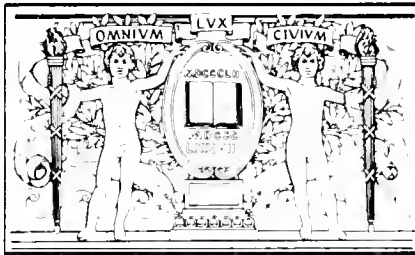


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# THE DEPARTMENT OF STATE BULLETIN

Volume LXVIII • No. 1762 • April 2, 1973

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# THE DEPARTMENT OF STATE BULLETIN

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*The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and 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 on treaties of general international interest.*

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## Secretary Rogers Interviewed on "Face the Nation"

*Following is the transcript of an interview with Secretary Rogers on the Columbia Broadcasting System's television and radio program "Face the Nation" on March 11. Interviewing the Secretary were George Herman of CBS News, James Keat of the Baltimore Sun, and Barry Serafin of CBS News.*

Press release 76 dated March 13

*Mr. Herman: Mr. Secretary, Canadian Ambassador Michel Gauvin [Chief, Canadian delegation to the International Commission of Control and Supervision (ICCS)] charges that the International Commission charged with keeping the peace in Viet-Nam is paralyzed by the refusal of Communist delegates to investigate charges of violations. Do you think Canada actually is going to leave the Commission as Mr. Gauvin suggests?*

*Secretary Rogers: Mr. Herman, we don't know, of course. It's a decision that Canada will have to make. We hope very much that Canada will decide to continue to serve on that Commission, because it plays a vitally important role in supervision of the peace agreement.<sup>1</sup> I noticed that the complaint really involved a missile site at Khe Sanh, and I'm pleased to report here this morning that the missile site has been removed from Khe Sanh. That was announced by our military command in Saigon. So I think that the Canadian activity in connection with the supervision has been effective, although they did not inspect this site at Khe Sanh. The fact that they made the complaint public and insisted on seeing it. I think resulted in the*

removal of that missile site. So I think that Canada's role is vitally important, and I hope very much that it will continue to serve as a member of the international supervisory commission.

*Mr. Herman: Mr. Secretary, aside from the settlement of the problems at Khe Sanh, do you think that the Control Commission, the four-party Control Commission, is, as the Canadians charge, hamstrung by the refusal of the Communist delegates to investigate something until there is first some proof?*

*Secretary Rogers: Well, I think it's a little early to say, Mr. Herman. Obviously in a situation of this kind that's so complex, sorting out the procedures takes a little time. We were disappointed that the Commission was not able to move about as freely as they felt that they should, but I believe that all parties concerned have decided that the peace agreement should work, and I think that as time goes on we will find that the procedures will be worked out satisfactorily and that the Commission will be able to be effective in supervising the cease-fire.*

*Mr. Keat: Mr. Secretary, does the provision in the agreement you signed in Paris about a week ago requiring consultation among the 12 parties rule out or in any way restrict our ability to use force, airpower perhaps, in case of a really massive violation of the cease-fire in the South in the future?<sup>2</sup>*

*Secretary Rogers: Well, we're not talking about using airpower in South Viet-Nam. We expect this peace agreement to succeed, and I'm convinced—as I think all of those*

<sup>1</sup> For texts of the Agreement on Ending the War and Restoring Peace in Viet-Nam and the protocols to the agreement signed at Paris on Jan. 27, see BULLETIN of Feb. 12, 1973, p. 169.

<sup>2</sup> For text of the Act of the International Conference on Viet-Nam signed at Paris on Mar. 2, see BULLETIN of Mar. 26, 1972, p. 345.

who've dealt with this subject are convinced—that it's going to work, so we're not talking about the use of airpower. I'm convinced from my discussions with the North Vietnamese, and Henry Kissinger's discussions with the North Vietnamese and Ambassador Sullivan's [William H. Sullivan, Deputy Assistant Secretary for East Asian and Pacific Affairs] discussions, that they've decided that force is not the way to solve the problems of Indochina. So we think it's going to work, and we're not going to talk about any military threats in the event of a violation of the cease-fire. We don't think it's going to be required.

*Mr. Serafin: Mr. Secretary, in a recent appearance before the House Foreign Affairs Committee you were quite optimistic about the military future for South Viet-Nam, that there wouldn't be any immediate massive military actions, but not so optimistic about the political future. If the political future can't be put together in that country, won't that mean a reversion back to military action?*

*Secretary Rogers:* No, I don't think so, Mr. Serafin. I think the important thing is to have the agreement work insofar as the military aspects of it are concerned, in the first instance; in other words, to have all the shooting stopped, have all of our POW's returned, have our military forces out of South Viet-Nam, and then we hope that the parties in the area will be able to solve their own political problems. The fact that I'm not optimistic about political solutions doesn't mean that I don't have hope that they'll be able to solve their problems, but we know from past experience how difficult it is to solve some of these political problems that have existed for so many years.

So I am quite optimistic that the agreement will work, that the cease-fire will be effective, that our POW's will all be returned on time, that we will have all of our troops out of there by March 28, and that the cease-fire will continue to be effective. Now, after that, the parties in the area are getting together to see if they can resolve their political problems. As you know, they are going to

meet next week in Paris. I think the first meeting is Monday or Tuesday, this next week, and we would hope that they will be able to come to some accommodations in terms of their respective problems. So we have hopes it will work—

*Mr. Herman: Excuse me, I didn't mean to interrupt. After American troops and American prisoners are out, what is our responsibility toward our friends in South Viet-Nam?*

*Secretary Rogers:* Well, we're going to continue to give them economic assistance. The agreement permits us to replace military equipment on a one-for-one basis. We continue to comply strictly with the terms of the agreement, and we would hope that they could work out a political process. As you know, the peace agreement calls for self-determination by the people of South Viet-Nam, which means that they will work out some kind of an elective process, we hope. That's what the agreement calls for, and we hope it will work out.

#### **Effectiveness of the Agreement**

*Mr. Keat: Mr. Secretary, there are a number of parallels between the two Paris agreements this year and the 1954 Geneva agreements on Indochina. So far the problems that restricted the old ICC [International Control Commission] are beginning to show up in the new ICCS. What basis do you have for your hope or your belief that these agreements are going to be any more successful than the Geneva ones were, which were conspicuously unsuccessful?*

*Secretary Rogers:* Yes, well, this International Commission, of course, is much larger in the first place, very sizable numbers. Secondly, we've had a lot of experience with supervisory commissions, and that's one of the reasons that Canada is insisting that they have some authority. Now, here we have all the teams dispersed throughout the country. We have seven regional places, and we have, I think, 26 subregional groups, so that the International Commission will be dispersed throughout the country, and we think it will have a deterrent effect. It will be beneficial.

*Mr. Keat: But these regional groups aren't even in place in—*

*Secretary Rogers:* Well, most of them are now.

*Mr. Keat: Yes, but it's six weeks into the agreement, and they really are not policing the countryside very effectively even now.*

*Secretary Rogers:* Well, Mr. Keat, there is an improvement. The alleged violations have gone down a good deal, and except for Military Region I, the matter is improving a good deal. The situation in Laos is much better, so we think it's going to work. Now, we never expected it was going to work quickly or smoothly, but I think it's working about the way we expected it would.

