland and increased her annual output of beef by 20,000 metric tons.

—The Philippines is expecting a record rice crop this year which will eliminate the need to import rice.

<sup>4</sup> For background, see *ibid.*, July 17, 1967, p. 76, and Dec. 25, 1967, p. 874.

In the year ahead, AID will increase its investment in agriculture to about \$800 million—50 percent of its total development aid. In addition, I will shortly propose an extension of the Food for Freedom program to provide emergency food assistance to stave off disaster while hungry countries build their own food production.

We must also tap the vast storehouse of food in the oceans which cover three-fourths of the earth's surface. I have directed the Administrator of the Agency for International Development and the Secretary of the Interior to launch a five-year program to:

—Perfect low-cost commercial processes for the production of Fish Protein Concentrate.

—Develop new protein-rich products that will fit in a variety of local diets.

—Encourage private investment in Fish Protein Concentrate production and marketing, as well as better fishing methods.

—Use this new product in our Food for Freedom program to fortify the diets of children and nursing mothers.

But food is only one side of the equation. If populations continue to grow at the present rate, we are only postponing disaster not preventing it.

In 1961 only two developing countries had programs to reduce birth rates. In 1967 there were 26.

As late as 1963, this government was spending less than \$2 million to help family planning efforts abroad. In 1968, we will commit \$35 million and additional amounts of local currency will be committed. In 1969 we expect to do even more.

Family planning is a family matter. The United States will not undertake to tell any government or any parent how and to what extent population must be limited.

But neither we nor our friends in the developing world can ignore the stark fact that the success of development efforts depends upon the balance between population and food and other resources. No government can escape this truth. The United States stands ready to help those governments that recognize it and move to deal with it.

### 5. *Balance of Payments Protection*

Our ability to pursue our responsibilities at home and abroad rests on the strength of the



dollar. Economic aid now helps—not hurts—our balance of payments position.

In 1963, the dollar outflow from foreign aid expenditures was over \$600 million. Last year, it was down to \$270 million. I have already directed that even this figure be reduced in 1968 to less than \$170 million.<sup>5</sup> More than nine dollars of every ten dollars AID spends will buy American goods and services. And the repayments of prior loans will more than offset the small outflow from new loans.

Moreover, our AID programs have a favorable long range impact on our balance of payments by building new markets for our exports.

### 6. *Efficient Administration*

Over the past few years AID has reduced by twenty percent the number of U.S. employees serving overseas in posts other than Vietnam. Last month I directed a ten percent reduction in the number of employees overseas in all civilian agencies.<sup>6</sup> In addition, AID is further improving and streamlining its over-all operations.

### **A Creative Partnership With Free Enterprise**

Foreign aid must be much more than government aid. Private enterprise has a critical role. Last year:

—All 50 states exported American products financed by AID.

—The International Executive Service Corps operated 300 projects in which experienced American businessmen counseled local executives.

—Nearly 3,000 American scientists and engineers shared their know-how with developing countries under the auspices of VITA Corporation, a private, U.S. non-profit organization.

—More than 120 American colleges and universities contributed to AID technical assistance programs.

—Thirty-three American states supported development work in 14 Latin American countries under AID's Partners of the Alliance program.

All of these efforts will be sustained and ex-

<sup>5</sup> For text of a memorandum from President Johnson to AID Administrator William S. Gaud dated Jan. 11, see *ibid.*, Feb. 12, 1968, p. 216.

<sup>6</sup> *Ibid.*, p. 215.

panded in the coming year. We are committed to maximum encouragement of private investment in and assistance to the developing countries. We shall remain so.

### **A Year of Opportunity, A Year of Risk**

#### LATIN AMERICA

*I propose appropriations of \$625 million for the Alliance for Progress.*

The American Presidents met at Punta del Este last spring<sup>7</sup> to reaffirm a partnership which has already produced six years of accomplishment:

—The nations of Latin America have invested more than \$115 billion, compared with \$7.7 billion in American aid.

—Their tax revenues have increased by 30 percent.

—Their gross national product has risen by 30 percent.

A new course was charted for that partnership in the years ahead. At Punta del Este, the American nations agreed to move toward economic integration. They set new targets for improvements in agriculture, in health, and in education. They moved to bring the blessings of modern technology to all the citizens of our Hemisphere.

Now we must do our part. Some nations, such as Venezuela, have progressed to the point where they no longer require AID loans. More than two-thirds of our aid will be concentrated in Brazil, Chile, Colombia, and Central America. Each has done much to deserve our help:

—*Brazil* increased food production by 10% in 1967 and achieved an overall real economic growth of 5%. Inflation was cut from 40% in 1966 to 25% in 1967.

—*Chile*, under President Frei's Revolution in Freedom, has launched a strong program of agricultural and land reforms, while maintaining an overall growth rate of about 5%.

—*Colombia* has also averaged 5% growth while undertaking difficult financial and social reforms.

—*Central America* leads the way toward the economic integration so important to the future of Latin America. Trade among these countries has grown by 450% in the six years of the Alli-

<sup>7</sup> For background, see *ibid.*, May 8, 1967, p. 706.

ance—from \$30 million in 1961 to \$172 million in 1967.

This peaceful Alliance holds the hopes of a Hemisphere. We have a clear responsibility to do our share. Our partners have an equally clear responsibility to do theirs. We must press forward together toward mutual security and economic development for all our people.

#### NEAR EAST AND SOUTH ASIA

*I recommend \$706 million for the Near East and South Asia.*

Half the people we seek to help live in India, Pakistan and Turkey. The fate of freedom in the world rests heavily on the fortunes of these three countries.

Each is engaged in a powerful effort to fight poverty, to grow more and better food, and to control population. If they succeed, and in so doing prove the effectiveness of free institutions, the lesson will be heard and heeded around the world.

This is a year of special importance for all three countries.

#### *India*

India has survived two successive years of the worst drought of this century. Even as she fought to save her people from starvation, she prepared for the day when the monsoon rains would return to normal. That day has come. India is now harvesting the greatest grain crop in her history. With this crop, India can begin a dramatic recovery which could lay the groundwork for sustained growth.

India must have the foreign exchange to take advantage of this year of opportunity. A farmer cannot use the miracle seed which would double or triple his yield unless he can get twice as much fertilizer as he used for the old seeds. A fertilizer distributor cannot sell that much more fertilizer unless it can be imported. An importer cannot buy it unless he can get foreign exchange from the Government. India will not have that foreign exchange unless the wealthy countries of the world are willing to lend it in sufficient quantities at reasonable terms.

This is the crux of the matter. If we and other wealthy countries can provide the loans, we have much to look forward to. If we cannot, history will rightly label us penny-wise and pound-foolish.

#### *Pakistan*

Pakistan, though also plagued by drought, has continued its excellent progress of the past few years. Her development budget has been increased. Her military budget has been reduced. Agricultural production is growing faster than population. Private investment has exceeded expectations.

Now the Government of Pakistan has undertaken further steps to reform its economic policies—to free up its economy and give more play to the market. These reforms are acts of wisdom and courage, but they require foreign exchange to back them up. Pakistan deserves our help.

#### *Turkey*

Turkey's economic record is outstanding. Her gross national product has grown an average of six percent annually since 1962. Industrial output has grown nine percent per year. Food production is growing much faster than population growth.

Turkey's own savings now finance some 90 percent of her gross investment. Difficult problems remain, but we may now realistically look forward to the day—in the early 1970's—when Turkey will no longer require AID's help.

#### AFRICA

*I recommend \$179 million for Africa.*

Just one year ago, I informed the Congress of a shift in emphasis in our aid policy for Africa. We moved promptly to put it into effect:

—There will be 21 U.S. bilateral programs in Africa in Fiscal 1969, compared to 35 last year.

—Most of our bilateral programs will be phased out in eleven more countries in the following year.

—Expanded regional and international projects will meet the development needs of the countries where bilateral aid is ended.

The past year has provided further evidence that this support for regional economic institutions and projects is a sensible approach to Africa's problems. It expands markets. It encourages economies of scale. It gives meaningful evidence of our concern and interest in African development.

This is not a policy of withdrawal from Africa. It is a policy of concentration and of

maximum encouragement of regional cooperation. A continent of 250 million people has set out with determination on the long road to development. We intend to help them.

#### VIETNAM

*I recommend a program of \$480 million to carry forward our economic assistance effort in Vietnam. This effort will be intensified by the need to restore and reconstruct the cities and towns attacked in recent days.*

Defense of Vietnam requires more than success on the battlefield. The people of Vietnam are building the economic and social base to preserve the independence we are helping them to defend.

Since 1965, when galloping inflation loomed and continuity of government was repeatedly destroyed, the people of Vietnam have achieved two major civil victories which rank with any gallantry in combat:

—They have written a Constitution and established representative local and national governments through free elections, despite a concerted campaign of terror, assassination and intimidation.

—Runaway inflation has been averted, and the foundation laid for a thriving economy, despite the enormous stresses of war.

But still the innocent victims of war and terrorism must be cared for; persistent inflationary pressures must continue to be controlled; and the many problems faced by a new government under wartime conditions must be overcome. The framework for economic and social progress has been established. We must help the Vietnamese people to build the institutions needed to make it work.

In the coming year, we will:

—Improve our assistance to refugees and civilian casualties. The wages of aggression are always paid in the blood and misery of the innocent. Our determination to resist aggression must be matched by our compassion for its helpless victims.

—Intensify agricultural programs aimed at increasing rice production by 50% in the next four years.

—Concentrate our educational effort toward the Government's goal of virtually universal elementary education by 1971.

—Stress, in our import programs, the key commodities needed for agricultural and industrial growth.

The rapid program expansion of the past two years—in dollars, people and diversity of activities—is ended. The emphasis in the coming year will be on concentration of resources on the most important current programs.

We will pursue these constructive programs in Vietnam with the same energy and determination with which we resist aggression. They are just as vital to our ultimate success.

#### EAST ASIA

*I recommend \$277 million for East Asia.*

For twenty years resistance to attack and subversion has been current and urgent business for the nations of East Asia. The United States has helped to make this resistance effective. We must continue to do so, particularly in Laos and Thailand.

But this year the larger portion of our aid to East Asian countries will be focused directly on the work of development. Asians know—as we do—that in the long run, economic, social and political development offer the best protection against subversion and attack. Despite communist pressure, they are getting on with the job. For example:

—For the last three years, the *Korean* economy has grown by a phenomenal 10 percent per year; domestic revenues have doubled since 1965; exports have grown tenfold in the last seven years. Population growth has fallen from 2.9 percent in 1962 to 2.5 percent today, and a strong national population program is contributing to further reductions. We are now able to plan for orderly reduction of U.S. economic aid as the capacity for self-support grows. Despite recent pressure from the North, the momentum and self-confidence of this gallant nation must be—and will be—maintained.

—*Indonesia* has stepped away from the brink of communist domination and economic chaos. She has undertaken the hard course of stabilization and rehabilitation and is moving toward development. She needs help from the U.S. and other donors, who are working together with the International Monetary Fund and the World Bank. It is overwhelmingly in our interest to provide it.

## Military Assistance Programs

*I recommend \$420 million for grant Military Assistance Programs under the Foreign Assistance Act.*

More than three-quarters of our grant military assistance will support the military efforts of nations on the perimeter of the communist world and those nations where the U.S. maintains defense installations important to our own national security. These programs are a vital link in our own defense effort and an integral part of Free World collective security.

Elsewhere our programs focus on building the internal security necessary for lasting development progress.

Our aid—economic as well as military—must not reward nations which divert scarce resources to unnecessary military expenditures. Most less-developed countries have resisted large expansion of military expenditures. Their military budgets have remained a small portion of national income. Their leaders have made politically difficult decisions to resist pressure to acquire large amounts of new and expensive weapons.

We must help them maintain this record and improve it. We will give great weight to efforts to keep military expenditures at minimum essential levels when considering a country's requests for economic aid.

In the coming year, we will work directly with the less-developed nations and examine our own programs, country-by-country, to deal more effectively with this problem. In addition, we will explore other approaches toward reducing the danger of arms races among less-developed countries.

Over the past several years, we have significantly reduced our grant military aid wherever possible. Where new equipment is essential, we have provided it more and more through cash and credit sales. I will submit separate legislation to authorize necessary military sales and provide for credit terms where justified.

Our military assistance programs will provide only what is needed for legitimate defense and internal security needs. We will do no more. We can afford to do no less.

### *Special Assistance to the Republic of Korea*

The internal peace and order of this steadfast ally is once again threatened from the North.

These threats summon Korea to strengthen further her defenses and her capacity to deter aggression.

We must help.

*I propose that Congress appropriate immediately an additional \$100 million for military assistance to the Republic of Korea.*

This can be accomplished within the authorizing legislation already enacted.

With this additional help, the Armed Forces of the Republic of Korea can gain new strength through the acquisition of aircraft and anti-aircraft equipment, naval radar, patrol craft, ammunition and other supplies.

### **America's Choice**

Foreign aid serves our national interest. It expresses our basic humanity. It may not always be popular, but it is right.

The peoples we seek to help are committed to change. This is an immutable fact of our time. The only questions are whether change will be peaceful or violent, whether it will liberate or enslave, whether it will build a community of free and prosperous nations or sentence the world to endless strife between rich and poor.

Foreign aid is the American answer to this question. It is a commitment to conscience as well as to country. It is a matter of national tradition as well as national security.

Last year some Americans forgot that tradition. My foreign aid request, already the smallest in history, was reduced by almost one-third.

The effects of that cut go much deeper than the fields which lie fallow, the factories not built, or the hospitals without modern equipment.

Our Ambassadors all over the developing world report the deep and searching questions they are being asked. Has America resigned her leadership of the cause of freedom? Has she abandoned to fate the weak and the striving who are depending on her help?

This Congress can give a resounding answer to these questions by enacting the full amount I have requested. I do not propose this as a partisan measure. I propose it as an extension of the humane statesmanship of both parties for more than twenty years.

I said in my State of the Union address<sup>8</sup> that it is not America's resources that are being

<sup>8</sup> *Ibid.*, Feb. 5, 1968, p. 161.

tested, but her will. This is nowhere more true than in the developing countries where our help is a crucial margin between peaceful change and violent disaster.

I urge the Congress to meet this test.

LYNDON B. JOHNSON

THE WHITE HOUSE,  
February 8, 1968.

## International Grains Arrangement Transmitted to the Senate

*Message From President Johnson*

*To the Senate of the United States:*

Today I submit to the Senate for its advice and consent the International Grains Arrangement of 1967.<sup>1</sup>

This Arrangement is another step forward in our overall effort to strengthen and stabilize our farm economy, to improve our balance of payments, and to share our abundance with those in need.

The Arrangement is an outgrowth of the Kennedy Round of trade negotiations. It was agreed to last August at the International Wheat Conference in Rome. It has already been signed by most of the countries that are major exporters and importers of grain.

The Arrangement is in two parts:

—the Wheat Trade Convention, which will provide new insurance against falling prices in the wheat export trade,

—and the Food Aid Convention, which will bring wheat exporting and wheat importing nations into partnership in the War on Hunger.

### THE WHEAT TRADE CONVENTION

The Wheat Trade Convention will help to stabilize prices in world commercial trade.

It sets minimum and maximum prices for wheat moving in international trade at levels substantially higher than those specified in the International Wheat Agreement of 1962. This will give our farmers additional protection against price cutting in world markets.

At the same time, the Arrangement includes provisions to insure that our wheat will be priced competitively in world markets; and that no exporting member country is placed at

a disadvantage because of changes in market conditions.

Importing countries also receive protection and benefits under the Convention. In periods of shortage importing member countries will be able to purchase their normal commercial requirements at the established maximum price. After this requirement has been met, exporting member countries will be free to sell above the maximum price.

America's wheat farmers have supported the pricing provisions of previous wheat agreements. I am confident they will welcome the stronger price assurances of this Arrangement.

### THE FOOD AID CONVENTION

The Food Aid Convention marks an important new international initiative in the assault on hunger throughout the world.

The countries participating in this Convention—both exporting and importing nations—undertake to establish a regular program of food aid over the next three years.

The program calls for 4.5 million tons of grain to be supplied each year; 4.2 million tons are already subscribed.

—The U.S. will supply 1.9 million tons in grains—under the authority of the Food for Freedom program.

—Other countries will supply 2.6 million tons—either in the form of grain or its cash equivalent.

This new program is a major joint effort to supply wheat and other food grains to needy nations on a continuing basis. It will help the developing nations of the world meet their food deficits while they work to expand their own food production. As these countries prosper and grow, many will become cash customers for agricultural products.

I enclose, for the information of the Senate, the report of the Secretary of State<sup>2</sup> on the International Grains Arrangement.

I urge the Senate to give it early consideration.

LYNDON B. JOHNSON

THE WHITE HOUSE,  
January 25, 1968.

<sup>1</sup> For text, see S. Ex. A, 90th Cong., 2d sess.

<sup>2</sup> For text, see *ibid.*

# Third Annual Report on the International Coffee Agreement Transmitted to Congress

## PRESIDENT'S LETTER OF TRANSMITTAL

White House press release dated January 22

*To the Congress of the United States:*

I am transmitting to you my Third Annual Report on the operation of the International Coffee Agreement as required by P.L. 89-23.

During the past year, the 65 member countries of the Agreement representing over 98 percent of the world trade in coffee continued to work together to stabilize coffee prices at levels equitable to both producers and consumers. Controls over export quotas were strengthened. Selective quota adjustments assured consumers of an adequate supply of various types of coffee at reasonable price levels.

The present Agreement expires on September 30 of this year. Negotiations on an extended Agreement are underway with emphasis on production controls and a diversification and development fund. These measures are designed to hasten the day when production is brought into balance with demand and the controls being implemented under the Agreement can be placed on a standby basis.

The International Coffee Agreement continues to be of major benefit to both producers and consumers and merits the further support of the United States.

LYNDON B. JOHNSON

THE WHITE HOUSE,  
January 22, 1968

## TEXT OF REPORT

### Introduction

This report is submitted in accordance with Section 5 of the International Coffee Agreement Act of 1965.

The International Coffee Agreement was negotiated at the United Nations during July, August and September 1962 and signed by the

United States on September 28, 1962. The Senate gave its advice and consent to the ratification of the Agreement on May 21, 1963 and on December 27, 1963 the United States deposited its instrument of ratification. The Agreement entered into force provisionally in the summer of 1963 and definitively in December 1963. The implementing legislation—the International Coffee Agreement Act of 1965—to enable the United States to meet all its obligations under the Agreement, came into effect on May 22, 1965.

The objectives of the Agreement, as set out in Article 1, are as follows:

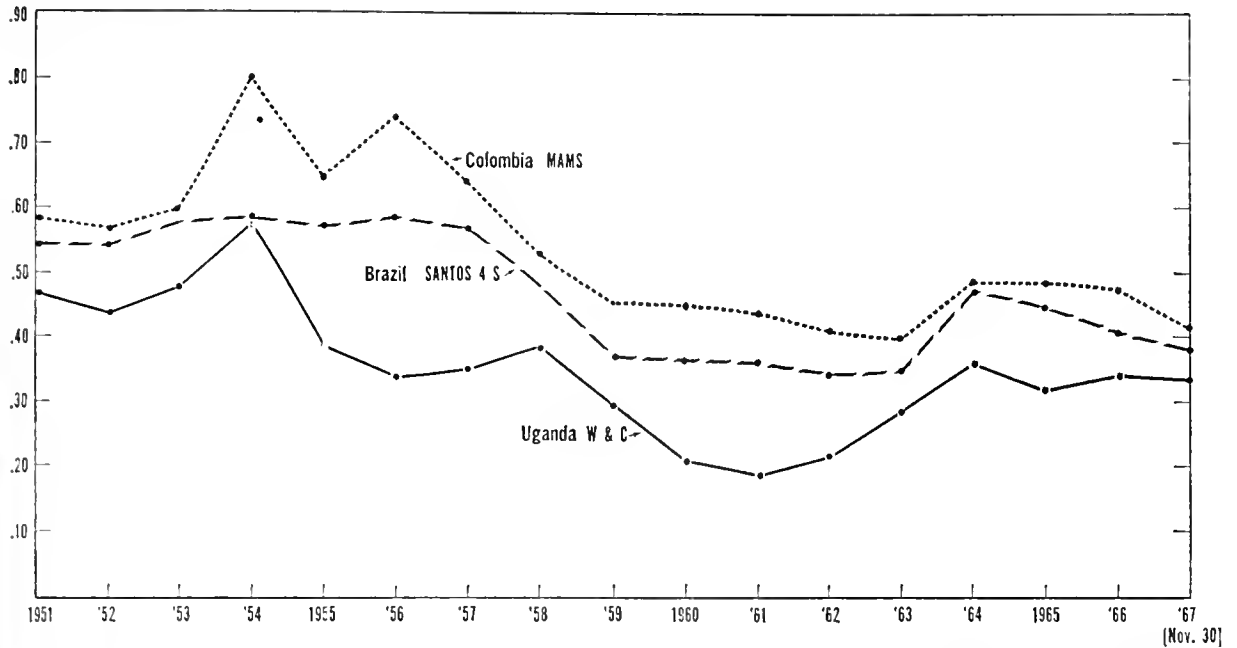
1. to achieve a reasonable balance between supply and demand on a basis which will assure adequate supplies of coffee to consumers and markets for coffee to producers at equitable prices, and which will bring about long-term equilibrium between production and consumption;
2. to alleviate the serious hardship caused by burdensome surpluses and excessive fluctuations in the prices of coffee to the detriment of the interests of both producers and consumers;
3. to contribute to the development of productive resources and to the promotion and maintenance of employment and income in the member countries, thereby helping to bring about fair wages, higher living standards, and better working conditions;
4. to assist in increasing the purchasing power of coffee-exporting countries by keeping prices at equitable levels and by increasing consumption;
5. to encourage the consumption of coffee by every possible means; and
6. in general, in recognition of the relationship of the trade in coffee to the economic stability of markets for industrial products, to further international cooperation in connection with world coffee problems.

The world coffee economy of the past has been

FIGURE 1

## GREEN COFFEE SPOT PRICES ANNUAL AVERAGES - 1951-1967

U. S. Cents Per Pound, New York



aptly characterized as a "boom-or-bust" economy. Coffee is a tree crop; the trees start bearing about five years after they are planted. Thus, the production response to increased demand is inevitably delayed. On the other hand, farmers have tended to overrespond to demand by planting more trees than needed. These factors have largely been responsible for the sharp fluctuation in coffee prices in the past 15 years as shown in the chart [figure 1].

In the first ten years following World War II, demand for coffee was strong, prices rose as demand outstripped supply, and as a result there were substantial new plantings. A short crop and peak prices in 1954 led farmers throughout the coffee growing world to undertake another new wave of plantings. By 1959-60, total world exportable production had reached 62 million bags (one bag equals 132 pounds) whereas world consumption outside the producing countries was only 37 million bags. In the face of such surpluses, prices fell sharply and the prospects of any improvement in prices were dim. Coffee growers were in difficulty and the economies of many producing countries were under pressure.

Fluctuating coffee prices hurt many of the

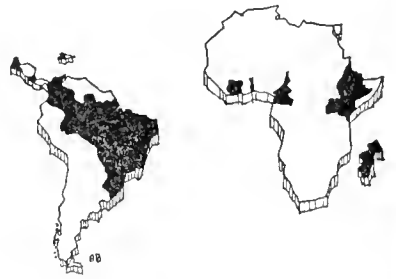
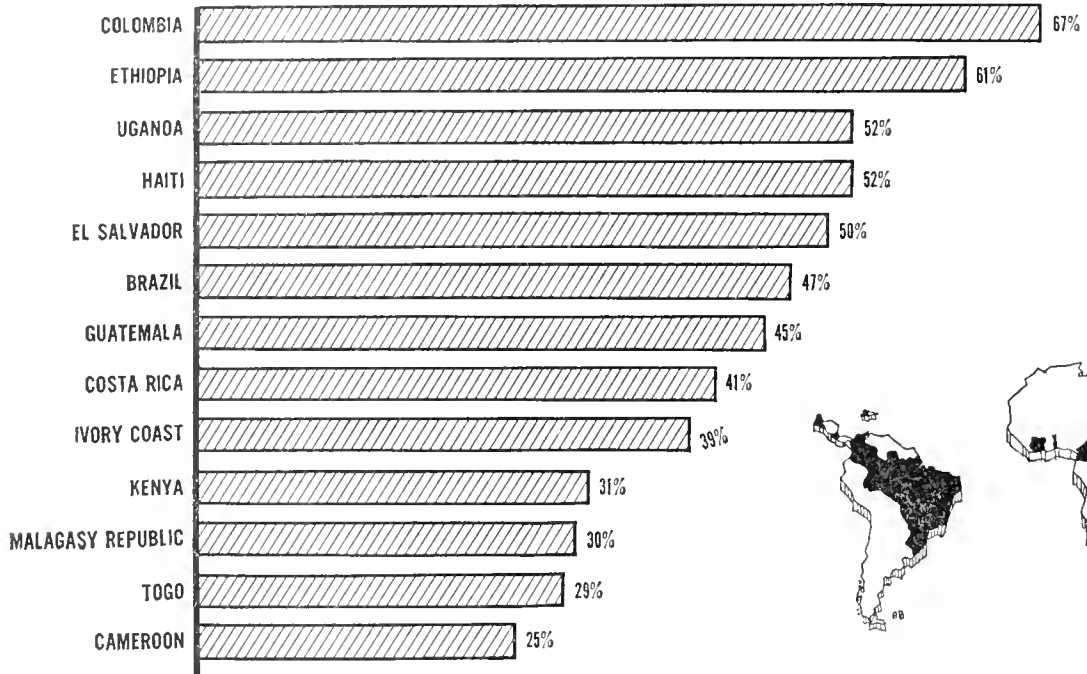
developing countries of Latin America, Africa and Asia in two ways. First, sharp declines can be disastrous to all those connected with the coffee economy, and especially to farmers, many of whom operate small holdings. Second, because so many of the countries are heavily dependent on coffee exports for earning foreign exchange, sharp fluctuations in coffee prices can seriously disrupt economic development programs. Thus, the efforts of the United States under the Alliance for Progress and other aid programs have sometimes been hindered by this historic pattern of sharp price changes. The chart [figure 2] shows the extent to which 13 countries depend upon coffee for foreign exchange earnings.

A major aim of the International Coffee Agreement is to smooth out price fluctuations so as (i) to provide a steady and growing earnings base to the coffee producing countries as world consumption rises, (ii) to maintain reasonable prices for coffee consumers, and (iii) to enlarge the role of the coffee economy in contributing to the growth of the over-all economy. In addition, it is hoped that the stabilization of the coffee market will encourage the transfer of resources from the production of excess coffee

# IMPORTANCE OF COFFEE EXPORTS TO 13 COFFEE - PRODUCING COUNTRIES\*

1964-1966 Average

VALUE OF COFFEE EXPORTS AS PER CENT OF TOTAL EXPORTS



Data Supplied by International Coffee Organization.

\*These 13 Coffee-Exporting Countries, Produce Three Quarters of Exportable World Coffee.

to other crops for which there is an unfilled demand.

Both because of our concern for the steady economic development of the coffee growing countries and because we are far-and-away the largest coffee consuming country, the United States has an important role to play in maintaining the effectiveness of the International Coffee Agreement. The United States' share of world coffee imports is demonstrated in the chart [figure 3].

## I. Operation of the International Coffee Agreement

### *The Coffee Situation*

From the negotiation of the Agreement in the Summer of 1962 through the Summer of 1963, large surpluses continued to overhang the market and to depress prices. In August 1963, prices reached the lowest point since 1948, resulting in serious strains on the economies of the producing countries.

In the Autumn of 1963 the situation was changed abruptly by news of severe frosts and drought in the principal growing region of Brazil. Buyers feared that they might not be able to obtain the quantities and grades of coffee needed when the Brazilian crop was harvested in the Summer of 1964 and panic buying started, initially for Brazilian coffee, and subsequently for coffee of all types, in order to build up inventories. Apprehensive that the excess price increase of 1954 might be repeated, we moved promptly within the framework of the Agreement to do everything possible to insure that adequate supplies would be available. As a result, the price rise was halted by March 1964, and the Agreement had met its first serious test—ironically of holding prices down rather than the anticipated necessity of supporting them.

Improved information on production and stocks has made clear that supplies of coffee are more than ample to meet the world's needs and that only the restraint on exports provided by



the Agreement prevents a disastrous general price decline. Annex C<sup>1</sup> sets out the U.S. Department of Agriculture's estimates of exportable production in recent years. Annex D shows export quotas for the current coffee year.

Throughout 1964 the prices of most Latin American coffee varied between 45 and 50 cents per pound. At the same time, African Robusta coffees began a long decline as the sellers engaged in strong price competition with each other as a result of expected large crops.

In 1965 a large Brazilian crop again produced some weakness in Latin American prices. African prices, however, rose to more normal levels as the principal African producing countries, working through the Inter-African Coffee Organization, effectively coordinated their marketing policies in an atmosphere of mutual trust.

Price weakness again became general in 1966 and was somewhat accentuated toward the end of the year. The weakness was generally attributed to uncertainty as to whether quotas under the Agreement would be complied with. In an effort to improve the market situation, steps were taken during the year to reduce shipments in excess of quotas and to begin to deal with the long-range problem of overproduction.

Prices in 1967 remained at about the 1966 levels. Further steps were taken to reduce the possibility of shipments in excess of quotas, including the implementation of an export quota stamp plan and tighter control over diversions via non-quota markets.

Price movements in 1965-67 are shown in the chart [figure 4].

### *Mechanics of the Agreement*

The principal governing body established by the Agreement is the International Coffee Council, composed of representatives of the 65 member governments. Preliminary work for Council decisions is performed by a 14-member

<sup>1</sup> Included in the report are five annexes, which are not printed here. They are:

Annex A: U.S. Customs Regulations: Import Quotas on Coffee from Nonmember Countries of International Coffee Organization.

Annex B: Composition and Voting of the Executive Board for 1967-68.

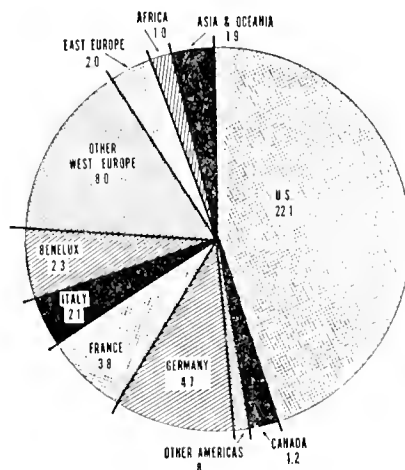
Annex C: Green Coffee: World exportable production for the marketing year 1967-68, with comparisons (U.S. Department of Agriculture).

Annex D: Coffee Year 1967-68, Annual Quotas and Export Entitlements.

Annex E: Average Quarterly Retail Prices on Coffee, 1964-67 (Bureau of Labor Statistics).

FIGURE 3

### WORLD IMPORTS OF COFFEE 1966 MILLIONS OF BAGS



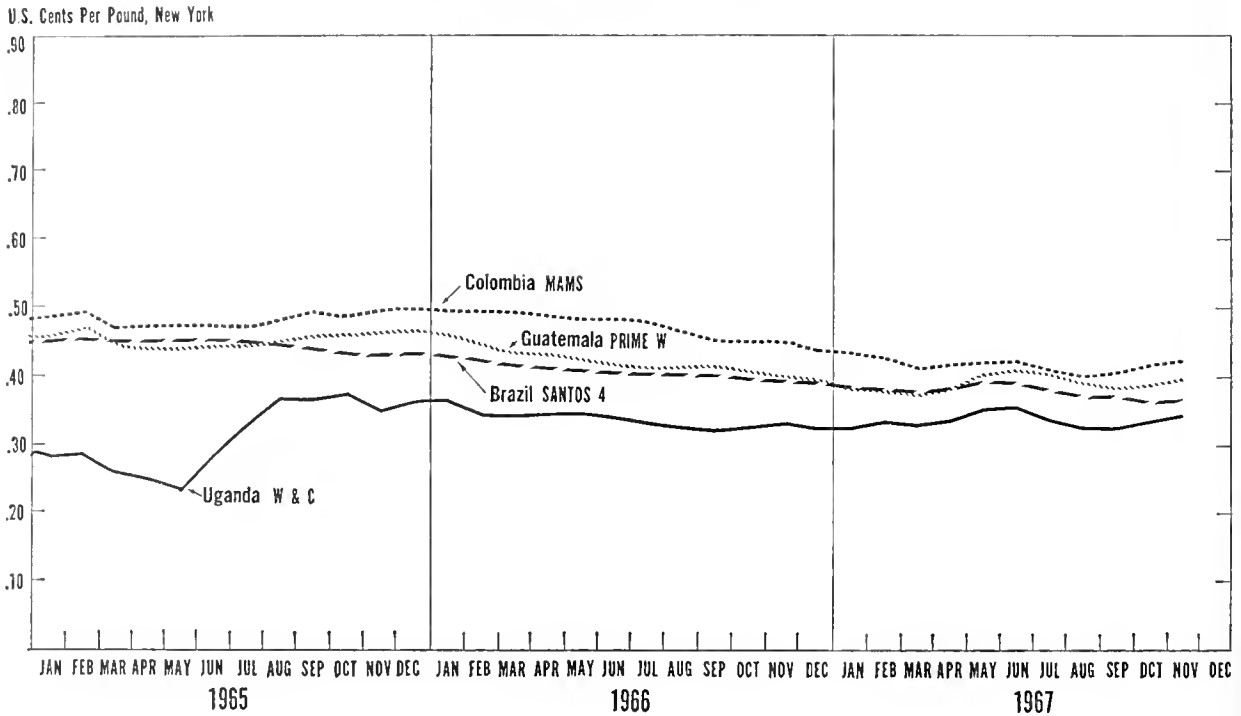
TOTAL 49,900,000 BAGS

Executive Board (see Annex B) on which all members are represented by elected delegates. Membership in the Organization includes 40 exporting members, which account for about 99 percent of the world's exports, and 25 importing countries, which import about 97 percent of the coffee traded internationally. In 1967 Jamaica, Liberia, Israel, Bolivia, and Cyprus joined the Agreement.

The exporting members together hold 1,000 votes and the importing members 1,000 votes and no one member may hold more than 400 votes. Important Council decisions require a two-thirds distributed majority, that is, a two-thirds vote of importing members and exporting members voting separately. The exporting members are assigned votes in approximate proportion to their individual basic export quotas. The importing members are assigned votes in approximate proportion to their respective imports of coffee. The United States holds 400 votes, reflecting its important position in world coffee trade, and thus is able to play a key role in the operation of the Agreement.

The Organization implements Council and Executive Board decisions, maintains statistics of exports and imports, carries out independent studies of coffee problems, and provides staff for meetings of the Council and the Board. The total of assessments for administrative costs for

## GREEN COFFEE SPOT PRICES MONTHLY AVERAGES - 1965-1967



1967-68 was \$750,000 of which the U.S. share was 20 percent.

The chief administrative officer of the Organization is the Executive Director of the Organization. Selected by the Council, he directs the staff of the Secretariat and helps to coordinate all the activities of the Organization. Since the inception of the Agreement the Executive Director has been João Oliveiro Santos, an international civil servant with extensive experience in the intergovernmental coffee consultations.

### *Procedures for Setting Quotas*

The heart of the Coffee Agreement is the system of export quotas. The Council meets each year in August to estimate world demand for coffee in the following year. In the light of that estimate and an estimate of what non-member countries will export, the Council sets the total annual export quota. The total is divided among the exporting-country members according to the percentage (basic quotas) established in the

Agreement. (See Annex D) If the member countries ship no more coffee than permitted by their export quotas and the estimated demand has been accurately forecast, prices should stay reasonably stable.

In practice, it has sometimes been found necessary to make arrangements for altering export quotas during the year and to adopt additional measures to adjust supplies to market demands. The present selective method for adjusting quotas in response to price changes is described in detail in Section II of this report, "Summary of Actions to Protect Consumers."

### *Administrative Measures*

Under the export quota system, each coffee producing member of the Agreement is given authorization to export to quota markets a certain quantity of coffee—and no more—each year. A graduated series of penalties, culminating in expulsion, is provided for violators. In the past, it has proven difficult to assure full compliance with quotas. Some countries have

taken advantage of loopholes in the Agreement, while others lacked export control arrangements adequate to prevent overshipment. By the Summer of 1966 it was clear that considerable quantities of above-quota coffee were reaching the world's markets through such means as:

a) shipment of member country coffee via non-member producing countries labelled as produce of the non-member country;

b) diversion to quota markets of member country coffee ostensibly destined for sale in non-quota markets (shipments for certain traditionally non-coffee-drinking countries are not charged against quotas in order to encourage promotional sales that will eventually increase coffee consumption);

c) deliberate overshipment beyond allotted quotas.

Therefore, the Council in August 1966, and again in August 1967, addressed itself to new measures to improve the effectiveness of the Agreement.

In 1965, large quantities of member country coffee were escaping export quota controls by being transshipped through non-member importing countries, as regulations under the Agreement did not then require certificates from the country of origin for such coffee. In April 1966, the importing members introduced controls over such trade in response to a Council resolution requiring that member country coffee transshipped through a non-member country must be accompanied by a proper Certificate of Origin issued by the quota control authorities in the country of true origin.

Although this loophole was closed, traders continued to ship member country coffee through non-member producing countries, claiming that it was produced in the non-member country. Article 45 of the Agreement provides that all members shall set up quantitative import limitations on coffee from non-member countries if such shipments are disturbing the exports of members. The Council had not previously invoked this provision because shipments from non-members had been minimal. When, however, it was clear that shipments far in excess of production were appearing from some countries, the Council in September 1966 decided to invoke this section of the Agreement. Importing countries were to restrict their imports from non-members "as

soon as practicable and in any event not later than January 1, 1967." The pertinent U.S. regulation appears in Annex A.

These import limitations have not caused any significant change in the way U.S. coffee buyers carry out their business. The quantities involved are small—amounting to less than one-half of one percent of United States coffee imports. Furthermore, when any non-member accedes to the Agreement, the import limitations for that country are lifted since the coffee from that country is then controlled by its assigned export quota. For example, Kenya, Liberia, and Bolivia were removed from the list of non-members in 1967 following their accession.

In order to prevent coffee destined for "new markets" (non-quota markets) from reaching the traditional coffee importing countries, the Council, in September 1966, authorized importing members to regard Certificates of Origin marked for new markets as not valid for import into their countries. The United States issued regulations under this authority on November 18, 1966. In September 1967, the Council adopted additional measures which require producing members to report more promptly their shipments to non-quota markets with the view to limiting shipments to these markets to the amount actually needed for consumption therein.

The Certificate of Origin system, which is the Agreement's basic control mechanism, was greatly strengthened by the above-described measures. However, since these arrangements could not prevent overshipments of quotas, some further change was necessary. After consultation with the coffee industry, the United States supported a Council resolution to introduce Coffee Export Stamps to validate shipments within quotas. Under this plan, which became effective on April 1, 1967, Certificates of Origin are not valid for entry unless they bear stamps corresponding with the weight of the shipment. The Coffee Organization issues stamps only up to the amount of the country's quota, thereby establishing effective control over the quantities of coffee which may be exported to quota markets.

Thus far, the stamp system has worked effectively. The Council, in September 1967, strengthened it further by providing for a re-verification procedure in order to prevent old, unstamped Certificates of Origin or reexport from being used to document coffee. The pur-

pose of this was to exclude coffee not properly documented from international trade among members. This was particularly helpful in preventing questionable shipments via free ports.

Well before the Council's action on new administrative controls, the National Coffee Association of the United States had called upon U.S. representatives to work for effective and uniform enforcement of the Agreement. The industry's practical and forthright suggestions were a major factor in obtaining international agreement to the measures adopted. None of the new measures are expected to cause any significant change in the U.S. industry's trade practices. Except for the limitation on the relatively small imports from non-member countries, many of which have already been removed as they became members, buyers remain free to buy wherever they wish and to compete freely for the quantities all the producing countries can sell within their worldwide export quotas.

#### *Measures to Increase Consumption*

In recognition of the importance of promotional activities in increasing consumption, the exporting members of the Agreement make regular contributions to the World Coffee Promotion Committee established by the Agreement. Major campaigns involving an annual expenditure of nearly \$8 million began in 1966 in the principal coffee consuming countries. A broad program in the United States was concentrated on television advertising emphasizing the "Think Drink" slogan. The program also includes research and publicity centered on brewing a better cup of coffee. The President of the National Coffee Association serves as Chairman of the U.S.-Canadian Coffee Promotion Committee. Nearly \$6 million will be spent this year in the United States and Canada.

## **II. Summary of Actions to Protect Consumers**

A primary concern of consumers is that the International Coffee Agreement should operate so as to provide adequate supplies of coffee at reasonable prices. Actions taken during the past two years lend assurance that this concern will be met in a satisfactory manner.

In broad outline, the Agreement provides for assuring supplies through an annual setting by the Council of the total quantity of export

quotas. Since demand is fairly predictable and changes slowly, fixing the available supply roughly establishes an annual price range.

Experience has demonstrated, however, that supply adjustments are needed during the year. To meet this need, the Council in March 1965 established a semi-automatic system for adjusting quotas in relation to changes in the over-all price level. In summary, the system provided that if the average daily price on the New York market remained above or below a 38-44 cent price bracket for 15 days export quotas would be raised or lowered in an attempt to bring supplies into better balance with demand. The average daily price was computed by taking equal weights of key varieties in the following groups:

- (a) Mild Arabica coffee (from Colombia, Central America and a few African countries)
- (b) Unwashed Arabica coffee (from Brazil and Ethiopia)
- (c) Robusta coffee (from Ivory Coast, Uganda and Angola, and several other African countries).

This system was an improvement, but it proved insufficiently sensitive to the market for specific types of coffee. For example, while the prices of other coffees were reasonably stable, the price of Robusta coffee varied by as much as 12 cents a pound during the 1965-66 coffee year. In order to make the system more flexible and more responsive to consumers' needs, the U.S. representatives to the Coffee Council early in 1966 began to consult with the U.S. coffee industry as to how to improve the quota adjustment mechanism.

By the time of the Coffee Council meeting in August 1966, there had been general discussion in the United States and other consuming countries as well as in most of the producing countries of a more flexible system. This resulted in modification of the system of selective quota adjustment for the coffee year 1966-67. Under this system the quota of each of four different major types of coffee (Colombian Milds, Mild Arabica, Unwashed Arabica and Robusta) could be adjusted separately, reflecting market demand and price movement for that type of coffee. This, of course, required the establishment of price brackets for each of the four types.

This modified system worked reasonably well

from its inception. Its effectiveness was hampered, however, because export quota controls did not work as satisfactorily in 1966-67 as had been hoped. After April 1, 1967, when the stamp system entered into effect, the selectivity system's operation became smoother and more satisfactory.

The selectivity system was continued for the coffee year 1967-68 with only minor modifications. Price brackets for the year were lowered an average of two cents a pound from those established for 1966-67. The price brackets for 1966-67 and 1967-68 are shown below:

	1966-67	1967-68
Colombian Milds	43.5 to 47.5¢	38.75 to 42.75¢
Other Mild coffees	40.5 to 44.5¢	37.25 to 41.25¢
Unwashed Arabica coffees	37.5 to 41.5¢	35.25 to 39.25¢
Robusta coffees	30.5 to 34.5¢	30.50 to 34.25¢

The selectivity system is well designed to meet the interests of the U.S. consumer by assuring an adequate supply of the various types of coffee at reasonable price levels.

Experience in the operation of the Agreement indicates that producing countries have not attempted to "gouge" consuming countries by seeking to set quotas so as to force prices to unreasonable levels. Both consuming and producing countries have, in fact, sought to work together to achieve market stability through bringing about a reasonable balance between supply and demand.

During the September 1967 meeting, the Council also provided for exporting countries to adopt contract registration procedures, both to reduce the possibility that bona fide contracts would be made for the sale of coffee in excess of quotas and to insure that contracts properly entered into would not be jeopardized by a reduction of quotas. Furthermore, members agreed not to interfere with the arbitration of commercial disputes between coffee buyers and sellers in the event that contracts cannot be fulfilled because of regulations established under the Agreement.

Under the provisions of the Agreement, the decision on the annual export quota requires a distributed two-thirds majority vote of the importers and exporters groups voting separately. The United States, by virtue of its 400 votes in the Council, has the means to assure that annual quotas are set at reasonable levels

and that the price brackets are satisfactory to consumers. Indeed, unless the United States concurs in the annual quota decision, the entire quota mechanism would not be operative for that year.

The net result of these actions has been a general stability in the price of coffee paid by U.S. consumers under the Agreement. From 1964 through the first three quarters of 1967 the average quarterly retail price of a regular one-pound bag of coffee was 69.2 cents; this compares with an average price of 83.3 cents in the nine years preceding the Agreement. Annex E provides data on retail prices from 1964 through the first three quarters of 1967.

### III. Problems

The present International Coffee Agreement will expire on September 30, 1968. Two International Coffee Council sessions in the latter part of 1967 discussed extensively the contents of an extended and modified Agreement. A consensus was reached during these meetings on most of the provisions to be included in an extended Agreement. Among the most important problems to be resolved was that of basic quotas. A new formula for their allocation was approved by exporting and importing countries at the Council session in late 1967. Since basic quotas determine the share of the world market producing countries are to obtain, this is a vital issue for all producers. The fact that it was resolved in a generally satisfactory fashion is a major step forward in the negotiation of an extended Agreement. In addition, agreement was reached on the revision of several other key articles. From our point of view, these revisions significantly improve the Agreement.

The Council sessions in 1967, however, did not result in full agreement on the text of an extended and modified Agreement. Five major problems remained for negotiation, all of which required satisfactory resolution if the Agreement is to be extended. These problems were:

#### *The Selective System of Quota Adjustments*

As a coffee consumer, the United States needs to be assured of adequate supplies of reasonably priced coffee. The selectivity system outlined above, which adjusts quotas for various kinds of coffee upwards and downwards as their market prices rise and fall, helps to provide such as-

surance. The United States has supported an amendment to the International Coffee Agreement which would confirm the Council's authority to operate a system of selective quota adjustments.

#### *Coffee Diversification Fund*

The United States has an interest in assuring that the Coffee Agreement is used to bring about an orderly adjustment of production to foreseeable demand and in avoiding price fluctuations that damage the producer without benefitting the consumer. In addition, the general interest of the United States in the economic and political well-being of coffee-growing developing countries dictates encouragement of wise long-range production policies.

The United States believes, therefore, that the period of relative price stability brought about by the Agreement should be used constructively by producing countries. They should be encouraged to diversify away from producing surplus and unwanted coffee, into more productive activities. It is obvious that the resources used to produce coffee that cannot be sold are being wasted; coffee-growing countries can ill afford such waste.

The United States has therefore strongly supported the efforts made by some producing countries to establish an International Coffee Diversification Fund. In essence this Fund is intended to supply part of the financing necessary in order to embark upon a systematic and orderly international program of diversification out of coffee into more profitable crops. All too often the countries which grow surplus coffee are too poor to finance out of their own resources any diversification program. The Fund, which would be financed by compulsory producer contributions on coffee sold under the Agreement, would supply seed capital necessary to support the efforts of such countries at diversification. The United States has offered to lend this Fund up to 15 million dollars and has offered to match contributions from other consumers up to an additional \$15 million subject, of course, to evidence that a satisfactory Fund has been established.

#### *Production Goals and Controls*

As part of the effort to bring the world's supply of coffee more closely into line with foreseeable demand, extended discussions were held during the Council sessions in 1967 over pro-

posals to strengthen existing Agreement provisions on production goals and controls and to establish realistic production goals. The articles contemplated would also establish sanctions in the event of failure on the part of producers to establish and observe production goals.

This is another issue of vital concern to producers. Proceeds from coffee exports represent a significant part of the export earnings for many developing countries and production goals, when they are established, will have a direct impact on such producers' earnings. It is not surprising that some controversy has developed over this provision.

The United States is seeking to avoid the establishment of production goals which are either unrealistically high or unrealistically low. Excessively high production goals would postpone the day when coffee supply and demand would be balanced; excessively low goals could result in world shortages of coffee and thereby induce price rises.

#### *Tariff Preferences and Internal Taxes on Coffee*

The United States has recognized that efforts should be made to remove obstacles to increased coffee consumption, including tariffs and internal taxes, as part of the over-all effort to bring world supply and demand into better balance and to put all coffee exporting countries on the same basis with regard to access to consumer markets. The United States supports proposals made within the Coffee Organization to phase out existing discriminatory tariff preferences affecting coffee and has endorsed efforts made by Latin American producers to provide a time table for the removal of the preferences afforded some producers by EEC [European Economic Community] countries and to bring about the reduction of internal consumption taxes on coffee.

#### *Processed Coffee*

The United States holds that in the context of the International Coffee Agreement, which aims at the stability of the world coffee economy, there should be equitable and non-discriminatory conditions of access to all kinds of coffee covered by the Agreement by all elements of the trade. When actions are taken by producer countries which give special price advantages to their processed coffee exports, competing processors in consumer countries cannot meet this kind of competition since they are subject

to the constraints of the Agreement. And the interests of coffee growers in other countries are also adversely affected. Therefore, the United States considers that so long as the Agreement exists, it should not be used to give unfair advantage to export of coffee in processed form as compared to green coffee.

This problem has arisen over soluble coffee imports and thus far has primarily affected the U.S. trade. However, other consuming countries have become concerned that this sort of unfair competitive activity could affect established channels of trade in their countries for soluble as well as for other forms of processed coffee.

#### IV. Future Prospects

The International Coffee Council is to meet again in January 1968 in London in an effort to resolve these issues and to complete the negotiations for an extended Agreement. The Agreement has been of great benefit to producing countries. It has stabilized coffee prices and increased their export earnings. Thus it has helped to provide the developing producer members with income that is indispensable for their economic development and political stability. The United States is hopeful that in the current negotiations solutions to the remaining problems can be found that will permit it to support an extended International Coffee Agreement.

## Congressional Documents Relating to Foreign Policy

### 90th Congress, 1st Session

Survey of the Alliance for Progress. Studies prepared at the request of the Subcommittee on American Republics Affairs of the Senate Foreign Relations Committee [Committee prints]:

The Political Aspects. Prepared by the staff of the committee. September 18, 1967. 24 pp.

Inflation in Latin America. Prepared by Raymond F. Mikesell, professor of economics, University of Oregon. September 25, 1967. 46 pp.

The Latin American Military. Prepared by Edwin Lienwen, professor of history, University of New Mexico, October 9, 1967. 36 pp.

Foreign Trade Policies. Prepared by the Legislative Reference Service, Library of Congress. October 30, 1967. 28 pp.

Problems of Agriculture. Prepared by William C. Thiesenhusen, assistant professor of agricultural economics, and Marion R. Brown, assistant professor of agricultural journalism, University of Wisconsin. December 22, 1967. 28 pp.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

#### Cultural Relations

Convention providing for creation of the Inter-American Indian Institute. Done at Mexico City November 1, 1940. Entered into force December 13, 1941. TS 978. *Ratification deposited:* Chile, January 3, 1968.

#### Customs

Customs convention on containers, with annexes and protocol of signature. Done at Geneva May 18, 1956. Entered into force August 4, 1959.<sup>1</sup>

*Extension:* by Australia to territories of Papua, Norfolk Island, Christmas Island, Cocos (Keeling) Islands, and Trust Territory of New Guinea, January 3, 1968.

#### Load Lines

International convention on load lines, 1966. Done at London April 5, 1966. Enters into force July 21, 1968. TIAS 6331.

*Accessions deposited:* Maldives Islands, January 29, 1968; Morocco, January 19, 1968.

#### Postal Matters

Convention, final protocol, and regulations of execution of the Postal Union of the Americas and Spain, and rules and regulations of the International Office of the Postal Union of the Americas and Spain and the transfer office. Signed at Mexico City July 16, 1966. Entered into force March 1, 1967. TIAS 6354.

*Ratification deposited:* Canada, January 5, 1968.

Parcel post agreement, final protocol, and regulations of execution of the Postal Union of the Americas and Spain. Signed at Mexico City July 16, 1966. Entered into force March 1, 1967. TIAS 6356.

*Ratification deposited:* Canada, January 5, 1968.

#### Safety at Sea

International convention for the safety of life at sea, 1960. Done at London June 17, 1960. Entered into force May 26, 1965. TIAS 5780.

*Acceptance deposited:* Maldives Islands, January 29, 1968.

#### Sea

Convention for the International Council for the Exploration of the Sea. Done at Copenhagen September 12, 1964.

*Ratification deposited:* Italy, December 28, 1967.

*Enters into force:* July 22, 1968.<sup>1</sup>

#### Sugar

Protocol for the further prolongation of the International Sugar Agreement of 1958 (TIAS 4389). Done at London November 14, 1966. Open for signature at

<sup>1</sup> Not in force for the United States.

London November 14 to December 30, 1966, inclusive. Entered into force January 1, 1967; for the United States December 21, 1967. TIAS 6447.  
*Ratifications deposited:* Poland, December 14, 1967; Portugal, December 12, 1967.

## Telecommunications

International telecommunication convention, with annexes. Done at Montreux November 12, 1965. Entered into force January 1, 1967; as to the United States May 29, 1967. TIAS 6267.  
*Accession deposited:* Viet-Nam, January 15, 1968.

## Trade

Protocol for the accession of Ireland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force December 22, 1967.  
*Acceptances:* European Economic Community, January 17, 1968; France, January 15, 1968.

Protocol for the accession of Argentina to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force October 11, 1967.  
*Acceptances:* European Economic Community, January 17, 1968; France, January 15, 1968.

Protocol for the accession of Poland to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force October 18, 1967.  
*Acceptances:* European Economic Community, January 17, 1968; France, January 15, 1968.

Protocol amending the General Agreement on Tariffs and Trade to introduce a part IV on trade and development. Done at Geneva February 8, 1965. Entered into force June 27, 1966. TIAS 6139.  
*Ratification deposited:* Federal Republic of Germany, January 18, 1968.

## War

Geneva convention relative to treatment of prisoners of war;

Geneva convention for amelioration of condition of wounded and sick in armed forces in the field;

Geneva convention for amelioration of condition of wounded, sick and shipwrecked members of armed forces at sea;

Geneva convention relative to protection of civilian persons in time of war.

Dated at Geneva August 12, 1949. Entered into force October 21, 1950; for the United States February 2, 1956. TIAS 3364, 3362, 3363, and 3365, respectively.

*Adherence deposited:* Malawi, January 5, 1968.

## Wheat

1967 protocol for the further extension of the International Wheat Agreement, 1962 (TIAS 5115). Open for signature at Washington May 15 through June 1, 1967, inclusive. Entered into force July 16, 1967. TIAS 6315.

*Ratification deposited:* Costa Rica, February 13, 1968.

## BILATERAL

### Tanzania

Agreement providing for the furnishing of economic, technical, and related assistance. Effected by exchange of notes at Dar es Salaam February 8, 1968. Entered into force February 8, 1968.

## PUBLICATIONS

### Recent Releases

*For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Address requests direct to the Superintendent of Documents. A 25-percent discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders.*

**Background Notes.** Short, factual summaries which describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, and, in some cases, a selected bibliography. Those listed below are available at 5 cents each.

	<i>Pub. No.</i>
Bahamas . . . . .	8329
Bhutan . . . . .	8334
British Honduras . . . . .	8332
Canada . . . . .	7769
Chad . . . . .	7669
Cuba . . . . .	8347
Dahomey . . . . .	8308
French Guiana . . . . .	8321
Gambia . . . . .	7841
Guadeloupe . . . . .	8319
India . . . . .	7847
Israel . . . . .	7752
Luxembourg . . . . .	7856
Malawi . . . . .	7790
Mali . . . . .	8056
Martinique . . . . .	8320
Mongolia . . . . .	8318
Morocco . . . . .	7954
Nicaragua . . . . .	7772
Panama . . . . .	7903
Qatar . . . . .	7906
Sierra Leone . . . . .	8069
Somali Republic . . . . .	7881
Spanish Sahara . . . . .	7905
Sudan . . . . .	8022
Switzerland . . . . .	8132
Togo . . . . .	8325
Trinidad . . . . .	8306
Trucial Sheikdoms . . . . .	7901
Tunisia . . . . .	8142
Uganda . . . . .	7958
Western Samoa . . . . .	8345

**Trade in Cotton Textiles.** Agreement with Portugal, amending the agreement of March 23, 1967. Exchange of notes—Signed at Lisbon September 29, 1967. Entered into force September 29, 1967. TIAS 6349. 7 pp. 10¢.

**Investment Guaranties.** Agreement with Swaziland—Signed at Mbabane September 29, 1967. Entered into force September 29, 1967. TIAS 6350. 3 pp. 5¢.

**Agricultural Commodities.** Agreement with Viet-Nam, supplementing the agreement of March 13, 1967—Signed at Saigon September 21, 1967. Entered into force September 21, 1967. TIAS 6351. 3 pp. 5¢.



<b>Agriculture.</b> International Grains Arrangement Transmitted to the Senate (Johnson) . . . . .	329
<b>Aviation.</b> U.S. and Czechoslovakia Conclude Civil Aviation Talks . . . . .	321
<b>Congress</b>	
Congressional Documents Relating to Foreign Policy . . . . .	339
International Grains Arrangement Transmitted to the Senate (Johnson) . . . . .	329
Third Annual Report on the International Coffee Agreement Transmitted to Congress (Johnson, text of report) . . . . .	330
To Build the Peace—The Foreign Aid Program for Fiscal 1969 (text of President's message) . . . . .	322
<b>Cyprus.</b> The United Nations and United States Foreign Policy (Goldberg) . . . . .	306
<b>Czechoslovakia.</b> U.S. and Czechoslovakia Conclude Civil Aviation Talks . . . . .	321
<b>Disarmament.</b> U.S. To Sign Protocol to Treaty of Tlatelolco (Johnson) . . . . .	313
<b>Economic Affairs</b>	
President Meets With Mr. Rey of the European Communities (joint statement) . . . . .	319
President Meets With U.S. Section of U.S.-Mexico Border Commission . . . . .	309
Third Annual Report on the International Coffee Agreement Transmitted to Congress (Johnson, text of report) . . . . .	330
<b>Europe.</b> President Meets With Mr. Rey of the European Communities (joint statement) . . . . .	319
<b>Foreign Aid.</b> To Build the Peace—The Foreign Aid Program for Fiscal 1969 (text of President's message) . . . . .	322
<b>Jordan.</b> U.S. To Resume Shipments of Arms to Jordan . . . . .	305
<b>Korea</b>	
Our Concern for Peace in East Asia (Rusk) . . . . .	301
The United Nations and United States Foreign Policy (Goldberg) . . . . .	306
<b>Latin America</b>	
Our Latin American Policy in the Decade of Urgency (Linowitz) . . . . .	310
U.S. To Sign Protocol to Treaty of Tlatelolco (Johnson) . . . . .	313
<b>Mexico.</b> President Meets With U.S. Section of U.S.-Mexico Border Commission . . . . .	309
<b>Near East.</b> The United Nations and United States Foreign Policy (Goldberg) . . . . .	306
<b>Presidential Documents</b>	
British Prime Minister Harold Wilson Visits the United States . . . . .	314
International Grains Arrangement Transmitted to the Senate . . . . .	329
President Meets With Mr. Rey of the European Communities . . . . .	319
Ryukyuan People To Elect Chief Executive Directly . . . . .	319
Third Annual Report on the International Coffee Agreement Transmitted to Congress . . . . .	330
To Build the Peace—The Foreign Aid Program for Fiscal 1969 . . . . .	322
U.S. To Sign Protocol to Treaty of Tlatelolco . . . . .	313
<b>Publications.</b> Recent Releases . . . . .	340

<b>Ryukyu Islands.</b> Ryukyuan People To Elect Chief Executive Directly (Johnson, text of Executive order) . . . . .	319
<b>Trade.</b> 2d United Nations Conference on Trade and Development (U.S. delegation) . . . . .	320
<b>Treaty Information</b>	
Current Actions . . . . .	339
International Grains Arrangement Transmitted to the Senate (Johnson) . . . . .	329
U.S. and Czechoslovakia Conclude Civil Aviation Talks . . . . .	321
U.S. To Sign Protocol to Treaty of Tlatelolco (Johnson) . . . . .	313
<b>United Kingdom.</b> British Prime Minister Harold Wilson Visits the United States (Johnson, Wilson) . . . . .	314
<b>United Nations</b>	
2d United Nations Conference on Trade and Development (U.S. delegation) . . . . .	320
The United Nations and United States Foreign Policy (Goldberg) . . . . .	306
<b>Viet-Nam</b>	
British Prime Minister Harold Wilson Visits the United States (Johnson, Wilson) . . . . .	314
Our Concern for Peace in East Asia (Rusk) . . . . .	301
Secretary Rusk Reports on Hanoi's Rejections of U.S. Peace Proposals . . . . .	305
The United Nations and United States Foreign Policy (Goldberg) . . . . .	306

*Name Index*

Goldberg, Arthur J . . . . .	306
Johnson, President . . . . .	313, 314, 319, 322, 329, 330
Linowitz, Sol M . . . . .	310
Rey, Jean . . . . .	319
Rusk, Secretary . . . . .	301, 305
Wilson, Harold . . . . .	314

**Check List of Department of State Press Releases: February 12-18**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to February 12 which appear in this issue of the BULLETIN are Nos. 21 of January 29, 28 of February 9, and 29 of February 10.

No.	Date	Subject
330	2/12	Milton S. Eisenhower to be U.S. Representative to 5th meeting of Inter-American Cultural Council.
31	2/14	Linowitz: National Press Club, Washington, D.C.
32	2/14	Rusk: report on Viet-Nam peace negotiations.
333	2/15	U.S. and Mexico agree on fishery zone boundaries.
334	2/16	Oliver: "On Understanding Ourselves in the Home Hemisphere."
335	2/16	U.S.-Japanese discussions on soft-wood log trade.

Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

OFFICIAL BUSINESS

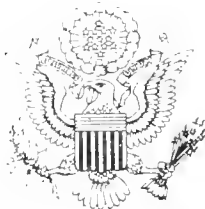
THE  
DEPARTMENT  
OF  
STATE

**BULLETIN**

---

---

*Vol. LVIII, No. 1498*



*March 11, 1968*

---

---

PRESIDENT JOHNSON'S NEWS CONFERENCE OF FEBRUARY 16 (*Excerpts*) 341

SECRETARY RUSK INTERVIEWED BY COLLEGE EDITORS

*Transcript of Interview* 346

FROM AID TO COOPERATION: DEVELOPMENT STRATEGY FOR THE NEXT DECADE

*Statement by Under Secretary Rostow at UNCTAD-II* 359

# THE DEPARTMENT OF STATE **BULLETIN**

VOL. LVIII, No. 1498

March 11, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

**PRICE:**

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 31, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

## President Johnson's News Conference of February 16

*Following are excerpts from the official transcript of a news conference held by President Johnson in the Fish Room at the White House on February 16.*

*Q. Mr. President, sir, there have been some rumors in the last couple of days from various Members of Congress that General Westmoreland [Gen. William C. Westmoreland, Commander, U.S. Military Assistance Command, Viet-Nam] might be transferred. Can you comment on that?*

*The President:* I think that has been thoroughly covered. I should think you could observe from the sources that they are not either my confidants or General Westmoreland's.

But there is a campaign on to get over the world that we have doubts in General Westmoreland. That campaign I do not believe is going to succeed. It is not going to succeed with me. I have no doubts about his ability, about his dedication. If I had to select a man to lead me into battle in Viet-Nam, I would want General Westmoreland.

Does that make it clear to anybody and everybody, including all the foreign press that may want to pick it up?

You see, what irritates me is that I see these things about a week or two ahead of time. They originate, go around the world, and then they get real hot here. There are reasons for doing these things. One of the reasons is to destroy people's confidence in the leadership.

*Q. Mr. President, could you address yourself, please, sir, to the gossip and rumors about nuclear weapons in Viet-Nam?*

*The President:* I think the Press Secretary covered that very well.<sup>1</sup>

The President must make the decision to de-

ploy nuclear weapons. It is one of the most awesome and grave decisions any President could be called upon to make.

It is reasonably apparent and known to all that it is very much against the national interest to carry on discussions about deployment of nuclear weapons; so much so that the act itself tries to guard against that.

I have been in the executive branch of the Government for 7 years. I think I have been aware of the recommendations made by the Joint Chiefs of Staff, by the Secretary of State and the Secretary of Defense during that period.

So far as I am aware, they have at no time ever considered or made a recommendation in any respect to the employment of nuclear weapons. They are on our planes on training missions from time to time.

We do have problems. There are plans with our allies concerning what they do.

There is always a person available to me who has full information in connection with their deployment, as you newspapermen know. I think if any serious consideration were ever given, and God forbid there ever will be, I do not think you would get it by some anonymous caller to some committee of the Congress. I think most of you know that, or ought to know that.

No recommendation has been made to me. Beyond that, I think we ought to put an end to that discussion.

*Q. Mr. President, do you see any new, hopeful prospects for negotiating with Hanoi?*

*The President:* We look for them every day.

I would like to be able to say "Yes." In the last few days, preparatory to closing out the statement that Secretary Rusk issued yesterday I believe—or the day before<sup>2</sup>—we reviewed Hanoi's actions in response to more than 20-odd proposals made by well-intentioned and interested people.

We reviewed the many overtures that we had

<sup>1</sup> In a White House news briefing on Feb. 9.

<sup>2</sup> BULLETIN of Mar. 4, 1968, p. 305.

made, including the most recent one, where we thought we went as far as honorable men could go—the San Antonio proposal.<sup>3</sup>

As near as I am able to detect, Hanoi has not changed its course of conduct since the very first response it made.

Sometimes they will change “will” to “would,” or “shall” to “should,” or something of that kind. But the answer is all the same.

While we were prepared to go into a Tet truce, they were moving thousands of men from the North into the South for the subsequent attacks on that sacred holiday. I think that ought to be an answer that any elementary school boy or girl could understand.

If you want to go to the negotiating table, if you want to talk instead of fight, you do not move in thousands of people with hundreds of trucks through the night to try to catch people—innocent civilians—by surprise in the city, anticipating a general uprising.

We are familiar with all the approaches that have been made to them, and we have encouraged them all the time. But when it is all said and done, I do not want to leave the American people under any illusions, and I do not want to deceive them.

I do not think Hanoi is any more ready to negotiate today than it was a year ago, 2 years ago, or 3 years ago. I do not think it has been at any time during any of that period.

*Q. Could I ask you whether your review included anything you may have had lately from the Secretary-General of the United Nations, or does that await your visit with him next week?*

*The President:* The answer is yes; that does include such reports as we may have on conversations that have taken place in other capitals.

We have responded on occasions to other requests the Secretary-General has made of us. We applaud his efforts to try to bring about a just negotiation and to get all sides to the peace table.

Ambassador Goldberg [Arthur J. Goldberg, U.S. Representative to the United Nations] had a long meeting with the Secretary-General and got a full report on his recent trip, just as I got a full report on [British] Prime Minister Wilson's recent trip.

I have received a good many reports from

folks who have visited other capitals. We are always glad to hear those reports, although we are saddened, sometimes, that they don't bring us the hope we would like to have.

Ambassador Goldberg told me that the Secretary-General would like to see me. He had been to the Soviet capital and met with the leaders there. He had been to the British capital and met with the leaders there. He has been to India. He has been to the French capital and met with the leaders there.

I told the Secretary-General that, of course, as long as I was in this place, I would always be glad to meet with him any time that he desired to. He suggested next Friday. I told Mr. Goldberg that I didn't know what plans you might have for Friday, but George [Presidential Press Secretary George Christian] tells me you always get a little restless, jittery, tired, worn, and snappish on Fridays. Washington's Birthday is Thursday. Maybe if we wanted to get the maximum out of this, we ought to be here where you could be with us on Wednesday. So we moved it up to Wednesday.

On Wednesday I expect to see the Secretary-General and thank him very much for another try, to hear his views and to give him mine.

*Q. Will this be lunch or dinner that he is coming for?*

*The President:* That will be 11 o'clock.

*Q. Mr. President, you mentioned a worldwide movement or scheme to undermine confidence in the American military leadership.*

*The President:* No, I do not think I said a worldwide scheme. I said we first heard reports in our intelligence reports that come to me every morning. At that time, the strategy was to discredit General Westmoreland's leadership. He had suffered great losses out there.

That was before it was determined that they didn't hold any of the cities they had attacked. But that followed with comments in other capitals, as it frequently does; namely, that there was great division in Washington and that it was very probable that because of this great disaster General Westmoreland had suffered, he would have to be recalled.

I want to emphasize that I do not want to leave the impression with any soldier in that command, with any parent of any man out there, that there is any justification whatever for all

<sup>3</sup> For an address by President Johnson at San Antonio, Tex., on Sept. 29, 1967, see *ibid.*, Oct. 23, 1967, p. 519.

this rumor, gossip, talk, about General Westmoreland's competence or about his standing with this President.

*Q. Mr. President, how do you assess United States relations with South Korea in the wake of Mr. Vance's visit?*

*The President:* I think Mr. Vance's visit was a fruitful one. I think he had a very cordial and understanding discussion.<sup>4</sup>

South Korea feels very distressed about the attempt that was made to assassinate their President and all the members of his family, as we certainly do.

We feel very deeply our problem connected with the *Pueblo*.

We have an understanding, a treaty, with them.

Mr. Vance had spent a good deal of time on matters of this kind in the 7 years he has been here.

He had lengthy talks with the Defense Minister, the Prime Minister, and the President. He made that report to the Cabinet committee yesterday. We thought it was a very good report, and his mission was a very helpful one.

*Q. Mr. President, are you giving any thought to increasing the level of our forces in Viet-Nam?*

*The President:* Yes, we give thought to that every day. We never know what forces will be required there. We have, tentatively, a goal. We would like to reach that goal as soon as we can. In light of the circumstances that existed when we set that goal, we hoped to reach it some time this year.

In light of the developments and the subsequent substantial increases in the enemy force, General Westmoreland asked that he receive approximately half of the remaining numbers under that goal during February or early March.

Did you mean enemy forces or our forces?

*Q. Our forces.*

*The President:* I said "in light of substantial increases in the enemy force." You understood that, didn't you?

*Q. Yes.*

*The President:* So General Westmoreland told us that. We carefully reviewed his request

<sup>4</sup> See p. 344.

in light of the information that had come in. We made certain adjustments and arrangements to comply with his request forthwith. That will be done.

When we reach our goal, we will be constantly reviewing the matter many times every day, at many levels. We will do whatever we think needs to be done to insure that our men have adequate forces to carry out their mission.

*Q. Mr. President, in light of your earlier comments on negotiations with North Viet-Nam, could you discuss with us the basis for Prime Minister Wilson's statement to the House of Commons that there was only a narrow margin between the U.S. and Hanoi positions?*

*The President:* I have given you my views. I assume you have means of getting any details of the Prime Minister's from him.

My views are very clear. I don't know anything I can add to them.

If I have confused you somewhat, I will be glad to help clear it up.

I have told you that I have never felt that they have changed their position, modified it, or moderated it.

*The press:* Thank you, Mr. President.

## **U.N. Secretary-General U Thant Meets With President Johnson**

*White House Statement, February 21*

White House press release dated February 21

The President and the Secretary-General of the United Nations, U Thant, had a friendly exchange of views on a number of matters, including Viet-Nam. The Secretary-General conveyed to the President his impressions regarding the prospects of peace in Viet-Nam in light of his recent discussions in various capitals of the world. The President reaffirmed our continuing desire to achieve a peaceful settlement and the continued validity of the San Antonio formula.<sup>1</sup>

Secretary Rusk, Ambassador Goldberg [Ar-

<sup>1</sup> For an address by President Johnson made at San Antonio, Tex., on Sept. 29, 1967, see BULLETIN of Oct. 23, 1967, p. 519.

thur J. Goldberg, U.S. Representative to the United Nations], and several senior Department officials will have a working lunch with the Secretary-General and Under Secretary-General [Ralph] Bunche to continue discussions, including a number of issues presently before the United Nations.

## Mr. Vance Completes Special Mission to Korea for President Johnson

*The White House announced on February 9 that President Johnson was sending Cyrus R. Vance, former Deputy Secretary of Defense, to Seoul, Korea, as his personal representative for talks with President Chung Hee Park and other high officials of the Republic of Korea Government. Mr. Vance left for Seoul that evening, accompanied by officials of the Departments of State and Defense. Following is the text of a Korean-U.S. joint communique issued at Seoul on February 15 upon conclusion of the talks, together with the transcript of a news briefing held by Mr. Vance at the White House on February 15 after he had reported to President Johnson and members of the Cabinet on his mission.*

### KOREAN-U.S. JOINT COMMUNIQUE<sup>1</sup>

President Park received Mr. Cyrus R. Vance, Special Envoy of the President of the United States of America, on February 12 and February 15, 1968. Mr. Vance conveyed to President Park the very warm greetings of President Johnson. The cordial and sincere conversations between President Park and Mr. Vance were carried on with the participation of the Prime Minister, the Minister of Foreign Affairs, the Minister of National Defense, and other high officials of the government. The American Ambassador William J. Porter and General C. H. Bonesteel, Commander-in-Chief of the United Nations Command, also participated. Mr. Vance had a series of talks with the Prime Minister, the Minister of Foreign Affairs, the Minister of National Defense, the Minister of Public Information, and other high officials of the Korean government.

<sup>1</sup> Issued at Seoul, Korea, on Feb. 15.

President Park and Mr. Vance fully exchanged views concerning the grave situation that has arisen as a result of the increasingly aggressive and violent actions of the North Korean Communists over the past fourteen months in violation of the Armistice Agreement, and most recently the attack directed at the official residence of the President and the illegal seizure of the USS Pueblo in international waters. They agreed that these actions must be condemned by all civilized peoples. They also agreed that these aggressive actions seriously jeopardize the security of this area and, if persisted in, can lead to renewed hostilities in Korea. While reaffirming the sincere desire of their countries for a peaceful solution to these problems in accordance with the principles of the United Nations Charter, they agreed that, if such aggression continued, the two countries would promptly determine what action should be taken under the Mutual Defense Treaty between the Republic of Korea and the United States. They reaffirmed the commitment of the two countries to undertake immediate consultations whenever the security of the Republic of Korea is threatened. They noted the extraordinary measures which have been and are being taken to strengthen the Korean and American Forces in this area so as to leave them in a state of readiness to deal with any contingency which might arise.

The two governments agreed that annual meetings would be held at the ministerial level of the Ministry of National Defense of the Republic of Korea and the Department of Defense of the United States to discuss and consult on defense and security matters of mutual interest and common concern.

President Park expressed his appreciation to President Johnson for his quick action in recommending to the United States Congress an additional 100,000,000 dollars of United States military assistance to the Republic of Korea.<sup>2</sup> President Park and Mr. Vance recognized the need for continuing modernization of the armed forces of the Republic of Korea. They also discussed the subject of supplying small arms to the Korean veterans forces in order to strengthen further the defense capabilities of the Republic of Korea. They agreed that a meeting of Republic of Korea and United States military ex-

<sup>2</sup> For text of President Johnson's message to Congress on the foreign aid program for fiscal 1969, see BULLETIN of Mar. 4, 1968, p. 322.



perts should be held in the near future to discuss the specific items to be included within the amount mentioned above and military assistance matters in general.

## NEWS BRIEFING BY MR. VANCE

White House press release dated February 15

*Mr. Vance:* I arrived back shortly after 5 o'clock. I came immediately to the White House, where I met with the President, the Secretary of State, and others. I briefed them fully on my discussions with President Park, the Prime Minister, and other Cabinet ministers and other high officials over the last several days in Seoul.

After my briefing we went around the table, and a number of people asked questions in amplification of my briefing.

I might say that I found my discussions with President Park, the Prime Minister, and the other Cabinet officials in Korea to have been good and very useful. They were carried out at all times in a cordial and friendly atmosphere, and I returned with renewed confidence of the solidarity of our alliance and with a heightened perception of the friendship of the Korean peoples for the peoples of the United States.

*Q. Were there any agreements, sir, that were reached out there that could not be spoken about?*

A. No. There are not agreements outside of the communique. Everything in the way of an agreement is reflected in the communique.

*Q. What is the depth of feeling you found there over the demands for some so-called instant retaliation?*

A. There are different views among different individuals with respect to that suggestion.

*Q. Will you see the President again tomorrow?*

A. I believe not. I hope to be going back to resume my practice of law tomorrow.

*Q. Were you involved at all in the Pueblo conferences?*

A. I informed myself with respect to that. I had nothing to do with the meetings at Panmunjom.

*Q. Are there any plans for the South Korean President to come to Washington in the near future?*

A. That was not discussed at all between President Park and me.

*Q. Do you feel there is a meeting of the minds now between the United States and the South Korean leadership?*

A. I felt that the exchange was very useful and that there is a good understanding between us with respect to their views and they of ours.

*Q. Did you form any conclusions as to what North Korea may be up to?*

A. I don't want to prognosticate about what the future may hold.

*Q. When is the Defense Secretaries' meeting going to be held?*

A. That hasn't been decided yet.

*Q. Will we continue the meetings at Panmunjom without the participation of South Korea?*

A. I think that ought to come from the State Department.

*Q. Can you say any more about the differences regarding the "instant retaliation"?*

A. No, other than to say that there are some people who hold that view in South Korea and I was informed of those views.

*Q. Do they still hold those views, sir?*

A. I am sure some people still hold those views.

*Q. In the Government?*

A. That is all I care to say on that.

*Q. Could you say anything about operational control?*

A. The issue was not raised with me.

*The press: Thank you, sir.*

## Secretary Rusk Interviewed by College Editors

*Following is the transcript of an interview with Secretary Rusk on February 2 by members of the U.S. Student Press Association. Interviewing the Secretary were Walter Grant, editor, Collegiate Press Service, Washington, D.C.; Dennis Wilen, University of Pennsylvania; Dan Okrent, University of Michigan; and Gordon Yale, University of Colorado.*

Press release 26 dated February 6

*Q. Mr. Secretary, do you believe there's a military solution to the Viet-Nam problem, and if so, what are the contingencies?*

A. Well, I think that the first military objective is to prevent the other side from scoring a military solution. They are trying to impose by military action their own particular solution to the problems of South Viet-Nam, so that to control that thrust is a military task. That doesn't mean that the problem of Viet-Nam is only a military problem. There are many things in the political, economic, social fields that have to be done in terms of nation-building if the country is to recover from 25 years of war and to live the kind of life that the people would like to live. There is a military factor, but it is not the only thing.

*Q. Well, what I meant to say was: In my mind there are two solutions to the war, one is military and the other is perhaps a diplomatic solution. Do you believe that there is a military solution?*

A. Well, this depends upon whether those regiments continue to march down the road. If a North Vietnamese regiment is marching down the road, somebody has to decide whether you get out of its way or shoot at it. You can't avoid that question, because here comes the regiment. Now, there can be a political solution if the other side is interested in a political solution, a political solution that will meet the needs of the people of South Viet-Nam. But we haven't seen much evidence that North Viet-Nam is inter-

ested in a political solution of the sort that the other peoples of Southeast Asia are prepared to accept.

*Q. If it must depend on the military solution in the long run, will this really be a solution? What do you do from the point after the country has been decimated?*

A. I didn't say that it would depend upon a military solution in the long run. I said that so long as these regiments march down the road from North Viet-Nam, somebody must decide to shoot at them or get out of their way. Now, when that process stops, then there can be all sorts of solutions contemplated. But until that process stops there is at least a military problem: Here comes the regiment.

*Q. Aren't there any contingency plans made for what would happen if the war ended tomorrow? What would we do to put Viet-Nam back on its feet?*

A. South Viet-Nam has practically everything but peace. It has an intelligent population, it has natural resources, it has climate, it used to be an important exporter of rice to other countries in the Orient. It has an unusually high degree of education, looking at the population as a whole, so it has a great capacity for bouncing back. The war damage itself is not to the basic infrastructure of the country. Viet-Nam is not like Western Europe, say, during and after World War II. Now, you can fly for hours around Viet-Nam and see almost no war damage as such. It can bounce back quickly when the fighting stops. Most of the fighting has been out in the woods until recently, when the Viet Cong brought the fighting right into the population centers. No, we are prepared to do a great deal, not only about Viet-Nam but all of Southeast Asia. At Johns Hopkins, President Johnson proposed that we put a billion dollars into the economic and social development program for all of Southeast Asia, including North Viet-Nam if North Viet-Nam

would make peace and join the rest of them in that effort.<sup>1</sup>

*Q. You just said that you could fly all over South Viet-Nam and hardly see any war damage; and President Johnson said yesterday that—and I'm sure I'm going to paraphrase him incorrectly—he said that it doesn't seem like an opportune time to stop the bombing of North Viet-Nam, because they don't seem sincere in wanting negotiations, especially with North Vietnamese troop concentrations moving south.<sup>2</sup> This would seem to indicate, perhaps, that maybe all the bombing of North Viet-Nam has absolutely no effect in halting infiltration. Wouldn't this tend to indicate that some other sort of method must be used?*

A. Well, when I was in uniform I was an infantryman; and I'm well aware of the fact that airpower alone cannot stop a foot soldier from moving on the ground, but it can stop trucks and it can stop large quantities of supplies and it can stop barges and it can stop ships along the coast. I think that the fact that all infiltration cannot be stopped by bombing doesn't mean that the bombing has not imposed very heavy burdens on North Viet-Nam. As a matter of fact, that is probably the reason why North Viet-Nam is now concentrating on the bombing. They are talking about nothing else. As a matter of fact, they are unwilling to talk about anything else until the bombing stops. We're trying to find out what they would talk about if the bombing stopped, and we haven't had very good answers.

No; we'll stop the bombing. First, let me say that we will negotiate today without any conditions, right today, before sundown. They have raised a major condition: that we stop the bombing. We've said to them: "All right, we'll stop the bombing if it will lead promptly to productive discussions and if we can assume that you will not take advantage of this cessation of bombing while the talks go forward." Now, that's a perfectly reasonable and fair proposition. If they would talk business in those terms, maybe we could get to the conference table. But we can't just stop the bombing while they go

ahead with these massive offensives of theirs across the DMZ [demilitarized zone] and through Laos.

*Q. Am I correct in assuming that the contact that you've had with the North Vietnamese has been through intermediaries?*

A. Well, we have contacts of various sorts from time to time, and on occasion they have been direct and on occasion there have been intermediaries. There is never a problem of having contact. The problem is that with contact we don't see the basis for peace opening up.

*Q. What kind of direct contacts are these?*

A. Well, it's not for me to go into the details of it, because as soon as I tell you about it the contact is dead.

*Q. In other words, nothing—there has been nothing publicly formal that an emissary of our Government and an emissary of theirs both knowingly—*

A. Oh, there have been contacts of that sort, sure. There have been contacts of that sort. The problem is not one of contacts. The problem is what is said in the contacts.

*Q. Has one of your contacts been with the National Liberation Front?*

A. Again, to the extent that contacts occur, I can't reveal them, because they have a passion for secrecy about those things. The contacts with the Viet Cong have been very few indeed. The South Vietnamese Government has indicated that they are prepared to talk to individuals on the other side from time to time. There has been little or no response to that; in fact, the response has been unfolding here in the last few days with major Viet Cong offensives against the populated centers. But again there has never been any problem of contact; the problem is what is said in contact.

*Q. Well, is the United States Government treating the Viet Cong and North Viet-Nam as two separate forces in this war and have they—*

A. Well, we know that the Viet Cong, particularly on the military side, is directed by Hanoi. We have no doubt in our minds whatever about that. General Giap [Gen. Vo Nguyen Giap, North Vietnamese Minister of Defense] is reputed to be commanding the present operation in the northern part of South Viet-Nam or in Laos or in the southern part of North

<sup>1</sup> For an address by President Johnson made at Baltimore, Md., on Apr. 7, 1965, see BULLETIN of Apr. 26, 1965, p. 606.

<sup>2</sup> For remarks made by President Johnson at a Medal of Honor ceremony at the White House on Feb. 1, see *ibid.*, Feb. 19, 1968, p. 226.

Viet-Nam. The key commanders in the South are northerners; the key instructions come from Hanoi to the South. In the northern part of South Viet-Nam there is not even any pretense that the Liberation Front has anything to do with it. That's a part of the military district which includes the southern part of North Viet-Nam. That's all wholly North Vietnamese; there is not even any pretense that the Liberation Front has anything to do with it.

### Postwar Role of Ex-Viet Cong

*Q. Well, the reason I asked the question is that the Viet Cong are basically South Vietnamese; and if this war is brought to a conclusion, what is their role going to be?*

A. The principal leadership of the Viet Cong are people who have come from the North. That is, the southerners who went north 10 years ago, many of them were trained and sent back down—plus many northerners who provide many cadres for the Viet Cong. No, when the fighting is over, the Viet Cong can rejoin the body politic. They can—I'm sure that ex-Viet Cong—I know that ex-Viet Cong have been elected to village and hamlet councils throughout the country. President Thieu has offered individuals in the Viet Cong a chance to be incorporated into the life of the country in positions comparable to their training and experience. There would be no problem about amnesty for the Viet Cong if they were prepared to live peacefully in a democratic society—taking the same chances everybody else takes in a democratic society.

*Q. If the Viet Cong are led and trained in the North, how do you explain the persistent reports out of Saigon in the last few days that many of these so-called terrorists have been sheltered, fed, and clothed by the Saigon population?*

A. Well, I haven't seen many of these reports. Undoubtedly when they filter in during the Tet season, they get some protection from their families and they get other protection from people who are afraid to pass on the information. On the other hand, what has been extraordinary is that so much information has come in from local people. And you'll notice that when the civilians have a chance to move, those that are caught in the crossfire, they don't move to the Viet Cong and say "Take us out in the woods"; they move to the Government side. When they have a chance to make a choice, they choose to

come with the Government rather than the Viet Cong. Now, that is the typical pattern there, that is unfolding out there.

*Q. Do the Viet Cong believe that they will have amnesty, that they will get a role in the Government when this war is fought to a political conclusion?*

A. I don't know what they believe.

*Q. It would seem to me that it would be hard for them to believe this—*

A. Well, that's very probable. That's their problem. I don't know how you convince them. They could try it.

*Q. President Johnson—*

A. I mean, 10,000 of them have been killed in the last 3 days. I would think that trying an amnesty would be better in the long run than what they are getting now.

*Q. President Johnson has said that if the war came to a political solution that American troops would be leaving within 6 months. Could the present South Vietnamese Government stand on its own feet if America walked out?*

A. At the Manila Summit Meeting<sup>3</sup> all of those who have troops in Viet-Nam, including the South-Vietnamese Government, indicated that if these forces from the North withdraw and the violence subsides, then the Allied forces will withdraw in a period of 6 months. We ourselves have said to Hanoi that "If you will put on the table a schedule of withdrawal of your own troops, we'll put on the table a schedule of withdrawal of our forces."<sup>4</sup> I have no doubt that if the authentic southerners were left alone, they would work these things out by themselves with amnesty and reconciliation and arrangements within the country that they ought to live with—but not when the North Vietnamese have regiments and armed cadre agents and arms pouring in there to try to impose upon the South a North Vietnamese solution.

*Q. Yes; but assuming that the war ends with a peaceful settlement, the Viet Cong are definitely going to be a political force, and naturally they are going to be a threat to the present*

<sup>3</sup> For background, see *ibid.*, Nov. 14, 1966, p. 730.

<sup>4</sup> For an excerpt from an address by President Johnson made at Detroit, Mich., on Sept. 5, 1966, see *ibid.*, Sept. 26, 1966, p. 455.

*Government, perhaps to the democratic processes. Is the present Government going to take this kind of political opposition quietly, or are they going to suppress it?*

A. I don't think they will suppress peaceful dissent. I think they will suppress violence and violent resistance, as any government would, and ours would.

*Q. Well, there seemed to be some suppression during the last elections; several candidates were not allowed to run.*

A. Well, they had 11 candidates for the Presidency. Those candidates were selected by the body which was elected for the purpose of approving or disapproving the candidates. Now, we only have two candidates in this country, two principal candidates. They had a selection procedure by which they determined who would be allowed to be candidates. They had 11, so that they had a wider choice than we normally get when we vote for a President.

*Q. But here at least probably anybody theoretically has a chance. There General [Duong Van] Minh was prevented from entering the country. General Minh was, from my understanding of the news reports, a very popular individual. How can the election really be considered democratic under these circumstances?*

A. I don't know why people pick up General Minh as a kind of hero in this situation, because when he was in charge out there he was widely criticized here as being a military dictator.

*Q. Well, I'm not trying to defend General Minh on his merits but on the merits of barring anybody from the race—*

A. That's right—well, the—I don't see—I don't know of any political system in which just anybody who wants to can run and become a candidate when the actual voting occurs. That doesn't happen in our country. There is a process by which the machinery established under law determines who will be the candidates.