*Mr. Herman: I've been thinking about your first answers, and I find something in there that troubles me. The missiles at Khe Sanh, the enemy missiles at Khe Sanh, were removed without the work of the International Commission, apparently by some other arrangement, whether it was in our negotiation with Hanoi or whatever it may be. Doesn't this tend in a way to weaken the Commission, that these things are accomplished and it's left high and dry? How did we get those missiles out?*

*Secretary Rogers:* I don't think it follows. The fact is the Commission did object after it asked to travel to the area, and I think the other side decided that the best thing to do in view of the activity of the Commission was to remove the missiles.

*Mr. Serafin: Did we have discussions with North Viet-Nam on that subject?*

*Secretary Rogers:* Oh, yes, yes.

*Mr. Keat: How do we know that the missiles have in fact been withdrawn?*

*Secretary Rogers:* Well, you can tell from photographs.

*Mr. Keat: In other words, we are flying reconnaissance flights over—*

*Secretary Rogers:* I'm not sure. I think that I—you know, I'm not sure exactly how the photographs are obtained, but everyone is satisfied that the missiles have been removed,

and we had photographs before which we provided for the International Commission which caused them to think that there was a violation of the peace agreement.

*Mr. Keat: Then there is some kind of surveillance over the troubled areas?*

*Secretary Rogers:* Yes.

*Mr. Herman: How and when did we have conversations with the North Vietnamese about those missiles?*

*Secretary Rogers:* Well, we are all parties to the Four-Power Joint Military Commission, and in that Commission we have discussions.

*Mr. Herman: So it was done inside the Commission?*

*Secretary Rogers:* Well, it was done both in there—both in the Commission and also in the ICCS.

*Mr. Herman: Did you have any conversations—*

*Secretary Rogers:* Those are two—there are two groups; there is a Four-Power Joint Military Commission, consisting of those parties that signed the Paris agreement, and there is the International Commission, consisting of Canada, Indonesia, Poland, and Hungary. Now, the discussions about Khe Sanh took place in both of those bodies. Yes, I had some discussions in Paris on that subject.

*Mr. Serafin: Mr. Secretary, it was reported also that North Viet-Nam was using the airstrip at Khe Sanh in violation of the agreement by flying military personnel in and out of there. Is that still going on?*

*Secretary Rogers:* Well, I don't, Mr. Serafin, want to start making charges about violations. I think that is for the ICCS to handle. But we are satisfied, as I said, that the peace agreement is going to be carried out, and that's based on the discussions we've had not only with the parties to the Paris agreement but also discussions we've had with all of those at the Paris conference, all of the nations represented there. Now, there obviously are going to be some problems, and there are going to be some violations, and there are

going to be sporadic instances of gunfire, and so forth; but all of the indications are that the basic decision has been made that this agreement is going to work, will be effective, and I'm entirely satisfied on that point.

And, you know, there've been challenges made about the return of the POW's, and a lot of people thought it might not work. Well, it's working. We've just gotten notice today, for example, that we are going to get a list of the POW's in the next group, the third group, that we're going to get that list tomorrow from the North Vietnamese. Those prisoners of war will be released in Hanoi on Wednesday, and we will—and the North Vietnamese assured us again today, and they assured me in my discussions in Paris, that all of our POW's would be returned by March 28, as the agreement calls for.

#### **Complex Situation in Cambodia**

*Mr. Herman: I noticed in the wires overnight that our bombers were out over Cambodia again. When do you expect peace in Cambodia?*

*Secretary Rogers: It's difficult to make any prophecy about that, because the situation is particularly complex in Cambodia. One of the reasons for that is that the Government of Cambodia has difficulty in finding who to talk to. The insurgents—the opposition to the government is split up. There are those Communists who follow Sihanouk; there are other Communists who are indigenous to, apparently, to Cambodia; there are others that are supported by other nations. So there's no one group that the Lon Nol government can discuss a negotiated settlement with. We hope that that will change. We hope that there will be some opportunity, through negotiated settlement, as was done in Laos.*

*Mr. Keat: The public statement of Marshal Lon Nol as offered to the other Khmer factions is substantially the kind of thing that both the North Vietnamese and the Pathet Lao turned down. Do we have any expectation that Marshal Lon Nol will make some other kind of offer to get talks started, something which might be more along the*

*lines of the agreements made with North Viet-Nam and with the Pathet Lao?*

*Secretary Rogers: We just don't know, Mr. Keat. As I say, the principal problem at the moment is how to get discussions started, and with whom.*

*Mr. Keat: We played major roles certainly in getting the truce in South Viet-Nam, and we played a backstage role in Laos. Is there any role we can play to induce or encourage an agreement in Cambodia?*

*Secretary Rogers: Yes, I think we can play a role, but in the final analysis the decisions have to be made by the Cambodians. We are playing a role. We're having discussions in diplomatic channels, hopefully to encourage a negotiated settlement.*

*Mr. Keat: With whom are we having those negotiations?*

*Secretary Rogers: Well, I don't want to go into the details.*

#### **Postwar Assistance to Indochina**

*Mr. Serafin: You've been through a number of congressional hearings lately, and they've dwelt largely on the question of reconstruction aid for North Viet-Nam. You have said over and over again that this administration would consult Congress on this question. But I have not heard you say absolutely that if Congress balks, decides not to provide this aid, that the administration won't find another way of providing that aid.*

*Secretary Rogers: Well, I'm not going to say that. We think Congress is going to support President Nixon. President Nixon was able to bring this war to a conclusion, and he did it consistent with what he promised the American people he would do. He did it often over the opposition of a great many congressional people. And I think now that the American people strongly support the President, and I think when we make our request for assistance for Indochina—not just North Viet-Nam, but for Indochina—that Congress will support him. Congress has always acted responsibly when requests are made. And so I'm not going to talk about*

what we're going to do if we fail; I'm confident that that we're going to succeed.

*Mr. Serafin: I gather you would not be happy if there were a bill passed, as some Congressmen have suggested, which would prohibit any aid not approved by Congress.*

*Secretary Rogers:* Well, I don't think it makes any sense; if they want to do that, fine. But the point is, we've said over and over again that we can't provide assistance for Indochina to any degree at all that's meaningful unless we have congressional support. And if they want to pass a law to that effect, or a bill to that effect, we won't object very much but we think it is wholly unnecessary.

Let me say, Mr. Serafin, that we think that it is consistent with our traditional role to help after a war is ended, that we should help the people of Indochina—not just North Viet-Nam, but South Viet-Nam, Laos, and Cambodia—to heal up the wounds of the war. We've always done it. It's a very small price to pay indeed for peace, for the maintenance of the peace. The cost of assistance to maintain the peace compared to the cost of the war is infinitesimal—very small.

Now, President Johnson said, when he was President, that if we could bring the war to a satisfactory conclusion, we would assist in rehabilitation and reconstruction of Indochina. President Nixon said it last year and was supported by almost everyone who made any comment about it. Now, I think that when people realize what we have in mind and why we have it in mind, what we're going to do, they'll support us. I was interested to see that most of the editorial comment throughout the country has supported President Nixon.

*Mr. Serafin: Doesn't it make your job tougher in taking your case to the Congress in that you haven't been able to really rally a large international support for an international effort and also that Russia and China are talking about aiding only North Viet-Nam?*

*Secretary Rogers:* Well, I think that our problem is not so much that. Our problem has

been that people start talking about it long before we're prepared to make any proposals. In other words, we aren't prepared yet to make any proposals to Congress, and we probably won't be for another 60 days or more. And as you know, we're just beginning this week—I think we've got our first meeting scheduled with the North Vietnamese in Paris this next week to discuss the matter. So we're a long ways from coming to any decisions about what we want to ask for and how it's going to be done.

*Mr. Keat: But you have said several times, and many Congressmen have said, that we want a multinational effort for economic aid to North Viet-Nam. We seem to be almost alone among the major nations of the world in being prepared to engage in that kind of effort, in some kind of cooperative effort. Do you—can you think of some manner, some formula by which we can have a multinational effort, given the objections of almost everyone else to participating in one?*

*Secretary Rogers:* Well, I think there, Mr. Keat, it depends on the definition—what do we mean by “multinational.” Now, if that means that everybody has to coordinate all of our activities in one effort, that probably won't work. On the other hand, other nations have indicated a very serious interest in taking part in some program—for example, Japan is very anxious to contribute; the European Community has indicated they would; and several of the nations at the Paris conference said that they were prepared to assist. Now, how that is going to be done, whether it's going to be bilaterally or in some kind of a consortium, hasn't been decided. For example, we don't know whether the European nations will do it individually or whether they might contribute as part of the Community.

But in any event, it doesn't make so much difference as long as the efforts are coordinated. So that, for example, if we are going to assist in the construction of a hospital or something of that kind, we want to be sure that we coordinate that with Japan, so that we know what they are doing. And that

doesn't necessarily mean it's multinational, but we'll have a coordinated effort, I'm sure.

#### **Relations With People's Republic of China**

*Mr. Herman: Mr. Secretary, have you chosen the man or the men who will head our mission to Peking?*

*Secretary Rogers:* No, we haven't. I've made some recommendations to the President on that, but—

*Mr. Herman: What kind of people are we thinking of? The Chinese said that they thought it would be at least at the rank of ambassador. Is that correct?*

*Secretary Rogers:* I'm not sure what the President's going to decide. That of course is a matter that he'll decide.

*Mr. Herman: Do we have any idea when it will be named?*

*Secretary Rogers:* Yes, I think we'll do it fairly soon. I would hope that we could name our people for the liaison office sometime within the next 60 days, or maybe before.

*Mr. Serafin: Isn't this trading of missions really diplomatic recognition without that name, under just a different name?*

*Secretary Rogers:* No, it's different than having diplomatic relations with the People's Republic of China, but it's a very meaningful step.

*Mr. Keat: Is there anything that these liaison officers will do that an embassy—is there anything they won't do that a regular embassy would do?*

*Secretary Rogers:* Well, they are not going to be ambassadors, for one thing, and there will be a lot of things that would be involved if we had full diplomatic relations that will not be involved in this case.

*Mr. Herman: Let me ask you something, Mr. Secretary. Do you think that this rather rapid pace of normalization of relations with China is the result of continuing Chinese fear of Soviet troops on their border, of continuing fear, let's say, of the Soviet Union?*

*Secretary Rogers:* Well, I don't want to

speculate on why they're improving their relations with us. There's no doubt that there are some serious differences between the People's Republic of China and the Soviet Union. Now, how large a factor that has been in their thinking, we don't know for sure.

*Mr. Keat: The Soviet Union has made it very clear that it's nervous, to say the least, about our gradually improved relations with China. Is this creating any difficulties in our relations with Moscow?*

*Secretary Rogers:* I don't detect any. No, I had long discussions with Foreign Minister Gromyko when I was in Paris, and I didn't detect that. I thought that the relations were just as friendly and constructive as they had been in the past. And certainly there've been no expressions to that effect by the Soviet Government.

#### **MFN Treatment and Soviet Emigration Policy**

*Mr. Serafin: Mr. Secretary, one thing that may be causing some difficulties is the intent of a number of Members of Congress to attach approval of most-favored-nation status for trading purposes to the Soviet Union with a change in policy regarding the emigration of Soviet Jews. Can you tell us if anything has happened on that? We constantly hear from the State Department and the White House that quiet diplomacy is at work. What has it accomplished?*

*Secretary Rogers:* Well, it has accomplished a good deal. In 1970, the number of Soviet Jews that were permitted to emigrate from the Soviet Union was really just a few hundred, as I remember. In 1971, about 14,000 were permitted to leave the Soviet Union; in 1972, 31,000 were permitted to leave. And this year it's been at the rate of about 3,000 a month, which is even a little greater than last year. So the emigration rate itself has substantially increased in the last few years because, I think, of the good relations we've had with the Soviet Union.

*Mr. Serafin: But doesn't that still discriminate against those who are most educated, highly professional, most skilled?*

*Secretary Rogers:* The exit fees that you're speaking about, we believe, prevent the free flow of emigrants. As you know, our policy has been that people should be permitted to emigrate from any country without any barriers. But in the case of these exit fees, they're applied across the board, not just to Jews who want to leave the Soviet Union. But in any event, my point is that we think that to attach any conditions to the legislation that we propose, or will propose, to the Congress to improve our trading position with the Soviet Union is the wrong way to do it. We think what we have been doing for the last couple of years is a more successful way to do it.

The Soviet Union says the matter of exit fees is an internal matter with them, and we have to deal with the situation as it exists. And we think that the quiet diplomacy that we've used in the past two years has been successful.

*Mr. Serafin:* What will be the result if Congress does do this?

*Secretary Rogers:* Well, I don't know, Mr. Serafin. We certainly hope that when Congress fully realizes the situation that they will enact the legislation that President Nixon is going to ask for. Let me say for the benefit of the listeners that when we talk about MFN—most-favored-nation treatment for the Soviet Union—what that really means is that we remove the discriminatory tariffs that now exist in terms of trade with a Communist country, that we put them on the same basis that other countries are on. And when we signed the trade agreement and when we settled the lend-lease debt, a condition to those two agreements was that we would treat the Soviet Union the same as we treat other countries in terms of trade. Now, that's what we're going to ask Congress to do in the legislation that we'll propose fairly soon. We hope that the question of the exit fees will not be linked to that. We think it would be a very serious setback for our foreign policy vis-a-vis the Soviet Union if that legislation was not enacted.

*Mr. Keat:* Mr. Secretary, the President has

now had what he called his Mideast month of consultations with Arab and Israeli leaders. Have these conversations carried the movement toward some kind of negotiation any closer?

#### Discussions on the Middle East

*Secretary Rogers:* Well, we've had a very good round of discussions with the King of Jordan, with Mr. Ismail, who's President Sadat's chief assistant, and with Prime Minister Meir. We've been encouraged by the general tenor of the discussions, and we think that there is a desire on the part of everyone to try to work out a peaceful settlement. The problem is how to get the negotiations started.

*Mr. Keat:* Do you think they'll start this year?