*Q. But the very fact of his exile—wouldn't that be considered barring him from the original process?*

A. I suppose so, I suppose so.

*Q. Mr. Secretary, the administration has made many comments about how the massive antiwar demonstrations in this country have*

*maybe encouraged the North Vietnamese. I wonder if you could comment on what type of dissent should be put forth in this country and what type of dissent does hamper the efforts of this Government.*

A. Well, first let's talk about the character of dissent. I have no problem about the peaceful dissent, about the use of free speech, free assembly, free press, to present any points of view that anyone wants to present. I have very strong views about dissent which tries to interfere with other people's right of free speech. I was a student in Germany when the storm troopers were taking the platforms away from the democratic forces in Germany, and I perhaps can be forgiven for having very strong feelings that this must not happen again and it must not happen in the United States. So that form of dissent which tries to silence other people is something to which I object very strongly indeed. Now, when you get to the—let's assume now that we are talking about the kind of dissent that is expected and is normal in a democratic society, protected by the first amendment to the Constitution. Now, those who express dissent must take the full responsibility for all the consequences of it, just as those of us who speak on the Government side must take the consequences of speaking the Government's point of view.

One of the problems is that Hanoi watches this debate very closely, and they quote to their own people and to the South Vietnamese and to international opinion much that is said here. There is no doubt that they are encouraged by dissent in this country, no doubt about it. Now, that doesn't mean that you forget the first amendment and that you try to stop dissent; but those who are expressing dissent ought to be aware of that, and I would hope that these people who dissent from what our Government is doing would at least try to make it clear what it is they want Hanoi to do to make peace. If they will say "We want Washington to do the following and we want Hanoi to do the following," that might help.

*Q. I'd like to—*

A. But the thing that I find some trouble with is a tendency to say nothing at all about what Hanoi should do to make peace and concentrate on what the United States should do to make peace.

*Q. Your point is well taken, but I would go further and say: Why is there dissent to this war? Why wasn't there a similar dissent with the Korean police action or to World War II, World War I? Why is there such widespread opposition?*

A. Well, I think there was substantial dissent during the Korean affair. Gallup polls in February of 1951 indicated that more than 60 percent of the American people wanted to withdraw from Korea. There was lots of dissent. We don't have that now. They run maybe, what, 12, 14, 15 percent in polls now indicate that those who want to withdraw—

*Q. Why are these 12—*

*Q. Wasn't that only the extreme position? Now, do half of the people want some sort of de-escalation very quickly?*

A. Oh, yes; so do I. We have been prepared over and over again to try to deescalate this fighting. We have tried to demilitarize the DMZ; and there have been periods when we have stopped bombing in a substantial area around Hanoi, and we have said to the other side: "Now, we would be impressed if you, too, were to stop in a comparable area in South Viet-Nam, somewhere around Saigon or around the DMZ." We've tried to get the International Control Commission to strengthen itself to insure Cambodia's neutrality, to keep everybody out of Cambodia; Hanoi says "No." We're prepared to take any number of steps to try to deescalate, and we get no cooperation whatever from Hanoi on it.

### **No Results From Bombing Pauses**

*Q. In 1965-66, I think, there was a 37-day bombing pause. There were no preconditions, and what were your expectations at that time?*

A. We thought that during that period it might be possible to have a dialog with Hanoi in which we could move the situation toward a peaceful settlement. It had been hinted to us by various people that if we stopped for a period of 15 to 20 days such a dialog would occur. We stopped for twice as long as was suggested to us. On the 34th day of that pause, while it was still going on, we had a most categorical rejection by Ho Chi Minh of any discussions of a peaceful settlement. So we waited 3 days.

We've stopped on several occasions. A year ago when we saw Tet coming up we were in touch with these people and we said: "Now look, Tet's coming up, so let's do something about it." But we got nothing out of it.

*Q. Mr. Kosygin [Alekssei N. Kosygin, Chairman of the Council of Ministers of the Soviet Union] was in London a year ago. I think it was a 7-day bomb pause, and at that time he said: "You stop the bombing and I'm sure that peace talks would begin." Why wasn't the bombing stopped for a longer period of time than it was?*

A. If you put the Foreign Minister's [Nguyen Duy Trinh, North Vietnamese Foreign Minister] statement of this past December alongside of the San Antonio formula,<sup>5</sup> you'll see what the questions are; they still are unanswered. When? Some people say: "Well, talks could occur several weeks after the bombing stopped." Why several weeks? Why not within 2 days? Mr. Trinh said—they were talking about relevant questions. Where are the relevant questions? If North Viet-Nam only wants to talk about what is happening in North Viet-Nam, the bombing, and maybe an exchange of prisoners, and refuses to talk about what is happening to South Viet-Nam, namely, their 20 to 25 regiments that are present today in South Viet-Nam, this is no way to peace. And then what do we do about the military action which they are taking?

Are they going to do anything different? Are they going to stop their infiltration? Are they going to stop sending artillery across the DMZ against the marines at Con Thien? Are they going to slow down in any way the scale of the war that they are fighting? We've got to have some answers to some of those questions. We don't have the answers to them.

*Q. In 1965-66 you made—placed no preconditions on the halt of the bombing, and there were no public statements.*

A. We've never said that we would—we did in fact stop the bombing for certain periods, but when you talk about permanent cessation of the bombing, you've got to know what's going to happen. No one in the world is able to tell me what will happen if we stop the bombing—

<sup>5</sup> For an address by President Johnson made at San Antonio, Tex., on Sept. 29, 1967, see *ibid.*, Oct. 23, 1967, p. 519.

no one. Hanoi is unwilling to, and therefore no one else is in a position to. No human being can tell me what will happen if we stop the bombing.

*Q. How much would it hurt the military effort if we just decided, well, to just stop the bombing and find out?*

A. For a short period?

*Q. No, permanently.*

A. Permanently?

*Q. Yes.*

A. —big difference—thousands of trucks on their way to the South have been destroyed. When the forces in and north of the demilitarized zone opened up artillery on our marines at Con Thien, major airstrikes had to deal with that situation: and that involved bombing in North Viet-Nam. The barges that move materials south on the waterways are attacked by air. The time required to move men and materials south is far longer than it used to be because of the effect of the bombing. When we know that in a good many of these bombings, there are a lot of secondary explosions—those secondary explosions are POL [petroleum-oil-lubricants], it's gasoline, it's ammunition, it's things that otherwise would be used in the battle in the South. So although we can't stop infiltration through the woods completely by bombing, you can make a major difference as to the scale of the effort that they can throw against you and make it far more costly to them. That's quite apart from the five or six hundred thousand people in North Viet-Nam who are engaged in repairing roads and bridges and things of that sort as a result of the bombing.

If they weren't doing that, they could well be mobilized to back the effort in the South.

*Q. Even if the bombing is effective—and I think many people have questions as to whether or not it's effective—but even if it is, wouldn't it be worth the gamble to stop the bombing, at least temporarily, to test Hanoi's sincerity—especially in light of the—*

A. When you say "stop it temporarily," that doesn't bother us very much, except that we've stopped it temporarily seven or eight times and we got nothing out of it.

*Q. But Hanoi has made a new statement since then, that if the bombing were stopped—*

A. But they haven't answered any of these other questions I talked about.

*Q. But they still say—*

A. When you say that we can take the gamble—I've heard it said that the United States is a powerful country, therefore it can take risks for peace. Now, it depends on what that means. If that means that because we're a big country we can let more of our marines and our soldiers get killed because we stopped the bombing while the other side does nothing, then this is not on—because each one of these soldiers and marines is a precious human being like anybody else; and we must not be asked to take additional casualties by stopping the bombing when they're unwilling to take any action whatever in the military field. Why should we? It's wholly irrational.

*Q. Well, on the other hand—*

A. There's nothing fair or balanced about it.

*Q. On the other hand, if we don't stop the bombing, we're taking a strong possibility that the war may continue for several years—*

A. No one has suggested that stopping the bombing will end the war. No one is able to tell us that stopping the bombing will end the war. If that should happen, we're in business today. So I would think that if North Viet-Nam could sit there, safe and comfortable, without the inconvenience of the bombing, free to send their men into the South at whatever rate they want to, without any damage to their own country, they could do that for the next 50 years—why would that be any incentive to North Viet-Nam to make peace, under those circumstances?

### Hanoi Raises Conditions

*Q. You said that we just can't take them up on this, if we stop the bombing right now, they recently said . . . see what can happen, because they haven't answered the other question. But earlier in the same conversation you said that we're willing to do it without any conditions whatsoever.*

A. We're willing to negotiate without any conditions whatever. We'll sit down with them at sundown today to talk about peace, without anybody doing anything except sit down at the table and talk. Now, they've rejected that. Seventeen nonaligned nations 3 years ago called

upon both sides to negotiate without preconditions.<sup>6</sup> We said "Yes"—Hanoi said "No."

In March of last year, the Secretary-General of the United Nations proposed a three-point program: that there be a military standdown, that there be preliminary discussions, that there be a Geneva conference.<sup>7</sup> We said: "We will enter immediately into talks to arrange the military standdown, we will take part in the preliminary discussions, and we will go to a Geneva conference." Hanoi said "No."

Now, the point is that Hanoi has raised a major condition for negotiations. They say there will be no talks until we stop the bombing—they usually say permanently and unconditionally. That's a major condition. We didn't propose any conditions, but they proposed one. So, we have said, as a countercomment to their condition, we have said, "All right, if this will lead promptly to productive discussions and if we can assume that you will not take military advantage of our cessation of bombing while the talks go on." I can't imagine a more reasonable point of view.

*Q. Even though it is based on their conditions, nevertheless a condition of ours—that you won't take military advantage.*

A. Well, this is a countercondition to their condition. But we'll negotiate without any conditions—today.

*Q. As a corollary, would you be willing to enter into negotiations immediately with the fighting continuing as it is now, perhaps as the French did during the Algerian war, if they continued infiltrating, we continue bombing—*

A. Yes; we'll talk today on that basis.

*Q. They've told you the conditions under which they will talk, and evidently the countercondition is not acceptable to them. Is it going to be pursued any farther? Is the United States going to give anything more? Are we going to offer an added impetus for talks? . . .*

A. There have been some pertinent proposals made on the widest variety of subjects, by ourselves, other governments, groups of governments, leading personalities, to which we've said "Yes," and Hanoi said "No." Now, if everybody assumes that when Hanoi says "No," that's the end of the matter, therefore the United States

must move again, that we must somehow take some new position, the end of that trail is simply that we abandon South Viet-Nam. We're not going to do that.

Now, if they're going to fight a war, we will be there to oppose them. The moment they don't want to fight a war, we will make peace with them. We're not going to be chivied out of this situation by a nibbling process that in effect gets us out of there and gives them what they want; namely, a South Viet-Nam taken over by force from North Viet-Nam—that isn't going to happen. So the San Antonio formula is just about as far as we can go. We've got to have some response to that; we haven't had a response to it.

*Q. Getting back to the question of domestic dissent, in understanding your point that you can't tolerate dissent when you're prohibiting someone else from their right to dissent—in what way are Reverend [William Sloane] Coughlin and Doctor [Benjamin] Spock preventing other people from offering their dissent?*

A. I'm not claiming that they are preventing other people from speaking; their problem is a different one. That's before the courts, and I don't intend to comment on something that is before the courts. But they're not—their problem is not that they've tried to, say, keep me from speaking; they have a different question in front of them.

*Q. Could you define that question?*

A. Well, that's before the courts; I'd rather not go into it, actually.

#### **North Korean Seizure of the Pueblo**

*Q. Switching, if we may, to a second, to the Korean situation: Presidential Secretary [George] Christian has stated that when the Pueblo was boarded it was, you know, past the 12-mile limit, in international waters. Where was the Pueblo when it was challenged?*

A. It was at the same location, because it was first challenged at a time when the North Korean ship reported that it was 18 miles at sea. The *Pueblo* reported to us that it was 17 miles at sea. So the North Korean vessel reported to its authorities that it was further out in the international waters than ours was. Now, you can make a—one skipper or the other made an error of 1 mile, maybe each made an error of a half a mile; but there's no question whatever

<sup>6</sup> For background, see *ibid.*, Apr. 26, 1965, p. 610.

<sup>7</sup> For background, see *ibid.*, Apr. 17, 1967, p. 624.



that when it was accosted and seized, it was international waters, well in international waters.

But there's another point there. Even if it were not—and I haven't the slightest doubt about where it was when it was seized—even if it were not, under the general conventions of international law, particularly the 1958 conventions on the law of the sea, when a war vessel comes into territorial waters, the coastal country has the right to require it to leave; it does not have the right to seize it. In 1965 and 1966 there were three instances when a Soviet war vessel came into American territorial waters briefly. And we have a 3-mile limit. We required those vessels to leave; we didn't seize them. A warship is clothed with sovereign immunity; so that even if this ship were in territorial waters, they had no right to seize it.

*Q. Why do you think North Viet-Nam seized the Pueblo—or Korca?*

A. I don't know, quite frankly. It's an incident so utterly without precedent that it's hard to understand what went on behind it, in their minds. It was an outrageous violation of standard international practice. We have vessels of that sort along our coast all the time; a vessel of this sort is standing, just out of the 3-mile limit off Guam; the Soviets have vessels of this sort in the Sea of Japan today. It's never been supposed that these vessels of any sort would be seized on the high seas. This is a very, very serious matter—which we take with the utmost seriousness.

*Q. I understand from reports that there are perhaps indications that the North Koreans—I got it right that time—that the North Koreans are perhaps taking a new tack in the diplomatic negotiations for securing release of the crewmen and maybe the ship, comparing it mainly to a minor violation which could be ameliorated if the U.S. apologized and admitted being inside international—*

A. Well, I don't have that same information. I know there is lots of speculation, but we don't have anything from North Korea along that line. How do you apologize for something you didn't do?

*Q. Mr. Secretary, how long is the United States willing—how much time will the United States devote to getting their vessel back through diplomatic channels, before military—*

A. I wouldn't want to put a time limit on it.

We are trying, as the President has indicated,<sup>8</sup> to use diplomatic means to bring about the immediate release of the ship and crew. We don't think those diplomatic means have been fully exhausted yet; but we hope very much that they'll be successful, because if they're not successful, then some very, very grave issues will rise. We must have this ship and these men back.

*Q. What if it turned out that diplomatic channels failed entirely? Would it ever come to the point before military efforts would have to be made, where we'd say, "Well, we lost the ship, let's not lose any more"?*

A. Well, I think the notion that American-flag ships can be seized on the high seas by any country around the world is something that we just cannot possibly accept. This is something we have not accepted throughout our history, and we don't intend to start now.

*Q. Would that necessarily be an acceptance of it?*

A. Why of course, if you just say, "Well, it's gone—goodby—that's the end of it—it's too bad." Of course that would be an acceptance of it.

*Q. Does the—not accepting it worth the risk of provocation of—*

A. Well, that's something that judgment will have to be made on. I don't want to prejudice what steps might have to be taken, but my advice to North Korea would be to release that ship and the crew at the earliest moment.

## U.S. System of Alliances

*Q. It's been said that the war in Viet-Nam is being fought to prevent a larger war in South-east Asia. Does that mean it's the role of the United States to perhaps—if things in Bolivia get a little bit hotter, does that mean we'll be going to Bolivia? Does that mean we'll be going back to the Dominican Republic? Does that mean we're going to be going into Africa? Is this really a deterrent? Or are we becoming more cautious now that we've involved ourselves—*

A. We have formal alliances with more than 40 countries. Those alliances are there, as a part of the supreme law of the land. In the Pacific those include Korea, Japan, the Republic of

<sup>8</sup> For President Johnson's address to the Nation on Jan. 26, see *ibid.*, Feb. 12, 1968, p. 189.

China, the Philippines, Thailand, Australia, New Zealand—and South Viet-Nam covered by the SEATO Treaty. In this hemisphere, most of the nations of the hemisphere are included in the Rio pact. In Western Europe, most of them are in NATO. I would say that if we are needed for the defense of those countries we're available and we'll make good on our commitments to those countries.

I think that if anybody should ever suppose that we would not, then the possibility of organizing a peace would disappear. Now, we're not the world's policemen. I had a count made not long ago—of the 375 crises that have occurred somewhere in the world since World War II, we were involved in only six of them. We don't go around looking for business. We didn't get involved when India and Pakistan started fighting each other—when Somalia and Ethiopia had some shooting against each other—Morocco and Algeria—we didn't get involved in the Arab-Israeli fight. We don't go around looking for business; but we do have alliances, and we've got to make good on those alliances. Otherwise the dangers to this country could be beyond comprehension.

*Q. It seems to me that the Viet-Nam situation, as it is now, developed very slowly and in distinct steps. And as it evolved it grew larger. And is something like this going to happen again—I mean, it started on a very small scale, U.S. advisers were sent there—I mean, is this going to be a pattern? Are we going to get into wars like this?*

A. You'll have to ask the Communist world, various parts of it, whether they're going to launch this kind of attack against those with whom we're allies. If they do, I would think the answer is "Yes, we will." If they don't, then we'll have peace, but the answer to that lies with somebody else, not with us.

*Q. We have possibilities then, of unlimited involvement?*

A. That depends on how far the Communists will go in what they call their "wars of liberation." And of course we're involved if our allies become involved in such efforts, you see. Now, for example, in Korea. In 1966, there were some 50 incidents of infiltration from North Korea into South Korea across that demarcation line. In 1967 that went up more than 10 times, over 570 individual acts of infiltration from North Korea into South Korea. If this builds up, the

United States has got to be there alongside of the South Koreans, saying that this is not going to happen. We have an alliance with Korea that makes it necessary for us to do that, and North Korea ought to understand that, at the earliest stages. They're not going to have a chance to repeat that performance against the South Koreans.

*Q. Are our military capabilities such that we will be able to maintain the territorial integrity of South Viet-Nam and South Korea at the same time?*

A. Oh, I think so. In the first place, we don't at the present time see direct indications that the North Koreans have in mind a large-scale invasion of South Korea. But we've increased our forces by the numbers of men that we have in Viet-Nam. We have in our Armed Forces, outside of Viet-Nam, the same numbers that we had before the Viet-Nam affair started. But we haven't dissipated our capabilities because of Viet-Nam.

The additional reinforcements now going to Korea did not come from Viet-Nam. Not a man has been diverted from Viet-Nam.

So we have the capabilities to meet our commitments in this hemisphere, in the Pacific, and in Europe. We haven't reduced our forces in Europe.

### **The Heart of the Matter in Viet-Nam**

*Q. General Westmoreland [Gen. William C. Westmoreland, Commander, U.S. Military Assistance Command, Viet-Nam] said that within 2 years some American troops would be brought home, they'd be no longer needed. Is the United States holding out for the time when the military superiority will force the North Vietnamese into negotiation or perhaps ending the conflict unilaterally by the South?*

A. Well, it's hard to put a precise time factor on it, but I would think that the Viet Cong and North Vietnamese forces could not possibly sustain what they've been doing, for example, the last couple of days, for very long. I think that when Hanoi comes to the conclusion that it is not going to be permitted to take South Viet-Nam by force, they may make some new decisions on the matter. I think that's probably what can—

*Q. What do you think will force them to this realization? What will it require?*

A. Clear demonstration that if they send forces to the South they'll be destroyed. Plus the political and economic nation-building processes going on in South Viet-Nam.

*Q. Do you foresee this in the immediate future?*

A. Well, I can't put a time limit—I think the time is coming, but I can't put a date on it.

*Q. Do you see the events of the past few days as a major turning point, possibly a go-for-broke, or—*

A. It might be something of a climactic period, because there are indications that the Viet Cong and North Vietnamese forces are making an effort at the moment which they cannot sustain over any protracted period of time. And what they will do when this effort is thrown back, we don't know yet; but I would think that we're seeing a lunge, rather than a sustained new phase of the war.

*Q. From what you're saying it seems to me that North Viet-Nam isn't going to get out of this war with its dignity, if it gets out of it at all—if they decide to quit.*

A. Well, I'm not suggesting—

*Q. It seems to me there is a box—that we're all in—*

A. I think this question of dignity—if its dignity depends on its having South Viet-Nam, then it had better change its mind about what its dignity involves. We don't want North Viet-Nam to surrender anything, not an acre of ground, not a man—not to change its regime, not to change its relations with other Communist countries. We're not asking them to do anything except stop shooting at Laos and South Viet-Nam. If that is to be called "unconditional surrender," that to me is an abuse of the English language.

*Q. Well, it seems to me that the way political situations develop, one side is not going to negotiate until it feels it's in a strong position or until it's beaten. I think the United States probably did that last year when we felt we were in a strong position, when we rejected Kosygin's "stop the bombing" play, and we felt we were in a strong position, perhaps this war could be won militarily.*

A. We didn't reject it—we simply asked what the other side would do if we accepted it. No, we

didn't reject it, but 1 year before that was a temporary cessation of the bombing—that was a suspension. Now, the other side has said that that is an ultimatum, and they're talking now about a permanent, a definitive cessation of the bombing—they phrase it in different ways—sometimes they say, "once and for all"; sometimes they say, "for good"; sometimes they say, "definitively"; sometimes "permanently"—these are all synonyms.

Now, if they want us to stop the bombing permanently, then we must know what they're going to do. We're not idiots.

*Q. That wasn't my point; let me rephrase this. I would imagine this is true in negotiations: You try to negotiate when your position is strong, when you have a kind of a lever. As in the Cuban crisis, Russia, in a way, got out with its dignity. North Viet-Nam is not going to be able to do this, from the way I understand the actions of the administration. In other words, the way you expect negotiations to come about is that they're going to be in a weak position, they're not going to be able to sustain a war for any longer, and therefore they're going to get out. And it seems to me that that puts us in a box, that means this war is going to go on—*

A. We never limited ourselves on that theory. We went to the Laos conference in 1962 to negotiate a settlement for Laos, without having troops in Laos and only a handful in South Viet-Nam. At that conference, we accepted the Soviet nominee as the Prime Minister of Laos, Prince Souvanna Phouma, the present Prime Minister. We accepted a coalition government, worked out among the three factions, the rightists, the neutralists, and the Communists. We accepted the neutralization of Laos, internationally agreed; we got no performance whatever out of Hanoi in that agreement. They didn't take their troops out of Laos as required by the agreement; they didn't stop sending infiltrators through Laos into Viet-Nam as required by the agreement; they wouldn't permit the coalition government to function, and they wouldn't permit the ICC to function, so— Now, we negotiated on the Berlin blockade with the Russians back in '48, while the blockade was still going on—

*Q. With the knowledge that some military action would be taken—*

A. Yes, but one couldn't have called our position there a position of strength, in being will-

ing to discuss the matter only because of strength. We negotiated the Korean affair while the fighting was going on, on both sides. We talked about the Cuban missiles while the missiles were being built, just as fast as they could put them together. So we have not been unwilling to discuss these matters, as I've indicated today. For years we have taken the view that we will negotiate on the Viet-Nam question at any moment without any conditions whatever. That has been true when we were in a position of relative weakness; it has been true when we were in the position of relative strength.

Now, the heart of the matter is: What is North Viet-Nam's objective? If its objective is South Viet-Nam, then it isn't going to get it, either by military means or by negotiation. Now, if that's the only thing that they have in mind, then we just have some more fighting on our hands. It's just as simple as that.

## President Johnson Confers With NATO Secretary General

### *White House Statement*

White House press release dated February 19

The President met with NATO Secretary General Manlio Brosio at noon today [February 19]. The President and Mr. Brosio examined questions of mutual interest concerning the NATO Alliance. They agreed that the adoption by Allied Ministers last December of a constructive program for carrying out the future tasks of the Alliance provided evidence of the continuing vitality of NATO.<sup>1</sup> The President and Mr. Brosio also concurred that the Allies must consult closely and continuously on East-West relations and the achievement of a durable peace in Europe. They considered the maintenance of NATO's strength, including the U.S. commitment, as necessary to continuing stability and security in the North Atlantic area. This stability and security provides the basis for exploring with the U.S.S.R. the possibility of mutual force reductions.

<sup>1</sup> For texts of a communique and annex released at Brussels on Dec. 14, 1967, see BULLETIN of Jan. 8, 1968, p. 49.

## Department Reaffirms Statement on Treatment of Pueblo Crew

### *Statement by the Department Spokesman*<sup>1</sup>

On February 16 the North Korean Radio broadcast what it claimed was a "joint letter of apology" signed by the 82 surviving members of the crew of the U.S.S. *Pueblo*.

From both the substance and language of the statement, it is clear that these are the words of the North Korean authorities, not of the crew of the *Pueblo*.

According to the broadcast, the alleged "joint letter" included statements such as the following:

"We deserve any punishment by the Korean people regardless of its severity for the crime we have committed by making overt intrusions into the territorial waters of a sovereign state, namely the Democratic People's Republic of Korea, and perpetrating grave hostile acts. Since we are not mere prisoners of war but criminals caught in the very act of espionage, we cannot have any complaint even should the worst come."

"We know that when one is captured for conducting espionage against a foreign country, he should be severely punished in accordance with the law of that country. The Democratic People's Republic of Korea is fully entitled to determine our fate."

"We should be punished severely by the law of the Democratic People's Republic of Korea for our own serious crimes. We may expect such a severe punishment as may deprive us of even the possibility of revival."

On January 26, the spokesman of the Department of State noted a North Korean broadcast which referred to the crew of the *Pueblo* as "criminals," and which stated, "the criminals who have violated the sovereignty of another country and perpetrated a provocative act must receive due punishment." The spokesman said at that time:<sup>2</sup>

I am authorized to say that the United States Government would consider any such move by North Korea to be a deliberate aggravation of an already serious situation.

I am authorized to reaffirm that statement.

<sup>1</sup> Read to news correspondents on Feb. 18.

<sup>2</sup> BULLETIN of Feb. 12, 1968, p. 192.

## Secretary Rusk Commends Actions of Marine Security Guards at American Embassy in Saigon

*Remarks by Secretary Rusk*<sup>1</sup>

It is my high privilege to extend to each of you in the graduating class, as you prepare to depart for your new assignments in all corners of the world, the President's congratulations and my own.

This particular occasion is one I did not want to miss—for a special reason.

I recall telling an earlier class of marines, just over three years ago:

—that embassy duty was different;

—that there may be critical occasions calling for the steady nerves, the courage, and the resourcefulness for which the Marine Corps is justly renowned;

—that the duties of a marine guard can be transformed instantaneously from one type of service to another.

In the intervening years our marines have continually demonstrated their fine qualities.

General Chapman [Gen. Leonard F. Chapman, Commandant, U.S. Marine Corps], I hope that you and Lieutenant Colonel [Forest J.] Hunt and the members of the graduating class don't mind my speaking of the Marine Security Guards as "our" marines. They are ours not only because we are all Americans but in a special sense as temporary members of our Foreign Service family. And I have noticed that many of our ambassadors speak of their marine guards as "my" marines. When they say that, they are not claiming ownership but expressing pride. We in the Department of State and the Foreign Service are all deeply proud of our long

and intimate association with the Marine Corps.

Less than 3 weeks ago "our" marines added another luminous chapter to the great history of the corps. They suddenly were confronted with a situation which called for instant decision, fast action, and steady courage—a situation in which they had to fight to carry out their twofold mission: protection of classified material and protection of lives and property.

In the early morning hours of January 31 our Embassy in Saigon was subjected to a vicious surprise attack, with rocket launchers, automatic weapons, grenades, and small arms. In that critical moment our marines once again demonstrated their resourcefulness, steady nerves, and valor.

I quote from a dispatch received shortly after the attack was defeated and the attackers wiped out to the last man:

(The) Marine Security Guards reacted with disciplined enthusiasm, and the bravery shown surpassed all expectations for this fine body of men. No penetration was made by any enemy force on any level of the Embassy building itself.

That was written by the Embassy Security Officer, my friend Leo Crampsey.

A later dispatch from Captain Robert J. O'Brien, the Officer in Charge of the Marine guard detachment there, said:

All Marine Security Guards who participated in eliminating the Viet Cong at the American Embassy aggressively pressed the attack with determination and valor befitting the highest traditions of the Marine Corps.

So, once again, "uncommon valor was a common virtue."

<sup>1</sup>Made at graduation exercises of the Marine Security Guard School, held at Henderson Hall, Arlington, Va., on Feb. 16.

CITATION FOR HEROIC SERVICE

to  
THE MARINE SECURITY GUARD,  
AMERICAN EMBASSY, SAIGON<sup>1</sup>

In recognition of the effective defense of the United States Embassy in Saigon by the United States Marine Guard during the early morning of January 31, 1968; the vigilance, valor and cool-headed devotion to duty of these men prevented the Viet Cong from entering and destroying the Chancery Building.

Presented with profound gratitude.

DEAN RUSK  
*Secretary of State*

*February 16, 1968*

<sup>1</sup> Presented to Gen. Leonard F. Chapman, Commandant, U.S. Marine Corps, by Secretary Rusk at the Marine Security Guard School graduation exercises on Feb. 16.

To our profound sorrow, in their heroic defense of our Embassy, one of our Marine Security Guards was killed and nine were wounded, of whom six have returned to duty.

We must not overlook the valor of the Army Military Police who augmented our Marine detachment. Two Military Police were killed in action defending the perimeter of the Embassy grounds, while the others were actively engaged in eliminating the terrorists. They, too, warrant our highest accolades.

The marine who gave his life was Corporal James C. Marshall, 21 years old, of Monroeville, Alabama—killed by sniper fire while engaging the Viet Cong suicide attack. His sacrifice, and the bravery under fire of the entire detachment, will be recorded in the history of the Foreign Service.

I cannot help but feel overwhelming gratitude and pride in the conduct of our Marine Security Guard in Saigon—and of our Marine detachments throughout the Foreign Service—and in all of you sitting here before me.

My colleagues and I know that, given the same circumstances—which we pray will never recur—our Marine Security Guards all over the world would react as effectively and courageously as did the detachment in Saigon.

Many of you, I see, have already served in Viet-Nam. Now you are again ready to serve our country overseas.

The Marines are very much on the minds of all of us these days. They have been carrying a tremendous burden in I Corps in Viet-Nam. This country owes them an enormous debt.

As you marines before me join our Foreign Service family, you know the high importance of your responsibilities. And I hope you are aware of the great influence you and your fine uniform have in representing to other peoples all around the world our great Republic.

For nearly 200 years, the Marine Corps and the Foreign Service have worked together to defend the interests of our nation and further the cause of freedom. In the same spirit of cooperation and dedication that have marked our common efforts in the past, we shall continue to pursue our high national purpose: to defend liberty, defeat aggression, and achieve a reliable peace.

So, gentlemen, I welcome you to the Foreign Service.

Thank you, good luck, and God speed you on your mission.

## From Aid to Cooperation: Development Strategy for the Next Decade

*Statement by Eugene V. Rostow  
Under Secretary for Political Affairs*<sup>1</sup>

Mr. President [Dinesh Singh], I should like, if I may, to add my congratulations to the tributes of our colleagues who have already spoken. It is singularly appropriate that this second session of UNCTAD is meeting in New Delhi and that you have been elected as our President to succeed the distinguished and effective representative of the United Arab Republic His Excellency Dr. [Abdel Moneim] Kaissouni.

Mr. President, your enlightened country and your proud and cultured people face an economic challenge which recapitulates the difficulties and the promise of the development process. It is a hopeful augury that we meet at a time when India's economic programs have accomplished an historic breakthrough in agricultural production. That achievement rests, above all, on the plans and efforts of the Indian Government and the Indian people. In preparing and revising its economic plans, the Government of India has had the courage to learn from experience through procedures of study and public discussion which are a tribute to the strength of Indian democracy.

The programs of the Indian Government have been supported by a far-reaching process of international cooperation. India has intelligently used the resources of world science and those of governments, private business, and private foundations representing every branch of the human family.

To us, this pattern, this vision, of human solidarity in overcoming the curse of poverty

and ignorance is the right framework for dealing with the problem we now call economic development. In our view, all governments and all peoples, whatever their social systems, should work together in accordance with the principles of the United Nations Charter to end the specter of poverty which haunts the world. This principle is the source of American policy, and I can assure you that it will remain the source of our policy.

The moral climate of the world has changed since President Roosevelt issued his famous call for freedom from want and President Truman announced his Point 4 program. Through one of the mysterious leaps of the human spirit, mankind in our generation has resolved to abolish conditions of poverty and ignorance which have been accepted for millennia as the order of nature. New and persistent hopes have seized the mind of man. Those hopes have become aspirations—and then programs.

The theory of economic growth is as old as economic history. What is new, as our Secretary General remarked in his opening statement on Friday, is man's determination to accelerate the pace of economic progress in the developing world. We have determined to make longrun economic growth a task for the short run.

Governments and private groups have sought to find means to reach this goal. Some of these means have failed, as we all know. Others have shown promise. A few have succeeded.

Scholars, bureaucrats, and politicians have all made a contribution to this search for effective ways to accelerate the process of development and to have it include all of mankind.

Many reasons have been advanced to explain our preoccupation with this task: reasons of

<sup>1</sup> Made before the Second United Nations Conference on Trade and Development at New Delhi, India, on Feb. 5 (press release 24 dated Feb. 6). Mr. Rostow was U.S. Ministerial Representative to the Conference.

prudence, reasons of self-interest, or the quest for political influence. In the end, however, there is only one acceptable premise for our common endeavor: We must act, and act together, simply because we have come finally to believe that poverty is wrong and that for the first time in human history science makes it possible to right this wrong. The poor, we are convinced, need not always be with us.

The United States is proud to have been a leader in the laborious development efforts of the last 20 years. Our policy rests on the broad principles of the United Nations Charter—on “respect for the principle of equal rights and self-determination of peoples” and on the practice of “international cooperation in solving international problems of an economic, social, cultural, or humanitarian character.” We believe in a world order of diversity in which each country is free to pursue its own concept of social progress in peace, assured of the support and cooperation of the world community, to which it has a right to belong.

On Thursday, we all heard the stimulating and eloquent address of the Prime Minister of India [Mrs. Indira Gandhi]. The United States agrees with her solemn words:

The United Nations was established twenty-three years ago to keep world peace and promote human prosperity. The juxtaposition of peace and prosperity is not a contrivance for stating moral precepts. The two are indissolubly linked together. Without peace there can be no prosperity for any people, rich or poor. And yet, there can be no peace without erasing the harshness of the growing contrast between the rich and the poor.

In this spirit, President Johnson recently said:<sup>2</sup>

For two decades America has committed itself against the tyranny of want and ignorance in the world that threatens the peace. We shall sustain that commitment.

### Goals of the Conference

The main outlines of the development problem as we face it today are magisterially presented in the report of our Secretary General, Dr. [Raul] Prebisch, and were magisterially summed up in his speech on Friday. We concur in his sense of urgency; in his thesis of shared responsibility, a responsibility, that is, shared by the developed and the developing countries; and in his stress on the necessity for a global strategy. An adequate rhythm of growth, he points out, requires an international harmoniza-

tion of economic policies, the discipline of development plans, changes in structure and attitude both in the developed and in developing countries, and access to the capital resources of the developed world for developing countries which are pursuing realistic development policies.

The panorama we face is far from satisfactory. We all know that the rate of economic progress in the developing world as a whole has been spotty and generally too slow. Still, there are instances of success, and they should be carefully taken into account.

The Secretary General's report lists 18 developing countries with compound growth rates of real product ranging from 6.1 percent to 10 percent annually during the period 1960-65. But many more people than live in these 18 countries live in countries which experienced growth rates between 4 percent and 6 percent during this period; and still many more live in 15 countries with a growth rate below 4 percent.

This record of growth is meaningless unless it is considered in relation to the rate of growth of population. Per capita growth rates are the curves of greatest concern to us. There is no need in this room to stress the fact that policy must bear equally on both sides of the development equation—on economic growth and on family planning—if success in the development process is to become a reality. In per capita terms, the record is indeed somber.

The secretariat reports per capita real product in the developing countries grew at an annual rate of 2.2 percent in the period 1955-60, that this annual rate fell to 2 percent in the next 5 years and was still at that low level in 1966. These depressing aggregates, moreover, mask even grimmer statistics for certain areas of the developing world.

These bleak figures define the problem before us. It is a challenge to the energy and intelligence of man, a challenge we can and must accept as a duty whose claim upon us is the inescapable predicate of our obligation to preserve the peace. We cannot conceive of a stable and peaceful world order without progress, any more than we can expect progress without peace.

As we see it, this session of UNCTAD can and must give a fresh impulse to the process of development. That impulse should flow naturally from the agreement of our governments to har-

---

<sup>2</sup> For excerpts from President Johnson's state of the Union message, see BULLETIN of Feb. 5, 1968, p. 161.



monize their policies in a number of areas which experience and analysis have identified as critical. The United States believes that agreement among us on these critical issues is not only possible but indispensable. We pledge our most earnest efforts and our full support to that constructive end.

The work of this Conference has been unusually well prepared. We have the advantage of the Secretary General's useful report, the documents prepared by the secretariat, and the studies made by the OECD [Organization for Economic Cooperation and Development] and the countries which met together to draft the Algiers Charter.<sup>3</sup>

We were encouraged and impressed by the message we received from the goodwill mission which came to the United States to present and discuss the Algiers Charter. We welcome, and we reciprocate, the spirit of reality and cooperation which dominated their statement. The developing nations which met in Algiers, we were told, wish this Conference to avoid polemics and to concentrate on economic issues. They recognize the primary responsibility of the developing nations for their own development plans and for the disciplined efforts in many realms required to make those plans effective. They wish to move away from the concept of aid and to substitute for it that of cooperation. They fully recognize the contribution which private investment and private entrepreneurship can and should make to the next stage of the development process.

Our own preparations for this Conference, and those of the OECD countries, have been carried out in the same spirit. We know that our agenda contains many items on which positions are now far apart. They raise policy problems of inherent difficulty. But the spirit of realism and the desire for constructive cooperation should find ways to reconcile most of these difficulties. I am confident that in an atmosphere of good will, and with a willingness on all sides to examine reasonable compromises, we should be able to reach agreement on a number of positive and constructive programs of action.

We have no illusions that the task will be easy. We shall be dealing here with a series of problems of trade and investment in the developing world. These problems cannot be examined in isolation. The main lesson of success in

the development process is that progress comes most rapidly in those countries whose development plans aim at the integration of their economies into the world economy as a whole. That is the key to the fundamental problem which Dr. Prebisch so felicitously identifies as "dynamic insufficiency." The dynamic pressure of world economic forces, along with those of education at home and abroad, should help guide the transformation of attitudes and structures within the developing countries, a process of change which Dr. Prebisch rightly characterized as the fundamental condition for rapid progress in development. The same forces are transforming structures and attitudes in the developed countries.

We should define our goal, therefore, as the acceleration of development within the framework of a growing and progressive world economy, governed by the dynamic principles of the international division of labor. We should avoid solutions which would isolate the developing countries from the world economy.

As we all know, the world economy is not perfect and its basic machinery needs further reform. Balance-of-payments difficulties and a growing shortage of reserves have created temporary problems for the world monetary system which, for the moment, limit the availability of investment funds from the United States and require care in the provision of aid. In this realm, cooperation is being organized in managing the balance-of-payments adjustment process, in accordance with the recent communique of the OECD.<sup>4</sup> This step, and the prospective implementation of the agreement reached at the Rio meeting of the International Monetary Fund,<sup>5</sup> should strengthen the world monetary system, the essential foundation of an open and growing world economy, and one of equal benefit to developed and developing nations alike.

In the field of trade, too, the horizon is hardly without clouds. The successful completion of the Kennedy Round negotiations was a remarkable achievement of economic cooperation, and it has created many opportunities for growth in every economy of the world.

At this Conference we shall be considering proposals for a new system of generalized tariff preferences for the developing countries in the markets of the more industrialized parts of the

<sup>3</sup> For text of the Algiers Charter, see U.N. doc. A/C. 2/237.

<sup>4</sup> For text, see BULLETIN of Dec. 25, 1967, p. 881.

<sup>5</sup> For background, see *ibid.*, Oct. 23, 1967, p. 523.

world. This, in our view, should be a major advance, promising a contribution to the economic welfare of the developing countries going beyond the Kennedy Round. If we can agree on the essential bases through which this idea can become a policy, we shall have opened important new opportunities for investment and expansion in the economies of the developing nations.

At the same time, however, we should not lose sight of the hazards in the field of trade policy—hazards old and new. The protectionist impulse is always strong and is supported always by plausible arguments. We should examine the problems before us with care, in order to avoid trade policies which depart from the principle of comparative advantage, at the same time that we open up vast markets to competitive opportunities.

There is another widespread danger to the development process which I should mention as a general problem which is faced by many nations: the burden of armaments expenditure.

The problem is not peculiar to the developing countries. All countries share this terrible load. There has never been a period in history when mankind spent so large a share of its income on arms. The cost of this effort is more than economic. The arms race does not bring security. It has thus far not been possible to bring about either regional or general agreement on arms limitations. The cost of modern arms is heavy for the developed countries; for the developing countries it is often catastrophic.

### **The Problem of Food Supply**

With these general principles in mind, let me turn to some of the more particular items on our agenda.

I propose to begin with the problem of food supply, a basic task of the world economy and of each national economy.

A recent report on the World Food Problem of President Johnson's Science Advisory Committee concludes that "total food consumption in the developing countries must approximately double during the period between 1965 and 1985 if the critical physiological needs of rapidly expanding populations are to be met." But, the report points out, increases in food production and consumption are not stimulated by physiological need alone. They are determined by economic forces as well. The rate of production of food is governed by demand, which in turn is

governed by the development of the economy as a whole. "There is a strong interdependence," the report points out, "between agricultural output and the total output (GNP) of a national economy."

The food problem, fundamental as it is, cannot be considered except as part of the problem of development in its totality. Only a growing and productive economy can produce or purchase the food it needs for its people. And only a people adequately fed will have the vitality to engage in the hard and demanding work of economic progress. These same themes dominate the Secretary General's report on "Developing Countries and the Food Problem."

Food is not a problem apart but an aspect of the task of most effectively improving the use of available resources. The urgency of the food problem does not imply that every country must seek to become self-sufficient in food. We are not here to repeal the principles of rationality in economics. Unless rapid progress is made in family planning—progress at a higher rate than we can now observe—a large share of the gains of economic development, however rapid, will be absorbed in a Malthusian race.

The problem of food sufficiency cuts across many areas of concern to UNCTAD. It is necessarily a first item of realistic development programs. In the developing nations every government must decide how much food to grow and how much to buy. It must make these decisions in terms of its best estimates of future trends.

It is natural that my Government has a strong interest in problems of food and agricultural development. For some years concessional shipments of American food surpluses have tended to obscure the significance of lagging per capita food output as a major problem in many developing countries. We have been among the first to recognize the need for an urgent concerted effort to modernize and accelerate agricultural development in developing regions.

I am sure we are all agreed that food aid, however essential, cannot be regarded as anything but an interim solution. For one thing, the vacuum filled by food aid results from a lag in the development of the agricultural sector in many countries which pulls down rates of overall growth. It has sometimes had a negative effect on food production in the recipient country. Increased per capita output of food is essential, at least in those regions where it is economically rational to allocate increased re-

sources to agriculture. We are now in a period when food aid shipments will depend in large part on production programed for this purpose. The era of vast food surpluses is over. It is in no one's interest that this anomalous situation in world production and trade in food be perpetuated any longer than necessary.

The point is often made that the food problem is not a general one but one affecting only a few countries. This may be true today, but the problem could easily become more widespread and serious if appropriate steps are not taken promptly. Many countries which used to be food exporters now import food. And others are near that margin. What we need is a well-thought-out comprehensive program of preventive medicine. Our purpose should be to invalidate today's projections of sharply rising food deficits by altering present trends in food production and population.

We feel that this Conference can make its own contribution to the solution of the world's food problem. UNCTAD's special concern, and special expertness, is the problem of trade and development seen as a whole. I hope we shall endorse as policy objectives of high priority: the modernization of the agricultural sector of those developing countries where agricultural expansion makes economic sense; the associated buildup of industries allied to agriculture; the application of improved technology; effective public and private assistance to further these aims; and appropriate domestic policies to create the necessary infrastructure and provide the necessary incentives for agriculture.

It will be important to have UNCTAD study the positive opportunities associated with an all-out attack on the agricultural development problem—the opportunities for diversification, for expanding export availabilities, for new industries, and for new initiatives in trade and economic cooperation. The excellent documentation which has been provided for this item of our agenda sets the stage for what can, we feel, be a constructive discussion resulting in the articulation of constructive initiatives.

I mention these prospects only to illustrate the scope of the problem. It would be fatuous to suggest that because new techniques are available, they will automatically be put to effective use in solving the world's food problem. Much more is needed. Along with improvements in technology, there must be corresponding innovations in education, in economic organiza-

tion, in management, and in the application of research. The principal lesson to be learned from successful agricultural programs in the developing world is the importance of economic incentives in inducing the use of fertilizers, pesticides, and better methods of water control. I hope this session of UNCTAD will draw out, express, and focus the political will that is needed to push these programs to that level among the competing priorities which, in our view, they deserve to have.