*Secretary Rogers:* Oh, I would not want to make a prediction. We're going to do everything we can to see if we can get them started.

*Mr. Herman:* Is there a desire on their part to have the United States mediate and to work on this problem?

*Secretary Rogers:* Well, I think so. There's certainly a desire on the part of Israel, and Egypt from time to time has said that they felt very much along the lines that the United States could play a useful role. In fact, that's how we got started in it, on the question of the interim settlement. President Sadat said he hoped we could play a role.

*Mr. Herman:* Mr. Sisco, the Under Secretary of State, or Assistant Secretary of State, rather, for Middle Eastern affairs among others, said on this program some weeks ago that he thought the groundwork and the atmosphere had been prepared for a movement toward peace. Mrs. Meir, the Prime Minister of Israel, said the following week that she saw no change, no movement of any kind. What do you see?

*Secretary Rogers:* Well, I think what she had reference to—and that's of course the truth—that is, that there's no specific initia-

tive and no complete change in the negotiating position. But in terms of the general climate, I noticed an improvement. I think Mr. Sisco is right. In the discussions we had with Mr. Ismail, for example, he himself said that he was very encouraged by those discussions.

*Mr. Serafin: Mr. Secretary, we have less than a minute left. Following the tragic events in the Sudan, what has the United States done to beef up security for its diplomats?*

*Secretary Rogers:* Well, we're doing everything that we can possibly think of, and we're not going to make it public, but we're going to be as tough as we possibly can in the whole field of terrorism. It's—they're savages, literal savages; and we, the civilized community, can't put up with it. We've got to find a way to deal with it, and we've got to be as tough as we possibly can, and that's going to be our position.

*Mr. Serafin: Do you stand today by your statements calling for the death penalty?*

*Secretary Rogers:* I certainly do. There's no other way to deal with them, because each time they're placed in custody, then they kidnap another ambassador or hijack a plane and insist that the people in custody be released. There's only one of them that's left in jail. Even all of the ones involved in Munich are out now.

*Mr. Herman: Thank you very much, Secretary of State Rogers, for being with us today on "Face the Nation."*

*Secretary Rogers:* Thank you, Mr. Herman.

## President Nixon Names Committee on East-West Trade Policy

White House press release dated March 6

President Nixon on March 6 established the East-West Trade Policy Committee and designated the Chairman of the Council on Economic Policy, George P. Shultz, to serve as its Chairman. The President also designated the Secretary of Commerce, Frederick B. Dent, to serve as Vice Chairman of the Committee and as Chairman of the Office of East-West Trade. The members of the East-West Trade Policy Committee will be:

The Secretary of State (William P. Rogers)  
The Secretary of the Treasury (George P. Shultz)  
The Secretary of Commerce (Frederick B. Dent)  
The Assistant to the President for National Security Affairs (Dr. Henry A. Kissinger)  
The Executive Director of the Council on International Economic Policy (Peter M. Flanigan)  
The Special Representative for Trade Negotiations (Ambassador William D. Eberle)

James E. Smith, the Deputy Under Secretary of the Treasury, will serve as Executive Secretary of the East-West Trade Policy Committee.

Negotiation of major trade initiatives will be handled under the chairmanship of individuals to be designated for the specific negotiation. The President has designated George P. Shultz as Chairman of the U.S. section of the Joint U.S.-U.S.S.R. Commercial Commission.

A working group will be established under the chairmanship of the Under Secretary of the Treasury and will include representation from the organizations on the East-West Trade Policy Committee.



## Deputy Secretary Rush Interviewed for German Television

*Following is the transcript of an interview with Deputy Secretary Kenneth Rush which was recorded at Washington on March 12 and broadcast on German television on March 13.*

Press release 78 dated March 13

*Q: President Nixon proclaimed this year, 1973, the year of Europe. Mr. Secretary, what must one take this declaration to mean, and in what context must it be seen?*

*Deputy Secretary Rush:* The President was referring to the fact that Viet-Nam has moved from the center stage and that we are now getting back to a normal state of affairs where Europe is the center stage. Europe is of course the most important part of the Western alliance, aside from America, or along with America really.

Through the first four years, the President and the administration paid a lot of attention to Europe. We had the Berlin agreement, we had the SALT talks [Strategic Arms Limitation Talks], the preparations were made for CSCE and MBFR [Conference on Security and Cooperation in Europe; mutual and balanced force reductions]. And we had many problems with regard to monetary and economic matters.

So we have not been neglecting Europe. It is just a matter of Viet-Nam moving off the stage, and now we see that Europe is the center of the stage as it normally is.

*Q: The Americans and the Europeans, Mr. Secretary, are partners in security. They are rivals in trade. How can this be reconciled in the long run?*

*Deputy Secretary Rush:* The question of security is really a question of the free world, the open society, being strong enough to prevent yielding too much to the influence of the closed society. And we must of course in

security maintain a very strong deterrent. In any free society, you have competition. In this country, for example, we have very keen competition, enforced by our antitrust laws, among the various corporations, industrial organizations, and other parts of our society. So the normal state of affairs in economics is competition. This does not in any sense mean that we are not a unified country with regard to security or that in our dealings with our allies we cannot deal just as strongly with them on security matters.

*Q: The last dollar devaluation, the talk about the monetary and trade war, does not sound very encouraging. This proves that there are strong opposing interests. We can expect conflict. How can the confrontation between Europe and the United States be avoided?*

*Deputy Secretary Rush:* The basic problem we have here is that the dollar has gradually become overvalued, and as a result we are having very serious trade imbalances. The way to correct these trade imbalances is to have the dollar reach its real value as compared to the currencies of other countries.

The balance of trade in our country, for example, has shifted from about \$7 billion on the affirmative side in 1964 to about \$6.5 billion on the negative side, in a deficit, in 1972. Meanwhile, our exports have been increasing very substantially—about 90 percent. But our imports have increased about 197 percent. This results of course from the great advances made by the European Community and by the Japanese in technology and in building large plants and reducing costs and the fact that the dollar has been overvalued and thereby our trade has been hurt. This is of course not to mention non-tariff trade barriers, which have been also a very serious deterrent.

*Q: Mr. Secretary, of the European NATO partners, the Federal Republic has been contributing most to the maintenance of the Atlantic alliance. Now, in view of the dollar crisis and the balance of payments deficit and the pressing domestic problems of America, will Washington ask the Federal Republic for even higher contributions during the upcoming offset negotiations?*

*Deputy Secretary Rush:* We have not yet determined what our posture will be with regard to offset. As I see security, it is a matter of the allies bearing on a more equal basis the burdens of security and of having an effective deterrent. Following World War II our country had to bear the main part of the burden. We have been a bit too slow, I think, in equalizing this burden. Germany has shown a very commendable approach in terms not only of helping to meet the financial problems but also of encouraging the European allies to bear a bigger share on their own. This is exemplified by EDIP, the European Defense Improvement Program, initiated by your then Minister of Defense, Mr. Schmidt.

With regard to how much of the burden should be borne by your country in terms of balance of payments, this is to be negotiated. However, one must remember that we still have a much larger percentage of our gross national product going into defense than that of any European country, including Germany. And I would certainly hope that the European allies, members of the most successful military alliance in history, or security alliance in history, would see that they must bear a bigger share of the burden.

*Q: In this connection, Mr. Secretary, it is known in Germany that the quality of the 7th American Army has recently been improved. Nevertheless, experts are still of the opinion that it has not yet regained its former combat strength. Will the 7th Army, in case the Federal Republic should increase its contribution, increase its combat readiness?*

*Deputy Secretary Rush:* The purpose of the offset payments is not designed to pay us to improve our army. The purpose of the offset payments is to, in part, help us cor-

rect the balance of payments problem that we have in maintaining troops in Germany. It is true that during the Viet-Nam war we failed to improve the 7th Army as much as we would have liked. But great steps have been taken to correct this, and of course the more we do, the greater the cost and perhaps the greater the balance of payments loss. But the offset is not designed to pay us for doing something in Germany or for improving the quality of our troops. It is designed to reimburse us in part for the balance of payments losses we have from having our troops there.

*Q: A last question in relation to the alliance. Do you think that after the outcome of yesterday's parliamentary elections in France, the attitude of the French Government vis-a-vis NATO, and particularly the political unity of Europe, will change?*

*Deputy Secretary Rush:* Well, we still have in France the same government in power that we had before, with a reduced majority in the Chamber. I have nothing to indicate that the French have any immediate plans to change their attitude toward NATO.

*Q: Mr. Rush, the opposition in your Congress against maintaining the present troop level in Europe is increasing and certainly is no longer limited to Senator Mansfield and his friends. Can the attitude of your President on the question of the presence of troops remain unaffected by this growing opposition on Capitol Hill?*

*Deputy Secretary Rush:* The President has said many times that we will not reduce our troops unilaterally. His feeling is that we should reduce troops only in conjunction with reductions on the other side. And this of course is the purpose of the talks on mutual balanced force reductions.

We feel that we must maintain a strong deterrent in NATO; we must maintain a troop level that is as it is now, roughly. There is nothing sacred in numbers but it certainly is important that we maintain a credible deterrent in NATO, with the 6th Fleet in the Mediterranean, with the 7th Army in Germany. And we have no plans to

reduce troop levels in Germany and will not do so unilaterally.

*Q: Mr. Secretary, may I put my question more succinctly. There seems to be a sort of neoisolationist mood in the United States after the end of the Viet-Nam war, and this is not limited only to the Democrats, but there are also a number of Republicans—that is to say, members of the same party to which the President belongs—who are against future military engagements of the United States outside its borders. Will this not lead to a considerable complication of your future foreign policy?*

*Deputy Secretary Rush:* Yes, it complicates our future foreign policy. However, a part of our society is that we have those who approve of the President's program and those who disapprove of the program. This is non-partisan; it always has been nonpartisan. There are those who think that we should withdraw completely from the rest of the world; there are those that think we should be much stronger outside of this country. There are those who favor the various courses in between. But the majority of the American people and the majority of the Congress have backed the President in maintaining our troop levels in Europe. I feel the Congress is a very responsible body, and I do not feel that the Congress will attempt to reduce the troop levels in Europe over the President's opposition or that they could do so politically.

*Q: Mr. Secretary, the historic trips the President has undertaken to Moscow and Peking as well as the international negotiations to end the war in Viet-Nam could easily give one the impression that in the thinking of the American Government the superpower diplomacy of triangular world policy will continue to predominate also in the future, also after the end of the war. On the other hand, it is often emphasized by Washington that western Europe represents the first priority. Does this not present a real dilemma?*

*Deputy Secretary Rush:* I do not feel it is a true dilemma. Obviously, we must solve problems with the other superpower, Russia,

and with China on a bilateral basis. These are problems that relate to us and those countries. However, where our allies are concerned, we inform them fully. We have informed them fully about the progress of the SALT talks. We have informed them fully and consulted them, not only with regard to SALT but with regard to the preparations for the oncoming negotiations on CSCE and MBFR. This is true of other countries. For example, Chancellor Brandt and his government in a bilateral way introduced the Ostpolitik, but they informed us fully. We must negotiate both as allies against the Warsaw Pact bloc, for example, and we must negotiate bilaterally where primarily bilateral interests are concerned. I see nothing contradictory in this at all.

*Q: Nevertheless, the President's trip to Europe seems to be delayed. May this have something to do with discontent in Washington about the reaction of some European groups and governments to the Christmas bombing in Viet-Nam?*

*Deputy Secretary Rush:* I would not say that the President's trip has been delayed, because he never had a trip plan set that could be delayed.

With regard to the statements by the heads of some governments in Europe concerning the President's action in Viet-Nam, my feeling is that where one has allies, true allies, and where a country is involved in very important activities, a responsible ally will not criticize what its other ally is doing without knowing the reasons for it. And I feel quite sure that many of those who criticized the President's action in December very much regret doing so now. But it would have been far more responsible if the criticism had not taken place at the time, because the President's problem was greatly increased and aggravated by the criticism of some allies who themselves would have benefited very much from the action the President was taking in showing that we were going to bring about peace and that he would take whatever action was necessary to bring about peace.

*Q: This sounds, Mr. Secretary, as if there*

*might be a continued deterioration of relations with some European nations as a consequence of this.*

*Deputy Secretary Rush:* I would certainly hope not. I do not think that it would be worthwhile for us to allow a deterioration of relations with allies who want to be close allies with us, nor would it be in their interests to have a deterioration of the alliance insofar as they are concerned because they at some time differed with us over our policy in Viet-Nam. I would hope that our relations with all of our allies would improve. I was merely commenting on the fact that an alliance calls for a sense of responsibility and a sense that each of us must have some faith in the judgment of the other ally.

*Q:* Mr. Secretary, the Berlin agreement that you negotiated contains the sentence that the ties between the Western sectors of Berlin and the Federal Republic of Germany shall be maintained and developed. You yourself a year ago said in Berlin, when you said goodbye to us, that the fulfillment of the four-power agreement would be watched over very closely by Washington. Despite the fact that the provisions of the agreement are very clear, the G.D.R. is continuously protesting against meetings of political bodies of the Federal Government and most recently, in February, even against the meeting of the Presidium of the European Parliament. Are these protests in your opinion consistent with the spirit and the letter of the agreement, and if not, will the U.S. Government take any steps in this direction?

*Deputy Secretary Rush:* We feel that the agreement has in large measure been very well fulfilled. We cannot, of course, determine when the G.D.R. may want to protest something or not protest something. But all in all, we feel that the observance of the agreement and living up to its spirit and terms has been in good faith by both sides.

Now, in the unlikely event—unlikely in my opinion—that there should be a violation of the agreement, we have provisions in the agreement which call for consultation by the four powers designed to correct any such

violation, and we would certainly resort to those provisions if at any time we felt there were a violation of the agreement. We don't think there has been.

*Q:* So far you think there has not been any violation?

*Deputy Secretary Rush:* None that has been called to our attention.

*Q:* Mr. Secretary, before you were called for public office by the President you used to be an industrialist; that is to say, the head of a large American corporation. Now, in connection with the currency and trade discussions, it has been asserted that the U.S. products are not competitive on the world market and that two dollar devaluations would not help to make them competitive either. It has also been alleged that American industry basically has little interest in exporting because the huge domestic market is more interesting and also more convenient. Is this correct, and if so, what are the reasons?