### **Kennedy Round Trade Opportunities**

Next, I should like to comment on certain issues of trade policy and particularly on trade in manufactured and semimanufactured goods—the growing edge of many developing economies and one of crucial importance to their evolution as diversified and resourceful economic systems capable of adaptation to the changing tides of world trade.

We are pleased that the secretariat singled out the record of the United States in this respect as “one of the most striking features of the trend during the period 1961–65.” Today the United States purchases 35 percent of all the exports of manufactured and semimanufactured goods from the developing countries. Our imports of these goods grew at the annual rate of 19 percent in the 1961–65 period and increased to more than \$2 billion in 1966, a 35-percent increase over the 1965 level. We take satisfaction in these developments, which have not taken place without strain as our markets become adjusted to new sources of supply. The import needs of developing countries are increasing rapidly, and the long-term market outlook is not good for a number of primary commodities which are important to the developing nations. We know, therefore, that there must be no faltering of export growth in the field of manufactured and semimanufactured goods from the developing countries. Some recent steps give grounds for cautious optimism. Perhaps this Conference can lead to others. Certainly there are export possibilities which have not received the attention they deserve.

I mentioned the Kennedy Round in another connection a few moments ago. As a result of these unprecedented negotiations, the average tariff level in the industrialized countries will drop by 37 percent, to a level of less than 9 percent. These cuts will open new trade opportunities in all the industrialized countries. Tariff

cuts do not, of course, in themselves lead to increased trade. But they do create opportunities that can be realized through improved marketing and cost consciousness. Developing countries with a good industrial base already are in a better position than the majority of developing countries to take advantage of these possibilities. But no country should neglect the opportunities the Kennedy Round has created for improved access to world markets. Certainly, none need be discouraged. In this regard, it is instructive to study the extraordinary export progress of Mexico, Korea, and the Republic of China, which made extraordinary advances even at pre-Kennedy Round tariff levels.

The decision to establish a joint GATT-UNCTAD Trade Center is another promising recent development. One of its major functions will be to help developing countries exploit the trade opportunities of the Kennedy Round. The techniques of export promotion must be better understood and applied if lower trade barriers are to have their intended effect. This kind of practical cooperation between the GATT [General Agreement on Tariffs and Trade] and UNCTAD augurs well for the future.

#### **Tariff Preferences**

Turning to the immediate business of this Conference, I should like to comment on the important issues of tariff preferences. We have before us the OECD paper, the Charter of Algiers, and several UNCTAD secretariat documents which help define the issues we shall have to deal with in this connection.

My Government welcomes the fact that, while differences of scope and of principle remain, we start our examination of this question on the footing of broad and important agreement. There seems to be general acceptance of the concept of a generalized system of tariff preferences to be extended by all developed countries to all developing countries, a system, moreover, that does not involve the granting of reciprocal special advantages to the developed countries.

The idea of tariff preferences for the developing nations has a high potential. It involves a series of issues which will be carefully examined during this Conference. I can assure you that the United States stands ready to cooperate in the effort to resolve these problems.

We are convinced that a temporary system of generalized preferences for the developing countries should help accelerate their rate of growth. Such a system would also avoid the adverse effects of special preferential trading arrangements between certain developed and developing countries, agreements which would divide the world into trading blocs. Such a development of world trade could, in our opinion, have unfortunate political and economic effects. This concern also underlies the call in the Charter of Algiers for a generalized system of preferences.

It may be useful to draw the attention of the Conference to one issue which the United States and a number of other countries consider particularly important. This is the issue of reverse preferences—preferences granted by particular developing countries to particular developed countries.

Such preferences often burden developing countries by increasing the costs of their imports. While we recognize that there are reasons for these preferences—reasons of history in some cases or as compensation for aid programs in others—they have become an anachronism. The recipients of reverse preferences have often stated that they do not insist on these preferences and that it is up to the developing countries themselves to decide whether they should be continued. For its part, the United States has already agreed with the one country which grants reverse preferences to us, the Republic of the Philippines, that the reverse preferences will not be extended when the present agreement expires.

For us there is an element of equity in this issue: Is it reasonable that the United States should give a preferred position in the American market to the products of countries which discriminate against American goods? I believe the question answers itself.

#### **Regional Economic Cooperation**

Improved market access, greater attention to export promotion, and tariff preferences will aid the exports of developing countries. But there is need for other actions as well. We hope this Conference will wish to give a new impetus to the movement for regional integration. Today in many areas the efficient application of modern industrial technology to production requires

large industrial plants, long production runs, and a high degree of specialization. In consequence, modern industries need a large market. In many developing countries such a market does not exist. As we in the United States know from our own history, it is too much to expect that some new producers can immediately confront the world market and the competition of established producers. But if developing enterprises are exposed to more tolerable competition within regional markets, it should accelerate their ability to reach a competitive position in wider international markets.

There are lessons for the developing world in the outstanding achievements of the European Economic Community. Regional economic cooperation has also made commendable progress in Central America and in other developing areas.

But the regional movement faces stubborn economic, political, and psychological barriers. The autarchic policies of many governments have strong roots in the fears of businessmen and government leaders—fears of change and of the unknown.

For our part, we are prepared, now as in the past, to assist meaningful progress in the direction of regional economic cooperation. Our support of such movements in the past has not been limited to verbal endorsements, nor will it be in the future. For a number of years, we have given economic and technical aid to the Central American Common Market. We have undertaken to contribute toward easing the transitional difficulties in forming the Latin American Common Market. We are also prepared to support multinational projects for building infrastructure through the Inter-American Development Bank. We have contributed \$200 million to the Asian Development Bank and have asked the Congress to authorize an additional \$200 million for the Bank's special funds. We are also prepared to give assistance to regional economic cooperation in Africa and in the Middle East.

We believe that regional cooperation has much to contribute in the years ahead to the progress and stability of many parts of the developing world. We are, therefore, favorably disposed toward the interesting proposal on our agenda from the UNCTAD secretariat suggesting that specific regional undertakings by the develop-

ing countries be matched by a declaration of support by the industrialized countries. We look forward during the coming weeks to exploring the content of such a common effort.

### **Commodity Problems**

Now I should like to say a few words on the much mooted subject of commodity problems. It is natural that the state of the basic commodity markets should loom large on our agenda. Commodity production is, after all, the foundation of the economies of many developing countries and their major source of export earnings.

Commodity trade is plagued by a variety of problems: by persistent overproduction in some key products, by wide and destabilizing price swings in other key products, by severe competition from both natural and synthetic products, and by import restrictions and preferential arrangements.

We meet at a time of difficulty in the markets for several raw materials and other primary products. In some cases, these difficulties reflect cyclical conditions and should be relieved by higher growth rates in the industrialized world. In others, supply has proved unresponsive, for a variety of reasons, to market signals. In certain cases, there are structural problems which have been the object of concerted international effort.

There is no one solution for this range of problems. Policy must be tailored to the problems of specific commodity markets. There is no alternative to the process of getting at the facts and then developing and evaluating possible courses of action which might be usefully taken to meet individual commodity problems. The special contribution which UNCTAD can make is in helping governments to understand the possibilities and limitations of particular types of action as applied to particular types of products.

We know that in certain cases, such as those of some tropical products, commodity agreements may be practicable and helpful if production control is also possible. In the case of coffee, the agreement is playing an increasingly constructive role in stabilizing prices and promoting an attack on the problem of oversupply. On the other hand, for temperate products and

commodities subject to replacement by synthetics, commodities which provide a substantial percentage of the export earnings of developing countries, it is generally accepted that other approaches should be emphasized. Diversification, more efficient production, improved market access, development of new markets, careful domestic management in the developed countries so as to avoid excessive production and allow developing countries a share of market growth are some of the general lines being advanced for consideration. We are weighing and testing policy approaches to these problems. We believe the Conference should give desirable impetus to the consideration of these alternative approaches.

In this connection, one particularly promising avenue the Conference will be specifically exploring is the role of diversification in commodity policy. For a number of commodities, diversification, it seems to us, offers the best hope for a long-term improvement of market conditions.

We all know that when a country has substantial resources invested in producing commodities in structural surplus there is a double cost: The surplus depresses prices; the resources used to produce them would normally bring higher returns if they were invested in manufacturing, in commodity exports with better growth potential, or in foodstuffs for rising local needs.

To agree in principle on the need for diversification in certain commodities is relatively easy. To translate this agreement into specific courses of action is much harder and often requires investment. A promising start was recently made in coffee. Producing countries have agreed in principle to use some of the extra resources made available by the coffee agreement to finance practical projects for shifting resources out of coffee. We have offered to participate actively in this new venture and to contribute resources to its success. We hope other countries will join us.

Before leaving this subject, let me also say a few words on some commodity matters we are all keenly aware of: the current state of negotiations for a cocoa agreement and for the renewal of the International Coffee Agreement. The United States, for its part, is convinced that real progress has been made and that we can confidently look forward to success in both instances in the very near future. We note also

that a conference to negotiate a new sugar agreement is also being planned. The United States will cooperate in such a conference.

### **Financial Aid to Developing Countries**

Preferences, regional cooperation, and commodity problems are three of UNCTAD's main concerns. Financial assistance to developing countries is a fourth.

The growing sense of interdependence among the nations of the world is one of the most promising international developments since 1945. One manifestation of this idea has been the flow of aid from developed to developing countries. The acceptance of this responsibility, for all its complexities, is a bright page of modern history.

The most important recent development in this field is the international coordination of many programs of economic assistance. The World Bank has taken the lead in organizing and staffing several successful international groups which have devoted themselves to the economic development problems of particular developing countries. And both the Bank and the International Monetary Fund have assisted in the negotiation of agreements for rescheduling the debts of certain developing countries. By the middle fifties the International Finance Corporation had been added to the World Bank family, and shortly afterward the International Development Association. In the years since, a major institution for financing development has been established in each continent of the developing world. Gradually, substantial additional resources have been made available to developing countries by enlarging quotas in the Fund and, following a recommendation of the first Conference, by expanding the Fund's compensatory facility.

In this connection, the replenishment of the funds of the International Development Association is one of the most important issues now before the world community. The United States, as you know, proposed a plan last March for reaching the target of \$1 billion a year in IDA funds within 3 years. Negotiations for the replenishment of IDA are well advanced, and we are hopeful that final agreement on this vital issue will be reached soon. We shall, of course, do our share in whatever program commands general support.

In addition, other parts of the U.N. system

are engaged in helping the developing nations to progress economically and socially. Close to 80 percent of the total resources of these agencies is being devoted to economic and social programs. There has been a striking increase in these resources and in their concentration on development. During the past 8 years, 1960-67 inclusive, the U.N. and the specialized agencies, not including the World Bank complex, have spent almost \$3 billion, mainly on activities related to the development and welfare of the developing countries. United States contributions accounted for over 40 percent. Bilateral aid programs have also been enlarged during this period.

Because of the volume of our international responsibilities, we have been unable to meet our aid targets in recent years. But the nature of our own bilateral programs is such that we have a large pipeline, large enough, we hope, to carry us over the present period. We have, of course, a balance-of-payments problem which affects our aid program. We are doing our best to minimize the effects on developing countries of the measures we have been obliged to take in recent weeks.

### **Private Investment a Crucial Factor**

It is increasingly apparent, as we study the cases of success and failure in the growth process, that private investment and private entrepreneurship are factors crucial to the possibility of accelerated growth. The job of achieving rapid economic growth is too large for most governments to undertake alone. Few can afford not to make full use of this important international resource.

I should like to call attention to a paragraph relating to private investment in the Secretary General's overall review of recent trends in trade and development (paragraph 14 of TD/5). In reviewing the flow of public and private capital during the period 1961-65, the Secretary General observes that the more rapidly growing countries receive an average of \$2.8 per capita annually in net private long-term investment compared to an average of only 23 cents per capita flowing to low-growth developing countries—that is, less than one-tenth of the amount received by the first group.

High rates of growth bear more than a casual relationship to high rates of net private long-term investment. We are met here in UNCTAD

to promote higher rates of growth. Developing countries, quite properly, look to the United States and other industrialized countries to help this process. But most of the productive resources of the United States are in private hands, not government hands, and the same situation prevails in most of the industrialized countries. Some experts in the field of development concentrate on the resources available to the United States and other like governments for development assistance. By doing so, they direct attention to the peak of the iceberg, not to the larger resources which support it. We should devote a considerable part of our energies here to finding practical ways to attract larger flows of private resources from the industrialized countries to the task of development.

Private investment is also related to another item on the agenda—technology. So far as the United States and other private-enterprise economies are concerned, technology is available primarily from the private sector. Private investment brings not only technology but the management and technical skills required to make effective use of the technology. In TD/35, Supplement I, there are a number of useful suggestions. I trust they will receive the attention they deserve during the coming weeks. I should like to put forward an additional idea.

We believe that one of the important achievements of this Conference could be to launch an inquiry into the legal and policy framework within which private investment and private entrepreneurship are drawn into the development process. Such an effort could make these indispensable factors of growth more readily available to the developing countries. Such a study might lead to widespread agreement on a fair code defining the rights and the obligations of foreign business enterprise in the developing countries—a balanced and agreed code, which could simplify and speed up the process of investment.

We realize that this is a vast and many-sided subject and that some important progress in the field has been achieved in recent years. But my Government believes that much remains to be done and that the United Nations is the forum in which such an effort should be made.

We have no desire to impose our own particular economic system on others. Every country, we recognize, must evolve its own economic system according to its own needs, its traditions,

and the realities that it faces. But we do believe that the time has come for a new look at the problem as a whole. We believe that it should be possible through international agreement to bring about a basic improvement in the legal environment for private investment in the developing countries, which could quicken the flow of private resources into development.

We are willing to do our full part in such an effort.

Mr. President, our agenda deals with issues to which my Government attaches great importance. We felt it necessary to indicate our basic approach to the problems of this Conference and to comment on some of the principal issues before us.

All of us here know that the nations represented here are divided on many problems and represent different ideologies, different educational experiences, different interests. We are united, however, in our loyalty to the Charter of the United Nations and in our determination to assist the developing countries in their drive for more rapid economic growth. If our deliberations are guided by these two central ideas, if we pursue our work in a spirit of cooperation and realism, my Government believes we can make a major contribution to the welfare of the developing countries and therefore of the world community as a whole.

To this end, Mr. President, I have the privilege of pledging the best efforts of the Government of the United States.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Diplomatic Relations

Convention on diplomatic relations. Done at Vienna April 18, 1961. Entered into force April 24, 1964.<sup>1</sup>

*Ratifications deposited:* Bulgaria, January 17, 1968;<sup>2</sup> Chile, January 9, 1968.

*Accession deposited:* Guinea, January 10, 1968.

Optional protocol to the Vienna convention on diplo-

matic relations concerning the compulsory settlement of disputes. Done at Vienna April 18, 1961. Entered into force April 24, 1964.<sup>1</sup>

*Accession deposited:* Guinea, January 10, 1968.

##### Disputes

Convention on the settlement of investment disputes between states and nationals of other states. Done at Washington March 18, 1965. Entered into force October 14, 1966. TIAS 6090.

*Signature:* Indonesia, February 16, 1968.

##### Marriage

Convention on consent to marriage, minimum age for marriage and registration of marriages. Done at New York December 10, 1962. Entered into force December 9, 1964.<sup>1</sup>

*Accession deposited:* Tunisia, January 24, 1968.

##### United Nations

Amendment to article 109 of the Charter of the United Nations. Adopted at New York December 20, 1965.<sup>2</sup>

*Ratifications deposited:* Guyana, January 31, 1968; Ivory Coast, January 15, 1968; Madagascar, January 23, 1968; Sierra Leone, January 24, 1968.

##### Women—Political Rights

Convention on the political rights of women. Done at New York March 31, 1953. Entered into force July 7, 1954.<sup>1</sup>

*Accession deposited:* Tunisia (with a reservation), January 24, 1968.

## BILATERAL

##### Mexico

Agreement amending the air transport agreement of August 15, 1960, as extended and supplemented (TIAS 4675, 5647, 5897). Done at Mexico September 19, 1967. Entered into force provisionally September 19, 1967.

*Entry into force:* February 6, 1968.

## DEPARTMENT AND FOREIGN SERVICE

### Designations

Samuel L. King as Deputy Chief of Protocol, effective February 19. (For biographic details, see Department of State press release dated February 19.)

<sup>1</sup> Not in force for the United States.

<sup>2</sup> With reservation and declaration.

<sup>3</sup> Not in force.



**Department and Foreign Service. Designations (King)** . . . . . 368

**Developing Countries. From Aid to Cooperation: Development Strategy for the Next Decade (Rostow)** . . . . . 359

**Economic Affairs. From Aid to Cooperation: Development Strategy for the Next Decade (Rostow)** . . . . . 359

**Europe. President Johnson Confers With NATO Secretary General (White House statement)** . . . . . 356

**Korea. Department Reaffirms Statement on Treatment of Pueblo Crew** . . . . . 356

**President Johnson's News Conference of February 16 (excerpts)** . . . . . 341

**Secretary Rusk Interviewed by College Editors (transcript)** . . . . . 346

**Mr. Vance Completes Special Mission to Korea for President Johnson (Vance, U.S.-Korean joint communique)** . . . . . 344

**Military Affairs. Department Reaffirms Statement on Treatment of Pueblo Crew** . . . . . 356

**Secretary Rusk Commends Actions of Marine Security Guards at American Embassy in Saigon** . . . . . 357

**North Atlantic Treaty Organization. President Johnson Confers With NATO Secretary General (White House statement)** . . . . . 356

**Presidential Documents. President Johnson's News Conference of February 16 (excerpts)** . . . . . 341

**Trade. From Aid to Cooperation: Development Strategy for the Next Decade (Rostow)** . . . . . 359

**Treaty Information. Current Actions** . . . . . 368

**United Nations. From Aid to Cooperation: Development Strategy for the Next Decade (Rostow)** . . . . . 359

**President Johnson's News Conference of February 16 (excerpts)** . . . . . 341

**U.N. Secretary-General U Thant Meets With President Johnson (White House statement)** . . . . . 343

**Viet-Nam. President Johnson's News Conference of February 16 (excerpts)** . . . . . 341

**Secretary Rusk Commends Actions of Marine Security Guards at American Embassy in Saigon** . . . . . 357

**Secretary Rusk Interviewed by College Editors (transcript)** . . . . . 346

**U.N. Secretary-General U Thant Meets With President Johnson (White House statement)** . . . . . 343

*Name Index*

Brosio, Manlio . . . . . 356

Johnson, President . . . . . 341, 343, 356

King, Samuel L . . . . . 368

Rostow, Eugene V . . . . . 359

Rusk, Secretary . . . . . 346, 357

U Thant . . . . . 343

Vance, Cyrus R . . . . . 344

**Check List of Department of State Press Releases: February 19-25**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to February 19 which appear in this issue of the BULLETIN are Nos. 24 and 26 of February 6.

No.	Date	Subject
‡36	2/20	Linowitz: 2d International Conference on the War on Hunger, Washington.
‡37	2 21	Solomon: "United States Policy Toward International Efforts To Improve Conditions of Commodity Trade."
‡38	2/20	Rostow: "National Security or a Retreat to Isolation? The Choice in Foreign Policy."
‡39	2/23	U.S.-Japanese discussions on soft-wood log trade concluded.

‡Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

---

OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

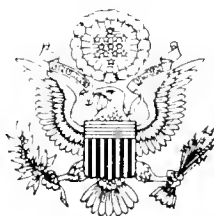
THE  
DEPARTMENT  
OF  
STATE

**BULLETIN**

---

---

*Vol. LVIII, No. 1499*



*March 18, 1968*

---

---

THE WAR ON HUNGER

*Address by Vice President Humphrey 369*

*Address by Ambassador Linowitz 372*

ASSISTANT SECRETARY BUNDY INTERVIEWED ON "MEET THE PRESS"

*Transcript of Interview 378*

UNITED STATES POLICY TOWARD INTERNATIONAL EFFORTS  
TO IMPROVE CONDITIONS OF COMMODITY TRADE

*by Assistant Secretary Solomon 387*

*For index see inside back cover*

# THE DEPARTMENT OF STATE BULLETIN

VOL. LVIII, No. 1499

March 18, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

## The War on Hunger

*The Second International Conference on the War on Hunger, sponsored by the Committee on the World Food Crisis, was held at Washington, D.C., on February 20. Following is an address made at the morning session by Vice President Humphrey, together with an address made at the closing banquet by Sol M. Linowitz, U.S. Representative to the Organization of American States.*

### ADDRESS BY VICE PRESIDENT HUMPHREY

This is a peace conference. We are here today to talk about food—the key to peace, to security and development, at home and abroad for every nation.

For in a world where the majority of men still lead a hand-to-mouth existence, where hunger and malnutrition still destroy mental and physical powers, where war, pestilence, and famine still ride hand in hand, there can be neither real security nor full development for any of us.

Our generation has already known better than any other the prophecy of Isaiah: "And it shall come to pass, that when they shall be hungry they shall fret themselves, and curse their king and their God."

And it is not difficult to imagine a nightmare world in the future in which Thomas Malthus' terrible prophecies will come true. What is sometimes difficult to remember, however, amidst all the grim statistics, is that the Malthusian trap is not inescapable. It is within our power to throw back the jaws of that trap—to make decent nutrition, like sun and air, the birthright of every human being.

We must constantly remind ourselves that primitive technology, not inadequate food-growing potential, is responsible for starvation yields in many countries today. Add a little fertilizer, a little water, some improved seed, the tools and techniques of modern agriculture to

the dust of those fields, and output increases radically.

We must remember also that self-help efforts in countries like India, Pakistan, and Taiwan, in Latin America and Africa, are beginning to pay off.

We now expect that the world will produce more food grain this crop year than ever before in man's history, not only because of good luck or good weather but because of solid, tangible progress in agriculture.

There is progress in family planning, too, even though the rewards of that progress—a significant downturn in the world birthrate—may yet be a decade or more away. The amount of resources now devoted to population planning, the knowledge of contraceptive methods, and public acceptance are at an alltime high. Today our foreign assistance investment in family planning is 17 times what it was 5 years ago.

Finally, we must constantly remind ourselves that it is not destiny, not any tragic inevitability in the human condition, but people like us all around the world who will decide whether children born this year grow up strong and healthy or sick and hopeless.

Yes, there is reason to hope and, because of it, more reason than ever for concerted decisive action.

What weapons are now at hand for our war on hunger?

### Food Aid to Developing Countries

*Food.* We and the other developed nations capable of producing food beyond our own domestic and commercial export needs have an invaluable resource, a resource which can buy time while developing countries struggle to their own feet agriculturally.

But food can be much more than a stopgap palliative for famine.

In most developing economies it can be invested, just like money, in capital improvements

which in turn increase agricultural self-sufficiency.

Just 3 months ago, I visited a successful U.S.-sponsored food-for-work project at Demak, Indonesia, where irrigation tanks were being cleaned and restored to use.

Some 450,000 tons of American food were invested in that kind of project last year alone.

And food is the equivalent of hard cash for development spending in countries where foreign exchange must ordinarily be spent for food imports.

Our present Food for Freedom legislation is designed specifically to serve those developmental objectives. It enables us to do much more than simply release accidental surpluses when the famine signal goes up.

We can now produce whatever is required to meet developmental needs, over and above the demands of our commercial market. However, we must be sure that in the process we provide a fair return to our own producers, to whom we and the world owe so much.

But the war on hunger is not an exclusively American challenge. It is a challenge shared by all mankind, and all will suffer if it is not successfully met.

We have therefore begun to work with the other developed nations to establish a systematic international food aid program.

That is the purpose of the food aid provisions which were part of the Kennedy Round negotiation and which are now before the Senate for advice and consent to ratification.

The Food Aid Convention calls for 4.5 million tons of grain to be supplied by the developed nations each year, of which 1.9 million would come from the United States. The major share would be provided by other developed nations in grain or cash equivalent, thus increasing commercial demand. We hope to expand those quantities in the future.

The Food Aid Convention is accompanied by a Wheat Trade Convention designed to assure farmers in all participating nations better prices for grain sold on the international market, prices substantially higher than those specified in the 1962 Wheat Agreement.

The concept of an international food aid compact was at first misunderstood in some developed countries, particularly those which have food deficits themselves and therefore felt they had nothing to contribute.

During my visit to Europe last spring, I made

every effort to impress upon the heads of state with whom I met that all developed nations not only had an obligation to give what they could—if not food, then money—but that such assistance would also serve to expand and stabilize world markets.

I am proud to say we had some success.

Ratification of the Food Aid Convention will be only a beginning—but a good beginning—in setting a pattern for the future. It is a basis from which international cooperation in the war on hunger can be expanded, not only for the benefit of the developing nations but as a means of providing new markets and more price protection to farmers everywhere.

The OECD [Organization for Economic Cooperation and Development] has considered additional paths toward international cooperation in the war on hunger, as have the members of UNCTAD [United Nations Conference on Trade and Development].

We look forward to the time in the future when all developed nations, without regard for ideology, will join with all developing nations as full participants in similar food aid and technology programs.

The time is here for a world without politics when it comes to hunger.

So *international cooperation* is a second important tool.

### Getting the New Technology to the Farmer

Next comes *technology*.

A very few years ago we thought most farmers in the developing nations were hopelessly conservative, bound to the techniques their forefathers had used for literally thousands of years.

Today, many of those same farmers have created an insatiable demand for fertilizer and improved seeds that has even caused black markets in agricultural inputs in some countries.

Farmers from Turkey to India this year harvested millions of acres of high-yield Mexican wheat developed by the Rockefeller Foundation, a scant 3 years after its introduction.

Improved rice varieties developed at the International Rice Research Institute in the Philippines are now being adapted for use in over 20 major rice-producing countries and promise to triple or quadruple yields.

We can expect our laboratories and experimental farms to offer more technological prog-

ress in the future. But the real challenge before us today is to get the benefits of what we already know into the hands of the farmers and the mouths of their children.

That means extension work.

It means adapting our past discoveries to the needs of labor-intensive agriculture.

It means localized rural radio stations and inexpensive transistor radios to carry the news of improved techniques.

It means adequate, inexpensive credit, easily obtained.

It means incentive returns to the farmer to break the cycle of toil and poverty that is the essence of agricultural backwardness.

### **Role of the Private Sector**

Now, let me say a word about the *private sector* as a weapon in the war on hunger.

Agriculture is a private enterprise in America. So is the production of fertilizer, pesticides, farm implements. So are our thriving farm cooperatives.

Even the development and dissemination of new technology, once the exclusive preserve of our land-grant colleges and our extension services, is increasingly being taken over by the private sector. Today fully half of all U.S. agricultural research is financed and conducted by private firms.

Private promotional efforts deserve a lot of the credit for keeping American agriculture progressive and the envy of other nations.

So when we talk about the agricultural resources America has to offer to the world, those independent farmers, those cooperatives, and those booming new agribusinesses must be counted as leading assets.

Cooperatives and foundations, many of which are represented here today, have already provided significant technical assistance.

Private industry has played the major role in exporting commodities sold under P.L. 480, and over 70 charitable organizations have helped distribute American food abroad.

Needless to say, agricultural development will mean economic development in general and a growing market for commercial exports of food, farm equipment, and agricultural chemicals.

American farmers today invest roughly \$42 per acre in production supplies from the non-farm sector each year. Japanese farmers spend

more than that for chemicals alone. Farmers in all developing nations will soon begin to rely much more heavily on the products of agribusiness.

I think the American free enterprise system can tap that market—and help feed millions in the process.

### **Self-Help the Most Critical Need**

Finally, let me mention the most critical need of all—*self-help on the part of the developing nations*.

Some of them are already doing well. But as George Woods, President of the World Bank, said in New Delhi a week ago, many still fail to grasp the terrible urgency of their situation.

There is much more to do in all aspects of economic development—in agriculture and family planning, in land reform, in industrial development and export promotion, in management and maintenance of progress already achieved.

There is more to do in shaking off dogmas and doctrines that make good anticolonial rhetoric but bad development policy.

One of the most inhibiting of these is the outdated notion that foreign private investment means exploitation. In the colonial era that was surely true. But today a new breed of capitalists—domesticated capitalists, if you like—are ready to offer not exploitation but jobs, management, production of exportable goods, and progress.

There is, of course, more to national development than progress in agriculture, as critical as that progress is.

There must be education—to emancipate the mind and release the human potential of every human being.

There must be health care—to protect and preserve the vitality of our God-given human resources.

Without those three necessities of human development, all the shiny factories and new roads, the banks and bicycles, that are the usual symbols of economic development become little more than vainglorious monuments.

This is a time when the world's intentions for its future are being sorely tested—on the battlefield, in quiet Foreign Office corridors, in our souls.

Nowhere is that test greater than on the dusty

plots and in the humble villages on the front lines of the war on hunger.

We know the dimensions of the battle. We have the weapons to fight it. But do we—and all others who are comfortable and prosperous—have the will to make a small sacrifice today for a peaceful tomorrow?

Sometimes I fear that Gunnar Myrdal is right—that we live on, “attending to the business of the day without giving much thought to the unthinkable ahead of us.”

There is a bill before the United States Congress today to extend a P.L. 480 program which is surely one of the most enlightened documents in the bleak annals of international relations.

We must pass it.

There is also the President's request for a foreign aid authorization.<sup>1</sup> Fully one-half of the development aid in that request will be devoted specifically to war on hunger.

We must pass it.

We have the chance to be remembered in history as the generation that finally decided to make its commitment to security and development for all mankind—and to make an adequate diet the right of every child.

#### ADDRESS BY AMBASSADOR LINOWITZ

Press release 36 dated February 20

I want to begin my remarks here tonight by congratulating you, the participants in this Second International Conference on the War on Hunger. I congratulate you because from what I have learned about your proceedings I believe I say with complete accuracy that rarely has any international conference—on any subject—had the unanimity that marked yours today.

But rather than speak about “you,” I want to speak about “use”: for I am both honored and delighted to be a part of this conference. I am gratified, then, that we have made considerable progress in the war on hunger here today, if only by sharpening our focus on the many problems involved in the long-range food and population battle.

We have made appreciable progress in demonstrating that we actually care about the deprivations suffered by two-thirds of the human race. We have examined some of the facets of the

<sup>1</sup> BULLETIN of Mar. 4, 1968, p. 322.

problem; we have discussed ways of using the wealth and the talent and the ingenuity of the American people—and indeed of *all* people—to prevent hunger and suffering in the less developed world.

We have charted a course for future action without sacrificing the need for flexibility in planning for contingencies which are bound to arise.

And perhaps most important of all, we have spoken with a single voice.

It is apparent that this audience does not need to be convinced. We all know what the problems are, and we know the terrible penalty that our country—and the whole world—will pay if we fail to apply ourselves unstintingly to the problems of the war on hunger.

Our task now is to convince others, and this is no easy assignment. The trials and the concerns of 1968 are pressing and immediate. How do you convince someone to worry about what may happen in the year 2000 when he feels he will be lucky if he makes it through 1968?

Yet we must convince others to act on the knowledge that we possess. We must do so by sharing with them the knowledge that was so evident here today. It is true that more and more people are becoming aware of the long-range battle to stem human hunger. But this mere awareness must be transformed into a resolve to do something about it in this time of paradox in which we live, a time when we have learned to achieve most and to fear most, when we seem to know more about how to make war than how to make peace, more about killing than we do about living, a time when great achievements in science and technology are overshadowed by incredible advances in instruments of destruction.

It is a time when we recall the observation of the late Justice Robert Jackson that we fear not the primitive and ignorant man but the educated and technically competent who has it in his power to destroy the earth. We are at a time when we can send men aloft to walk the sky yet recall Santayana's frighteningly timely words that men have come to power who “having no stomach for the ultimate burrow themselves downward toward the primitive.”

In such a world and at such a time, we must determine what we can do to move mankind toward peace and plenty, how we can both attain and share in the great social opportunities of



our lifetime. There is no escape from facing front and asking the hard questions. We can only choose where we can best take our stand—a stand that becomes increasingly urgent as the chasm steadily widens between the “haves” and the hundreds of millions of “have-nots” in the developing world.

### **Hunger a Threat to the Peace**

The gap between the so-called “developed north” and the “underdeveloped south” has been described by Barbara Ward as “inevitably the most tragic and urgent problem of our day.” The tragedy is in the economic despair and emptiness that marks the lives of all too many in the developing countries; the urgency is in preventing a political reaction—a reaction that has already begun—that could be, and is, damaging international peace and security.

Our nation learned a century ago that it could not live half slave and half free. We are learning today that our world cannot live on any such basis either—more than half hungry and only the minority nourished. There is no security for anyone in such a world of injustice and resentment, a world in which the future balance of power will ultimately be decided by men and women who now go to bed hungry and awaken to a new day of malnutrition and the pangs of slow starvation.

Not so long ago we could talk about them in comfort as a sociological phenomenon, people who required our sympathy and even our charity; but they were far away and lacked the immediacy of proximity. They lack it no longer. Science and technology have stripped away our comfort now as surely as they have stripped away the mysteries and the defenses of time and distance.

They are no longer far off in some God-forsaken jungle or even more God-forsaken slum of civilization; they are a transistor's length away right down the runway. They know that we all share this planet; yet while we of the developed world share its benefits and rich years they share its deprivations and lean years.

Let's take a moment to look at them—not in millions or billions but in microcosm. Here they are:

During the next 60 seconds 200 human beings will be born on this earth. One hundred and sixty of them will be colored—black, brown,

yellow, red. About half will be dead before they are a year old. Of those who survive, approximately half will be dead before they reach their 16th birthdays. The survivors who live past 16 will have a life expectancy of about 30 years. They will be hungry, tired, sick most of their lives. Only a few of them will learn to read or write. They will till the soil, working for landlords, living in tents or mud huts. They—as their fathers before them—will lie naked under the open skies of Asia, Africa, and Latin America, waiting, watching, hoping—starving.

These are our fellow human beings, our neighbors, if you will. Is it any wonder that despair and revolt at hunger, envy and even anger over the inequality of life, is the most urgent political and economic fact of our day?

If one thing is clear, it is that we must find answers, not by denying their existence or by permitting our interest in them and their problems to swing from too much to too little and back again. For that is the way to disaster, and if we would avoid it we must master our ambivalence or it will master us.

We have now learned there is no such thing any longer as a separated or isolated area of concern; that what threatens peace and stability in one part of the world, in Latin America, the Middle East, or Southeast Asia, threatens peace and stability everywhere.

Above all, perhaps we have learned that hunger is a threat to the peace: the hunger caused by insufficient food; the hunger of insufficient opportunity; the hunger of insufficient development; the hunger of insufficient hopes.

### **U.S. Foreign Aid Programs**

Knowing this, don't we have to ask ourselves again: “What is our proper role?” Don't we have to take another hard look at our foreign aid program? Can we afford the luxury of turning away from a program that has shown itself to be the most effective public policy yet devised not only to help conquer world hunger but to encourage economic growth and self-sufficiency in the recipient nations?

I ask this question because, with all its obvious urgency, Americans have always suffered a dichotomy of attitude on the subject of foreign aid. You may remember that at the time our Founding Fathers were putting together the Constitution, Benjamin Franklin asked that the

sessions of the Constitutional Convention be started with a prayer each day invoking divine guidance upon the deliberations, but Alexander Hamilton protested. The Constitutional Convention, he insisted, was not in need of "foreign aid."

This spirit of Alexander Hamilton is very much with us in 1968. For, nearly two centuries later, foreign aid is still suspect in all too many quarters.

Yet for every impediment and criticism tossed at it, there is also an appreciation and understanding of its importance. In 1946, a time when the world was still emerging from the carnage of World War II, and before the inauguration of the Marshall Plan, Pope Pius XII foresaw the direction this country would take toward rebuilding world society. "The American people," the Pope declared, "have a genius for splendid and unselfish action, and into the hands of America God has placed the destinies of afflicted humanity."

And our last four Presidents, of both parties, Presidents Truman, Eisenhower, Kennedy, and Johnson, have all vigorously supported foreign aid. Every Secretary of State has backed foreign aid. Every Congress since the end of the Second World War has approved a foreign aid program, although unfortunately in steadily lessening amounts. So despite all the outcries against wastefulness and inefficiency—and there is need for concern and most careful scrutiny—there must be a good reason for foreign aid; despite repeated attempts to stifle the program in its entirety, it must be doing something right.

For example, that remarkable experiment, the Marshall Plan, not only set Europe back on its feet, but it was the first step in the long process of proving to the Russians the overriding and exemplary strength of the market economy. It was a process which, incidentally, has now not only stabilized Western Europe but is carrying the consumer goods revolution right into Russia itself. And Europe, which not too long ago was on the receiving end of aid, now is a source of aid itself to the less developed world, an international Horatio Alger story with a moral that points up both the value and the success of our aid policy in raising the living standards through economic development.

Yet there is still too much confusion and misunderstanding about just how much of the United States tax dollar goes into foreign aid.

Let me clarify some facts: We devote only one-half of one percent of our gross national product to foreign assistance. By comparison, the United States allocated twice as much for foreign aid—\$7.2 billion—in 1949, despite the fact that our gross national product then was one-third of what it is today.

To a very large extent, these funds are available in the form of loans which recipient nations repay with interest. In fiscal year 1967, for example, 49 percent of all foreign aid funds went for loans. And not to be overlooked is another factor: that our assistance also takes the form of technical cooperation, by which we send skilled professionals overseas to share their knowledge and experience with their counterparts in developing nations. If this technical assistance is to be regarded as giving, then clearly it is the giving of a helping hand, literally. And the dollars spent are, in most cases, paid to American citizens.

Obviously the United States cannot and should not do the whole foreign aid job alone. We cannot be the stacker of wheat or the hog butcher for the whole world. Neither can we be the head banker, the chief engineer, the solitary policeman, the lonely Sir Galahad out to save civilization. We cannot, we dare not, undertake to play God. But we can continue doing what is right and necessary for us to do: our just part to assure that the prisoners of hunger, of poverty, of discrimination, come out of the long shadow of social and economic injustice; that they share in the benefits of modern medicine; that they get better schooling; that they get enough to eat and become full partners in progress and full citizens of the world.

Even under the best of conditions, however, and as the needs of the developing world keep mushrooming, we can no longer fail to face up to the fact that we must reach more fundamental decisions than just how many billions of dollars' worth of assistance we are prepared to make available.

Indeed, no matter how much or how little money is appropriated by Congress from year to year for our foreign aid commitments, it is still far too little to accomplish the overall desirable objective of helping the countries of Asia, Africa, and Latin America help themselves to achieve full economic self-support. If this objective is to be realized, I believe, private capital must join hands with our Federal Gov-

ernment to make the impact of foreign aid more meaningful and more realistic.

Former President Dwight Eisenhower once said that the main problem of our foreign aid program is that it "lacked a constituency." I believe this is no longer entirely true. I think that the problem today is that the constituency is incomplete. Since the orientation of the foreign aid program under the Marshall Plan, it has moved toward economic development rather than reconstruction and rearmament; and this requires a much greater degree of long-term investment.

It requires, I believe, the deeper involvement of America's business and labor communities, and those who have confidence in them, to act on the conviction that the economic growth of developing nations is a necessity to the United States and therefore to them. Their added support is vital if foreign aid is to achieve a primary goal of encouraging international free enterprise in which the developing nations take their rightful places in the world's markets.

### Foreign Aid and Long-Range Security

In evaluating foreign aid it is important that we also understand its limitations. It is not a means of buying allies or lifelong friendships for the United States; nor is it an effort to create a universal *pax Americana*. Critics who claim that it does not purchase the friendship of the recipient nations therefore are exactly right. It was never intended that it should. The loyalty and gratitude of sovereign nations is not for sale—or purchase.

What are we purchasing with our aid dollars, then?

President Johnson answered that question in his budget message last month<sup>2</sup> when he requested the Congress to appropriate \$2.5 billion in new obligational authority during fiscal year 1969 for economic assistance to the needy world:

Through its international programs the United States seeks to promote a peaceful world community in which all nations can devote their energies toward improving the lives of their citizens. We share with all governments, particularly those of the developed nations, responsibility for making progress toward these goals.

In the light of the work to be done, I can but

<sup>2</sup> For excerpts, see *ibid.*, Feb. 19, 1968, p. 245.

hope the Congress will heed the President's request. It is a minimal request. It is an urgent request. At stake is the bettering of the human condition. At stake is the long-range security of the United States—a security that no less than the security of democracy itself depends upon a viable community of free developing nations with strong, independent economies.

### New Ways of Thinking Required

But if we would speed the growth of this community, we must also speed changes in our own ways of thinking, changes perhaps, in our traditional methods of diplomacy.

Our thinking must recognize that, even in a day of "wonder drugs," "instant relief," and "miracle cures" we are dealing with nations which, economically speaking, are still centuries behind the times.

It must recognize that foreign aid, as we know, is not limited to development alone. There are the immediate problems which concern us deeply here: the problems of food and population.

And if we are to survive the population-food crisis, we must think not in traditional diplomatic terms of influence and power but in terms of fertilizer, new seed varieties, irrigation, pesticides, family planning, protein enrichment of diets, improved health and hygiene, farm-to-market roads, improved crop yields, bigger and better catches of fish. We must think in terms of education for the illiterate, credit for farmers so they can purchase needed farm inputs, vastly enlarged child-feeding programs.

Every 10 to 15 years our store of scientific and technological knowledge doubles. Unfortunately, we cannot say the same thing for human wisdom. And the difference between what is technologically feasible and what is politically possible may spell the difference between world plenty and mass starvation.

As of now, in 1968, the United States and the other developed nations possess the knowledge and the technology to solve the food-population gap. They can, at some sacrifice, amass the capital required to solve it.

But the big question remains: Have we—and the other developed and affluent nations—the will and the tenacity and the courage it will take to do so?

Are we up to waging this war on hunger in

the knowledge that it will be long and costly? Do we understand there is no guarantee that it will win friends or influence people; that it may very well, in fact, win us short-term criticism and rancor? And do we understand that if the war on hunger can be won, the human race can survive on this planet—and that is a goal worth striving for?

Happily, the prospects for averting serious famine and human tragedy are brighter than they were even a year ago. As you have heard here, new food products of high protein content have been developed. New strains of rice, wheat, and corn have greatly increased the food-producing ability of land in several of the emerging nations. Intensive family planning programs have been inaugurated in 26 developing nations, and 30 more are prepared to start similar programs or have them under serious consideration. Worldwide grain forecasts indicate that the United States and the other food-abundant nations will have the capacity for preventing widespread hunger at least until 1980.

We are, furthermore, on the right track. We have learned much in the past 20 years. We know what works, and equally important, we know what won't work. We have seen the exciting progress made by countries which have "graduated" from the need for assistance from the United States and are now well on the road to economic self-sufficiency. Above all, in the last 20 years we have learned patience.

We have something else, too. Call it freedom, call it capitalism, call it the American way, call it the profit motive—the name isn't important. What is important is that it works.

We have wrought something of an economic miracle in this country over the last century in agricultural production. We feed 200 million Americans and 700 million other people around the world from the abundance of our farmlands, with a mere 6 percent of our people. The world has never seen its like.

Alfred North Whitehead has observed that "the vigor of civilized societies is preserved by the widespread sense that high aims are worthwhile. Vigorous societies harbor a certain extravagance of objectives, so that men wander beyond the safe provisions of personal gratifications."

In our concentration on the war on hunger, in all our foreign aid programs, we do have high

aims. And possibly, when we say that our task is to revolutionize agriculture throughout the developing world and to help the effort to deal with rapidly growing population rates, we are being extravagant in our objectives.

For we are faced with the biggest management job in history. Economic management on a global scale is the problem of channeling capital into plants to make fertilizer to exploit the newly developed strains of rice and wheat and corn. It means tailoring research to fit local situations. And it is the problem of containing human fertility within the framework of orderly growth.

We must therefore continue our programs of food aid to the underdeveloped nations until their economies become stronger. We must press forward diligently in modernizing agricultural practices in the needy nations. We must help in the effort to attain wider acceptance of family planning programs in those countries where population growth overwhelms every advance in the economy.

#### **U.S. Sense of Political and Social Justice**

And most importantly, we must demonstrate our dedication, our willingness to support unstintingly and unceasingly the battle against mankind's ancient enemies, hunger, poverty, disease, ignorance, and despair—the battle against the starvation, the lack of opportunity, the brute conditions of life that we know must be changed for the sake of us all. For in this mini-world of giant extremes in living standards, we dare not forget that "the poorest he hath a life to live as the greatest he."

That we have done so in the past spontaneously, as a natural reaction to the needs of our neighbors, is not only recorded history; it is a living policy, a basic philosophy that has guided the United States since World War II. It is philosophy that speaks clearly and unmistakably of America's desire for a peaceful world, one governed by the rule of law, one in which every man can live in dignity. It is this desire—one that has shaped American foreign policy for a quarter of a century—that now motivates President Johnson's policy in helping the underdeveloped world catch up with the 20th century.