*Deputy Secretary Rush:* The American industrialist and the American farmer are very much interested in exporting and in fact they do export—last year about \$50 billion worth of exports, which is a very substantial amount. This has increased from about \$24 billion, almost \$25 billion, in 1964. There is a very strenuous effort on the part of American companies to export. American companies are very competitive in certain areas: computers, aerospace, aircraft, agriculture certainly, which is really industrialized, and various things. In many areas there have been great inroads in this country by imports: such things as shoes, television sets, and of course steel—automobiles, of course—but steel. And we have had to have arrangements with the European Community and Japan to prevent the steel industry from being very much harmed by low-cost steel from abroad which might be even below the cost of production in this country.

Exports are very vital to the prosperity of our country, as they are to the prosperity of the rest of the industrialized world.

The real problems have come from two

basic factors. One of them is the monetary factor. The dollar has been grossly overvalued and increasingly so. The monetary readjustments that have taken place recently, and that took place earlier, are designed to correct this and I think will correct it in substantial measure. The other problems are such things as the common agricultural policy of the European Market, quotas in many cases by some highly industrialized countries, preferences in reverse, preferences, items of this sort, which operate very unfairly against the American exporter. I think we must attack on both these fronts—both the monetary front where considerable progress has been made and on the removal of unfair trade barriers, nontariff trade barriers, where progress must be made.

*Q: Recently one could have gained the impression as if certain groups in industry and the AFL-CIO labor federation had entered into a, let us say, "alliance of protectionists." How does the government expect to be able to resist the pressure of this mighty bloc to obtain trade restrictions from Congress?*

*Deputy Secretary Rush:* We have always had very powerful pressures in this country to restrict trade and protect local industry, and for many, many years those pressures were the dominant ones. Today the pressures leading toward freer trade, leading toward the correction of the factors that make for imbalances in trade, are much more popular with the American people. And I think the way to counteract these is through an educational process of those who do not feel this way through teaching them the real facts of life, in terms of we only harm ourselves when we severely restrict trade.

Now, on the other hand, often the only way we can adequately protect ourselves, because of a lack of cooperation from other countries, may be to increase barriers or to impose barriers with regard to imports into this country, and we of course if necessary should look at that way of correcting these imbalances.

*Q: Mr. Secretary, beyond any doubt during the first years of the alliance the Federal*

*Republic has been the model partner of that alliance. German foreign policy, with its opening to the East, which corresponded to earlier American wishes, has gained a greater measure of independence. Does this make the Federal Republic a more difficult partner, and how will this affect relations between Bonn and Washington?*

*Deputy Secretary Rush:* Well, Germany has grown up so it no longer needs to be teacher's pet. It is more of a teacher itself. I would say that we welcome the assumption more and more by the German people and by the German Government of an increasing share of responsibility in world affairs. This is something we have encouraged. We fully backed the Chancellor in his Ostpolitik. We have in fact pleaded with the Germans to take on more responsibility rather than less in the North Atlantic alliance. And we welcome Germany as a full-fledged mature partner in the community of the NATO alliance and in our own bilateral relations.

*Q: Mr. Secretary, may I ask you to answer the following question candidly? Do you share the concern of some of the German experts in the State Department that the criticism of primarily young and politically engaged Germans of U.S. domestic and foreign policy could impair the relations between the United States and the Federal Republic?*

*Deputy Secretary Rush:* Well, you have freedom of speech in Germany, and we have freedom of speech in this country. We of course do not welcome criticism by any group that we consider to be biased and unfair. But we welcome criticism by those who are approaching it in a sound and analytical way. But emotional attacks we deplore, whether they occur in our country against another country or whether they occur in other countries against our country and our leadership. However, we do not in any sense consider that irresponsible, emotional attacks on our country are shared by many of the German people. We have full confidence in the German people. We have full confidence in the Government of Germany. And we feel that our

alliance with Germany today is as strong as it ever has been.

*Q: Mr. Secretary, President Nixon has spoken of a five-power balance in the world. One of these powers is Europe. Since Europe is politically still split into individual states, individual governments, this can only refer to the European Community. In Washington, we often hear complaints that this Community does not speak with one voice. Could the absence of communication with one unified voice be the source of those mysterious misunderstandings and frictions which often emerge between Europe or the European Community and the United States?*

*Deputy Secretary Rush:* Well, I feel really that in the security area we have had a very good relationship with the European—with our NATO allies. I feel that in monetary and economic matters, both with the European Community and with Japan, there have been many problems. These problems arise, as I mentioned earlier, in any free society. We have, as I said earlier, domestic competition that gives rise to many problems. This should not undercut the strength of the security alliance. However, obviously, a failure to cooperate in one area has a fallout in other areas. If Europe did speak with one voice, if we had a politically unified Europe, unified of course also economically and monetarily, I feel that the free world would be greatly strengthened and that the dangers of misunderstanding would be less than they are today.

*Q: Well, the newly appointed Commissioner for Foreign Affairs [of the European Community], Sir Christopher Soames, the son-in-law of Winston Churchill, who is an important political personality, perhaps might he fill the gap?*

*Deputy Secretary Rush:* I would hope that he can work toward a better understanding of our problems in trade and in monetary matters; and a better understanding, I am sure, would lead to an earlier correction than may have been true in the past.

*Q: Mr. Secretary, I would like to come back to the topic of Berlin because you negotiated*

*the Berlin agreement. How do you see the future of Berlin under the present circumstances?*

*Deputy Secretary Rush:* I think much of the question of the future of Berlin now depends upon the Berliners themselves, it depends upon the F.R.G., and it depends upon the maintaining and developing of the ties between the F.R.G. and West Berlin. If the ties are maintained and developed as they should be and if the steadfast support of the F.R.G. for the economic, cultural, and political development of West Berlin continues as it has in the past, I feel that West Berlin will be a strong, viable unit. I do not think the fact that the G.D.R. is being recognized by many Western countries, or that East Berlin maybe may have diplomatic embassies, should weaken the Western sectors of Berlin.

But it is up to the Berliners themselves and up to the F.R.G. to see that the ties are strengthened. And I think the viability of West Berlin is in direct proportion to the strengthening of the ties between the F.R.G. and the Western sectors of Berlin.

*Q: Ladies and gentlemen, this program is drawing to a close. There is time for one last question. Mr. Secretary, the Federal Republic has repeatedly suggested an organized and constructive dialogue between the European Community and the United States. This certainly falls in with American intentions. My question is, who is to take the initiative for such a dialogue and how can it best be organized?*

*Deputy Secretary Rush:* Well, we have an excellent dialogue with the Community today. There is of course much merit in a proposal to formalize this dialogue. On the other hand, there can be very valid objections to it. Consideration is being given to this.

But I feel today we have the organs and the relationships that permit an adequate dialogue, a very strong dialogue, if they are used.

I would not oppose myself a full study of the possibilities of having a formalized dialogue established, but I do not see the urgent need for it.

## People's Republic of China Releases U.S. Prisoners

*Following is an announcement made to news correspondents on Friday, March 9, by Ronald L. Ziegler, Press Secretary to President Nixon.*

White House press release dated March 9

The White House learned on Wednesday evening of the illness of John Downey's mother, and the President asked that this be communicated to Prime Minister Chou En-lai on his behalf, calling to the attention of the Prime Minister the facts of Mr. Downey's mother's illness.

The Government of the People's Republic of China has informed the President that it has decided to commute John Downey's term and release him on March 12.

The Government of the People's Republic of China will release Mr. Downey, following the decision to commute his term, at the border between the People's Republic of China and Hong Kong, as I said, on March 12.

At the same time, the Government of the People's Republic of China, and in the same communication, has informed the President and the United States that they will release Lt. Comdr. Robert J. Flynn of the U.S. Navy and Maj. Philip E. Smith, of the U.S. Air Force, who have been held in the People's Republic of China over the past years, on the 15th of March.

As you recall, Dr. Kissinger mentioned to you in his briefing here following his return

from the People's Republic of China that they had indicated that Mr. Flynn and Mr. Smith would be released during the 60-day period of the Indochina agreement.<sup>1</sup>

President Nixon wants to express his personal appreciation to the Government of the People's Republic of China for this action.

## U.S. and North Viet-Nam Establish Joint Economic Commission

*Following is a joint United States-Democratic Republic of Viet-Nam announcement read to news correspondents at Washington on March 8 by Ronald L. Ziegler, Press Secretary to President Nixon.*

Weekly Compilation of Presidential Documents dated March 12

A United States-Democratic Republic of Vietnam Joint Economic Commission has been established and will meet in Paris, beginning March 15, 1973. The Commission consists of the following members:

For the United States: Maurice Williams, John Mossler, Donald E. Syvrud.

For the Democratic Republic of Vietnam: Dang Viet Chau, Nguyen Co Thach, Le Khac.

The members will be supported by such staff as each delegation considers appropriate to its needs.

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<sup>1</sup> For the transcript of a news conference held on Feb. 22 by Henry A. Kissinger, Assistant to the President for National Security Affairs, see BULLETIN of Mar. 19, 1973, p. 313.

## Dr. Kissinger Interviewed for CBS Television

*Following is the transcript of an interview with Henry A. Kissinger, Assistant to the President for National Security Affairs, by Marvin Kalb, CBS News diplomatic correspondent, broadcast on February 1.*

*Mr. Kalb: Dr. Kissinger, thank you so much for allowing us to join you in your office here at the White House. I would like to start immediately on Viet-Nam, which will come as no surprise to you, and to ask first what is your judgment on the fragility, the firmness, of the truce in Viet-Nam?*

*Dr. Kissinger: One has to look at the peace in Viet-Nam now in two parts: the terms of the agreement and in the spirit in which it is going to be carried out.<sup>1</sup>*

The war has been going on for 25 years. It has been partly a civil war, partly an international war. It has had some outside intervention and some local sources.

The terms themselves of the cease-fire are firm, and they are specific. The supervisory machinery is as precise as one can make it. The biggest task now is to move a generation that has known nothing but war toward an attitude of peace, and that is an intangible quality. The political settlement still has to be reached. But I think with good will on all sides, and some patience and some wisdom, we can manage that transition period.

*Mr. Kalb: Well, the President suggested at his news conference, and he repeated this morning once again, that so much will depend on the good will of all of the parties.<sup>2</sup> Do you*

<sup>1</sup> For background and texts of the Agreement on Ending the War and Restoring Peace in Viet-Nam and the protocols to the agreement, see BULLETIN of Feb. 12, 1973, p. 153.

<sup>2</sup> For excerpts from President Nixon's news conference on Jan. 31, see BULLETIN of Feb. 19, 1973, p. 193; for an excerpt from his remarks before the National Prayer Breakfast at Washington on Feb. 1, see *ibid.*, p. 196.

*trust the good will of the Vietnamese parties right now?*

*Dr. Kissinger: If you look at the historical record you have to say that people who have been killing each other for 25 years are not animated by exceptional good will toward each other.*

On the other hand, they have also suffered for 25 years.

I was struck during the negotiations that one of the biggest hurdles was their difficulty in imagining peace. If we can now get a period of some months in which they get used to more peaceful pursuits, then I believe many of these factors can begin to assert themselves. I don't trust in good will. A lot depends on the actions of the Soviet Union, the People's Republic of China, and on the sort of relationship we will be able to establish with North Viet-Nam. So it is a difficult period that is ahead. But it gives us an opportunity to build for peace.

*Mr. Kalb: You mentioned the Soviet Union and China right now. How do you see their role coming up now?*

*Dr. Kissinger: While the war was going on, they supplied North Viet-Nam with a great deal of its military equipment. When peace exists, all of the countries concerned, including ourselves, have to ask ourselves not only in terms of the local conditions, and of the desires of the parties, but in terms of the incentives our supplies give to each side to resume the fighting; and while we have no formal agreement or even formal discussions with these parties at this moment, it would seem reasonable that everybody will assess now its military relationship to the contestants.*

*Mr. Kalb: Well, does that mean that you, as the diplomats say, have some reason to be-*



lieve that the Soviet Union or China might reduce the flow of their supplies into North Viet-Nam?

*Dr. Kissinger:* The peace is less than a week old, and it is too early to draw any conclusions, but there will be an international conference at the end of February at which all of these parties are represented. All I am saying is that whether the peace is fragile or not depends in part on the Vietnamese. It depends in part on outside countries. And this is what we now have to work out.

*Mr. Kalb:* But it would be fair to assume from what you are saying that a hope of the administration is that just as we are prohibited by the terms of the agreement from shipping unlimited supplies of military arms to South Viet-Nam, that likewise you would like to have the Chinese and the Russians reduce their flow of supplies into the North?

*Dr. Kissinger:* We would like the Chinese and the Russians to behave responsibly in preserving the peace in Indochina; that is right.

*Mr. Kalb:* The Chinese leader today, Chou En-lai, made the point that the United States really is not living up fully to the terms of the agreement because it is continuing the war, as Chou put it, in Laos and Cambodia. Do you have any sense that very soon we can stop the bombing along the Ho Chi Minh Trails in Laos?

*Dr. Kissinger:* Our position is clear and has been made clear to the North Vietnamese during the negotiations. We will observe any cease-fire that is established in Laos and Cambodia. We have reason to believe that there will be a formal cease-fire in Laos soon. There has been a de facto cease-fire in Cambodia, in fact, since Monday, and we have observed it.

*Mr. Kalb:* Are the Communists living up to that, too?

*Dr. Kissinger:* Yes.

*Mr. Kalb:* Yes?

*Dr. Kissinger:* And we will continue to observe it as long as the Communists live up to it de facto.

In Laos we have hopes that a formal cease-fire will be signed in the near future, and in that case, the question of our role will become moot.

*Mr. Kalb:* "In the near future" meaning perhaps even before the first American prisoners of war come out of North Viet-Nam, or is there a connection really between a cease-fire in Laos and when the American prisoners are released from North Viet-Nam?