And this fact adds, I believe, an essential ingredient to all the dissent and debate we hear today about American foreign policy. It tells

us truly and accurately the kind of nation we are and what we are about: a nation possessed with a sense of political and social justice unmatched in human history.

And I would go further, too, and say that United States policy in fighting the war on hunger—in every aspect of our foreign aid—is nothing less than an expression of national dissent and protest: dissent with the inequalities of the status quo and protest against the harsh cruelties of underdevelopment, a protest that will affirm and indeed utilize the tools, the procedures, and the resources we possess to help abolish poverty and injustice in all their forms. It is a protest in which I would ask all Americans to join their Government.

I ask them to protest as individuals properly dissatisfied with the human condition and seeking to improve it.

I ask them to protest against having two-thirds of humanity lead lives that are “nasty, brutish, and short.”

I ask them to protest against the disease and illiteracy that affect the overwhelming mass of people.

I ask them to protest against the hovels in which millions of human beings are compelled to live.

I ask them to protest against the lack of opportunity and hope which confronts the millions on this earth.

I ask them to protest against the malnutrition that is slowly starving at least one-fourth of humanity, against babies being born retarded

because mothers were starving during their pregnancy.

I ask them to protest against life as usual in the face of unspeakable human tragedy.

There is no simple answer, no magic formula that will in a blazing flash right all wrongs. But if we can spark a constructive program for the future—if you will, assert a protest that will build creatively for the future—then we may help prevent any future Viet-Nams and, indeed, make them anachronisms of history. For our success will show that peaceful revolution, peaceful change, *can* be the key to the future.

It can also be our answer to all the preachers of hate and violence, to all who fear becoming a good neighbor to the man in Latin America, in Africa, in Asia—or in Harlem, Watts, Newark, or Detroit—to all who blindly seek shelter in a world that no longer exists. In short, it is our answer to all who want to stop the world and get off. It is our answer that we want to stay on and that we know the best way of doing so is to become a vital part of the world and add our own contribution toward making it a little better, toward showing that we really mean what we say when we talk about the importance of democratic institutions as the answer to the challenge of our age.

This way we can prove our willingness to accept the charge of history and meet our responsibilities with the imagination and compassion befitting the wealthiest and most powerful nation on earth.

And we can do it.

## Assistant Secretary Bundy Interviewed on "Meet the Press"

*Following is the transcript of an interview with William P. Bundy, Assistant Secretary for East Asian and Pacific Affairs, on the National Broadcasting Company's television and radio program "Meet the Press" on February 25. Interviewing Mr. Bundy were John Hightower of the Associated Press, Joseph Kraft of the Publishers Newspaper Syndicate, Peter Lisagor of the Chicago Daily News, James Robinson of NBC News, and Edwin Newman of NBC News, moderator.*

*Mr. Robinson:* Mr. Bundy, the United Nations Secretary-General, U Thant, urges this Government to accept Hanoi's good faith that negotiations would begin nearly immediately if the bombing were to stop. How do you interpret this?

*Mr. Bundy:* Well, I think the key to our position remains what the President said at San Antonio.<sup>1</sup> We, of course, are very interested in what U Thant has reported; and what he said in his statement conforms to what he told us, and it does not meet the San Antonio formula. He has the impression that they would act in good faith and that the talks would be meaningful. We have no useful response from Hanoi on several elements in the President's San Antonio statement, and I think we are bound to ask whether they really mean to respond to those points; and we have had a serious channel of communication which hasn't produced anything serious at this point.

*Mr. Robinson:* Well, do you think North Viet-Nam is starting a propaganda—is this purely propaganda on Hanoi's part, these initiatives toward negotiations?

*Mr. Bundy:* I think there is a heavy element of that. I am bound to conclude that as a long-

time watcher in this sphere. When you see a public interview—in this case their Foreign Minister had an interview on February 8, and thereafter we have been getting the substance of that interview through a whole series of foreign governments whom they have approached. Now, that is not the way you do serious business in diplomacy. You do serious business quietly and through, usually, a single channel that both sides have put some trust in, and that is what we were doing during January before this major offensive on the other side's part.

*Mr. Robinson:* Do you still have channels, diplomatic channels, with Hanoi?

*Mr. Bundy:* Yes, we do. The channels remain in existence. At the moment nothing is coming on them.

*Mr. Robinson:* Mr. Bundy, one thing I should like clarified: Could this Government possibly negotiate with the National Liberation Front, recognizing it as a separate entity from Hanoi?

*Mr. Bundy:* Well, our view is very clear that the National Liberation Front, as an organization, is controlled from Hanoi; and you see today that the order for this offensive was the New Year's greeting of Chairman Ho—an order for an all-out attack. In other words, the direction of this whole operation is undoubtedly in Hanoi, and that is pretty basic.

Now, what we have said is: In the negotiating setting we could visualize some way for the NLF to be heard from and present its views. But you can't regard it as an organization, as an independent entity. It is just contrary to fact.

*Mr. Lisagor:* Mr. Bundy, Senator [J. W.] Fulbright and several of his colleagues on the Foreign Relations Committee seem to feel now that they were misled by the administration's account of events in the Gulf of Tonkin in August 1964. You had a hand, quite a hand I would

<sup>1</sup> For an address by President Johnson made at San Antonio, Tex., on Sept. 29, 1967, see BULLETIN of Oct. 23, 1967, p. 519.

judge, in the writing of that or the proposal for a Tonkin resolution.<sup>2</sup> Were you clear at the time in your own mind about those events?

*Mr. Bundy:* Yes, entirely clear, Mr. Lisagor.

Incidentally, I didn't have a hand in the writing of the final resolution. I had worked on a previous project, but it had no high-level consideration at all—purely as a contingency. And we started from scratch after these attacks, on the question of a resolution.

But the key points are, did the attacks take place, and I think there is absolutely no doubt, first as to the attack on August 2 and then, following the very clear and strong warning that President Johnson sent, the second attack on August 4. We knew that, we knew it the day that we were working on the question of retaliatory action. We knew it from sources that have now been revealed to the committee, and I think it is beyond all doubt.

Now, the other question that seems to be on the mind of Senator Fulbright and other members of the committee is whether there was anything in the activity of the two destroyers, the *Maddox* and the *Turner Joy*, that could have been considered in any way provocative; and there I think the facts as made public at the time remain the facts. Basically, those two destroyers were on a patrol, partly to observe North Vietnamese naval craft that were, as we believed and we now know, active in escorting infiltration boats and so on to the South, partly to pick up information on the electronic situation in North Viet-Nam. Now, that can't be construed as a provocative action; and that mission, incidentally, of visual and electronic reconnaissance was fully disclosed to the committees and to the Congress at the time. The two vessels were well off shore. They were way away from the entirely separate—entirely separate—South Vietnamese activity against some of the bases that were being used for infiltration against them. and Senator Fulbright said at the time that he regarded that as an entirely justified activity by the South Vietnamese.

I don't think you can see any essential change whatever in the factual picture as it was presented to the Congress. If you regard this kind of reconnaissance as provocative, all I can say is it is being done against us every day all around our coasts. We have done it in many other parts

<sup>2</sup> For background and text of H.J. Res. 1145, see *ibid.*, Aug. 24, 1964, p. 258.

of the world, simply in order to get information that might at some future time become necessary.

*Mr. Lisagor:* Mr. Bundy, a good many people interpret these hearings, and Mr. McNamara's [Secretary of Defense Robert S. McNamara] testimony before this committee, as meaning that perhaps we went into this war in the deeper way we are now in it for reasons which were not entirely valid, so I'd like to ask you this question in light of that: Would the situation in Viet-Nam be any different in your judgment today if there had not been a Gulf of Tonkin resolution?

*Mr. Bundy:* I would say broadly now I think the Gulf of Tonkin resolution was a justified response of the Congress and the President, worked out in consultation between the two, to the fact that these attacks took place in the circumstances they did, essentially, as I regard them—unprovoked and in fully disclosed circumstances at the time.

Now, that was an important affirmation of the view of the Congress which, in its first part, discussed the question of further retaliation if other incidents of the type took place, but in the second part—and fully worked out with the Congress—stated a basic policy view that it was of vital importance to this nation to defend South Viet-Nam and that that might include the use of force.

Now, I think that was a very important event. It didn't stop the North Vietnamese from coming, and I think what you have got to look at all the time is that the North Vietnamese have been determined to get this objective. They were proceeding at that very time in '64 to start up the infiltration of regular units, following on the ones they had been sending before, which were originally South Vietnamese who had gone north; and I don't know that it would have made any basic difference, Mr. Lisagor.

### Major Step-Up and Change of Enemy Strategy

*Mr. Kraft:* Mr. Bundy, we seem to be on the verge of a new input, a new increase of American military effort in Viet-Nam. In the past these increases on our part have always been matched—indeed, more than matched—by efforts on the part of the other side. Is there any reason to think that that pattern won't be repeated now?

*Mr. Bundy:* Well, let me say I don't want to

speculate on what more we may have to do. What you are dealing with at the present time—it is now becoming more and more clear, in the analysis of people who followed what they have been saying and can put it together in the light of events, and in the light of some of the interrogations we are getting—you have a major step-up and change of strategy on the other side which probably dates, I would think, from last summer. The interrogations indicate that about that time they concluded that they were losing as they were doing, and there may have been some high-level disputes about it—the evidence isn't altogether clear on that—but they decided that they had to make a major push, which they targeted, what they called the winter-spring offensive. To do that, they have sent down a great deal more equipment, a great many more North Vietnamese men, and they have brought the local Viet Cong up to concert pitch by bringing in every man they could get into their units, and that is what you are faced with.

Now, on your question "if," and I say "if" because I don't know what the need will be—that is what General Wheeler [Gen. Earle G. Wheeler, Chairman of the Joint Chiefs of Staff] is out there for now—and of course we will be studying this with care; but if we do do more, it has got to be adequate to meet this change in their basic strategy.

Now, the element that I think cuts the other way on what you are suggesting is that there is a good deal of indication that they are pushing hard for some kind of a real victory or a major position of strength in the course of the next 2 to 4 months, something of that sort.

You saw the analysis by Douglas Pike, who is a really very good and impartial expert on their whole tactics and strategy; and I would be inclined to go with him that they are pushing for at least something of a climax in the next few months, and I think that is the way you have got to look at it.

*Mr. Kraft:* Would you expect that if this effort on their part is successfully resisted that at that point the climate would become suitable for negotiations?

*Mr. Bundy:* It might. It might. We certainly will be keeping our ears open. At the moment we are not persuaded that they are engaged in anything more than a propaganda effort to depict themselves as interested in peace. We don't see in the total pattern of what they are doing, plus their lack of response on the San Antonio

elements, any picture other than that they are determined to force the pace militarily at this point.

*Mr. Newman:* Mr. Bundy, just for our own record, you mentioned Douglas Pike. I think you'd better identify him.

*Mr. Bundy:* Yes. Douglas Pike used to work for the U.S. Information Agency in Saigon and is the author of a major book on the Viet Cong. He has written this analysis of strategy purely as an individual. It appeared in the Washington Post today.

### Hanoi's Response to San Antonio Formula

*Mr. Hightower:* Mr. Bundy, you said on several elements of the President's San Antonio formula the response from the North Vietnamese had not been adequate, sufficient, or interesting to you. What sort of elements are you talking about? What is it the United States wants to know from North Viet-Nam that would substantially improve the prospects for negotiations?

*Mr. Bundy:* Well, the elements in the San Antonio formula, as you know, Mr. Hightower, are that stopping the bombing would lead to prompt discussions with every reasonable hope of being productive. Those were the basic two points, and then we go on to say that we assume that after the bombing stopped the other side wouldn't take military advantage.

What you have got at the moment is that in this interview they have said they would talk as soon as the stopping of the bombing is confirmed. But they refuse to be pinned down on that time. They seem to be playing a rather coy game on that one.

As to whether the talks would be productive, they still say, "We will talk about anything either side might raise"; and that certainly is at least a partial response on that point.

On the question of their at least understanding absolutely clearly our assumption that they are not going to take military advantage, they insist that this is a condition and they again and again say, "We reject that."

In other words, we are faced with a situation where if we were to stop the bombing on the present diplomatic record, we would be taking it utterly on faith as to whether they would not do what their own doctrine says they would do in similar circumstances, which is to step it up to the maximum.



*Mr. Hightower:* In the light of the massing of Communist troops around the area of Khe Sanh and of the offensive which was started at the end of January, would it be fair to say that the really critical element of what you are asking from Hanoi is some kind of an assurance that they would in fact scale down the war somewhat?

*Mr. Bundy:* No, we have talked in terms of not taking advantage, as [Secretary of Defense-designate] Clark Clifford put it in his confirmation hearing, not precluding their sending down a normal, a reasonable, normal—whatever there might be; it is hard to determine—level of men and supplies. And there are other actions that could be taking advantage, other than an excess over the normal, and that is a good part of it.

Let me say it is not only a question of their not meeting the San Antonio formula. The San Antonio formula lays down certain points which certainly at the time it was stated might have given us clear reason to hope that stopping the bombing would produce discussions with a real hope of moving toward peace.

Now, we are bound to take account at the present moment of the fact that they are engaged in a major offensive. We may be about to see a second phase of it.

General [Vo Nguyen] Giap, the North Vietnamese general, has made a major statement saying "We will press on under the leadership of Ho," and so on, and it simply doesn't look at the present as though their interest was a serious one in moving toward peace.

### Situation After Tet Attacks

*Mr. Hightower:* General Giap also said in his statement—I assume you refer to what he said at the Soviet Embassy in Hanoi yesterday?—

*Mr. Bundy:* That is correct.

*Mr. Hightower:*—said that his people had won extremely great victories in both military and political spheres in the South. Now, how do you assess what has happened? There is an unidentified American official in Saigon who was quoted as saying there had been a considerable setback to the pacification program. So what is in process here?

*Mr. Bundy:* I think you are in the middle of a tough fight.

They inflicted a lot of damage in the cities,

they got into Hue and have now effectively been driven out except for a few snipers—and that is a major achievement—in a very tough fight that has just come through in the last 24 hours. But they did cause a lot of damage. They did shake people's faith in the Government's ability to maintain security in the cities, which hitherto have been immune. And there have been about a third of the Provinces where the protective forces—mostly South Vietnamese—had to be withdrawn to defend the cities; and that is what has caused this disruption of the pacification program to a significant degree in about a third of the country and to some degree in another third of the country, particularly in the delta and in the northern areas, what we call First Corps.

Now, that is the starting point of the balance sheet. These are concrete results for which they paid a very heavy price. About 40,000 is the latest estimate of killed in action, and the weapons figures—over 11,000—seem to tally roughly with that. Of course, it is an estimate.

Now, the real question at this point, as this same briefing that you speak of on the pacification thing pointed out, you've got this partial vacuum in the countryside. If the Government can get out there aggressively and act and catch the Viet Cong with their forces depleted, in the open, then that could be a major plus. On the other hand, if the Viet Cong are able to recruit and so on—and there are some indications this is what they are trying—it wouldn't be so good.

And then the major questions also revolve around the second phase. It is pretty clear they are going to keep hitting. Maybe at Khe Sanh, maybe in the northern cities, maybe in the central highlands, Kontum, Pleiku, Dak To, maybe down in the delta against some of the Province capitals, maybe at Saigon itself.

Now, we are ready this time. There won't be any repetition of the Tet letdown and the wide assumption that they just wouldn't do it in Tet. But there are just too many variables; and another big one, of course, is whether the Government takes hold, gets—galvanizes the considerable elements of strength that it has got: the fact that it stuck through this thing and performed on the whole very well, the fact that it's got much wider and more active popular support, this big coalition of political figures that was announced last week, all the rest. There

are too many variables at this point to say. I can only say it is going to be a very tough period.

*Mr. Robinson:* I would like to get back to a question I asked some time ago about the National Liberation Front, which cannot help but play a key role in any possible negotiations. I would still like to know if this Government would ever negotiate with the NLF, recognizing it as a political entity on its own.

*Mr. Bundy:* I have given you the answer, Mr. Robinson. We have always said we could visualize ways for them to present their views, but an independent entity we do not believe them to be. Now, the other side of that picture is the possibility that at some point—and President Thieu has suggested this possibility—elements of the NLF may be ready to talk to the Government about assuming their role in the sense of a peaceful acceptance of the Constitution in South Viet-Nam. Now, that's the way to look at it, I think. The organization is run from Hanoi. There may be elements in it—and I have said this often—that would prefer to be genuine southerners in the crunch and to try their luck politically; and this is something that the South Vietnamese have said they would welcome, and it is something we have said we would welcome.

#### Pressures Elsewhere in East Asia

*Mr. Robinson:* Mr. Bundy, to go further afield, there are presently Communist military pressures ranging from Burma to South Korea—this would include Laos, Indonesia, the Philippines, Thailand, the other countries in Southeast Asia. Do you view this military pressure as a coordinated master plan headed by Peking or Moscow, or are these more nationalistic uprisings?

*Mr. Bundy:* Well, you sound as though there were great things going on in all these areas, which really isn't the case. You have got some pressures against Burma; those are Chinese. You have got distinct threats of significant attacks in the southern areas of Laos; those are North Vietnamese and probably in aid of improving their supply routes so that they can send more stuff down to South Viet-Nam.

You have got the North Koreans, who for 16 months have been engaged in this rising incident rate and terror and assassination and sabotage. They are not getting an inch of public

support in the South by this straight terror campaign. And of course the *Pueblo* seizure ties into that. These are individual efforts. I think there is a degree of helping the other fellow by causing some pressure, but I wouldn't describe it as a single master plan.

*Mr. Lisagor:* Mr. Bundy, in your answer to Mr. Hightower you seem to have left open the question of whether the Viet Cong control much of the countryside or not. You have talked about a third of the Provinces having some kind of a setback or being in a vacuum situation. Now, as you know, Hanoi claims that the Viet Cong do control large parts of the countryside. They claim that the Saigon Government has completely broken down. Now, why don't we know more about what is going on out in the village-hamlet level than we seem to?

*Mr. Bundy:* Well, at this point we are getting much more reporting, just within the last week, Mr. Lisagor; but you have had great difficulty in getting around. There has been the job of reconstruction. The other side is keeping up these mortar attacks to make people nervous. It has been hard to get around; but we are getting a much fuller picture, and that is what this briefing was based on.

*Mr. Lisagor:* Now, one other question in this connection, Mr. Bundy: You spoke of the need perhaps to fight and protect the cities and fight and protect Khe Sanh and other places. Does this not mean we are really fooling ourselves about the military manpower that is going to be necessary eventually in Viet-Nam? And let me be more specific: It was once said to meet all the things we would have to do, we would need upward of a million men. Do you see us coming to that point?

*Mr. Bundy:* Mr. Lisagor, I can't talk about this field, because as I said in response to Mr. Kraft, it is a matter we undoubtedly will be looking at. General Wheeler has been out there to look at it, and I can't take it further than that at this point.

*Mr. Kraft:* Mr. Bundy, in the San Antonio formula, as I read it, the statement is that we assume that the other side will not take advantage of a cessation of the bombing. Now, you are saying, and I think Secretary Rusk said earlier, that we need some sign from the other side that they won't take advantage of it. Isn't that a step backward? Isn't that not assuming it?

*Mr. Bundy:* Well, you've got to have a clear picture of what they have in mind at any rate in this regard. We are not saying anybody has to sign on the dotted lines; but their insistence that this is a condition—which it isn't—their insistence on rejecting it suggests very strongly that they would say, "We are free to do anything we want." Now, that is not an acceptable condition. We just can't take this one on faith, pure and simple.

*Mr. Hightower:* You have another very troublesome problem in your area, Mr. Bundy: the problem of the *Pueblo*. What progress are you making in negotiations to win the release of the ship and the crew?

*Mr. Bundy:* Those talks are going on, and the fact that they are going on and that issues are being joined is, I think, ground for modest hope, Mr. Hightower. I think we have got to pursue it a little while longer. I just don't know how long this can go on, because obviously we are very anxious that that crew at least, and the vessel also, be released. At this point I can report no progress.

*Mr. Hightower:* There has been an increase of tension in that whole area. Is there a serious danger, as you see it, that the war might erupt in Korea again?

*Mr. Bundy:* Well, if you are talking about a major conventional thrust, I think the North

Koreans would be out of their minds to attempt that. The military balance is strongly against them, and I don't see any signs of the Chinese acting with them in that sort of thing. I do think you are going to see, or may see, more incidents; and that is a significantly serious situation in itself and one that we take very seriously indeed.

*Mr. Newman:* I have to interrupt at this point because our time is up. Thank you, Mr. Bundy, for being with us today on "Meet the Press."

## **U.S. Lifts Final Restrictions on Travel to Middle East**

### *Department Announcement*

Press release 43 dated February 28

United States passports are now valid, without special endorsement, for travel of United States citizens to the Syrian Arab Republic. With this announcement, effective today [February 28], all travel restrictions placed on countries in the Middle East as a result of the June 1967 hostilities have been removed.

## Understanding in the Home Hemisphere

by Covey T. Oliver

*Assistant Secretary for Inter-American Affairs*<sup>1</sup>

I would like to outline some problems as to understanding that we have in the home hemisphere.

First, there is the need for mutuality in understanding. We should understand our neighbors better; they should understand us better. In this connection, I believe our nearest neighbors to the south know us very well. I do not believe there is a group of leaders anywhere else in the world who know our country and what makes it go, and know our people and what makes them act, any better than do our Mexican friends. I only wish other Latin Americans knew as much about us, and I hope that the Mexicans can help teach them about us. How useful it would be for living together in the home hemisphere if a Mexican would analyze us for Latin America in 1968 as perceptively and wisely as Alexis de Tocqueville analyzed us in 1835!

There are other things that can and ought to be done. We ought to be sure that Latin America sees our society not as static, affluent, and brusque but as evolving, challenged, and generous, as questing, experimenting, openminded, and humanitarian. We ought to bring out little-known facts about ourselves.

For example, I have imagined a documentary film—a horror film, some may say—on the Big Income Tax. I have the scenario in my mind, but there is no time to go into that here. The main point would be to explain North America's tremendous engine of social justice, public welfare, and development—including a little for foreign development—a machine that works

<sup>1</sup> Excerpts from an address made before the Pan American Roundtable of Laredo at Laredo, Tex., on Feb. 17. (For complete text, see press release 34.)

and that this year will collect and redistribute about \$158 billion. Think of it: one hundred fifty-eight thousand million dollars! Talk about peaceful revolution! With us it began on March 1, 1913, before I was born, when the income tax law was passed by a Democratic administration. A film like this could do much to increase Latin American understanding of what we have done and what they may be able to adapt to their own needs.

Pan-Americanism also stands for cultural understanding. . . .

Thanks to the meeting of the Presidents of the Pan American countries at Punta del Este, Uruguay, last April and to one of many fine proposals made there by President Johnson,<sup>2</sup> there is in session right now at Maracay, Venezuela, a meeting of the Cultural Council of the Organization of American States. I go there from here. Out of that meeting, through mutual financial and intellectual support, will come great new advances in the improvement of education and in the application of science and technology to total development.

Just the other day I had one of the greatest satisfactions of my life, as I stood to the right of the President of the United States, amid the Benito Juárez Scholars, brought to the United States under a program initiated by President Johnson and President Diaz Ordaz. Mr. Johnson spoke to them, with deep and sincere belief, of the importance of educational exchange. . . .<sup>3</sup>

We are not doing enough for cultural ex-

<sup>2</sup> For statements by President Johnson and text of the Declaration of the Presidents of America signed at Punta del Este on Apr. 14, 1967, see BULLETIN of May 8, 1967, p. 706.

<sup>3</sup> For text of President Johnson's remarks, see White House press release dated Feb. 9.

change. Our cultural affairs program in the Government is always short of the money we need to show the best that we have to offer. We ought to do better as to Government support. Meanwhile—and always, for Government should never do it all—we need you and like-minded groups throughout our society.

I come now to understanding the Alliance for Progress. At Punta del Este in 1961, following President Kennedy's magnificent call that in turn was based on what thoughtful and purposeful Latin Americans had been trying for some time to get us to understand, the countries of this hemisphere banded themselves together to achieve total development: social, institutional, and cultural, as well as economic.<sup>4</sup> This was done by mutual assistance. Our motivations were moral and in our own national interest. We cannot live in a home hemisphere half rich and half poor; we might exist, but we could not live in peace, harmony, and understanding that way.

That there is misunderstanding about the Alliance in this country and elsewhere is unfortunately all too true. It is as much my job to help correct these misunderstandings as it is to try to administer our part of the Alliance wisely, humanistically, and effectively. These misunderstandings run both ways. Let us look at some key ones.

*Misunderstanding 1. "U.S. support for the Alliance is a political gimmick, soon to end."*

*Wrong.* It is the keystone of our foreign policy toward Latin America. We have already left Castro and other extremists far behind, and we expect to continue to assist Latin America toward total development until a Latin American common market is in operation in 1985, according to the timetable of the Presidents at Punta del Este last April.

*Misunderstanding 2. "The Alliance is an American handout."*

*Wrong.* Most of it is in loans, and these loans are negotiated in a contractual framework that makes the U.S. contribution contingent upon the assisted country's doing its part in a mutually acceptable development job. Some Latin Americans, but not very wise ones, say that our aid should be a handout. They, too, are wrong;

<sup>4</sup> For background and texts of the documents signed at Punta del Este on Aug. 17, 1961, see *ibid.*, Sept. 11, 1961, p. 459.

for assistance on that basis would be demeaning and would not get the development job done.

*Misunderstanding 3. "The Alliance is concerned only with economic development."*

*Wrong.* See the 12 goals of the Punta del Este charter. They highlight social reform, modernization of institutions, and effective democracy.

*Misunderstanding 4. "Trade, not aid, is what Latin America needs."*

*Partly wrong, partly right.* When Latin America is able to make more to trade and we and they develop wider and fairer world market conditions for her products, there will be less need than there is now for developed-country capital to finance Latin America's modernization and reform. We are working very hard and making some sacrifices ourselves to help Latin America earn more in foreign markets. Our participation in the International Coffee Agreement and our present efforts to get industrialized countries to agree to extend temporary trade preferences to the products of all developing countries prove this. There are many other examples. Finally, trade alone, without willingness to distribute the benefits of trade more fairly, will not improve lives for all the people in the terribly short time at hand.

*Misunderstanding 5. "The U.S. part of the Alliance is socialistic."*

If this means that AID helps only governments and not private enterprise, the answer is, "Wrong." AID technical assistance helps train Latin Americans for better business management. AID finances studies of the feasibility of various business projects. AID (for a moderate fee) guarantees private investment against certain risks. AID loans help finance dollar imports by private concerns that need capital equipment and essential raw materials. AID, in conjunction with the government of the aided country, also helps to build highways, dams, bridges, and other public-sector projects. Even this, however, does not detract from the foregoing; construction projects themselves are very largely carried out by private concerns under public contracts. Beyond this, we must remember that private enterprise could not do its job if governments did not build the necessary infrastructure.

*Misunderstanding 6. "Latin Americans with money do not keep it at home."*

Private capital outflow from Latin America

is a problem for the area and for the achievement of the goals of the Alliance for Progress, but it is not nearly as large as it has sometimes been reported to be and is dwarfed by capital flowing into Latin America at a rate of about \$1.5 billion per year. Additionally, some 89 per cent of the gross investment that has been made in Latin America during the Alliance years came from Latin American sources. It is elementary economics that money invested in a building or a machine cannot just get up and walk off to Switzerland or New York.

*Misunderstanding 7. "Latin Americans do not want change."*

*Wrong.* Most of them do want change so badly that if it does not come through peaceful revolution, there will be bloody chaos, probably ending up with serious intrusion into the hemisphere by the all too well known beneficiaries of chaos in the modern world. As the Foreign Secretary of Mexico, a man I have known and admired since 1942, has pointed out: In 1910 Mexico saw no alternative to violent revolution; the cost of that revolution was terribly high; today there is an alternative. But the fact that there is an alternative does not mean that it will be chosen if peaceful revolution is sabotaged by blind reactionaries, irresponsible radicals, scheming agents of foreign despotism, or even by well-meaning people.

*Misunderstanding 8. "The U.S.A. can dictate change."*

Very, very false, and we should never forget it. Unfortunately, some of our fellow Americans have trouble overcoming an inclination to Manifest Destiny, although they may have come to cast it in a new form. We can help; occasionally we can sharpen alternatives and indicate our preference based on experience or science; we can enter into appropriate dialogs, in and out of Government. But we cannot take over, either physically or in thought and deed. First, we would be resisted to the death. Second, we do not know enough. Third, we would not want to; we are still, thank God, a moral people.

*Misunderstanding 9. "The United States cannot cooperate, it can only coexist, with Latin America."*

I have heard one scholar take this position recently, and perhaps we will hear more proponents of this approach as the urgency for change in Latin America grows and leads some

to feel greater frustration and despair. The scholar, in part, has written:

Let us be altogether honest with ourselves: there has been something psychologically degrading to the Latin Americans in the way we have customarily interacted with them, whether in the cultural sphere or any other. Even if all that we had conveyed to them of our wisdom through our preaching, chastising, cajoling had been useful and relevant—and we know, of course, that much of it has not been—the relationship has been intrinsically an unhealthy one.

Coexistence rather than cooperation, therefore, is the likely pattern in the future. That does not mean, naturally, that United States influence in Latin America will rapidly and significantly diminish. First, that influence cannot diminish so long as Latin American newspapers are overwhelmingly dependent upon our wire services; so long as *The Reader's Digest*, *Time*, *Good Housekeeping* are journals of mass circulation in the region; so long as the United States sets the styles in consumption goods, so long as production and marketing techniques developed in the United States maintain their appeal. But the tone of the relationship will change.

I do not accept the inevitability of this approach. In fact, I consider the difficulties he mentions as a challenge for us to develop that deep mutual understanding that cooperation requires and that simple coexistence does not. I believe that all of us in the United States, especially those of us in public life and including those in our Congress, should realize that the problems noted by this scholar are very real. We all must be more sensitive to the psychological effects of what we do and convince our neighbors that by making them stronger we do want to end the overwhelming nature of North American preponderance in Latin America. If we can develop that *amistad* that for Latin Americans covers so many faults and if we can shake off the present mood of cynicism and pessimism that all too often emanates from our TV, our radio, our press, and too many of our ideamakers, we can cooperate. Our President believes we can. Deep down in our American spirit of courage and optimism, we all really think we can.

Neither can I agree with the Latin American bishop quoted by the scholar in the same paper that "The problem of Latin America is not to have more but to be more." If anything, to be more is *our* national problem. For Latin Americans it is both to have more and to be more. We can and are helping Latin America to meet both needs, and they are helping us with our problem in return. This is the beginning of that true understanding which comes from sharing a great experience.

## United States Policy Toward International Efforts To Improve Conditions of Commodity Trade

by *Anthony M. Solomon*

*Assistant Secretary for Economic Affairs*<sup>1</sup>

I welcome and appreciate this opportunity to discuss United States trade policy with you. The chamber is to be commended for its efforts to dispel the prevailing ignorance about Africa and to facilitate the role of this country in Africa's development. It is a privilege to follow the many distinguished speakers who have appeared before you.

I propose to talk to you about one aspect of our trade policy that unfortunately is little understood in the United States but looms large to the countries of Africa as well as other developing countries: our policy toward international efforts to improve conditions of commodity trade. I want particularly to discuss two commodities of crucial importance to Africa—coffee and cocoa—and our efforts through the International Coffee Agreement and a proposed international cocoa agreement to deal with the difficult problems of these commodities. And let me make no bones about it: I want to enlist your help for this part of our trade policy. It badly needs greater understanding and support in the United States.

In New Delhi, the second United Nations Conference on Trade and Development—UNCTAD-II, as it is frequently called—is now underway. This largest of all international conferences takes place against a background of lagging economic progress in too many of the developing countries, which understandably gives rise to acute frustrations. The conference seeks a consensus on measures to help accelerate this program. The developing countries, particularly those in Africa, place great hopes on the results of this conference. While the nature

and size of the conference—some 130 nations with more than 1,500 delegates participating—preclude the negotiation of definitive and binding action on specific issues, we hope that the conference will produce constructive and practical proposals for action to be taken by nations collectively and individually. Our delegation is participating fully toward that end.

The range of problems and the measures under consideration at New Delhi cover the whole scope of development. There will be discussions on the volume, terms, and conditions of aid, on shipping, on increasing earnings from invisible transactions, on the promotion of regional groupings, on food supply difficulties, and so forth. The overall preoccupation, however, will be with ways and means of expanding the export earnings of developing countries.

These countries need growing imports of capital equipment and other goods if they are to succeed in increasing production and raising per capita income. Foreign aid and private investment will help and indeed are critical, but paying for their import needs will depend in the main on their own export earnings. And these earnings in turn depend upon markets for primary products such as coffee and cocoa. The simple fact is that despite the progress many of these countries have made in modernizing their economies, 85–90 percent of their export receipts comes from the sale of primary commodities.

This figure, moreover, understates the full dimensions of dependence on commodity exports. Some 30 developing countries rely on one commodity for at least half their earnings, and another 10 on two commodities. This dependence on one or two products, which leaves developing countries vulnerable to world market developments beyond their control, is particularly

<sup>1</sup> Address made before the African-American Chamber of Commerce, Inc., at New York, N.Y., on Feb. 21 (press release 37).

striking in Africa with regard to coffee and cocoa.

Coffee provides almost \$700 million, or one-fourth of the total export revenues of 19 sub-Saharan African countries. It provides 57 percent of Uganda's foreign exchange, 77 percent of Burundi's, 56 percent of Rwanda's, 56 percent of Ethiopia's, 40 percent of Ivory Coast's, 49 percent of Angola's, and 30 percent of Kenya's. Many of the 14 Latin American producers are similarly dependent on coffee.

Cocoa provides 68 percent of Ghana's total export revenues, 20 percent of Ivory Coast's, 40 percent of Cameroon's, 35 percent of Togo's, and 20 percent of Nigeria's.

The intense feeling of helplessness this dependency often produces in developing countries is brought home if we picture the United States relying on cotton for more than half its export earnings and facing a recession in the European textile industry.

The commodity trade of developing countries is beset by numerous problems. In the short term there is a tendency toward frequent and sharp price fluctuations brought on by changes in weather and yields in producing countries and variations in economic activity in the main consuming countries. In periods of high prices serious internal inflationary pressures develop; and when prices drop, so do government revenues, investment, imports, and the level of economic activity. Because the developing economies lack flexibility and their economic alternatives are few, this instability feeds upon itself with high prices leading to overproduction, overproduction to glut and low prices, low prices to underproduction, and so on, in a roller coaster cycle.

More serious than short-term price instability is the fact that with a few exceptions world demand for primary products is growing slowly. For products such as coffee and sugar, per capita demand in developed countries is generally saturated. A number of commodities, such as rubber and the hard fibers, face growing competition from synthetics. Finally, agricultural protection and rising production in developed countries have seriously eroded the markets for sugar, fats and oils, and certain other agricultural items produced for export by developing countries.

In sum, the market situation for commodities often seems to reflect the story of the Ghanaian cocoa farmer who was asked "How are things,

Kofi?" "Average," Kofi replied. "What do you mean average?" "Well, worse than last year but better than next."

### Varied Approaches to Commodity Problems

The developing countries seek to raise the average, and at UNCTAD priority attention will be given to commodity problems. The developing countries want the elimination of tariffs and quota restrictions on their products. They want an assured share of the increase in consumption of commodities, like sugar, also produced in developed countries. They also want better and more stable prices for a wide variety of products, and they regard international commodity agreements or other international arrangements as the primary means to those ends.

The developing countries urgently ask our help to solve their commodity problems. We accept the need for cooperation. The United States cannot disregard the impact of difficulties in world markets for coffee and cocoa or rubber and tin on the economic and political stability of Africa as well as Latin America and Asia. We cannot be oblivious of the extent to which adverse commodity trends can offset the benefits of even the best laid foreign aid programs. We want to help these countries help themselves, and finding means to expand trade is one way to do this. Commodity trade is an obvious place to begin.

In pursuing this objective we should also be mindful of the benefits to U.S. export trade which accrue from larger and more stable export earnings by developing countries. These countries already provide an outlet for almost \$9 billion of our commercial exports. What they earn from exports to the developed world by and large goes back to advanced countries like our own to buy capital imports and other essentials for economic development. Over the long term, economic development in the poorer countries is also the basis for expanded prosperity in the richer ones.

Unfortunately, effective action to solve the problems of commodity trade is not easy. There are so many commodities and their problems are so varied that no one solution or approach is possible. Action must be pursued on a variety of fronts. One way is to increase consumption and enlarge the market. Thus we have eliminated all our duties on tropical products—cocoa, coffee, tea, bananas, et cetera—and have urged



other developed countries to do the same. To help developing countries cope with the problem of wide and destabilizing swings in their export earnings, we have supported arrangements in the International Monetary Fund to provide prompt balance-of-payments assistance to those countries experiencing severe export shortfalls because of factors beyond their control. In the past year this facility provided some \$165 million in assistance to seven developing countries.

International agreements to regulate production, trade, and prices for individual commodities are the most renowned and contentious of the efforts to meet the pressing economic difficulties I have just described. We believe we must cooperate with other governments in examining sympathetically and on their merits all proposals for commodity agreements, hopefully contributing a measure of leadership in clarifying what is and is not feasible and economically sound. On the other hand, I frankly have serious doubts as to the scope for such agreements. Our experience suggests that economic and technical factors severely limit the number of commodities for which agreements are practical. In addition, agreements have proved complicated to negotiate and difficult to keep in smooth running order. Nevertheless, there are cases where an agreement can constructively contribute to the solution of commodity problems. The Coffee Agreement has already established its utility, and the right kind of cocoa agreement could also be beneficial.

Before examining these agreements with you in some detail, let me stress that in entering negotiations for any commodity agreement we must, and do, make certain that our own trade interests and the needs of our consumers are safeguarded. The responsibility we officials in the executive branch share with the Congress in considering such agreements makes this mandatory. Not only the range of prices provided for in an agreement but the controls and administrative mechanism can have an impact on our trade and industry. When your Government participates in negotiation of an agreement, it seeks the active advice of the trade and makes every effort to insure that the normal market mechanism is preserved to the maximum extent possible. We insure that prices, while acceptable to producers, are in line with market realities and reasonable and acceptable to our consuming public.

Now to coffee. I have already underlined the importance of coffee to the developing countries of Africa and Latin America. It is the second most important agricultural product in world trade. A drop of 1 cent in the price of coffee costs the developing countries an estimated \$70 million.

In the early 1960's the coffee world was in great difficulty. Surpluses were piling up. An arrangement among producing countries to control exports was ineffective, and there was worldwide clamor for help. A real possibility existed that prices would collapse, nullifying the effects of the newborn Alliance for Progress and undermining African economies. Under United Nations auspices and with active United States support and participation, an agreement was negotiated in 1962.

### **The International Coffee Agreement**

The Coffee Agreement is a milestone in international cooperation. Through a system of export quotas for each of the now 40 producing member countries, which keeps exports roughly in line with demand, the agreement has preserved a price structure that is reasonable to consumers but still remunerative to producers. Coffee earnings of developing countries have stabilized around \$2.2 billion per year, compared to an average \$1.8 billion in the 2 years before the agreement. Average import prices in 1967 were about 10 percent above the average of the 2 years preceding the signing of the agreement but about 10 percent lower than the price in 1964 (when U.S. participation in the agreement was being debated) and 30 percent lower than the average in the period 1953-1959. In effect the agreement has provided short-term measures to stabilize prices and buy time for an attack on overproduction.

Keeping the agreement going and effecting improvements in it has been a difficult and time-consuming task, and I personally confess that sometimes the problems have been so perverse and the negotiations so vexing that in a quiet moment I have occasionally wondered whether there might be an easier way. The agreement was marred in its early years by large-scale evasion of export quotas, with a consequent threat to price stability. There has been protracted conflict among producers as to the size of their shares of the world coffee market; in fact, it is probably fair to say that with the exception of

our recent well-publicized instant-coffee dispute with Brazil, major disagreements in the Coffee Organization have not been between producing and consuming countries but among the producers themselves.

Happily, problems have been handled in a pragmatic fashion, and the agreement has surmounted or moderated many of these difficulties. The United States and other importing countries have cooperated in developing a control system that appears to be successful in preventing large shipments above export quotas; we have evolved a mechanism for adjusting supplies of the various types of coffee to consumer tastes, which has also helped to alleviate the differences among producing countries; we have preserved a significant measure of competition in the coffee market and maintained the usual channels of commerce. In the last few days our instant-coffee dispute with Brazil was satisfactorily resolved, with assurances that fair competition will prevail while the agreement is in force.

All this, I submit, is no mean achievement for 5 years. For Africa it has meant an increase in export earnings from coffee from \$360 million in 1962 before the agreement to almost \$700 million in 1966.

### **Renegotiation of the Coffee Agreement**

Despite its success in stabilizing prices the agreement is still beset by one basic problem: More coffee still is being produced than the world drinks, albeit to a lesser extent than before the agreement. If we are eventually to move to a situation where the agreement may be put on a contingency basis, we must get at the root cause of the coffee problem—overproduction—and we are working hard on this.

Over the past 6 months the United States has actively participated in renegotiating the agreement for another 5 years after its expiration September 30, 1968. The proposed new agreement provides a number of revisions and improvements which give it a developmental cast and which illustrate the possibilities of a comprehensive and constructive approach to a commodity problem through an international agreement.

First, a mechanism has been established whereby each producing country is required to establish realistic controls over production and production goals so that by 1973, the last year

of the proposed new agreement, production in each country should approximate its own consumption and permitted exports. There are serious penalties for noncompliance.

More important and truly innovative, coffee producers have agreed to use some of the resources made available by the agreement to directly attack the problem of surpluses. They will contribute to a diversification fund a minimum of 60 cents out of each bag of coffee exported. Over 5 years these contributions will amount to about \$150 million, which will be used to finance sound proposals for moving resources out of coffee into production of badly needed food and other more economic products. We expect the World Bank to participate in the administration of this fund to insure that projects are technically and financially sound. To assist in this new but promising cooperative venture, the United States has made clear its willingness to lend up to \$15 million to such a fund as soon as it becomes fully operative and to lend up to an additional \$15 million to match the assistance of other coffee-consuming countries to the fund.

What are some of the objections to the agreement?

1. "It hurts the consumer." In fact, except for 1964, when a Brazilian frost sent prices up, retail prices have remained fairly stable during the life of the agreement. They have averaged about 70 cents per pound, compared with an average price of 83 cents in the 9 years preceding the agreement.

2. "All the money goes to rich planters." Certainly there are rich planters in a number of countries who benefit from the agreement, but small farmers predominate in most producing countries, particularly in Africa. They receive the bulk of coffee receipts, with a sizable portion also going to general economic development programs.

3. "It freezes production patterns and penalizes the efficient producer." This is an admitted drawback in quota agreements. However, there has been a revision of quotas in the new agreement; and with the mechanism for adjusting supplies of types of coffee to changes in consumer tastes, market shifts can occur.

Probably the best defense of the agreement is to visualize what would be the situation if it did not exist. The export earnings of developing countries might drop by as much as one-half billion to a billion dollars. The Alliance for

Progress would be in deep trouble, and the fragile stability of many African countries endangered. Some producer governments might be in serious political straits. In this period of declining foreign aid I am loath to think of the damage that may be caused if the agreement is not continued.

We expect to present the new agreement to Congress in the near future. Outside of a limited production in Hawaii based on the excellent Kona coffees, there are no coffee farmers in this country; and the agreement is without widely based interest groups favoring it. However, the majority of our coffee trade supported the first agreement, and we hope they will join us in working for approval of the new agreement. We believe we have a much improved agreement and a sound case to present to Congress.

### **Progress Toward Cocoa Agreement**

The case of cocoa is somewhat different. The number of countries producing it—all of them developing nations—is far smaller than those producing coffee, and thus the political and economic ramifications are less extensive. Nevertheless, cocoa provides developing countries with some \$500-600 million per year in foreign exchange. It is vital to five of our good friends in West Africa—Ghana, Ivory Coast, Nigeria, Cameroon, and Togo—and is also of importance to Brazil and Ecuador. The African countries, and Ghana in particular, see an agreement on cocoa prices as essential to their long-term planning and development. They view our willingness to participate in a cocoa arrangement as a crucial test of our friendship.

Cocoa also presents somewhat different economic problems than does coffee. At present there is no surplus of cocoa; in fact, quite the opposite is true. We are now in our third year of consumption exceeding production, and prices are firm. However, cocoa is notoriously subject to wide price swings, primarily because supply varies from year to year due to weather and insect attack. In 1964 prices hovered around 24 cents per pound. In 1965 they plummeted to 11 cents. In 1967 they reached 30 cents and are now about 27 cents. The impact of these changes on production planning, on the use of resources, and ultimately on the producing countries' political and economic stability can be profound. A floor under cocoa prices could protect producers and at the same time encourage governments

to maintain support prices for cocoa, thus helping to assure that production will meet growing demand.

Since 1962, the United States has actively cooperated in the search for realistic and acceptable stabilization measures to protect against precipitous price declines. These negotiations frankly have been difficult and protracted, and the U.S. position has often been severely criticized by developing countries. Two full-scale negotiating conferences, in 1963 and 1966, failed over several issues, particularly the question of the price levels to be defended by the arrangement. Producers wanted a price range which we believed would encourage overproduction, saddle the market with burdensome stocks, and check consumption. It would have been easy for us to gain some short-term international popularity by accepting the producer demands. In doing so, we actually might have harmed their basic interests. Unless we can demonstrate fairly conclusively that a cocoa agreement is economically sound, that it effectively protects prices without encouraging overproduction, and that it does no harm to our own consumer and commercial interests, Congress will certainly, and quite rightly, reject it. Such rejection could permanently damage the chances for an agreement.

In the past year, however, we have made much progress toward the goal of a workable agreement. In mid-1967 the United States responded to an initiative by Ghana to hold bilateral talks on the essential principles which should govern a cocoa agreement. An understanding on these principles was reached by the two nations and later generally accepted by the major producing and consuming countries. Basically, these principles call for a system of annual export quotas when prices require it, supplemented by use, if necessary, of a buffer stock to defend a minimum price of 20 cents per pound and a maximum price of 29 cents. Built into the buffer-stock mechanism are disincentive features which protect against the agreement being an inducement to overproduction. The buffer stock is to be financed by a 1 cent per pound levy on cocoa-exporting countries.

Another negotiating conference was held in December 1967, but the time allotted was too short to permit resolution of all issues. We expect the conference to be resumed in the near future and are hopeful that a successful conclusion can be reached.

An agreement, if it is successfully negotiated, will also be submitted to Congress. As with the Coffee Agreement, we anticipate another careful review and evaluation by Congress, probably even more searching than with coffee, because a cocoa agreement would be new and would involve a different approach. We believe, however, that an agreement negotiated along the lines of the principles that have been accepted will be an effective and sound instrument with protection for the interest of the U.S. trade and consumer.

Let me conclude by saying commodity agreements are no panacea. They have serious limitations, and there is much to be said for allowing market forces to work themselves out. The myriad clash of interests makes the negotiation

of them difficult and often impossible. However, in approaching those products for which effective international cooperation is possible, we must rid ourselves of outworn dogma and avoid a meaningless exchange of doctrinal arguments. Instead, we must attack the problems pragmatically, fully aware of their economic and political ramifications and guided by our overall national interest. The cases of coffee and cocoa offer opportunities for constructive action on an international basis. We believe that in both these cases we have worked out, or will soon work out, agreements that can make a real contribution to developing countries without harm to our own basic economic and commercial interests. We hope they will command your support and that of other interested parties.

## German-American Economic Interdependence

*by George C. McGhee*

*Ambassador to the Federal Republic of Germany*<sup>1</sup>

I was pleased to have your invitation to meet with you here today. Those of us who represent the United States abroad benefit greatly by opportunities such as this to review with our constituents what we are doing, where we are going, and why. President Johnson's recent actions to improve our balance of payments serve to illustrate the need for our Government to maintain close contact with the business community.

Indeed, the distinction between the business of government and of private business is becoming more and more blurred. It is in the interest of all of us to sort out our common goals and to discuss them frankly and openly. Both of us learn something in the process, and both of us are the beneficiaries.

I want to talk to you today about the German economy and German-American economic interdependence. This is a subject which I am sure is of direct interest to most of you here today.

Indeed, many of you here in Detroit, the automobile capital of the world, have very substantial investments in Germany.

The Federal Republic of Germany, with a gross national product of over \$120 billion, is the world's third largest industrial power. Equally important, the Federal Republic is the second largest trading nation in the world, with over \$38 billion a year in imports and exports—not too far behind our own \$55 billion. Our exports to Germany during 1967 were about \$2 billion, our imports about \$1.9 billion. This makes us Germany's largest single supplier and the third largest market for German goods. Germany in turn is our fourth market.

The magnitude of the German role in the world economy is not only reflected in the overall figures but is especially striking for certain sectors. The Federal Republic exported some \$4.3 billion worth of machinery in 1966, up from \$3 billion in 1962. Exports of motor vehicles and aircraft were valued at \$2.8 billion in 1966, up from \$1.7 billion in 1962. Exports of electrical equipment almost doubled during

<sup>1</sup> Address made before the Economic Club of Detroit at Detroit, Mich., on Jan. 15.

that period. On the import side the Federal Republic bought \$8 billion worth of finished products. Between 1962 and 1966 the import of finished products almost doubled in value.

According to *Fortune* magazine, the largest single German company, Volkswagen, was in 1966 the fourth largest company outside of the United States. Volkswagen had sales valued at \$2.5 billion in that year, a figure which is, I suspect, respectable even in Detroit. The 13th largest firm was also a German motor vehicle manufacturer, Daimler-Benz, with sales of about \$1.5 billion. The German electrical giant, Siemens, was ninth on the list, with sales of \$2 billion. Out of the first 50 foreign firms on *Fortune's* list, 15 were German. Included were producers of iron and steel, chemicals, and electrical goods. The export market is important for almost all of them.

The figures on trade between our two countries are impressive; however, they do not tell the full story. In addition, our companies have over \$3 billion in investments in Germany—about 4 percent of total industrial investment and 40 percent of all foreign investment in the country. American investment in Germany has greatly expanded since World War II. In 1933 there were 41 American subsidiaries operating in Germany; according to our most recent records, there are now more than 400. These range from giants such as ESSO, IBM, Ford, and General Motors to a small manufacturer of artificial teeth on Lake Constance.

On the other side of the ledger, we would certainly like to see more German investment in this country. I am sure that there are many American communities which would welcome subsidiaries or participation of German firms. So far, however, the value of German interests here is only some \$300 million.

German investment is, however, growing. Large German chemical firms already have substantial interests in partnership with U.S. companies. BASF produces polyester fibers right here in Michigan with Dow Chemical, and their joint operations will shortly be expanded in South Carolina. Farbwerke Hoechst has a joint production facility with Hercules Powder, and Bayer has recently agreed on the establishment of a joint subsidiary with the Schering Corporation.

In fields other than chemicals there are significant German investments in collaboration with U.S. firms in the field of paper products and aluminum. In the latter instance the United

Aluminum Company of Germany has recently acquired a plant in Ellenville, New York, which is capable of producing 35,000 tons of semifinished products yearly.

We would, however, like to see more U.S. companies include foreign capital in their expansion plans. In addition to the technological advantages Germans and other Europeans can offer, it would help our balance of payments. What we need to encourage additional German investment are more particulars from those of you who are active in the U.S. economy and either seek German participation or know the investment opportunities here. If you can give us sufficient details, our Embassy will be glad to serve as an intermediary in seeking out potential German investors.

These investments do not necessarily have to be large. You yourselves are aware that almost half of the industrial output of the United States is produced by small firms—those with less than 500 employees. It is often just such firms which have the most difficulty in raising capital and which, because of their size, are more attractive to the smaller European investors.

### Common Interests

From this sketch, you can readily appreciate the importance of Germany to us in the successful pursuit of the President's balance-of-payments program announced on January 1.<sup>2</sup> The Germans share with us a large stake in maintaining high levels of trade and investment. Their Central Bank holds a large percentage of its resources in dollars, which gives them a vested interest in keeping the dollar strong.

I also believe that American industry has an interest in the economy of Germany. To put it another way, as President Kennedy said in Frankfurt in June of 1963:<sup>3</sup>

Today there are no exclusively German problems, or American problems, or even European problems. There are world problems—and our two countries and continents are inextricably bound together in the tasks of peace as well as war.

An important common interest between our two countries is that of aid to developing countries. The Federal Republic is now engaged in economic and technical assistance to over 90

<sup>2</sup> BULLETIN of Jan. 22, 1968, p. 110.

<sup>3</sup> *Ibid.*, July 22, 1963, p. 118.

countries, which parallels and complements our own efforts. The \$150 million Germany spends for this purpose each year is comparable, in relation to gross national product, to our own aid efforts. It is, therefore, inevitable that we maintain almost daily consultation with our German colleagues on these matters.

We should also recognize that our economic cooperation with Germany involves a great deal more than the day-to-day problems of our direct relations. The Federal Republic is, for example, the most important member of the Common Market: we cannot ignore its stand on matters under discussion within that important organization. We must also deal with the Germans on matters related to the international monetary mechanism both within and outside the International Monetary Fund. We must take into account the attitude of a country which holds one of the most important monetary reserves in the world.

### **Condition of German Economy**

It would perhaps at this point be worthwhile to examine the present state of the German economy and how it affects us. After sustaining an average rate of growth of about 6 percent per year in constant prices for many years, the German economy experienced in 1966 and 1967 what they term a "downturn to their upturn." In the latter year there was a slight decline in GNP in constant prices. The German Government responded with some cautions "pump priming" of the economy, based on the teachings of John Maynard Keynes. The German Central Bank also aided these efforts by following an easy-money policy during 1967.

On the foreign trade side there was in 1967 a decline in the demand for imports, as a part of decreased internal demand as a whole, and a surge in export sales. For the year as a whole, in fact, the Federal Republic had the largest trade surplus in its history—approximately \$4.2 billion. There was, during the same period, a corresponding deterioration of our own trading position with Germany. German sales in this country in 1967 were up 7 percent from the year before; whereas our sales in Germany were down 4 percent.

Many of you will also be aware of another recent event of importance to our economic relations with the Federal Republic: the shift by the Germans from their former system of turnover taxes to the value-added tax. This change, which became effective January 1, is one of a

number of measures, some already taken and some still planned, to bring their economic system into closer conformity with those of other members of the Common Market. This shift has necessitated a rise in tax rates to insure the same revenue under the new system—generally from a former rate of about 4 percent to a new rate of 10 percent, although there are some exceptions.

The introduction of this new tax system was accompanied by corresponding changes in border taxes levied on imports and rebates granted by the Government to exports. It means that U.S. exports now face a higher charge when they enter Germany and that German exports entering this country (and other countries as well) now receive higher rebates from their Government. It is the contention of the German Government that there will be no impact on trade resulting from this change in taxes; however, we continue to be concerned about the exact effect on our trade with Germany. This problem has been discussed in the OECD [Organization for Economic Cooperation and Development] and GATT [General Agreement on Tariffs and Trade], and we intend to have further discussions.

The outlook for 1968 is for a resumption of a healthy growth in the German economy, which should mean an increase in American exports to Germany. However, this is no sure thing, as you know; and the American exporter will not be able to relax and just wait for the orders to flow in. We are faced in Germany with heavy competition from other suppliers, especially from within the Common Market. The importance of the German market, however, can readily be appreciated when you realize that in 1967 we exported nearly \$600 million in agricultural products, about \$200 million each in the categories of raw materials and chemicals, and over \$100 million each in the categories of electrical equipment and aircraft.

### **Opportunities for U.S. Exporters**

The coincidental developments of a 40-percent cut in tariffs by European countries on most industrial products, which will take place on July 1 as a result of the Kennedy Round, plus the expected recovery of the German and other European economies, should make 1968 and the following years a period of excellent opportunities for U.S. exporters. It is my hope that those of you already selling in Europe will intensify your efforts and that those not yet abroad will decide to explore this vast market. You can in

this way help assure the success of the President's balance-of-payments program.

As a businessman myself, I recognize that increased U.S. exports depend far more on the efforts of individual firms which have committed themselves to foreign trade than on any program our Government can undertake. Nevertheless, I would like to point out that a considerable part of the activity of our Embassy in Germany is devoted to easing the way for Americans interested in selling there.

Our commercial officers are located in eight cities in the Federal Republic. They are prepared to assist you in estimating the market; making individual contacts with potential agents, distributors, and buyers; and providing information about your potential customers. Often, a letter to our offices in advance of your European trip or a visit to us after arrival in Germany can help you in appraising the competitive situation you face.

A phase of our work of great importance is our promotion of U.S. exports through Government-sponsored exhibitions of American products in Germany. One way we do this is through almost monthly exhibits in specialized fields at the U.S. Trade Center in Frankfurt. On a less regular basis, the Department of Commerce and the Embassy sponsor large official exhibitions devoted to particular product themes at major German trade fairs. As examples, in 1967 we sponsored exhibitions on tourism, chemical equipment, and materials handling.

These trade fairs are of major importance to those who wish to sell in Germany, since German businessmen tend to emphasize the sales aspect of their trade fairs more heavily than we do in the United States. I personally attended all three U.S. official exhibitions at major German trade fairs in 1967. My talks with the U.S. exhibitors convinced me of the great opportunities offered, even to those with no previous experience in Germany.

Whether the U.S. Government is sponsoring a special exhibition or not, it is in the interests of American business to be represented at major international fairs in the Federal Republic. Because they bring together buyers and sellers in one specialized area, they are extremely important not only for sales but also for sizing up the competition and finding out what the market prospects are for particular commodities.

Having mentioned our interest in increased trade, I must also point out that there is at the present time considerable sentiment on both sides of the Atlantic for greater protectionism

and away from the liberalizations of the Kennedy Round. As President Johnson said on December 16,<sup>4</sup> the Kennedy Round reductions will "give rise to many demands for protectionism here and abroad. We must all stand firm against shortsighted protectionism."

I would therefore like to emphasize to you here today what I tell my European friends: that protectionism, like its mirror image, liberal trade, is a two-way street. Protectionist sentiment in one country feeds upon similar attitudes in other countries. We are in daily contact with European governments discussing proposals which could affect U.S. exports unfavorably.

Our message to these governments, and to the peoples of Europe as well, is that both of us have a common interest in keeping protectionist pressures at a minimum. And more specifically, it does not aid the current administration in its efforts to dissuade the U.S. Congress from enacting restrictive legislation on trade that similar steps are being considered in Europe.

We Americans must keep in mind that the reverse is also true.

#### **U.S. Investment in Germany**

Our "commercial image" in Germany and in Europe is reflected not only in our trade but in our direct investment. There has been much talk in recent months about the subject of American investment in Europe. As you may know, a Frenchman, Jean-Jacques Servan-Schrieber, has recently written a book on this subject—*Le Défi Américain*—which has attracted even greater interest to what he calls "the American challenge."

American investment in Germany has a proud and venerable tradition. An investment by Yale and Towne in 1868 is often cited as the first American investment there. Some of our companies, such as Opel of General Motors and Standard Lorenz of IT&T, have been there so long that most Germans do not realize that they are American. Total United States direct industrial investment in Germany stood last year at just over \$3 billion, or about 4 percent of all German industry. Today American subsidiaries account for a large part of American exports to Germany. They also make possible about \$1 billion a year in German exports.

The German Government officially welcomes

---

<sup>4</sup> *Ibid.*, Jan. 15, 1968, p. 88.

foreign investment. The German Economics Minister, Karl Schiller, in a speech at the opening of the new IBM plant in Mainz on October 4, 1967, said: "Let me again emphasize at this point my unconditional and unequivocal support of foreign investments in the Federal Republic."

We must, of course, be reconciled to a decrease in the rate of U.S. investments in Germany in the period immediately ahead. The President's balance-of-payments program announced January 1 has very obvious implications for those who have invested in Germany or who plan to do so. This will, however, be only a temporary limitation until we have made progress on our balance-of-payments problems. In the meantime, some investments can still be made from funds borrowed in Europe or, as allowed under the President's program, from depreciation and earnings. And plans can be laid for the future.

It is important, in the meantime, that we conduct ourselves in Germany in such a way as to assure that our firms will continue to be welcome. There are, of course, people in Germany who raise questions about American investment. Many say that it is overly concentrated in certain industries. In the petroleum industry, for example, foreign companies account for about 70 percent of all investment, of which 36 percent is U.S.

Here the basic problem is, of course, that little crude oil is produced in the Federal Republic and that the Germans, partly as a result of the loss of foreign concessions and capital in two World Wars, have not yet established international oil companies. It is not a question of whether Germans do business with foreign oil firms—but with which firms. Our oil companies fully justify the position they hold in Germany, not only because of the magnitude of their world oil reserves and the scope of their organizations and facilities but because of their record of keeping oil flowing to Germany despite dislocations elsewhere, such as during the recent Middle East crisis.

Electronics is another sensitive area. It is estimated that American companies control about 80 percent of the computer industry in Germany. I tell my German friends that there is no reason why they should not consider IBM Germany—which employs in Stuttgart alone 15,000 Germans and no Americans—as a German company. IBM produces computers—based on the latest technology—within the German currency area, provides employment to Germans, pays German taxes, and adds to German exports—

not to mention the benefit to other German industry through purchases of fabricating machinery, raw materials, and computer software.

As for automobiles, about 40 percent registered in Germany are produced by American companies. Even so, Volkswagen is by far the largest automobile producer in Germany and dominates our own small-car field, with about 450,000 sold here last year. Automobiles manufactured by U.S. subsidiaries in Germany, in addition to their strong appeal to the German purchaser, have played an increasing role in German exports, particularly to the United States.

The areas I have mentioned are especially sensitive; however, in general our influence on German industry is greatly exaggerated. Of the 100 largest German companies in 1966, the top American company—ESSO—ranks only 16th. Opel and Ford are 17th and 24th, respectively. In many large industries, such as chemicals and steel, there is almost no American representation.

There are occasionally complaints that our firms do not do a proportionate share of their research and development in Germany. Our Embassy recently made a survey of 82 major American subsidiaries and found that most do a substantial amount of research in Germany. For example, take the case of IBM. It has six research and development centers in Germany, employing about 700 scientists and technicians. During 1964 and 1965, the firm contributed almost \$4 million to German universities and institutes to promote science and research.

It is sometimes alleged in Germany that American companies there are not sufficiently "German." It is said that American subsidiaries do not have German managers, that American managers do not speak German, and that they have little understanding of German business and social customs. Complaints are heard about overly centralized direction from head offices in the United States. Finally, it is sometimes said that the American firms try to impose their operational methods on their subsidiaries and that this leads to high-pressure sales measures.

How can these reactions—even though not in many cases justified—be avoided? It is probably impossible, given human nature, to do so entirely. On the other hand, it does not help anybody's business to create ill will. To avoid such problems in Germany, it seems to me that the American investor should encourage as much



German participation as possible, perhaps through a joint venture. There is also much to be said for listing the stock of the American company on the German exchanges so Germans can at least become partners in the parent company.

German management should be used when feasible. Deference should be paid to German business customs and sensitivities. Actually, our surveys show that of the 298 most important U.S. firms with direct investment in Germany, 61 percent do have German managers. Many of our largest firms there employ no Americans at all.

In closing, I believe that the maintenance of a sound basis for our business relations with Germany, as with Europe as a whole, is important to both sides. I believe it represents a great challenge to Americans engaged in international trade.

As we increase our economic ties with Germany and Europe we strengthen the ability of the free world, of which we together constitute the citadel, to protect and enhance the freedom that has made our way of life possible.

## **Steps Recommended To Increase Foreign Travel to United States**

### *White House Announcement*

White House press release dated February 19

The President on February 19 received the report of the Industry-Government Advisory Commission on Travel.

The Commission was appointed by the President on November 16, 1967, to make specific recommendations on means of increasing foreign travel to the United States. Robert M. McKinney, former U.S. Ambassador to Switzerland, acted as Chairman.

The original target date for the report was midsummer of 1968. In his message to the Nation on January 1,<sup>1</sup> however, the President asked the Commission to step up its schedule in view of the urgency of the Nation's balance-of-payments problem. He asked the group to submit immediate recommendations within 45 days and to make long-term proposals within 90 days. The two are combined in the present report—completed ahead of schedule.

<sup>1</sup> For text, see BULLETIN of Jan. 22, 1968, p. 110.

The Commission concentrated its first efforts on reducing the cost of travel to the United States. For example, subject in certain cases to approval by the appropriate regulatory agency, the following cost reductions for travel in the United States will be offered foreign tourists:

—50-percent reduction in regular domestic airline fares, effective April 28, making these fares the lowest available anywhere in the world.

—25-percent discounts in railroad fares.

—10-percent discounts on charter coach rates on trips involving 400 miles per day, effective May 1.

—10-percent discounts in rates by the three largest United States car rental companies, effective immediately.

—up to 40-percent reductions in regular rates in seven major hotel-motel chains, effective immediately.

In addition, the following reductions in international travel fares to the United States have been proposed and are under consideration in international regulatory bodies:

—25-percent discounts on round trip fares to the United States on tickets purchased in Europe.

—reduced steamship fares to the United States.

The Commission also recommended a substantial increase in the budget of the U.S. Travel Service of the Department of Commerce, the simplification of visa and customs regulations, and the creation of a national tourist office to coordinate the promotion of foreign travel to the United States.

The President commended the Commission for "doing a difficult job fast and thoroughly."

"The steps recommended," he said, "will help achieve our goal of reducing our travel deficit by \$500 million this year. They will have a growing impact in future years."

"But promoting travel to the United States will do more than ease our balance-of-payments problem. It will encourage international understanding. It will give Americans the chance to open their hearts and their homes to travelers from foreign lands."

The President said these recommendations "will receive prompt attention. The actions and recommendations to increase travel to the United States are an essential part of our program to reduce the Nation's travel deficit."

## Mr. Vass Named U.S. Member of Ryukyuan Advisory Committee

The White House announced on February 15 the appointment of Laurence C. Vass as U.S. Representative on the Advisory Committee to the High Commissioner of the Ryukyu Islands. (For biographic details see White House press release dated February 15.)

The Advisory Committee was recently established pursuant to an agreement between President Johnson and Prime Minister [of Japan Eisaku] Sato<sup>1</sup> and will develop recommendations leading to a further identification of the Ryukyuan people and their institutions with Japan proper and the promotion of the economic and social welfare of the Ryukyuan people. Jiro Takase will represent the Government of Japan on the Committee, and Hiroshi Senaga will be the representative of the government of the Ryukyu Islands.

## United States and Mexico Agree on Fishery Zone Boundaries

*Department Announcement, February 15*

Press release 33 dated February 15

The International Boundary and Water Commission, United States and Mexico, meeting at El Paso, Tex., on January 4, adopted a minute delineating provisional boundaries between the exclusive fishery zones of the United States and Mexico in the Gulf of Mexico and the Pacific Ocean. These boundaries were delineated to implement the fishery agreement of October 27, 1967, between the United States and Mexico, by which the two countries granted reciprocal privileges to United States and Mexican fishermen to continue fishing in waters between 9 and 12 nautical miles off each other's coasts for 5 years commencing January 1, 1968. Both the United States and Mexico enacted legislation in 1966 reserving the right to fish within 12 miles of their coasts exclusively to their own citizens except when fishing privileges are specifically granted to fishermen of other countries by international agreements.

The provisional boundary agreed upon by the

<sup>1</sup> For text of a joint communique issued at Washington, D.C., on Nov. 15, 1967, see BULLETIN of Dec. 4, 1967, p. 744.

Commission for the Gulf of Mexico runs straight out to sea 12 nautical miles along the parallel of latitude which passes through the middle of the mouth of the Rio Grande, which at present is the parallel of 25°57'15" N. latitude.

The provisional boundary delineated by the Commission in the Pacific Ocean is what is known as a median line, which means that each point on it is equally distant from the nearest points on the baselines of the territorial seas of both countries. For its first 5¾ nautical miles the line is a straight prolongation of the land boundary and runs from 32°32'03" N. latitude, 117°07'24" W. longitude, to 32°31'29" N. latitude, 117°14'10" W. longitude. It then turns approximately northwestward for 2¼ nautical miles to a point midway between Point Loma and the Coronado Islands, at 32°33'12" N. latitude, 117°15'51" W. longitude. From the latter point it runs straight to 32°35'32" N. latitude, 117°27'46" W. longitude, which is 12 nautical miles from both Point Loma and the Coronado Islands. The provisional boundaries have now become effective, with the approval of the Commission's minute by both Governments.

## U.S., Japan Hold Second Round of Talks on Softwood Log Trade

### DEPARTMENT ANNOUNCEMENT

The Department of State announced on February 16 (press release 35) that representatives of the Governments of the United States and Japan would meet in Tokyo February 20-22 for the second round of intergovernmental discussions looking toward mutually acceptable solutions to the problem of reconciling conservation and trade interests included in the use of timber resources of the Pacific Northwest.

The United States delegation will be headed by Eugene M. Braderman, Deputy Assistant Secretary of State for Commercial Affairs and Business Activities, and will include representatives of the Departments of Agriculture, Commerce, and Interior. There will be advisers to the delegation representing a cross section of industry, labor, longshoremen, public ports, exporters, and other interested groups.

The Japanese delegation will be headed by Kiyohiko Tsurumi, Director of the Bureau of

Economic Affairs, Ministry of Foreign Affairs.

Representatives of Japan and the United States previously held discussions on this subject in Washington December 11-13, 1967.<sup>1</sup>

The following is the agenda for the Tokyo meeting:

1. Introduction and summary statement.
2. Review of the discussions at the December Washington meeting.
3. Cooperative industry and government efforts to expand trade in processed wood products.
4. Adjustment of mix of forest products trade to better meet the demand and supply situation.
5. Possible U.S. domestic measures to alleviate the log problem in the Pacific Northwest.
6. Feasibility of expanding sources of log supplies.
7. Arrangements for annual meetings of forestry experts.

#### **JOINT U.S.-JAPANESE STATEMENT <sup>2</sup>**

In accordance with the understanding reached during a meeting in Washington December 11-13, 1967, representatives of the Governments of the United States and Japan held a second meeting in Tokyo February 20-22 to discuss problems relating to the forest products trade between the two countries.

The United States delegation was headed by Eugene M. Braderman, Deputy Assistant Secretary of State for Commercial Affairs and Business Activities, and included representatives of the Departments of Agriculture, Commerce, and Interior. The Japanese delegation was headed by Kiyohiko Tsurumi, Director of the Economic Affairs Bureau of the Ministry of Foreign Affairs, and included representatives of the Ministries of Agriculture and Forestry, and International Trade and Industry. Observers from the related industries of both countries also attended the meeting.

The United States delegation emphasized the urgency in developing mutually acceptable solutions to deal with the softwood log export problem in the Pacific Northwest. The Japanese delegation, while maintaining that there are many factors other than the export of logs

contributing to the difficulties of the forest products industries in that area, expressed willingness to cooperate to the extent possible with the United States in an effort to ameliorate those difficulties.

The two delegations jointly examined cooperative industry and government efforts to expand on a competitive basis trade in processed wood products and possible adjustment in the mix of forest products trade between the United States and Japan to better meet the supply and demand situation. Parallel with the meeting, representatives of the private United States forest products industry mission visiting Japan held useful discussions with Japanese trade and industry representatives on the prospects for expanding United States processed wood products sales in Japan.

The Japanese delegation stated that for the further expansion of forest products trade between the two countries it is the intention of the Japanese Government to encourage imports on a competitive basis of processed wood products from the United States. The United States delegation and industry representatives responded that every effort would be made to expand exports of processed wood products on a commercially feasible basis by better meeting Japanese price and specification requirements and by improving collection and shipment procedures.

It was agreed that through cooperative efforts of the Governments and industries of the two countries there could be a substantial increase in trade of processed wood products.

The United States delegation explained the measures that were under consideration to assure to the forest products industry of the United States an adequate supply of softwood logs on a continuing basis. It indicated further that it would take into consideration the Japanese need for a continuing supply of logs at a reasonable level. The Japanese delegation, emphasizing the importance of log imports to Japanese economic well-being, expressed the hope that no measures would be taken that would seriously affect the position of its forest products industries.

The two delegations also discussed the feasibility of expanding sources of log supplies and agreed to the desirability of giving further attention to this subject. They also agreed to initiation of annual meetings of forestry experts of the two countries.

The two delegations agreed that the softwood

<sup>1</sup>For text of a joint statement, see BULLETIN of Jan. 1, 1968, p. 15.

<sup>2</sup>Issued at Tokyo on Feb. 22 (press release 39 dated Feb. 23).

log export problem in the Pacific Northwest and the rising import needs of Japan for logs and other wood resources require continuing and close consultation and cooperation between representatives of both Governments and their industries.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Coffee

International coffee agreement, 1962, with annexes. Open for signature at United Nations Headquarters, New York, September 28 through November 30, 1962. Entered into force December 27, 1963. TIAS 5505.  
*Accession deposited:* Guinea, January 31, 1968.

##### Consular Relations

Vienna convention on consular relations. Done at Vienna April 24, 1963. Entered into force March 19, 1967.<sup>1</sup>  
*Ratification deposited:* Chile, January 9, 1968.  
*Accession deposited:* Nigeria, January 22, 1968.

##### Cultural Relations

Agreement on the importation of educational, scientific and cultural materials, with protocol. Done at Lake Success November 22, 1950. Entered into force for the United States November 2, 1966. TIAS 6129.  
*Continues to be bound:* Malta, January 19, 1968.

##### Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna, April 18, 1961. Entered into force April 24, 1964.<sup>1</sup>  
*Ratification deposited:* Australia, January 26, 1968.  
*Accession deposited:* Tunisia, January 24, 1968.

Optional protocol to the Vienna convention on diplomatic relations concerning the compulsory settlement of disputes. Done at Vienna April 18, 1961. Entered into force April 24, 1964.<sup>1</sup>  
*Accession deposited:* Australia, January 26, 1968.

##### Narcotic Drugs

Single convention on narcotic drugs, 1961. Done at New York March 30, 1961. Entered into force December 13, 1964. TIAS 6298.  
*Ratification deposited:* Chile, February 7, 1968.

##### Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including

the moon and other celestial bodies. Opened for signature at Washington, London, and Moscow January 27, 1967. Entered into force October 10, 1967. TIAS 6347.

*Ratification deposited:* Austria, February 26, 1968.

#### Telecommunications

International telecommunication convention, with annexes. Done at Montreux November 12, 1965. Entered into force January 1, 1967; as to the United States May 29, 1967. TIAS 6267.

*Ratifications deposited:* Liechtenstein, December 12, 1967; Sweden, January 8, 1968; Trinidad and Tobago, Zambia, December 13, 1967; Yugoslavia, December 22, 1967.

Partial revision of the radio regulations (Geneva, 1959), as amended (TIAS 4893, 5603), to put into effect a revised frequency allotment plan for the aeronautical mobile (R) service and related information, with annexes. Done at Geneva April 29, 1966. Entered into force July 1, 1967; as to the United States August 23, 1967, except the frequency allotment plan contained in appendix 27 shall enter into force April 10, 1970. TIAS 6332.

*Notification of approval:* Guinea, December 12, 1967.

#### BILATERAL

##### China

Agreement amending the agreement of April 9, 1965, concerning disposition of the New Taiwan dollars generated as a consequence of economic assistance furnished to China (TIAS 5782). Effected by exchange of notes at Taipei February 2, 1968. Entered into force February 2, 1968.

##### Colombia

Agreement amending the agreement of June 9, 1965, as amended (TIAS 5832, 6029), relating to trade in cotton textiles. Effected by exchange of notes at Washington February 20, 1968. Entered into force February 20, 1968.

##### Ghana

Agreement amending the agreements for sales of agricultural commodities of October 27, 1967 (TIAS 6370), and January 3, 1968. Effected by exchange of notes at Accra February 9 and 21, 1968. Entered into force February 21, 1968.

##### Greece

Agreement amending the agreement of July 17, 1964, as amended (TIAS 5618, 6009), relating to trade in cotton textiles, with annex. Effected by exchange of notes at Washington February 23, 1968. Entered into force February 23, 1968.

##### Korea

Agreement amending the agreement for sales of agricultural commodities of March 25, 1967 (TIAS 6272). Effected by exchange of notes at Seoul February 24, 1968. Entered into force February 24, 1968.

##### Viet-Nam

Agreement amending the agreement for sales of agricultural commodities of September 21, 1967 (TIAS 6351). Effected by exchange of notes at Saigon February 19, 1968. Entered into force February 19, 1968.

<sup>1</sup> Not in force for the United States.

**Agriculture.** The War on Hunger (Humphrey, Linowitz) . . . . . 369

**Developing Countries**  
 United States Policy Toward International Efforts To Improve Conditions of Commodity Trade (Solomon) . . . . . 387  
 The War on Hunger (Humphrey, Linowitz) . . . . . 369

**Economic Affairs**  
 German-American Economic Interdependence (McGhee) . . . . . 392  
 Steps Recommended To Increase Foreign Travel to United States (Johnson) . . . . . 397  
 United States and Mexico Agree on Fishery Zone Boundaries . . . . . 398  
 U.S., Japan Hold Second Round of Talks on Softwood Log Trade (Department announcement, joint statement) . . . . . 398  
 United States Policy Toward International Efforts To Improve Conditions of Commodity Trade (Solomon) . . . . . 387

**Europe.** German-American Economic Interdependence (McGhee) . . . . . 392

**Foreign Aid.** The War on Hunger (Humphrey, Linowitz) . . . . . 369

**Germany.** German-American Economic Interdependence (McGhee) . . . . . 392

**Japan**  
 U.S., Japan Hold Second Round of Talks on Softwood Log Trade (Department announcement, joint statement) . . . . . 398  
 Mr. Vass Named U.S. Member of Ryukyuan Advisory Committee . . . . . 398

**Korea.** Assistant Secretary Bundy Interviewed on "Meet the Press" (transcript) . . . . . 378

**Latin America.** Understanding in the Home Hemisphere (Oliver) . . . . . 384

**Mexico.** United States and Mexico Agree on Fishery Zone Boundaries . . . . . 398

**Near East.** U.S. Lifts Final Restriction on Travel to Middle East . . . . . 383

**Passports.** U.S. Lifts Final Restriction on Travel to Middle East . . . . . 383

**Ryukyu Islands.** Mr. Vass Named U.S. Member of Ryukyuan Advisory Committee . . . . . 398

**Syrian Arab Republic.** U.S. Lifts Final Restriction on Travel to Middle East . . . . . 383

**Travel**  
 Steps Recommended To Increase Foreign Travel to United States (Johnson) . . . . . 397  
 U.S. Lifts Final Restriction on Travel to Middle East . . . . . 383

**Treaty Information**  
 Current Actions . . . . . 400  
 United States and Mexico Agree on Fishery Zone Boundaries . . . . . 398  
 Viet-Nam. Assistant Secretary Bundy Interviewed on "Meet the Press" (transcript) . . . . . 378

*Name Index*

Bundy, William P . . . . . 378  
 Humphrey, Vice President . . . . . 369  
 Johnson, President . . . . . 397  
 Linowitz, Sol M . . . . . 369  
 McGhee, George C . . . . . 392  
 Oliver, Covey T . . . . . 384  
 Solomon, Anthony M . . . . . 387  
 Vass, Laurence C . . . . . 398

**Check List of Department of State Press Releases: Feb. 26-Mar. 3**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to February 26 which appear in this issue of the BULLETIN are Nos. 33 of February 15; 34 and 35 of February 16; 36 of February 20; 37 of February 21; and 39 of February 23.

No.	Date	Subject
*40	2/28	Re sworn in as Assistant Secretary for Educational and Cultural Affairs (biographic details).
†41	2/26	U.S.-Greece cotton textile agreement.
†42	2/26	U.S.-Japan agreement on cooperation in peaceful uses of atomic energy.
43	2/28	Restriction lifted on travel to Syria.

\*Not printed.  
 †Held for a later issue of the BULLETIN.

SUPERINTENDENT OF DOCUMENTS  
U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON, D.C. 20402

POSTAGE AND FEES PAID  
U.S. GOVERNMENT PRINTING OFFICE

OFFICIAL BUSINESS

THE  
DEPARTMENT  
OF  
STATE  
**BULLETIN**

*Vol. LVIII, No. 1500*



*March 25, 1968*

UNITED STATES, UNITED KINGDOM, AND SOVIET UNION  
PROPOSE SECURITY ASSURANCES RESOLUTION

*Statement by William C. Foster Before Geneva Disarmament Conference 401*

WHAT KIND OF REVOLUTION IN THE HOME HEMISPHERE?

*by Assistant Secretary Oliver 416*

DEPARTMENT EXPRESSES VIEWS ON EAST-WEST TRADE

*Statements by Deputy Under Secretary Bohlen and Assistant Secretary Solomon 421*

"A CERTAIN RESTLESSNESS" ABOUT VIET-NAM

*by Under Secretary Rostow 405*

# THE DEPARTMENT OF STATE **BULLETIN**

VOL. LVIII, No. 1500  
March 25, 1968

---

*The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, 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, United Nations documents, and legislative material in the field of international relations are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington, D.C. 20402

PRICE:

52 issues, domestic \$10, foreign \$15  
Single copy 30 cents

Use of funds for printing of this publication approved by the Director of the Bureau of the Budget (January 11, 1966).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.



# United States, United Kingdom, and Soviet Union Propose Security Assurances Resolution

*Statement by William C. Foster<sup>1</sup>*

I wish to speak today on the question of security assurances, a subject of vital interest to many countries. The statements to be made today by the cochairmen and the representative of the United Kingdom are, I believe, of historic significance, in terms of both their relationship to the nonproliferation treaty and, in the longer term, their contribution to international security and world order.

The United States fully appreciates the desire of many non-nuclear-weapon states that appropriate measures be taken to safeguard their security in conjunction with their adherence to the treaty on the nonproliferation of nuclear weapons. This is a difficult and complicated problem, and we have searched for a solution that would be practical in a world in which nations have differing interests. We have searched for a solution which would be credible, and therefore effective, in the face of unforeseen circumstances.

We have therefore examined this matter in the context of action relating to the United Nations, outside the treaty itself but in close conjunction with it. This is proper; for it is the United Nations which is responsible for the maintenance of international peace and security, and it is under its charter that each of our countries has assumed a solemn obligation to cooperate in the maintenance of peace.

Accordingly, the United States, the Soviet Union, and the United Kingdom have agreed

to sponsor a resolution on security assurances for consideration by the United Nations Security Council, the organ of the United Nations bearing the primary responsibility for the maintenance of international peace and security. We would propose that the text of the resolution appear in an annex to our draft report to the General Assembly, on which report we expect to consult the Committee shortly.

I shall now read the text of the draft resolution:

The Security Council

Noting with appreciation the desire of a large number of States to subscribe to the treaty on the non-proliferation of nuclear weapons, and thereby to undertake not to receive the transfer from any transferor whatsoever of nuclear weapons or other nuclear explosive devices or of control over such weapons or explosive devices directly, or indirectly; not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices; and not to seek or receive any assistance in the manufacture of nuclear weapons or other nuclear explosive devices,

Taking into consideration the concern of certain of these States that, in conjunction with their adherence to the treaty on the non-proliferation of nuclear weapons, appropriate measures be undertaken to safeguard their security,

Bearing in mind that any aggression accompanied by the use of nuclear weapons would endanger the peace and security of all States,

1. Recognizes that aggression with nuclear weapons or the threat of such aggression against a non-nuclear-weapon State would create a situation in which the Security Council, and above all its nuclear-weapon State permanent members, would have to act immediately in accordance with their obligations under the United Nations Charter;

2. Welcomes the intention expressed by certain States that they will provide or support immediate assistance, in accordance with the Charter, to any non-nuclear-weapon State party to the treaty on the non-proliferation of nuclear weapons that is a victim

<sup>1</sup> Made before the Conference of the 18-Nation Committee on Disarmament at Geneva on Mar. 7 (U.S./U.N. press release 34). Mr. Foster is Director of the U.S. Arms Control and Disarmament Agency and head of the U.S. delegation to the conference.

of an act or an object of a threat of aggression in which nuclear weapons are used;

3. Reaffirms in particular the inherent right, recognized under Article 51 of the Charter, of individual and collective self-defense if an armed attack occurs against a member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.

This Security Council resolution will lay a firm political, moral, and legal basis for assuring the security of nonnuclear countries.

In addition, Mr. Chairman, it will be noted that a key paragraph of this resolution envisages declarations of intention in support of the provision of assurances to parties to the treaty. Accordingly, the Government of the United States will make a declaration of its intention in conjunction with Security Council action on the resolution. This statement, together with declarations that will be made by other states, will give increased significance to the action of the Security Council.

In its statement the United States will take note of the desire of states adhering to the nonproliferation treaty to have appropriate actions undertaken to safeguard their security and will affirm that any aggression accompanied by the use of nuclear weapons would endanger the peace and security of all states. The United States will declare that aggression with nuclear weapons, or the threat of such aggression, against a non-nuclear-weapon state would create a qualitatively new situation. We will declare that in this situation the nuclear-weapon states which are permanent members of the United Nations Security Council would have to act immediately through the Security Council to take the measures necessary to counter such aggression or to remove the threat of aggression in accordance with the United Nations Charter. The charter calls for taking "effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace."

The United States will declare, therefore, that any state which commits aggression accompanied by the use of nuclear weapons, or which threatens such aggression, must be aware that its actions are to be countered effectively by measures to be taken in accordance with the United Nations Charter to suppress the aggression or remove the threat of aggression.

In addition, Mr. Chairman, the Government

of the United States will in its declaration affirm its intention, as a permanent member of the United Nations Security Council, to seek immediate Security Council action to provide assistance in accordance with the charter to any non-nuclear-weapon state party to the treaty on the nonproliferation of nuclear weapons that is a victim of an act of aggression or an object of a threat of aggression in which nuclear weapons are used.

The United States will reaffirm in particular the inherent right recognized under article 51 of the charter of individual and collective self-defense if an armed attack, including a nuclear attack, occurs against a member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.

The United States will also indicate that its vote for this resolution and its statement of the way in which the United States intends to act in accordance with the Charter of the United Nations are based upon the fact that the resolution is supported by other permanent members of the Security Council who are nuclear-weapon states and are also proposing to sign the nonproliferation treaty. The declaration of the United States will state that our vote for this resolution is based on the fact that these states have made similar statements as to the way in which they intend to act in accordance with the charter.

Mr. Chairman, I believe it is fair to say that there have been few days in the life of this Committee as important as this one. The full significance of the Security Council action we are proposing must be seen in the light of the present world situation. It reflects the determination of the nuclear-weapon states which intend to become parties to the nonproliferation treaty to have assistance provided in accordance with the Charter of the United Nations to any party to the treaty which is a victim of an act of aggression or the object of a threat of aggression in which nuclear weapons are used. This action will enhance the security of all parties to the treaty, and in particular of those who find themselves confronted by a direct nuclear threat to their security. It is in the light of these considerations that the governments of all members of this Committee will want to give careful study to the statements made here today.

The action we contemplate for the Security Council will, we believe, constitute a heartening

reaffirmation of the basic purpose of the United Nations and of the responsibility of the Security Council for the maintenance of peace. The achievement of a nonproliferation treaty and the implementation of the proposal on security

assurances set forth today will mark a turning point in man's efforts to achieve a firmer basis for lasting peace and international security in a world in which man will be the master, rather than the victim, of the atom.

## "Great Power Involves Great Responsibility"

*Following are excerpts from remarks made by President Johnson at Marietta, Ga., at a rollout ceremony for the new C-5A cargo plane on March 2.*

White House press release (Marietta, Ga.) dated March 2

It was about 23 years ago this very month, less than 100 miles from where we are standing today, an American President wrote the last words of his life—for a speech that he never got to deliver. His words carried counsel for his country as it was just emerging from world war and surveying its new obligations.

Franklin Roosevelt's final paper, written at Warm Springs, Georgia, contains this great message that we could all well afford to remember: ". . . great power," he said, "involves great responsibility."

In the troubled time since those days, America has learned much about strength and a great deal about responsibility.

We have come here this morning for the rollout of a new era in our nation's strength.

The exciting adventure which produced this plane began just a few years ago.

America was then developing its capacity to meet any danger that threatened it. One critical element was very much missing. Our country just could not move a fighting force quickly over long distances. Now, with this plane, this crucial need is met.

On such an occasion it is well to look back over the development of our awesome strength and the responsibility that that strength has placed upon all of us.

The guns of World War II had hardly silenced when this country made the historic commitment that binds us today.

In the wake of war, we were the only real effective force left in the free world. The road that we set out to travel was without precedent or parallel in all our history. Before then, military strength had always cleared a path to empire.

We pledged our strength to work with others to deter aggression and to help build the institutions of peace. Our strength became a shield behind which men could find their way back to stability—and some could begin the long work of freedom and justice for their people.

The road has not been an easy one for America. The exercise of strength has brought anguish to the Nation when her sons have had to fight in distant places, as many are fighting today.

But looking back over the long road that we have come, we can ask: What other road could America have traveled? How would history judge us if we sat by and let freedom die because we feared to use our strength in freedom's defense?

Since Franklin D. Roosevelt, four Presidents have kept America's course firm.

An entire generation of Americans have supported them in the decision to walk the path of responsibility, in partnership with our friends and our allies. Since we have never used our might for empire, we never measure our effectiveness in conquests.

—We see its success in the fact that a third

world war, so freely predicted just 10 years ago, has not inflamed the globe—at least as yet.

—We see success in a Europe that was once in shambles and is now vital, progressive, and growing strong.

—We see it in a Latin America which once faced the threat of complete Communist takeover—they actually still have Cuba. It now has an opportunity—the other nations in this hemisphere—to grow in freedom.

—Violence has flamed in new states in Africa, but many of them today are moving toward stability.

—In Asia the agony of battle in the Viet-Nam nation, where so many of our people are standing now, clouds the fact of progress in that area. In Viet-Nam itself a people under savage attack from outside aggression have held three elections, have adopted a Constitution, have elected a President, a Vice President, a Senate and a House, and are slowly—if with great difficulty—building a nation, despite the enormous destruction that is being imposed by an outside aggressor.

These are the rewards of the responsible use of strength for more than 20 years by responsible men.

Today we are no longer alone in strength among our friends. But United States strength is still essential to the preservation of peace and freedom and order in this world. Without United States strength, the forces of aggression would triumph and the security of the United States would be imperiled—as surely as it was when we faced the danger just a few years ago across a ravaged Europe.

Then our responsibility was new and it was uncertain. Today we know its cost. But we also know the much larger cost that we would pay if we cut and ran, or if we turned our back, or if we sought the easy way of appeasement.

## Letters of Credence

### *India*

The newly appointed Ambassador of the Republic of India, Ali Yavar Jung, presented his credentials to President Johnson on March 5. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 5.

### *Israel*

The newly appointed Ambassador of the State of Israel, Yitzhak Rabin, presented his credentials to President Johnson on March 5. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 5.

### *Nigeria*

The newly appointed Ambassador of the Federal Republic of Nigeria, Joe Iyalla, presented his credentials to President Johnson on March 5. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 5.

### *Panama*

The newly appointed Ambassador of the Republic of Panama, Jorge T. Velasquez, presented his credentials to President Johnson on March 5. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 5.

### *Somali Republic*

The newly appointed Ambassador of the Somali Republic, Yusuf Omar Azhari, presented his credentials to President Johnson on March 5. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 5.

## "A Certain Restlessness" About Viet-Nam

by Eugene V. Rostow

*Under Secretary for Political Affairs*<sup>1</sup>

In his state of the Union message, President Johnson remarked "in the land a certain restlessness—a questioning." In one sense, we are always a restless, questioning people, never satisfied with things as they are and generally skeptical of our public men. But there is a particular urgency in our restlessness and questioning this year. It arises, the President suggested, "Because when a great ship cuts through the sea, the waters are always stirred and troubled."

We all understand, I think, how the President's metaphor applies to our domestic affairs. The progress we are making toward equality for the Negro revives pains which are older than the Nation.

I propose tonight to talk about the other dimension of our restlessness and questioning: Viet-Nam and the challenge it presents to every American's notion of our country and its role in the world.

The debate over Viet-Nam is one of a series we have had with each other about what national security requires of us in world politics. One round took place after the First World War, when we repudiated President Wilson and sought refuge in the 19th century. Another occurred during the thirties, when we refused to believe that Hitler and his allies threatened the safety of the United States. President Truman faced a third stage of the argument, over the Truman doctrine, the Marshall Plan, and the hostilities in Korea.

Now we are engaged in another cycle of the same effort to accept the facts of life in the second half of the 20th century. It is necessarily a

difficult process, requiring a confrontation between reality and cherished concepts of self built up over generations. It takes a high level of moral imagination to realize that the world no longer corresponds to images and ideals which are a powerful part of our collective memory. The tradition of isolation, enshrined in President Washington's famous Farewell Address, is deep in our national psyche. Viet-Nam is difficult for us, I suggest, because it requires us finally to conclude that our old isolationist vision of ourselves as a nation apart, one among the many, is no longer relevant.

Our four Presidents since 1945 have faced a task completely new in American history: the necessity of major involvement in world politics. It is a task for which we were not prepared either by our educational methods or by our national experience.

Until 1914 we could and did ignore the problem of national security. Our foreign policy dealt only with peripheral affairs: We had no voice in the central problems of world politics. We lived in a reasonably stable world where the balance of power was maintained by the principal European nations.

American public opinion was unaware of the forces guarding our security. A professor would have been hooted down for pointing out that the safety of the Republic and even the Monroe Doctrine depended on the British fleet. And a politician's career would have come to an end if he were suspected of such a subversive thought. In the American language, "power politics" and "the balance of power" are reactionary ideas evoking all that is evil in imperialism.

The historical conditions which promoted these illusions came to an end in 1917. Belatedly we intervened in the First World War to prevent a threatening hegemony in Europe. But

<sup>1</sup>Address made before the Indianapolis Junior Chamber of Commerce at Indianapolis, Ind., on Jan. 28 (as-delivered text; for advance text, see press release 20).

after the war we took refuge in the past—as soon as possible and all too soon. All through the 1920's and 1930's our isolationism kept America from doing what was necessary to protect its own security. As a result, Hitler's power could not be contained; our influence was not felt in time to head off the Second World War.

By 1945, the Concert of Europe had gone the way of Humpty-Dumpty. It had prevented general war for a century before 1914. But the nations of Europe were exhausted by two wars and by the tragedies and follies of the years between the wars. Vast new powers and new political forces were emerging in the world. Russia, China, Japan, and the United States were countries on a new scale. The nuclear weapon had been born. Time had transformed the problem of equilibrium. It was altogether beyond the reach of the old entente.

We came to understand, but not quite to accept, the fact that in the small, unstable nuclear world in which we have no choice but to live, the security of the United States depends on maintaining a tolerably stable balance of power not merely in the Western Atlantic, in Europe, and in the hemisphere, but in the world as a whole. And we began to perceive as well that if the security of the United States was to be protected, we were going to have to undertake a major part of the job ourselves.

This fact has determined both the tasks we have had to undertake abroad since the war and the recurrent spasms of domestic political conflict we have experienced in facing them.

For many Americans, our international exertions since 1945 have been accepted as temporary and transitional efforts. They tend to think the First World War was an aberration and the Second a unique phenomenon caused by Hitler. If we did a good enough job with the Marshall Plan and aid programs and fended off aggression in Berlin, Greece, and Korea, the Soviets and the Chinese would come to accept the reasonableness of peaceful coexistence; Europe, the Middle East, and Asia would recover their capacity to defend themselves; then we could bring the boys home and return to "normalcy."

The Presidency of Lyndon B. Johnson marks the end of these illusions. We see that the world we have known since 1945 is not a temporary period of postwar disturbance but our normal condition, at least until rules of peaceful coexistence can be accepted and new groupings formed to guarantee them. And we realize fi-

nally that it will take a long time and a great deal of patient, restrained effort to create a system that might effectively maintain order in a world that contains so many breeding grounds for hostility and violence and so many invitations to aggression.

This is the root of the revulsion of public opinion about Viet-Nam which President Johnson has had to confront. Other aspects of the war in Viet-Nam heighten the feeling of revulsion: the distaste for bombing as a form of warfare and for any conflict between a small country and a big one. But the decisive element in American concern about Viet-Nam is resistance to the bleak fact with which the President lives every day: the fact that the protection of our national security requires not a sprint, a one-shot effort, followed by the relief of a withdrawal, but a permanent involvement in the politics of every part of the globe based on a strategy of peace that seeks to achieve order and to make progress possible.

### **The Necessity To Resist Aggression**

We are in the process of accepting these facts with our feelings as well as our minds. The necessity to resist aggression when it concerns the general equilibrium does not require us and our allies to be the universal policemen of the world. There are many conflicts which do not involve the risk of confrontation with the Soviet Union or with Communist China or otherwise threaten our national interests or the world balance of power. But the struggle in Viet-Nam, like earlier probes in Greece, in Iran, in Turkey, in Berlin, and in Korea, does concern the overall relations between the free world and the Communist states. These probes occur at the boundaries of the two systems. Change there could trigger chain reactions and call into question the credibility of the whole network of security arrangements on which the hope of world order depends. Until the Soviet Union and China can be persuaded to accept the principle of live-and-let-live, we shall have to continue to be vigilant and organize coalitions of peace in each region of the world to help resist aggression, direct or indirect, whatever its form.

Our obligation to act in this sense is an obligation we owe to ourselves, not to others. It is an obligation to protect our national security interest in preserving—in creating—the only kind of world in which we ourselves can flourish, a world of peace and of wide horizons, committed

to progress and based on the aspiration to seek the freedom of man as a good in itself.

This interest does not require the elimination of any social or governmental system in the world which is unlike our own. We are not engaged in an ideological crusade. We have no quarrel with communism in China nor in North Viet-Nam. We could live with these realities as we do with the reality of communism in the Soviet Union. We have not made, and do not wish to make, an enemy of any state because its social system is different from ours. The menace to peace is aggression, not ideology.

It is not remarkable that it has taken time for us to accept this truth. Our isolationist tradition rebels at the very idea. It resisted President Roosevelt's efforts to persuade the American people that there could not be a free "fortress America" in a world dominated by totalitarian and expansionist Axis Powers. After the Second World War ended, President Truman saw there could be no turning back. Another aggressive power was on the scene, and there was no hiding place for us. President Truman had the courage to present these realities to a nation in the face of 150 years of contrary tradition. In place of "no entangling alliances," he built NATO; in place of classical precepts about self-reliance, he developed the Marshall Plan and Point 4 programs of aid. Alliances and economic assistance have been part of the program of every administration, Republican and Democratic, ever since.

We adopted NATO and the Marshall Plan because we knew that a gross imbalance of power existed between the European states and the Soviet Union. Left to itself, Europe would have been neutralized and reoriented, at the least. In our own interest, we provided enough American military power and economic assistance to rebuild Europe and a more stable balance of power.

### **Threat of Expansionism in Asia**

The same principle of equilibrium applies to the Pacific as well as to the Atlantic. We have been a Pacific power, after all, longer than we have been one in the Atlantic. Commodore Perry took his famous voyage to Japan at a time when we regarded European politics with aversion, as a game far from our concerns.

In Asia today, new nations have emerged from the chrysalis of empire, and old nations are pursuing new goals. Most of them are

militarily weak. Many are vulnerable to subversion as well as to invasion.

They are pursuing programs of modernization with varying degrees of success, and social goals as diverse as the peoples themselves. They are also beginning to establish relationships with each other for purposes of development. The road which stretches out before these nations is not an easy one. If an open and stable world order is to be achieved, their independence and security are of fundamental importance.

Unfortunately, there are forces which would deny these nations even the chance of advancing in their own ways. Practically all of the states of Southeast Asia have experienced a threat from a power or group of powers which do not welcome this development in diversity. They are in the shadow of expansionist powers who can see only one path for development—the dreary road of communism—and who do not hesitate to use every weapon available to force others to follow this road. The imbalance in power between these states and the world of Asian communism is considerable—and measures their danger.

In the north of Asia, to be sure, a considerable degree of balance has already been restored, especially in terms of social stability and economic strength. Japan is the world's third industrial power; Taiwan is no longer in need of our economic assistance; and South Korea is rapidly becoming a progressive industrial state. Each is a community capable of withstanding anything short of external aggression.

Thus our programs of economic assistance in the area have diminished. Militarily too, the balance in Northeast Asia has been somewhat restored. Local forces have taken over much of what was once our almost exclusive responsibility for the defense of the area. But North Korean attacks on South Korea have increased in number and boldness during the last year. This pattern and the capture of the U.S.S. *Pueblo* a few days ago raise new issues of security for the United States, for Japan, and indeed for the whole free world.

But in the south of Asia, the situation is different. Militarily, the disparity of power between the free nations and those under Communist control is far greater in Southeast Asia than in the North Pacific. Most of the countries of Southeast Asia are not making economic progress comparable to that of Japan or Taiwan. And they have not yet achieved the degree

of internal stability and cohesiveness which would make guerrilla insurgencies prohibitively difficult. On the contrary, Southeast Asia has become the testing ground for the strategy of aggression which the Communists call "wars of national liberation."

In the "national liberation war," or guerrilla insurgency, the expansionist powers of Peking and Hanoi have found a formidable weapon, and with it they have placed the nations of Southeast Asia in peril. In this effort Hanoi, at least, has had the steady support of the Soviet Union. Without outside help, not even the most determined of the free governments of Southeast Asia could long resist the combination of external pressure and internal Communist subversion. Indeed, as most of them frankly recognize, there would be no point in resisting such pressure singlehanded. If this strategy should succeed, most of Southeast Asia would soon be under the control of one or another of the Communist sects—which one hardly matters. Hanoi's would be just as oppressive to the Lao or Cambodian as Peking's to the Burmese or Malaysian. India, Indonesia, and the Philippines would confront grave dangers. And, facing us, an alliance of Peking and Hanoi and other states in their pattern would be quite as hostile and quite as closed to us as any single concentration of power over the same area. The United States would be confronted, in a contracting world of jets and missiles, with the threat of a hostile Asia—a threat comparable at least in potentialities to the threat we recognized 30 years ago as a grave menace to our own security.

### **The Essential "Why" of Viet-Nam**

The conflict in South Viet-Nam is not a civil war but an attack from without disguised as a civil war. But even if we consider the conflict against the Government of South Viet-Nam as a civil war, the regime in North Viet-Nam and other governments have no right to assist the rebels. International law has been clear for centuries that while friendly governments have a right to assist a government in putting down a rebellion, it is an act of war against that government to give support to an insurrection against it. When France helped the American revolutionaries, she was thereby committing an act of war against Great Britain.

The SEATO Treaty of 1954<sup>2</sup> defined the danger of such attacks as a risk the signatories were determined to prevent—a danger to the security of each of them and to the general peace. It declared: "Each Party recognizes that aggression by means of armed attack in the treaty area against any of the Parties . . . would endanger its own peace and safety. . . ." And it committed the United States to join with the other signatories in developing "their individual and collective capacity to resist armed attack and to prevent and counter subversive activities directed from without against their territorial integrity and political stability."

This commitment does not mean that we must hold military bases everywhere, nor does it require intervention everywhere and anywhere in the area. Indeed, our willingness to assist, if it remains credible, is the best assurance that we and the Asian peoples themselves can have that the point of physical intervention will not be reached. If both the smaller free nations and the Communist states are convinced that the United States can and will honor its SEATO obligations, each of the free nations of Southeast Asia should be able to face up to Hanoi and Peking and deal with its own internal problems, including insurgency. This process is, in fact, underway today—in Burma, in Indonesia, in Thailand, Malaysia, and the Philippines, indeed, even in Cambodia. Attacks are being contained and resisted without the involvement of U.S. combat troops in these countries. It will continue to happen—because the Asians want it to—as long as our willingness to assist remains intact and credible. That credibility is what is being tested in the bitter, tragic fighting in Viet-Nam today.

This is the essential "why" of Viet-Nam. We are not there because of willful or whimsical acts on the part of Lyndon B. Johnson, John F. Kennedy, or Dwight D. Eisenhower. We were obliged to draw the line in South Viet-Nam not only by the SEATO Treaty, but because successful aggression against South Viet-Nam would lead to basic change in the world balance of power. The SEATO Treaty recognizes the reality. It does not create it. The interests we are defending in Viet-Nam, like those we defended in Greece, Berlin, and Korea, are national interests in a system of world order. They are exactly

---

<sup>2</sup> For text, see BULLETIN of Sept. 20, 1954, p. 393.



the same as the interests which led us to say "Thus far, and no farther" in Western Europe and Korea.

Many who supported Government policy in Europe and in South Korea elect not to support it in Viet-Nam. That comfortable option is not open to those who bear responsibility for the safety of the United States.

### **The Enemy in Viet-Nam**

There are differences between the attack on South Korea and the attack on South Viet-Nam. The campaign in Viet-Nam is a political-military war, a "war of national liberation," novel in conception and in tactics, and requiring an effort on our part unlike any we have ever made.

But the difference in tactics between Korea and Viet-Nam does not conceal the identity of strategy. The attack on South Viet-Nam is an attempt to unify one of the countries left divided by the cold war. Its political significance is the same as that of similar attempts to change the status of Berlin or Germany or Korea by force. It is an act which calls into question the possibility of peaceful coexistence.

Let us, then, recognize our enemy for what he is and what he is not. It is, it seems to me, the lack of clarity on this point which is one of the most serious obstacles to general public understanding of our effort in Viet-Nam.

Our enemy in Viet-Nam is aggression conducted by a Communist government and supported by other Communist governments. In Viet-Nam, in Laos, and in parts of Thailand, this aggression is directed by Ho Chi Minh, the leader of North Viet-Nam. In Burma, in Malaysia, in Indonesia, and elsewhere, insurgencies are directed by China itself. Peking and Hanoi are allies; that arrangement is, after all, just as possible in the Communist world, divided as it is, as in the free world.

No one pretends that Hanoi is a satellite of Peking. But neither is it a rival—much less, as some of our friends would like us to believe, a bulwark, or even the only bulwark, against Peking's expansion. Of course, Ho Chi Minh wants to be master in his own house—which he sees as being all of Indochina. And Chairman Mao has no reason to dispute it. Ho, on the other hand, is unlikely to object to Chinese domination over other parts of Asia. So they are a team. They share the same weapons; the

"national liberation war" is an integral part of the catechisms of both Peking and Hanoi. Therefore when we assist an Asian country, South Viet-Nam, in resisting this aggressive weapon when wielded by Hanoi, the lesson is not lost in Peking.

So much, then, for the war as it relates to the question of China. What about Hanoi itself, what about Ho Chi Minh? No one denies he is a Vietnamese nationalist. Indeed, his resistance to the French will always insure him a place in his country's history—just as we have not forgotten the early heroism of General Benedict Arnold. Both betrayed the nationalist spirit which gave them their place in history. Benedict Arnold distrusted American nationalism and went back to the British. Ho Chi Minh distrusts any Vietnamese nationalism other than his own and has therefore tried to subject it to his own Communist system. Just as there was no Continental soldier who was not proud of having fought under General Arnold at the battle of Saratoga, so, too, there is no Vietnamese nationalist who will not admit with pride to having been with the Viet Minh in 1946 or even '49.

But the Vietnamese nationalists were betrayed. They came to realize that Ho Chi Minh was not fighting to gain for the Vietnamese the right to choose their own future but was fighting, first and foremost, to impose one specific system on Viet-Nam, a system which few Vietnamese understood and fewer still supported—the system we call communism. So determined was Ho that this system prevail that by 1951 he had excluded the last non-Communist nationalists from the Viet Minh leadership. At that time, too, the last of the genuine nationalists supporting Ho left the Viet Minh. These men are among the finest leaders, from army officers to hamlet chiefs, the free people of Viet-Nam have today.

In 1955 Ho Chi Minh gained control of the northern half of his country. His intolerance for everything Vietnamese not cast in his own mold soon showed itself. By the conservative estimate of the late Professor Bernard Fall, no less than 50,000 Vietnamese lost their lives so that Ho might consolidate his power. Twice that number were sent to concentration camps. Other estimates place the toll in purges much higher. At least 840,000 people left the country altogether—not because they didn't love their homes, not because they didn't want independence, not because they loved the French or Ngo

Dinh Diem, but because Ho Chi Minh allowed no place for them in *his* Viet-Nam.

In the South of Viet-Nam, a nationalist republic under Ngo Dinh Diem was founded. The two Viet-Nams began their existence. Under the Geneva accord, there was to be a referendum before 1956, through which the people would freely express their will as to the possibility of reunification. But Ho Chi Minh refused to consider allowing a free election in North Viet-Nam as required by the Geneva agreement. In the face of this breach of the accord, the Government of South Viet-Nam refused to acquiesce in the holding of an election. Under these circumstances, facing a guaranteed vote of 99 percent for Ho Chi Minh in the more populous North, a referendum was an option the South could not consider.

There is a steady drumbeat of criticism against this decision as a "violation" of the Geneva agreement. That criticism seems misdirected. The true breach of the agreement was, and is, North Viet-Nam's refusal to allow free, secret balloting under international supervision. The failure to hold elections, even if it had been the responsibility of South Viet-Nam, would not justify recourse to war, any more than Communist refusal to hold elections in Germany and Korea would justify us in uniting those countries by force.

### **Hanoi's Control of the Viet Cong**

At this point, once again Ho Chi Minh had a choice. He might have recognized that while the social systems of the two Viet-Nams conflicted, the economies of the two states complemented each other. Following the interests of the whole Vietnamese people, he might have adopted a policy of coexistence with the South, of commercial exchanges, of free travel between the two new political entities. As a nationalist, in short, he might have permitted all the Vietnamese, not only those he could control, to cooperate in a number of ways—that is, to coexist peacefully. As an Asian, he might have made his contribution to the peaceful development of the entire region. But for Ho Chi Minh there is no coexistence. For him, there could not be the kind of relations which now exist between Tito's Yugoslavia and her "capitalist" neighbors Austria and Italy, for example.

Rather, Ho chose to follow Mao Tse-tung. He rejected the national interests of his people, and pressed on with his dream of communizing

them—and all of what was once French Indochina. He did not pursue this goal by setting up a legitimate Socialist or Communist party in the South, to vie openly for the people's support in a democratic way. Like Mao, he feels that politics comes better from the barrel of a gun. Following Mao's textbook, he instructed some of his followers to hide arms and to hide themselves among the people of the South until the time came. Others of his followers he summoned to the North. He trained them, and in a few years they were returned to the South as his stay-behind followers were instructed to take up their weapons.

These were the beginnings of the Viet Cong; not as a simple foreign invasion army but equally not as a group of popular agrarian reformers who wanted only to free their land from foreign domination.

From the beginning, the Viet Cong leadership has operated for, and under the command of, the government of North Viet-Nam. Today, Hanoi controls the Viet Cong, and their "government," the National Liberation Front, through the Central Office for South Viet-Nam (COSVN), which is a part of the North Vietnamese government structure. The People's Revolutionary Party, which dominates the front, is likewise under the control of the Lao Dong, or Labor Party, which is the Communist party of North Viet-Nam. Overall command of the Viet Cong troops is in the hands of a Northern Regular Army general. Northern army units not only fight with the Viet Cong but are used to beef up decimated "southern" Viet Cong units. Equipment and supplies come from the North, and in abundance.

### **The Viet Cong "Infrastructure"**

This, then, is the role of Hanoi in the Viet-Nam struggle. But, this point being made, let us not forget that the Viet Cong also has roots deep in the soil of South Viet-Nam. No responsible observer of South Vietnamese politics has doubted the existence of considerable Communist strength. It is not a large voting strength; no estimate runs as high as 20 percent. But it is a powerful revolutionary force—a force of terror and intimidation, and a military body capable of inflicting political and military damage.

This Viet Cong infrastructure, which is the heart of the problem in Viet-Nam, remains entrenched in cities, hamlets, and villages throughout the country, openly in some, elsewhere in

competition with the Government, and dormant or dead in an increasing number of others. As long as the infrastructure remains, the war in Viet-Nam will not be won. When it is destroyed or dissolved, victory in Viet-Nam will be as assured as the victory over guerrillas in Malaya or that in Korea.

What is this infrastructure, and why is it there? First of all, it is clear that the Viet Cong, that is to say, the indigenous South Vietnamese who are fighting for Ho Chi Minh and his system, comprise a well-organized but—and I stress this—a small minority of the Vietnamese people.

This fact is shown by the recent elections, which were held in areas containing fully 75 percent of the South Vietnamese people. These areas, you may note, extended well beyond those in which resides the population normally considered under Government protection—roughly 67 percent at this point. In other words, South Vietnamese officials took some risks to extend the franchise even to people they knew to be under some active Viet Cong influence. In those elections, close to 60 percent of the entire adult population of South Viet-Nam, regardless of control or political affiliation, expressed their loyalty to the South Vietnamese state by voting for one of 11 candidates running under the Constitution. They voted in the face of direct Viet Cong orders not to do so, boycott orders backed up by 190 Viet Cong-inspired political murders during the 2 weeks preceding the election. And who is to say how the 25 percent of the population whom the Government could not reach at registration and election time would have voted if they had been free to do so?

How can the Viet Cong minority continue to have the grip on the country it has—with roughly 17 percent of the people under its direct control, a similar percentage under contest with the Government, and some adherents in the urban centers under direct Government control? It has the grip, first of all—in the historical sense, at least—because it pretends to answer the legitimate grievances of the people, grievances to which they think past governments of Viet-Nam—mandarin, colonialist, Diemist, and putschist—were indifferent, to say the least. Because of these grievances, the Viet Cong were able to gain the support of many people, including some who are not Communists.

The South Vietnamese Government has begun to take significant steps to deal with these grievances. We are assisting them in these ef-

forts, and we are encouraging them to expand and accelerate their programs of social action. I shall describe some of them in greater detail later. The point I would make now is that the “grievance factor,” if you will, the degree to which the Viet Cong support is based upon popular discontent, is, by every measure we have, constantly declining. It is declining because, on the one hand, local and national authorities are making concrete efforts to meet popular aspirations. On the other hand, it is declining because the Viet Cong have become demonstrably less and less able and indeed less and less interested in carrying out the promises which once brought them a degree of popular support.

### **Growing Brutality and Terrorism**

As the “grievance factor” declines in significance, the element of terrorism correspondingly grows in importance in Viet Cong tactics. We are all familiar with Mao Tse-tung’s metaphor of the guerrilla as “a fish in the water.” What this means is basically that the guerrilla should remain in a friendly natural environment, drawing his support from it but in no way harming or molesting it. How different this is from today’s realities. The image of the pajama-clad guerrilla sharing a bowl of rice with a friendly peasant family scarcely exists today. It has been replaced by that of a uniformed and heavily armed foreign army, five divisions strong, which can find enough food and enough portage only by making levies upon the population, levies which resemble the demands of medieval lords far more than the simple requests of progressive reformers.

Viet Cong “friendly persuasion” was never really that. I have mentioned Chairman Mao’s dictum that “politics grows from the barrel of a gun.” At one time, perhaps, the Viet Cong tried somewhat harder not to wave their guns under the noses of their hearers as they “persuaded” them. Now the scene is different. It may be characterized by the recent massacre at the refugee village of Dak Son.

I do not recall Dak Son to you because of the particular horror of the 252 civilians who were systematically destroyed there by Communist flamethrowers and grenades. This is a bloody episode—but the figure I gave you is 66 less than the average number of innocent civilians killed each month in South Viet-Nam by the heroes of the Liberation Front and their north-

ern comrades. What is significant about Dak Son, then, is not death alone, but that it typifies the extremes to which the Communists must now go in many areas to keep their grip on the population.

The people who lived, and died, in Dak Son were highland tribesmen, a minority group which differs from the Vietnamese in its culture and which had, at least until quite recently, few reasons to support the national government. Although the Viet Cong have not been successful in drawing many highland tribesmen to their ranks, the tribesmen have in the past generally tolerated the Viet Cong. They have served them as porters and laborers when required to do so.

The tribesmen of Dak Son, however, came to have enough of this servitude. In late 1965 and 1966, they left their jungle homes for an area under Government control and built themselves a new village. In short, they chose freedom. The Communists called them back; they did not come. The Communists attacked them twice in 1966 and twice in 1967; the tribesmen beat them back and inflicted heavy losses upon them. Finally, on December 5, an entire regiment of Communists attacked the hamlet. The 62 highlander development cadre and the platoon of highlander village militia who were in the hamlet resisted from midnight until morning, when they were finally overwhelmed. You have all seen the results. The villagers were punished for becoming refugees.

The point of the episode is not Communist brutality alone. That is nothing new—it has resulted in the death of 3,820 Vietnamese civilians and the disappearances of 5,368 others in 1967 alone. What *is* significant is the resistance these once “neutral” people have offered. What this means, and it has been happening throughout the country, is that the “water” is rejecting the “fish”—and the “fish” in turn cease to circulate so confidently in the “water.” They become an increasingly insecure and therefore an increasingly brutal force, which in order to sustain itself must resort more and more to terror, to forcible taxations of up to 50 percent, to the draft of 14-year-olds and 40-year-olds.

This is the enemy we face: a largely local force, organized, controlled, and supported by an outside power in the North, but having its roots in the South itself. This is the fact we must never lose sight of. The struggle in Viet-Nam is a struggle of and for the South. If victory is to be found, it will therefore be found in the South—not in Peking, not in Hanoi, not on

the soil of Cambodia, but in the South of Viet-Nam.

It is to be gained in the South not by setpiece battles, not by an accumulation of statistics, not, indeed, by any feat of arms or any program of building alone, but by the relentless pursuit of political ends by political means—behind a military shield, to be sure, but always through political as well as military methods and always by military methods compatible with our political goals. Our military effort, to be sure, must be adapted to the military threat. But it cannot prevail alone. The free world must show that it, too, can use the new weapon of national liberation with which the Communists now challenge free people in many parts of the world.

### **Security the Common Purpose**

We hear people talk of the political and economic war in Viet-Nam as “the other war,” as if it were apart from the military struggle. To me, there is no “other war” in Viet-Nam—there is only one war. The bombing of military targets in the North, the battles in the DMZ [demilitarized zone], and the construction of a schoolhouse in the Mekong Delta are part of the same effort and derive their validity from their contribution to the same goal: success in South Viet-Nam’s nation-building effort.

All of the Allied soldiers—Americans and Koreans, Australians, Thais, Filipinos, and New Zealanders—who are fighting alongside the Army of the Republic of Viet-Nam have a common purpose, a purpose absolutely essential to success in that country. It is not what the Defense Department rather coldly calls kill ratios. It is not victory parades and the booty of war on proud display. It is, in a word, security—security for the people of South Viet-Nam in their cities and villages.

No political and economic program, no matter how enlightened, how well administered, and how well received, can achieve success in a situation of armed insurgency, such as that in South Viet-Nam, if the people cannot be guaranteed a reasonable degree of safety in their homes. Our men are fighting major units of the North Vietnamese army to prevent large forces from attacking in populated areas. Units of the other Allied nations in Viet-Nam are likewise carrying out this basic mission of keeping main-force units at bay and away from the cities. In the Mekong Delta the Regular Army of Viet-Nam continues to perform this task. But in and

around the hamlets and villages, where most of the people live, the responsibility of the Vietnamese Armed Forces must remain primary. This is why Vietnamese Regional Forces are fighting in every Province. This is why hamlet militia and cadresmen gave their lives at Dak Son.

### **Growth of New Institutions and Systems**

Security is vital. But security has no meaning by itself. There can be no security without the collaboration of the people, and this cannot be won without a political, economic, and social program. Without a program and a responsible and responsive government to secure it, there would be only two armed bands contending, like medieval robber barons, for so many towns and so much booty.

But there *is* a program in South Viet-Nam, and there *is* a government, drawing its mandate of legitimacy from the consent of the governed.

There is an elected executive. There is a legislature, which is asserting its prerogatives and seriously contesting some of the proposals the executive has put before it. There are legislators who are learning the political game of fence-mending in their constituencies. They have to. They have seen how many proud incumbents of the former Constituent Assembly were not returned to Saigon because their electors felt they hadn't done enough for the folks back home.

None of this comes as news to you—it has been in all the papers and on television. What has not been so frequently mentioned—but what undoubtedly means even more to the majority of the Vietnamese people who live in the countryside, as indeed it does to Americans, rural and urban—is local self-government.

Throughout the year that has recently ended, thousands of hamlet chiefs and village council members have been elected all over Viet-Nam, in every village where the Government can hope to protect them. These local governments are not just debating societies; for they have the one power any local government must have to be effective—be it Indianapolis, New York, or Peru, Vermont—namely, the power of the purse. Vietnamese villagers now have the power to assess and tax land, to spend their revenues as they see fit. They have the right to turn to their Province chiefs, the representatives of the central government, and request assistance for projects which are beyond their means or go beyond their village gates. The Province chief in turn now

has the power to call for the cooperation of all the local technical service chiefs—agriculture, education, health, public works—without referring every question back to their parent ministries in Saigon. He has had, since the beginning of the Revolutionary Development program, a budget of his own to support development efforts in the Province.

All but the last of these institutions and systems are new, or newly restored, to Viet-Nam. I have not mentioned them here to crow about them. They are not the end, they are not themselves “the proof of the pudding.” That remains, as always, in the eating—in the manner in which the Vietnamese use these new popular institutions which *they* have created. They are institutions of which any developing nation could be proud; they are little less than phenomenal for having been developed in a wartime situation. But they are a beginning, and a good one.

### **American Assistance to Vietnamese Effort**

This is the effort being made in Viet-Nam and its potential for the future. It is a military effort because nation-building cannot exist without military security; it is a political and economic effort because security is meaningless without nation-building. And it is, first and foremost, and always, a Vietnamese effort.

On the military side, I need not make the point that complaints that the Vietnamese have “ceased to fight” are just as mistaken in Viet-Nam as the same charges were 15 years ago in Korea or earlier still in Europe. These contentions are baseless, in fact; and they rest on a basic fallacy common to both extremes of the Viet-Nam aviary, the fallacy that somehow Viet-Nam is an all-American war with a few Vietnamese sitting somewhere on the sidelines. These “few Vietnamese” are the men on guard at every pacified hamlet, the men of the “Regional Forces” militia units operating in every Province of Viet-Nam, and the men of the Vietnamese Regular Army who continue to bear the brunt of almost the entire military effort in the vital delta of the Mekong.

It is not unnatural that Americans want to learn what Americans are doing in that distant war. And national self-centeredness tends always to exaggerate our own efforts and to deprecate those of our allies. It is not unnatural to see American headlines about major battles in which a hundred or more American boys lose

their lives. We understand this. We understand, too, that perhaps the hundred Vietnamese militiamen and soldiers who, at the same time, lose their lives in a hundred small engagements protecting a hundred hamlets throughout the country do not make as good copy. But they are there fighting and dying just the same.

On the civilian, or the political and economic side, the same holds true. Our civilian personnel in Viet-Nam now number some 3,000. But let us also remember the 35,000 Revolutionary Development cadre, the tens of thousands of hamlet and village officials, the unnoticed number of the Vietnamese civil servants who every day are struggling against their inherited systems of mandarin bureaucracy and corruption to help develop new institutions. Of course South Viet-Nam has a problem of corruption. It is not an unknown phenomenon in other parts of the world, including our own country. In Asia, the effort to eliminate corruption faces special obstacles—obstacles of age-old habit. But the effort is being made in Viet-Nam, and it is making progress.

We Americans are assisting the Vietnamese as they develop and defend these institutions. We can, and do, give them important budgetary and economic support: we furnish technicians, logistical support, and commodities of all descriptions. All this is American—but there is not, there cannot be, an American program for the benefit of the Vietnamese people and nation. There are not, there cannot be, American refugee camps in Viet-Nam. An American schoolhouse, or pigpen, built without an expressed Vietnamese need and built with no identification with the Vietnamese Government, is valueless. A hundred of these facilities would make a handsome statistic, but they would make no contribution at all to victory.

So we must watch our terms of reference. We must ask ourselves, in evaluating the situation, not only what the Vietnamese are doing to collaborate with us, but what they are doing to help themselves. We have shown, and we must continue to show, our willingness to assist. But in the end it is the nationalists of South Viet-Nam alone who can and must fight and win their own revolution. Their goal—and ours, we must remember—is not to hear "Thank you America" but rather "Long live free Viet-Nam."

I can be confident the Vietnamese will succeed in their endeavor because all I have come to know about their country shows me that the progress being made there is real. This progress

does not come in any dramatic flash, not with any great upsweeps on a chart, but slowly and steadily. In 1965, there were only 41.2 percent of the people under Government protection. Now 67 percent of the people of Viet-Nam are within areas controlled by the Government. The Vietnamese Revolutionary Development program, the spearhead of the political-economic war in Viet-Nam, has set itself modest but entirely realistic goals of expanding the areas of Government control, which they have substantially attained. In addition, other large numbers of people have fled their homes in Communist-controlled areas for new homes and lands under Government control or, as in every other country of the world, for new opportunities afforded by expanding urban areas. The trend is clear.

### Slow But Steady Progress

A word of caution, however. I have not given you these figures so that you may set about calculating in how many years they should add up to 100 percent. Obviously, the answer is not next year. It is difficult to calculate the time of victory even in a purely military situation; to do so in a political war, where intangibles are infinitely more important, is sheer folly. There will undoubtedly be setbacks as well as progress in the period before us. What I do want to leave with you, rather, is the thought that the war in Viet-Nam is not a military stalemate. It is rather one of slow but steady military and political progress.

What this progress will lead to is what we have seen happen in Europe and in North Asia. Like the Koreans and the Taiwanese, the South Vietnamese have begun to build their modern nation in their own way, a nation with which all the people of that land can identify. As this goal is achieved, the political base of the Viet Cong will continue to erode. The popular support of the Viet Cong, whether voluntary or inspired by terror, will diminish and disappear. When this happens, the guerrilla war will be over.

The hard-core indigenous Communists remaining will be what any other nonpopular armed force is—a pack, or packs, of bandits. Like any other bandits, they can be dealt with by local police forces. Should Hanoi continue even then in its policy of replacing lost southern Communists by northern Regular Army soldiers, they will find themselves—far more than even now—as a hated foreign army. The

laws of guerrilla warfare would no longer apply. And an army of comparable size, the Army of the Republic of Viet-Nam, should be quite capable of dealing with them. Under those circumstances, nothing short of direct Chinese or Soviet invasion could keep the Republic of Viet-Nam from being free again—free to pursue the goals it has set for itself, free to develop in the paths determined by its own people.

As this process gains momentum, the need for Allied assistance will decrease, as it has elsewhere. The need for Allied combat troops to reinforce the Vietnamese will also grow progressively less. In the end, the need will essentially disappear. But when this process can begin, and at what pace it will then accelerate, depends upon too many factors for me to attempt to calculate and especially on Hanoi's program of infiltration and the Chinese and Soviet programs of support.

The limited and prudent political and military course in which we and the Vietnamese are now engaged offers the best hope for victory. Any attempt to ignore the realities I have presented, to ignore the unique nature of this political war, and to attempt to "get it over with fast" with massive bombing attacks on nonmilitary targets, invasion of the North, or other escalations totally unrelated to the effort in the South is to risk, and to risk unnecessarily, the world war which our effort in Viet-Nam is intended to prevent.

On the other hand, any attempt on our part to withdraw our support from South Viet-Nam before the political process is over would not only be a heavy blow to our own interests but a grievous betrayal of those Vietnamese nationalists—from Saigon to the smallest hamlet—who are fighting and winning their own revolution. It would not bring peace but likely a bloodbath which would make those which took place in the North following Ho's assumption of power look like the Boston Tea Party.

I conclude, finally, that the process in which we are now engaged offers the most realistic hope available to us for a negotiated peace in Viet-Nam. Ho Chi Minh is no fool. He knows what his objectives are. He won't give up his political war just because a few hundred of his men get killed on a mountain-side in this or that battle or because this plant or that irrigation dike is blown up in the North. He won't give them up either because all "reasonable public opinion" abhors war and asks him, ever so humbly, to help put a stop to it. Thus far he has

had no difficulty in ignoring and rejecting all manner of proposals to seek a political solution for the conflict.

But he may be expected to pull in his horns when he sees, quite simply, that he is not succeeding at his own game—that the political tide is not carrying his revolutionary "fish" onward but is moving steadily against them, pushing them back to the rocks and sand, where they cannot live. An aggressor's willingness to make peace comes, after all, not because of any dramatic defeats in a given sector, not because of moral appeals, but out of the simple recognition of inexorable realities.

We are always exhorted to make more determined efforts to initiate negotiations and to exercise more imagination in proposing them. I can assure you, after 15 months in this job, that we pursue every opportunity for negotiations, however faint, and invent a great many ourselves. Thus far we have confronted a flat refusal to discuss anything more serious than procedures for turning South Viet-Nam over to the control of the Viet Cong and for withdrawing our forces and other forces assisting the Government of South Viet-Nam. As the President said in his state of the Union message, we are now seeking to find out officially what the latest press reports from Hanoi actually mean.

Our own position is clear. We favor no infringements whatever on the territory or the sovereignty of North Viet-Nam. We do not desire American bases in South Viet-Nam or any utilization of the territory of South Viet-Nam against the Communist system in the North or against the neutrality of Laos and Cambodia. What we must have, however, is the simple guarantee from North Viet-Nam to refrain from interfering in South Viet-Nam's political and economic development by force of arms. And that is all.

All we are asking, all we are seeking, is that South Viet-Nam be free to decide its own future and develop itself according to its own plans. This is, indeed, all we ask, all we need to ask, in all of Southeast Asia. If the free nations in this part of the world do develop their resources and the talents of their people, a strength and self-confidence will develop which will make the "national liberation war" no more serious a threat in Southeast Asia than it is now in the north of that great continent. As this happens,

<sup>1</sup> For excerpts, see *ibid.*, Feb. 5, 1968, p. 161.

the balance of power will again be righted in that part of the world—and our own relations with these nations will take other forms, as they have in Europe and in North Asia.

These are the goals of our national interest

in Viet-Nam and in Southeast Asia. They are not impossible dreams—provided we have the patience and the will to shield the revolution in South Viet-Nam until it achieves the success it is on the way to attaining.

## What Kind of Revolution in the Home Hemisphere?

by Covey T. Oliver

*Assistant Secretary for Inter-American Affairs*<sup>1</sup>

This is the seventh in a series of major public addresses I have made since my appointment as Assistant Secretary in which I have outlined what I hope will be seen as a consistent and clear philosophy of total development under the Alliance for Progress. I delivered the first in this series to this same council in June 1967.<sup>2</sup>

In the course of developing this doctrine, you will note I have used the term “home hemisphere” to describe the locale of the Alliance for Progress. I use this term not only to connote the intimate relationship that exists among the Americas but also because the Alliance no longer is limited to the United States and Latin America. It now embraces the English-speaking island nations of Trinidad and Tobago and Barbados.

Now, most of us who are concerned with the future of our home hemisphere agree there is an urgent need for radical and far-reaching social, economic, and political reform throughout the area. A true revolution is imperative to reform the unjust societal structures which benefit a few at the cost of neglecting the great majority and to reverse the erosion which for decades has been reducing the region's share in the world's economic and technological growth. Government leaders, technicians, students, intellectuals, and even Communists accept this premise. As a matter of fact, the revolution has already begun.

<sup>1</sup> Address made before the World Affairs Council of Philadelphia at Philadelphia, Pa., on Mar. 4 (press release 44).

<sup>2</sup> BULLETIN of July 24, 1967, p. 102.

The question, then, is not whether a revolution in our home hemisphere is necessary but rather what kind of revolution will take place. The question that today confronts our allies to the south is: Can this revolution be peaceful, or must it be violent?

Almost everyone responsible in some degree for the welfare of his nation and its citizens believes or at least hopes it is possible to effect the great changes that are needed in peace. Despite the fact there are no rulebooks for the rapid and peaceful transformation of such a vast and diverse area and very few guides to the right path, 22 nations have dedicated themselves to achieve this unique goal. This great effort, in which the United States participates, is called the Alliance for Progress.

On the other hand, those who advocate a violent overthrow of the existing systems in the Americas can draw on an ancient and growing library which details man's experience with bloody revolutions. Every step of the way has been recounted and analyzed hundreds of times. The violent revolutionary has but to choose among a variety of theoreticians, many of whom claim to be infallible, and follow the easy-to-read directions to immediate success. There is, of course, a wide divergence of opinion on the details of the course which the violent revolutionary must follow, but the general premise is the same: The existing system is evil and must be completely destroyed and another system imposed. In our home hemisphere, the advocate of violent revolution contends that any attempt to change the existing systems peacefully, however well intentioned, will be sabo-



tagged by an immutable oligarchy or military that has always resisted sharing wealth and power and always will.

The violent revolutionaries in the home hemisphere today can be separated into roughly three groups:

1. There are those who preach one of an increasing number of mutually exclusive Communist dogmas, and whose objective in fomenting destruction is the establishment of Communist dictatorship;

2. There are the irresponsible radicals, present in any society, who from protected platforms call for the violent end of the existing system regardless of its nature; and

3. There are a growing number who have personally witnessed the abject poverty and degradation of millions of fellow Americans and who have despaired that the complex problems underlying these conditions will ever yield to peaceful efforts.

Often it is this last group, those who have despaired, which strikes a responsive chord in all who comprehend the urgent need for change in our home hemisphere. No one can question the truth of their very personal stories of widespread poverty and injustice. Nor can one argue with their contention that the forces resisting change are still powerful and constitute a serious threat to peaceful development efforts. And, finally, perhaps many of us are sympathetic with those who have despaired because we accept at least some share of the guilt they feel for the centuries of neglect that have spawned the conditions that threaten the well-being of all Americans today.

As much as one can understand and sympathize, however, one must reject their conclusion that violent destruction can resolve the problems of our hemisphere. That conclusion negates one of the fundamental beliefs that has led this country to true greatness: that free and enlightened men, through their own continuing and constructive efforts, can mold societies to meet their own needs and desires. To accept the violent road to change, one would have to ignore the overwhelming historical evidence that violent change usually substitutes one tyrannical system for another and may even impede true development. One would also have to accept the terrible consequences of increasing the pain of those who already suffer too much.

Let us examine for a minute the violent revolutionary's premise that the existing govern-

ments of Latin America are evil, that the majority of hemispheric leaders either belong to traditional power groups or at least serve as fronts for them.

Despite the real progress our Alliance nations have made over the past 7 years in initiating social and political reform and economic growth, despite the courage shown by many governments by launching programs which strike directly at the unjust advantages enjoyed by traditionally powerful and protected sectors, too many in our home hemisphere—including some right here in the United States—too many are unable or unwilling to accept the fact that things have changed. Too much of what passes for intelligent and knowledgeable comment on inter-American affairs is based on the belief that Latin American leaders today are no different from those of 25, 50, or a hundred years ago.

This, very simply, is false.

More and more Latin American leaders today are personally as well as officially dedicated to the revolutionary goals of the Alliance charter.<sup>3</sup> Their resolve to bring a better life to all their peoples has been tested and strengthened during the difficult years when we began to understand the problems we were up against and to forge the tools with which we would change the face of half the world. Their dedication is not based on complete success, for we all have suffered reverses. Yet the advances that have been made are heartening. The advances are so encouraging that last year at Punta del Este President Johnson and his colleagues not only called on their nations to continue the Alliance effort but said that effort should be increased.<sup>4</sup>

Unlike the demagogues, honest and progressive Latin American leaders do not promise that ancient injustices can be righted overnight. They make no promise of immediate riches, nor do they claim to have discovered an easy way to human development. They call for greater effort from more Americans, increased self-denial, and more financial sacrifice. They demand unlimited good will, understanding, and perseverance.

In effect, the Action Program outlined last year at Punta del Este is a resounding reaffirmation of belief that the tremendous task ahead

---

<sup>3</sup> For text of the Charter of Punta del Este, see *ibid.*, Sept. 11, 1961, p. 463.

<sup>4</sup> For background and text of the Declaration of the Presidents of America, see *ibid.*, May 8, 1967, p. 706.

of the Americas can be accomplished in peace as long as we continue to help each other and ourselves.

But the advocates of violence point to the unrest in many Latin and Caribbean American countries today and say this is evidence that the revolutionary words of the Alliance charter and the Declaration of American Presidents are empty promises. They shout that the Alliance has failed to bring a better life to the disinherited millions of our hemisphere and that these millions are disgusted.

I contend that the unrest we see today is proof that the Alliance is working. The men, women, and children who once had no hope for a better future now see that poverty, illness, and illiteracy are not unchangeable facts of life. Alliance roads, schools, medical teams, and agricultural projects in thousands of once-stagnant areas have stirred new hope and new demands for further improvement. There is unrest in those with power and wealth as they see that the governments mean to collect fair taxes or to tear down trade barriers which guarantee them captive markets.

Much of the unrest in the home hemisphere today was planted and nurtured by the Alliance for Progress. If we are successful, this unrest will grow.

Unrest—social upheaval—is the force which powers the continuous revolution that is characteristic of all truly democratic societies. It is the dynamic energy which forces a democratic system to reform itself to meet the ever-changing attitudes, needs, and desires of its citizens. Over the years, the United States has grown in power and justice as a direct result of having evolved a means of controlling the potential destructiveness inherent in social unrest and directing this force into building an improved society.

The greatest threat to peaceful development in our home hemisphere today does not come from Castro's Cuba or from textbook Marxists and Maoists. Time and again, their pompous, dogmatic claims to infallibility and invincibility have been brought up hard against the reality that their bloody theories are alien and unwelcome in the Americas. They are unable to find a sea of believers in which to hide. The totalitarian leftist can impede, but he cannot halt, the Alliance for Progress.

The real danger to the Alliance today is that shortsighted or selfish men in the Americas may try to damp the fires of hope, the incipient unrest which has been generated during the last 7

years. If these people are allowed to slow our progress, the unrest we now welcome may grow too fast for the changing systems to be able to control. Old, unjust power structures which in the past insured stable, if stagnant, societies have been weakened. New and democratic institutions must be built to take their place. Alliance leaders are well aware that unless the new institutions grow rapidly, the unrest may turn into violence. That is why they called for increased development effort during the coming years which President Johnson has called the Decade of Urgency.

Today, for the first time in history, the home hemisphere can choose its revolution. It can either be fueled by the peaceful and constructive ferment of awakened millions or it can be the traditional bloodbath and terror. Unless we meet the rising expectations of the poor, I am afraid it will be the latter. If that is the case the peace we now enjoy in this hemisphere alone will be shattered. If our sister Americas suffer widespread destruction, coups and counter coups, intervention and counterintervention, it will then not be necessary to give speeches to convince people in the United States that our own security depends on the well-being of all of us. The connection will be all too painfully obvious.

It is too late for any of us merely to acquiesce to change. All must now contribute to the effort. The changes that can be made by governments alone have been carried out. The Latin American landowner, businessman, and industrialist must now support and even promote his government's efforts; for his wealth, knowledge, and ability are sorely needed. Latin American students must direct their intelligence toward developing the new skills and systems needed to meet the changing needs of their new societies.

We in the United States must be ready to make available the increased financial and technical help our neighbors require to redouble their own efforts during this critical period of development.

There is no question but that the basic policy of the United States under the Alliance for Progress is the policy of assisting, encouraging, and even urging peaceful revolution. But as we all know, each society must, in the last analysis, make its own value judgment. The United States cannot force this decision on others. Too much pressure, indeed, might well result in hardening opposing positions that would lead to misunderstanding and distrust and ulti-

mately to chaotic violence. The fact that social change is not instantaneous should not be construed to mean that the covert policy of the United States is to maintain the status quo in other American Republics. Furthermore, Latin Americans are not "lesser breeds without the Law." They are our brothers in basic culture, and they expect and deserve to be treated with consideration.

So we in the United States are involved in what seems to be a paradox. We have a strong sense of the urgency of change; yet we know we cannot bring about change immediately. This paradoxical position is not unusual in human or international relations. We must hold steadfast to the goals we have set ourselves and always be patient and vigilant.

In a very real sense, the virtue of the United States as leader and friend is at stake here. All-or-nothing ultimata simply will not work. We must make clear what it is we stand for and do everything we can to find effective and acceptable channels through which our nations and our peoples can work together. In many delicate areas, these channels must be multipartite. Yet when this country works through multipartite development institutions we must function as a team member. This means we cannot in every respect get what we want at a given moment in time, for Providence has not given us the power to work miracles on our own terms.

We must make up our own minds on the help we can give our closest neighbors.

Despite recent indications that the United States may be weakening in its resolve to help our neighbors, I cannot believe that the people of this country will turn away from our commitment to their progress.

Our well-being and peace is so inextricably tied to theirs, our close relationship so obvious, that self-interest alone should insure our continued assistance. And beyond self-interest, we in public office have always been able to depend on the great strength of this nation's magnanimity and sense of justice.

If the Alliance for Progress is a viable alternative to a violent solution of the problems of our home hemisphere today—and 7 years of growth and increasing stability indicate that it is—this nation cannot, must not, ally itself with those who from ignorance, indifference, or design threaten its continued success.

We have found an American solution to America's problems. We must not allow it to fail.

## Inter-American Cultural Council Meets at Maracay

### DEPARTMENT ANNOUNCEMENT

The Department of State announced on February 12 (press release 30) that Milton S. Eisenhower would be the United States representative and chairman of the U.S. delegation to the fifth meeting of the Inter-American Cultural Council at Maracay, Venezuela, February 15-22.

Maurice M. Bernbaum, U.S. Ambassador to Venezuela, served as an alternate representative and vice chairman of the delegation. Donald F. Hornig, Special Assistant to the President for Science and Technology, and Jacob Canter, Deputy Assistant Secretary of State for Educational and Cultural Affairs, also served as alternate representatives.<sup>1</sup>

The Inter-American Cultural Council is an organ of the Organization of American States, and all the OAS members are represented on the Council, save Cuba, which has been excluded from participation in the OAS since 1962. The agenda of the Maracay meeting was approved by the Council of the OAS on November 8, 1967.

A major topic on the agenda was consideration of measures for carrying out the mandates emanating from the meeting of American Chiefs of State,<sup>2</sup> in the fields of education, science, technology, and culture. These matters have been given intensive study since the Summit Meeting last April.

In a special meeting held in May 1967, the Inter-American Cultural Council established an *ad hoc* committee on education to make recommendations on educational development programs and reorganization of the Council's functions in light of the amended OAS Charter. In the same meeting the Council appointed a group of experts on science and technology to consider the measures necessary for a regional scientific and technological development program which the American Presidents had

<sup>1</sup> For names of advisers on the delegation, see Department of State press release 30 dated Feb. 12. (Note: Dr. Eisenhower returned to the United States February 20; Covey T. Oliver, Assistant Secretary of State for Inter-American Affairs, served as U.S. representative and chairman of the delegation February 21-22.)

<sup>2</sup> For text of the Declaration of the Presidents of America signed at Punta del Este, Uruguay, on Apr. 14, 1967, see BULLETIN of May 8, 1967, p. 706.

specifically called for in order "to advance science and technology to a degree that they will contribute substantially to accelerating the economic development and well-being" of the Latin American peoples. The report and recommendations of the *ad hoc* committee and the group of experts were completed late in 1967, and there are now ready for the Cultural Council's consideration program proposals amounting to \$25 million for regional programs in science and technology and education, plus sizable expansion of certain OAS scholarship, training, and cultural programs, and for the operations of the Cultural Council.

Another major topic on the agenda is the adaptation of the functions of the Inter-American Cultural Council and of its permanent committee to enable the effective discharge of its increased responsibilities and activities in keeping with the spirit of the Protocol of Buenos Aires amending the OAS Charter. Among the most important of these new responsibilities is the contribution of the Cultural Council to the "country review" process carried on annually by the Inter-American Committee on the Alliance for Progress (CIAP), so that greater attention will be given to educational and scientific development.

#### MESSAGE FROM PRESIDENT JOHNSON <sup>3</sup>

If man is to achieve his fullest potential, he must have the freedom to learn—and he must have learning to be truly free.

You meet to put into action the purposes of the Punta del Este Declaration of Presidents. There is no more important work facing our hemisphere. Together, we must:

- Assure basic education for all our people;
- Make our secondary schools and universities centers of excellence; and
- Harness science and technology in the work of education and development.

The largest share of what must be done, you must do. But I want you to know that we in the United States will help—with our resources, our technology, and the enthusiastic support of our people.

In preparing your programs you will use the tools that are at hand. But I hope your vision

<sup>3</sup> Read by Dr. Eisenhower at the first plenary session on Feb. 15 (White House press release).

also will extend to the tools of tomorrow. I am particularly enthusiastic about the possibilities of combining advanced technology with advanced methods of teaching and research. Educational television already points the way. We are not far from the day when the satellite will help us leap across the barriers that today deny good education to millions of citizens and unlock the doors to hidden natural resources on land and the surrounding seas.

With warm and vivid memories of my meetings with your Presidents last April, I send you greetings and best wishes for success in your deliberations.

## U.S. and Japan Sign New Agreement on Peaceful Uses of Atomic Energy

Press release 42 dated February 26

A new agreement for cooperation in the peaceful uses of atomic energy between the United States and Japan was signed on February 26 during a ceremony in the Department of State. Secretary Rusk and Atomic Energy Commission Chairman Glenn Seaborg signed for the United States, and Ambassador Takeso Shimoda signed for Japan.

This agreement, which is for a period of 30 years, continues cooperation in the peaceful development of atomic energy begun with Japan in 1955. The agreement provides for the supply of enriched uranium from the United States to fuel 13 large nuclear power reactors to be built in Japan. This agreement also provides authorization for the transfer by the AEC of up to 365 kilograms of plutonium for use by the Japanese in their peaceful research and development program. In keeping with the long-standing policy of both countries, the International Atomic Energy Agency will continue to administer safeguards under the new agreement. The agreement will now be submitted to the Joint Committee on Atomic Energy of the Congress, where it must lie for a period of 30 days before coming effective.

Secretary Rusk and Chairman Seaborg in signing the agreement hailed it as further evidence of the determination of the two countries to use atomic energy for the benefit of their peoples and as an indication of the spectacular growth of Japanese industrial and technical capabilities.

## Department Expresses Views on East-West Trade

*Following are statements made by Deputy Under Secretary for Political Affairs Charles E. Bohlen and Assistant Secretary for Economic Affairs Anthony M. Solomon before the Subcommittee on Europe of the House Committee on Foreign Affairs on February 20.*

### STATEMENT BY MR. BOHLEN

Madam Chairman [Edna F. Kelly], first of all, let me thank you for the kind words you spoke with regard to my new appointment. I certainly share your hopes, and I am convinced that the previously pleasant, friendly, and cooperative relations which I have had the pleasure of having with your subcommittee will continue.

I trust that you will bear with me in this task of talking on East-West trade. I have only last week returned to that subject, having been for the last 5 years preoccupied with Franco-American relations.

I would like to make a few general remarks with regard to the political rationale of trading with Eastern Europe, including the Soviet Union, and then turn it over to Assistant Secretary Solomon, who is much more familiar with all of the details of the economic aspects of this trade.

The first thing I would like to say is: The term "East-West trade" is really a misnomer. When we talk about East-West trade, we really mean trade with the Soviet Union and Eastern European countries, the countries that have Communist systems.

In regard to the other Communist countries of the world, such as China, North Viet-Nam, North Korea, and, I might add, Cuba, there is virtually a total embargo on our trade with them: so these do not figure in these hearings, I would think.

In addition, when we speak of trade, we

really speak of only trade in peaceful items. The strategic items, items of military value, atomic value, are all prohibited, not only by the U.S. lists but also by the COCOM [Coordinating Committee] lists.

There may be a few items on the list which we would clear for trade as nonstrategic which some members of the committee might consider strategic, but these are the normal differences of opinion that arise on any question. So, in general, what I think we are talking about here is peaceful trade with the Soviet Union and Eastern Europe.

Our allies in NATO join with us in COCOM in accepting voluntarily a number of restrictions with regard to strategic items. Thus, I think the figures that Mrs. Kelly referred to really apply largely to peaceful trade and not, strictly speaking, to strategic items; though I think there may be some difference between the U.S. list and the COCOM list.

In effect, with the Soviet Union we have never—or with the countries of Eastern Europe—we have never applied any really major trade restrictions of an embargo nature. There were certain limitations put in during the Korean war.

I think one of the reasons why we attach importance to East-West trade from the political point of view is because of its effect on developments in Eastern Europe. If you will permit me a little incursion into Marxist philosophy or ideology, this relates very much to the subject in question. One of the tenets of Marxist thought was that national boundaries were artificial and did not really have any validity. Once you had a Socialist system installed in the world or in part of the world, this would tend to eliminate the importance of national boundaries. This theory was never put to the test in the early days of the Soviet regime because the Communist system, or the Socialist system, as they called it, was in force only in one country.

It in turn was in total control of the Communist parties of all of the world, which followed blindly the Soviet lead in every respect. It was only after World War II when the Communist system was installed—by force, really—in Eastern Europe that the question really was put to its test.

The first sign that the theory was not valid was the breakoff in 1949 of Yugoslavia from the control of Moscow. Yugoslavia does not take any orders or dictation in regard to her policies, either domestic or foreign, from Moscow or any other external center.

In the middle fifties there were the events in Poland which you all know and in Hungary which reflected the same desire of these countries, which we have been in the habit of terming satellite countries, to reassert their national personalities. Romania has perhaps gone further than any of the others; but Poland, to a certain degree, has asserted her independence, her right to act and think in Polish interests. This, I believe, is true of all countries and is a natural historical phenomenon. Far from being unnatural, nationalism and national boundaries continue to be perhaps the most important factors in the modern world. Anything we can do, therefore, to help these countries reassert their national personalities I think is in our interests. It has always been a tenet of American foreign policy to believe that a country should be independent and in complete command of its own policy, which it should be able to devise in accordance with its conception of its national interest.

We feel that trade with these countries tends to help along the process of expressing the national personalities of the countries concerned.

Furthermore, the domestic situation in a country tends to respond to trade by producing more in relation to demand, by having its prices bear some relation to costs, and by taking more into account the tastes and desires of the consumer.

This tends to introduce a certain diversification into the economic life of a country and to weaken the overall control, the monolithic control, of the Communist Party over all phases of national life.

Now, naturally the question of trade with Communist countries does raise a whole series of questions, some of which are very important, some of which are less important. Perhaps the most important one at the moment is whether

or not peaceful trade with these countries makes it easier for them to trade in military goods with North Viet-Nam.

I would say that our answer would be that it did not: that there is a sharp distinction between the production of military items and the specific needs of a given country and that no denial of peaceful trade with any of these countries, particularly the Soviet Union, would have the slightest effect on their ability and willingness to supply military items to North Viet-Nam.

I also think it should be mentioned that trade is a two-way street. I understand that our trade with Eastern Europe as a whole, including the Soviet Union, is roughly balanced. You cannot shut off trade to the Eastern European countries, including the Soviet Union, without at the same time harming the American exporter and businessman who is engaged in what we would call legitimate trade.

Mrs. Kelly mentioned the fact of the great growth of Western European trade with Eastern Europe, which is indeed a fact. It is true that we are falling behind. I would agree with that statement, and I believe we would on the whole favor the removal of the existing restrictions that still operate on peaceful trade with the Soviet Union and with some other Eastern European countries.

I remember before the war when the recognition of the Soviet Union in 1933 came about, one of the first things we did was a negotiation of a trade agreement with them.

The only *quid pro quo* we could get then was a Soviet commitment to buy specific quantities of goods in the United States, because you simply did not have the commercial element in the picture which would lead to a balanced trade.

I personally think that trade is a normal thing regardless of the organization of a country's society. I must say I am in very full agreement with the statement which was made by the three Secretaries of State, Defense, and Commerce, I think about 2½ years ago, that ". . . your Government regards commerce in peaceful goods with the countries of Eastern Europe, including the Soviet Union, as completely compatible with our national interest."<sup>1</sup>

Now I think with your permission I will turn to Mr. Solomon to deal with the economic and technical aspects of this trade.

<sup>1</sup> For background, see BULLETIN of Nov. 1, 1965, p. 700.

## STATEMENT BY MR. SOLOMON

I understand you would like me to summarize briefly at the outset the responsibilities of the Department of State relating to East-West trade as they are set forth in existing legislation, how we are carrying out these responsibilities, and what problems we have encountered. After I have provided you with this summary, I shall be glad to answer your questions on these matters or on more general aspects of East-West trade.

In terms of the State Department's operating responsibilities, the two most significant pieces of legislation are the Mutual Defense Assistance Control Act of 1951, or the Battle Act, and the Mutual Security Act of 1954, as amended.

### The Battle Act

The Battle Act represents an authoritative statement of United States policy on the control of strategic trade with Communist countries. The language of section 101 of the act makes it clear that our objective is an embargo to Communist countries, not only by the United States but by other cooperating countries, on the shipment of arms, atomic energy materials, and items of primary strategic significance used in the production of arms.

The Battle Act has served as the underpinning for our negotiation with other countries of strategic controls by them in parallel with U.S. strategic controls. It provides the basis for U.S. participation in the cooperative multilateral strategic embargo program that is maintained through the 15-nation Coordinating Committee, or COCOM, although the formation of that Committee in 1950 antedated the Battle Act.

The act also includes a sanction: the termination of all military, economic, or financial assistance to any nation that fails to embargo designated strategic commodities to the Soviet Union and the other Communist countries covered by the wording of the act. Because the sanction is so severe, the act itself in section 103(b) provides carefully defined authority to the President to make exceptions. This authority permits the President, under certain circumstances, to direct the continuation of aid to a country even though that country "knowingly permits" a shipment of a listed commodity to take place. This Presidential authority does not

extend to shipments of arms or atomic energy materials.

Presidential determinations have been made from time to time pursuant to the discretionary authority provided in the act and have in each case been reported to the designated congressional committees, including the Committee on Foreign Affairs. Aid has not been terminated to any country under the Battle Act, although the act has served as a bar to the initiation of aid programs in certain cases until it was possible to determine that the requirements of the act were being met. We believe, as a general matter, that the willingness of the President to exercise discretion in administering the act has strengthened rather than weakened the hand of the Department of State in negotiating controls with other nations.

I should make it clear that the Secretary of State would have responsibility for negotiations on strategic control policy whether or not there were a Battle Act, but there are particular responsibilities set forth in the act. Briefly, the duties of the Battle Act Administrator include the following:

1. The listing of commodities which, in the Administrator's opinion after consultation with other agencies, require inclusion on the Battle Act strategic lists;
2. Negotiating acceptance of an embargo policy for Battle Act items by countries which are, or which are expected to become, aid recipients within the meaning of the act;
3. Making recommendations to the President with respect to the continuation of aid to countries making shipments of those commodities for which such discretion is permitted to the President;
4. Reporting to designated congressional committees on all determinations made under the act and on the status of trade with Communist areas or countries for which determinations have been made;
5. Making available technical advice and assistance on export control procedures to other nations desiring such assistance;
6. Coordinating those activities of the various United States departments and agencies concerned with security controls over exports from other countries.

The Secretary of State is designated by the President as the Battle Act Administrator. The Assistant Secretary of State for Economic Af-

fairs performs the duties of the Administrator by delegation and serves as Chairman of the Economic Defense Advisory Committee, which has representation from the Departments of Defense, Commerce, and Treasury, the Atomic Energy Commission, the Central Intelligence Agency, and such other departments or agencies as may have an interest in particular questions. This Economic Defense Advisory Committee has a subsidiary Executive Committee which considers questions not requiring resolution in the Advisory Committee. It also has two active working groups: one dealing with changes in, or interpretations of, the Battle Act strategic lists; and the second dealing with enforcement and transshipment questions having an international aspect. The agency representation on these working groups is drawn from the EDAC agencies which have the most active interest in the matters coming before the working groups.

### **Mutual Security Act**

The second legislative provision having special importance from the standpoint of this department's operating responsibilities is section 414 of the Mutual Security Act of 1954. That section authorizes the President to control, "in furtherance of world peace and the security and foreign policy of the United States," the export and import of arms, ammunition, and implements of war, other than by a United States Government agency. The President has delegated his functions under this act to the Secretary of State, including the authority to designate those articles considered to be arms, including technical data related thereto. Those designations require the concurrence of the Secretary of Defense. The Office of Munitions Control of the Department of State also consults closely with the Department of Defense in its licensing actions.

From the standpoint of East-West trade, the operations under the Mutual Security Act have the effect of assuring an embargo on arms exports to Communist countries. We have also prohibited imports of arms from those countries. This control complements the export control responsibility of the Atomic Energy Commission for trade in atomic energy materials and of the Department of Commerce for exports of most other commodities.

These three export control regimes—of the State Department Office of Munitions Control,

of the Atomic Energy Commission, and of the Department of Commerce—assure the prevention of exports from the United States of strategic goods covered by the international strategic trade controls required by the Battle Act.

I would like to point out that, while the responsibility for administering the Export Control Act of 1949 is delegated by the President to the Secretary of Commerce, the Department of State performs an important advisory function under that act. Section 2 of that act sets forth the policy of Congress that export controls should be used to the extent necessary to protect the domestic economy, to exercise vigilance from the standpoint of the significance of exports to the national security, and "to further the foreign policy of the United States and to aid in fulfilling its international responsibilities."

Our advice on the latter aspect of export control policy is given through the interdepartmental Advisory Committee on Export Policy, which includes other executive branch agencies which the Department of Commerce normally consults.

### **Trade With Cuba and North Viet-Nam**

Section 620(f) of the Foreign Assistance Act of 1961, as amended, prohibits any assistance under that act to Communist countries, unless the President makes certain findings. The Presidential discretion to extend aid subject to such findings has not been exercised. Accordingly, there are no aid programs for any Communist country, including Yugoslavia.

In addition to prohibiting aid directly to Communist countries, other provisions of the act prohibit aid to any countries, Communist or non-Communist, that trade with North Viet-Nam or Cuba.

Section 620(a) (3) of the Foreign Assistance Act prohibits assistance under that act to any country that fails to take appropriate steps to prevent ships or aircraft under its registry from transporting anything to or from Cuba.

Section 620(n) of the Foreign Assistance Act prohibits assistance under that act or any other act and prohibits sales under Public Law 480 to any country which provides or transports anything to or from North Viet-Nam.

Sections 107(a) and 116 of the current Foreign Assistance and Related Agencies Appropriation Act prohibit assistance under the Foreign Assistance Act to any country which



provides or carries to Cuba or North Viet-Nam any strategic goods, including petroleum products.

Finally, section 107(b) of the Appropriation Act prohibits economic assistance under the Foreign Assistance Act to any country which "sells, furnishes, or permits any ships under its registry to carry items of economic assistance" to Cuba or North Viet-Nam.

Taken together, these provisions have the effect of prohibiting any programs of assistance under the Foreign Assistance Act to any country which exports any goods to North Viet-Nam or Cuba or which has ships or aircraft under its registry engaged in trade with either of those countries. With respect to North Viet-Nam, these provisions extend the ban to cover any sales programs under Public Law 480 to any countries engaged in trade or shipping with North Viet-Nam.

Section 103 of the Food for Peace Act of 1966 extends the ban to cover nations having trade and shipping with Cuba, as well as with North Viet-Nam. However, this section includes a provision permitting the President to determine that sales agreements are permissible in the national interest if the trade with Cuba involves nothing beyond "medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities." This waiver authority does not apply in the case of trade with North Viet-Nam.

Needless to say, the AID program has been carefully administered in accordance with these provisions. There are no programs involving Foreign Assistance Act or Food for Peace funds for any governments trading with North Viet-Nam. There are no aid programs for any governments trading with Cuba or having ships in trade with Cuba. There has been a Presidential determination resulting in an agricultural sales program for Morocco, the determination being taken in the light of sales by Morocco to Cuba of nonstrategic raw materials for agriculture.

These provisions, moreover, have been the legislative basis for extended and intensive diplomatic efforts to persuade other free-world countries to remove their ships from the Cuban and North Viet-Nam trade. We have had a large measure of success in these negotiations. In the case of North Viet-Nam, the shipping has been reduced to a hard core of vessels operating only in East Asian waters, registered in Hong Kong but under effective Chinese Communist control, plus an occasional voyage by a vessel under the

registry of Cyprus, Malta, or Italy. Arrivals in North Viet-Nam averaged only six per month in 1967.

In the case of Cuba, the reduction has not been so dramatic, but it has been substantial. In 1964 there were 394 calls by free-world ships at Cuban ports; in 1965 there were only 290 such calls; in 1966, 224; and there were only 217 during 1967.

Before leaving the Food for Peace Act provision, I would like to point out for the subcommittee that in practice the impact of the section 103(d) (3) ban on trade with Cuba falls on Yugoslavia. Yugoslavia is the only country otherwise eligible for P.L. 480 purchases that is precluded. It has no trade or shipping whatever with North Viet-Nam, but its ships call at Cuba and carry commercial cargo not subject to Presidential waiver.

I should note the inconsistency in the legislative treatment of third-country trade with North Viet-Nam. The Foreign Assistance Act bans aid, P.L. 480 sales, and other assistance to any country that trades with or transports goods to or from North Viet-Nam "so long as the regime in North Viet-Nam gives support to hostilities in South Viet-Nam." The Export-Import Bank bill in both the Senate and House versions now under consideration has a similar thrust. That is, it bans Export-Import Bank transactions with countries whose governments trade or aid nations that are "in armed conflict" with the United States. But the Food for Peace Act in section 103(d) (3) bans sales to third countries trading with North Viet-Nam so long as North Viet-Nam is "governed by a Communist regime."

#### **Trade Expansion Act of 1962**

This act is not administered by the Department of State, but I would like to mention provisions which are of special interest to us. Section 231(a) of the Trade Expansion Act of 1962 directed the President, as soon as practicable, to suspend, withdraw, or prevent the application of concessions, including reductions or maintenance of duties proclaimed in carrying out any trade agreement with respect to products of any country or area dominated or controlled by communism. The effect of this directive is to prevent the extension of non-discriminatory tariff treatment to Communist countries. The only exception to this directive is through section 231(b) of the Trade Expan-

sion Act, which authorized the President to continue such nondiscriminatory tariff treatment for any Communist countries which were receiving trade concessions as of December 16, 1963. The only Communist countries receiving such concessions then were Poland and Yugoslavia. Pursuant to Presidential determination, most-favored-nation trade treatment has been continued for those two countries.

As you know, this administration proposed to the 89th Congress the enactment of an East-West Trade Relations Act<sup>2</sup> that would authorize the President to negotiate commercial agreements with individual Eastern European nations when he believed this to be in the national interest. These agreements would extend nondiscriminatory tariff treatment in return for equivalent benefits to the United States. In his Economic Report this year<sup>3</sup> the President again urged the Congress to provide the necessary authority to expand trade with the countries of Eastern Europe and the Soviet Union. We recognize, of course, that such legislation raises serious issues at this time in the view of some Members of Congress.

#### **Export-Import Bank Act**

I do not believe it is appropriate for me to discuss in detail the Export-Import Bank Act, which is still under consideration by the Congress, since you will be calling witnesses from the Export-Import Bank itself. I would simply point out that if this act is extended in such form as to preclude participation by the Bank in financing exports to Eastern Europe, it will be a serious limitation on the President's policy of encouraging nonstrategic trade with those countries on a normal commercial basis. It will virtually rule out any possibility of increasing the volume of our exports to that area at a time when we are hopeful of getting the greatest possible assistance to our balance-of-payments problem from enlarging our favorable merchandise trade balance.

#### **Johnson Act**

This act is administered by another agency—the Department of Justice—but in general the Johnson Act (18 U.S.C. 955) prohibits certain financial transactions by private persons in the United States involving foreign governments which are in default in the payment of their obligations to the United States. The prohibited transactions include the making of “loans” to,

and the purchase or sale of “bonds, securities, or other obligations” of, a foreign government which is within the statutory category.

The U.S.S.R. and all the countries of Eastern Europe with the exception of Bulgaria are governments in default in the payment of their obligations to the United States within the meaning of the Johnson Act. Yugoslavia is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development and is thereby exempted by the terms of the Johnson Act, as amended, from the prohibitions therein.

The Attorney General has ruled that the Johnson Act does not prohibit extensions of credit “within the range of those commonly encountered in commercial sales of a comparable character.” The Attorney General has also stated that the scope of the Johnson Act should not be measured in terms of distinctions among the various forms of financing export trade. He determined that financing arrangements lie beyond the scope of the Johnson Act “if they are directly tied to specific export transactions, if their terms are based upon bona fide business considerations, and if the obligations to which they give rise ‘move exclusively within the relatively restricted channels of banking and commercial credit.’” Under section 11 of the Export-Import Bank Act of 1945, as amended, transactions in which the Export-Import Bank participates are exempt from the provisions of the Johnson Act.

The effect of these interpretations is to clear the way very substantially for private financing of trade with Eastern Europe, although there is the fact of the preference on the part of private financing agencies for government guarantees or insurance—which goes back once again to the question of the Export-Import Bank legislation.

#### **International Consideration of East-West Trade**

Apart from the negotiations and activities that stem from the specific legislative provisions I have outlined, there have been discussions of East-West trade issues in several international forums.

The Committee of Economic Advisers of the North Atlantic Treaty Organization regularly reviews general economic developments in European Communist areas and coordinates ef-

<sup>2</sup> For background, see *ibid.*, May 30, 1966, p. 838.

<sup>3</sup> For excerpts, see *ibid.*, Feb. 26, 1968, p. 279.

forts to improve the bilateral economic and other contacts of member countries with Eastern countries. In addition, the NATO Committee has considered special problems, such as the control of wide-diameter oil-pipe sales to the Soviet Union and the question of credit policy in East-West trade. NATO is the forum in which we explore with our allies important aspects of our East-West policies—such as Cuban or North Viet-Nam policies—including the trade aspects of such policies.

The Organization for Economic Cooperation and Development (OECD) has begun a discussion of means of increasing nonstrategic East-West trade. A working party met in September 1967 to review members' trade policies in an effort to identify obstacles both in the East and the West. The discussions will continue in 1968 and will probably concentrate on trade effects to be expected from economic reforms going on in Eastern Europe, the specific effects on trade of particular obstacles or of their removal, prospects for industrial and technical cooperation, future trade trends, and the role of prices in trade between market economies and state trading countries.

During 1967, discussions of ways to increase East-West trade were continued in the Economic Commission for Europe. At its 22d session in April, the ECE agreed on a declaration which, among other points, stated the following: "The member countries of the Economic Commission for Europe shall also continue their common efforts towards the expansion of trade and to this end shall seek to remove the economic, administrative and trade policy obstacles to the development of trade." Following the lines of the resolution, a group of governmental experts met in October to prepare practical proposals for the removal of economic, administrative, and trade policy obstacles to the development of trade. That session was less than wholly successful because some of the Eastern European countries pressed for resolutions obliging Western countries to extend both unconditional most-favored-nation tariff and non-discriminatory quota treatment in all cases. Some progress might still be possible in such discussions if an approach of objective analysis could be maintained.

In conclusion I would like to emphasize that within the framework of applicable laws, we intend to continue to carry out our responsibilities for negotiating adequate multilateral controls over strategic trade on the one hand, as well as for encouraging nonstrategic trade

with Eastern Europe and the Soviet Union within the intent of the President's policy on the other hand. We do not have in mind special favors to encourage East-West trade. We propose only to make it possible for peaceful trade to be carried on without special burdens or encumbrance on our side when American companies find it to their advantage to engage in such trade. At this point in time while we are engaged in hostilities in Viet-Nam, the atmosphere is clouded. But it is clear that it is in our longrun interest to encourage peaceful contacts with the countries of Communist Europe. Increased trade and commercial relations can be a force for constructive change in these countries and give them a greater stake in maintaining peaceful relations with the free world.

## Congressional Documents Relating to Foreign Policy

### 90th Congress, 1st Session

Special Report of the National Advisory Council on International Monetary and Financial Policies. Letter from the Council transmitting its special report on U.S. participation in proposed special funds of the Asian Development Bank. H. Doc. 166. September 28, 1967. 26 pp.

Guidelines for Improving the International Monetary System—Round Two. Report of the Subcommittee on International Exchange and Payments of the Joint Economic Committee. December 1967. 11 pp. [Joint Committee print.]

The Soviet Drive for Maritime Power. Prepared for the use of the Senate Committee on Commerce by the Legislative Reference Service, Library of Congress. December 1967. 35 pp. [Committee print.]

Planning-Programming-Budgeting. PPBS and Foreign Affairs. Memorandum prepared at the request of the Subcommittee on National Security and International Operations of the Senate Committee on Government Operations. January 5, 1968. 10 pp. [Committee print.]

### 90th Congress, 2d Session

Fifty-first annual report of the United States Tariff Commission, fiscal year ended June 30, 1967. H. Doc. 236. 26 pp.

International Labor Organization's Recommendations on Training and Welfare of Fishermen. Letter from the Assistant Secretary of State for Congressional Relations transmitting the text of ILO recommendation No. 125; also the texts of ILO Convention No. 125 and ILO Convention No. 126. H. Doc. 201. January 15, 1968. 32 pp.

Survey of the Alliance for Progress. Study prepared at the request of the Subcommittee on American Republics Affairs of the Senate Foreign Relations Committee. Insurgency in Latin America. Prepared by David D. Burks, associate professor of history, University of Indiana. January 15, 1968. 29 pp. [Committee print.]

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Atomic Energy

Agreement for the application of safeguards by the International Atomic Energy Agency to the bilateral agreement between the United States and Denmark of July 25, 1955, as amended (TIAS 3309, 3758, 4093), for cooperation concerning civil uses of atomic energy. Signed at Vienna February 29, 1968. Entered into force February 29, 1968.

*Signatures:* Denmark, International Atomic Energy Agency, United States.

##### Disputes

Convention on the settlement of investment disputes between states and nationals of other states. Done at Washington March 18, 1965. Entered into force October 14, 1966. TIAS 6090.

*Ratification deposited:* Somalia, February 29, 1968.

##### Grains

International grains arrangement, 1967, with annexes. Open for signature at Washington October 15 until and including November 30, 1967.<sup>1</sup>

*Ratification to the Wheat Trade Convention deposited:* Saudi Arabia, February 21, 1968.

##### Trade

Geneva (1967) protocol to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Entered into force January 1, 1968.

*Acceptances:* Belgium,<sup>2</sup> Brazil,<sup>1</sup> Canada, Chile,<sup>3</sup> European Economic Community,<sup>4</sup> France,<sup>3</sup> Federal Republic of Germany,<sup>3</sup> Italy,<sup>2</sup> Luxembourg,<sup>3</sup> Netherlands,<sup>4</sup> Turkey, and United States, June 30, 1967; Dominican Republic, July 4, 1967; Portugal, September 18, 1967; Finland, October 31, 1967;<sup>2</sup> Australia, November 8, 1967; Malawi, November 24, 1967; Denmark, November 29, 1967; Sweden, December 1, 1967; Norway, December 21, 1967; Switzerland, December 27, 1967; Austria, December 29, 1967; Peru, January 9, 1968; Spain, January 15, 1968; Greece, January 16, 1968.<sup>2</sup>

*Ratifications deposited:* Belgium, December 28, 1967; European Economic Community, December 1, 1967; Italy, February 1, 1968.

Agreement on implementation of article VI of the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967. Enters into force July 1, 1968.

*Acceptances:* Belgium,<sup>2</sup> Canada, Denmark,<sup>3</sup> European Economic Community,<sup>4</sup> Finland,<sup>3</sup> France,<sup>3</sup> Federal Republic of Germany,<sup>3</sup> Italy,<sup>2</sup> Japan,<sup>4</sup> Luxembourg,<sup>3</sup> Netherlands,<sup>3</sup> Sweden,<sup>6</sup> Switzerland,<sup>3</sup> United Kingdom, and United States, June 30, 1967; Norway, December 21, 1967; Greece, January 16, 1968.<sup>2</sup>

*Ratifications deposited:* Belgium, December 28, 1967; Denmark, December 1, 1967; European Economic Community, December 1, 1967; Sweden, December 1, 1967; Switzerland, December 27, 1967.

Agreement relating principally to chemicals, supplementary to the Geneva (1967) protocol to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1967.<sup>1</sup>

*Acceptances:* Belgium,<sup>2</sup> European Economic Community,<sup>4</sup> France,<sup>3</sup> Italy,<sup>2</sup> Switzerland,<sup>3</sup> United Kingdom, and United States, June 30, 1967.

*Signature confirmed:* European Economic Community, December 1, 1967.

*Ratifications deposited:* Switzerland, December 27, 1967; Belgium and France, December 28, 1967; Italy, December 30, 1967.

Memorandum of agreement on basic elements for the negotiation of a world grains arrangement. Done at Geneva June 30, 1967.<sup>1</sup>

*Acceptances:* Argentina, Australia,<sup>5</sup> Belgium,<sup>3</sup> Canada, Denmark,<sup>5</sup> European Economic Community,<sup>4</sup> Finland,<sup>5</sup> France,<sup>2</sup> Federal Republic of Germany, Italy,<sup>2</sup> Japan,<sup>1</sup> Luxembourg,<sup>3</sup> Netherlands,<sup>3</sup> Norway,<sup>2</sup> Sweden,<sup>5</sup> Switzerland, United Kingdom, and United States, June 30, 1967.

*Signature confirmed:* European Economic Community, December 1, 1967.

*Ratifications deposited:* Australia, July 13, 1967; Denmark and Sweden, December 1, 1967; Norway, December 21, 1967; Belgium, December 28, 1967.

#### BILATERAL

##### Indonesia

Agreement for sales of agricultural commodities, relating to the agreement of September 15, 1967, as amended (TIAS 6346, 4601). Signed at Djakarta February 15, 1968. Entered into force February 15, 1968.

##### Japan

Agreement for cooperation concerning civil uses of atomic energy. Signed at Washington February 26, 1968. Enters into force on the date on which each Government shall have received from the other written notification that it has complied with all statutory and constitutional requirements for entry into force.

##### Philippines

Agreement relating to the relinquishment by the United States of the use of certain land at Subic Naval Reservation, and the granting by the Philippines to the United States the right to use certain other land at Subic Bay. Effected by exchange of notes at Manila September 21 and October 16, 1967. Entered into force October 16, 1967.

<sup>1</sup> Not in force.

<sup>2</sup> Subject to ratification.

<sup>3</sup> Ad referendum.

<sup>4</sup> Subject to conclusion.

<sup>5</sup> Subject to parliamentary approval.

<sup>6</sup> Subject to ratification by the Swedish Riksdag.

<sup>7</sup> With a reservation.

**American Principles.** "Great Power Involves Great Responsibility" (Johnson) . . . . . 103

**Atomic Energy.** U.S. and Japan Sign New Agreement on Peaceful Uses of Atomic Energy . . . . . 120

**Congress**  
 Congressional Documents Relating to Foreign Policy . . . . . 427  
 Department Expresses Views on East-West Trade (Bohlen, Solomon) . . . . . 421

**Disarmament.** United States, United Kingdom, and Soviet Union Propose Security Assurances Resolution (Foster) . . . . . 401

**Europe.** Department Expresses Views on East-West Trade (Bohlen, Solomon) . . . . . 421

**India.** Letters of Credence (Jung) . . . . . 401

**International Organizations and Conferences**  
 Inter-American Cultural Council Meets at Maracay (Johnson, Department announcement) . . . . . 419  
 United States, United Kingdom, and Soviet Union Propose Security Assurances Resolution (Foster) . . . . . 401

**Israel.** Letters of Credence (Rabin) . . . . . 404

**Japan.** U.S. and Japan Sign New Agreement on Peaceful Uses of Atomic Energy . . . . . 120

**Latin America**  
 Inter-American Cultural Council Meets at Maracay (Johnson, Department announcement) . . . . . 419  
 What Kind of Revolution in the Home Hemisphere? (Oliver) . . . . . 416

**Nigeria.** Letters of Credence (Iyalla) . . . . . 404

**Panama.** Letters of Credence (Velasquez) . . . . . 401

**Presidential Documents**  
 "Great Power Involves Great Responsibility" . . . . . 403  
 Inter-American Cultural Council Meets at Maracay . . . . . 419

**Somali Republic.** Letters of Credence (Azhari) . . . . . 404

**Trade.** Department Expresses Views on East-West Trade (Bohlen, Solomon) . . . . . 421

**Treaty Information**  
 Current Actions . . . . . 428  
 U.S. and Japan Sign New Agreement on Peaceful Uses of Atomic Energy . . . . . 420

**U.S.S.R.** United States, United Kingdom, and Soviet Union Propose Security Assurances Resolution (Foster) . . . . . 401

**United Kingdom.** United States, United Kingdom, and Soviet Union Propose Security Assurances Resolution (Foster) . . . . . 401

**Viet-Nam.** "A Certain Restlessness" About Viet-Nam (Rostow) . . . . . 405

*Name Index*

Azhari, Yusuf Omar . . . . . 401  
 Bohlen, Charles E . . . . . 421  
 Foster, William C . . . . . 401  
 Iyalla, Joe . . . . . 404  
 Johnson, President . . . . . 103, 419  
 Jung, Ali Yavar . . . . . 404  
 Oliver, Covey T . . . . . 416  
 Rabin, Yitzhak . . . . . 101  
 Rostow, Eugene V . . . . . 405  
 Solomon, Anthony M . . . . . 421  
 Velasquez, Jorge T . . . . . 401

**Check List of Department of State Press Releases: March 4-10**

Press releases may be obtained from the Office of News, Department of State, Washington, D.C. 20520.

Releases issued prior to March 4 which appear in this issue of the BULLETIN are Nos. 20 of January 26, 30 of February 12, and 12 of February 26.

No.	Date	Subject
44	3/4	Oliver: "What Kind of Revolution in the Home Hemisphere?"
*45	3 8	Program for the visit of Mohamed Ibrahim Egal, Prime Minister of the Somali Republic.
†46	3/9	Oliver: "The Heartlands of the Home Hemisphere."

\* Not printed.

† Held for a later issue of the BULLETIN.

BOSTON PUBLIC LIBRARY



3 9999 06352 784 8