*Dr. Kissinger:* There is no connection between the cease-fire in Laos and the release of American prisoners. American prisoners, according to the terms of the agreement, have all to be released within 60 days, and in a supplementary protocol it is provided that they be released in approximately equal installments at 15-day intervals so the latest that the first American prisoners can be released would be around February 11. But we haven't worked out the precise date yet.

There is no relationship between the release of American prisoners and the cease-fire in Laos; but as I said, we expect that a cease-fire in Laos will be established soon.

*Mr. Kalb:* Dr. Kissinger, what about American prisoners who might be in Laos, those missing in action? There is some question as to a list that has now been turned over.

*Dr. Kissinger:* We received today a list of prisoners that are being held in Laos. We are now examining it. It doesn't look to us as if it could be complete, and we are querying the North Vietnamese to see whether they have any supplementary information.

But, at any rate, we received some names today, and we are informing the next of kin.

*Mr. Kalb:* What do you mean that you don't feel as though you have a complete list on the Laos prisoners?

*Dr. Kissinger:* Well, the list was handed to us as a list. It was not handed to us with the explicit comment that this is the entire list.

*Mr. Kalb:* I see.

*Dr. Kissinger:* And since there are several hundred unaccounted for, the relationship between the number that was handed to

us and the number that is missing seems to be smaller in Laos than it is in Viet-Nam, and we have queried Hanoi about this discrepancy.

*Mr. Kalb: Dr. Kissinger, you will be going to Hanoi soon, which is the one Communist—major Communist capital you have not gotten to as yet. We understand that the two major purposes will be to try to check on how the agreement is being implemented and also to discuss postwar aid. When was this trip first arranged?*

*Dr. Kissinger:* The trip has been under discussion with the North Vietnamese at various stages of our negotiations, and it has always been under discussion, not in the context of the negotiations but in the context of establishing a postwar relationship, and I really don't quite agree that the purpose is for the purpose of determining aid. That is one of the possible middle-term outcomes.

The real problem in relation to North Viet-Nam is that here is a country that has been almost constantly at war throughout its existence. It is a country with which we have made armistices in 1954, in 1962, but we have never made a genuine peace with it. Now we would like to explore the possibility of whether after the experiences of the last decade, having established a pattern of coexistence with Moscow and Peking, it seems to us not inconceivable that if we can coexist with Peking, we can coexist with Hanoi.

So the basic purpose of the trip is an exploratory mission to determine how we can move from hostility toward normalization.

Now, it has always been part of the American policy—indeed, it was first established by the late President Johnson—that at some point the United States would contribute to a reconstruction program for all of Indochina; and this is one of the problems that I will discuss in principle while I am in Hanoi.

As anybody who knows me can tell you, my lack of competence in discussing technical economic questions is well established, so I will not be able to make the final determinations while I am there.

So the basic purpose is to establish a new

relationship, similar perhaps to my first trip to Peking.

*Mr. Kalb: Would the new relationship envisage the possibility of establishing relations with North Viet-Nam?*

*Dr. Kissinger:* Well, far down the road. The first problem is to establish some sort of ongoing dialogue, to work out machinery for exchanging ideas; and in principle we are willing to explore this, but not as the first step.

*Mr. Kalb: Isn't there a White House projection of \$7½ billion over a five-year period, of which \$2½ billion would be earmarked for North Viet-Nam?*

*Dr. Kissinger:* Well, that was a projection that was used about a year ago.

*Mr. Kalb: Yes. Is that current?*

*Dr. Kissinger:* More than a year ago. No, we have taken the position that the problem of aid to North Viet-Nam would be discussed in the context of peacetime relations and not as the outcome of a negotiation to end the war. We will look at the requirements with an open mind. This was a study based on reasonable facts at the time. We would have to look at the situation again.

As we said when we briefed the congressional leaders, as the President repeated yesterday, any projection we make would be fully discussed with the bipartisan leadership and fully discussed in public before it became our policy.

*Mr. Kalb: Dr. Kissinger, shifting south for a moment, to South Viet-Nam, now that the peace agreement has been signed, how would you define the nature and depth of the American commitment to Saigon?*

*Dr. Kissinger:* We have been allies in a bitter and difficult war, and we have a responsibility to give those with whom we have been associated an opportunity to shape their own future. Therefore we have a responsibility to continue a program of economic assistance along the lines that have been developed.

We also will, as the President pointed out in his speech announcing the peace, continue that degree of military assistance that the

agreement permits and which is made necessary by the military situation.

Now, the agreement permits us to replace weapons that are used up, destroyed, damaged, or worn out. Needless to say, if there is no conflict the amount of replacement military equipment that is needed will be much less than it was during the war. In the longer term, it has always been our intention to enable the South Vietnamese to take over the burden of their own military defense, and we believe we have left them in a position where they can handle most of the challenges that we can now foresee.

*Mr. Kalb: Dr. Kissinger, I think what I was trying to get at is what happens—and I suppose this question must be asked. In the best of all possible worlds the cease-fire is going to hold. In the world that we live in it may not. President Thieu said in an interview tonight on CBS that he would never call upon American troops to go back to Viet-Nam but he would feel free to call upon American airpower to go back. And Ambassador Sullivan said only last Sunday that there are no inhibitions—I believe were his words—on the use of this airpower.<sup>3</sup> Is that correct?*

*Dr. Kissinger:* That is legally correct.

*Mr. Kalb: Politically and diplomatically?*

*Dr. Kissinger:* We have the right to do this. The question is very difficult to answer in the abstract. It depends on the extent of the challenge, on the nature of the threat, on the circumstances in which it arises; and it would be extremely unwise for a responsible American official at this stage, when the peace is in the process of being established, to give a checklist about what the United States will or will not do in every circumstance that is likely to arise.

For the future that we can foresee, the North Vietnamese are not in a position to launch an overwhelming attack on the South, even if they violate the agreement. What happens after a year or two has to be seen in the circumstances which then exist.

<sup>3</sup> For an interview with William H. Sullivan, Deputy Assistant Secretary for East Asian and Pacific Affairs, on "Meet the Press" on Jan. 28, see *BULLETIN* of Feb. 19, 1973, p. 198.

Most of the violations that one can now foresee should be handled by the South Vietnamese.

*Mr. Kalb: So that for the next year or two, if I understand you right, there would be no need for a reinvolvement of American military power?*

*Dr. Kissinger:* Marvin, we did not end this war in order to look for an excuse to reenter it, but it would be irresponsible for us at this moment to give a precise checklist to potential aggressors as to what they can or cannot safely do.

*Mr. Kalb: Dr. Kissinger, let's move the clock back about one month at a time when the United States was engaged in a very extensive bombing program in the Hanoi-Haiphong area. We have never heard any explanation about why that was really necessary. Could you give us your own feeling on that?*

*Dr. Kissinger:* The decision to resume bombing in the middle of December was perhaps the most painful, the most difficult, and certainly the most lonely, that the President has had to make since he has been in office. It was very painful to do this at that particular season when the expectation for peace had been so high and only six weeks before his inauguration. It was very difficult to do it under circumstances when the outcome was not demonstrable.

There were really three parts to it. One, should we resume bombing? Two, if we resume bombing, with what weapons? That involved the whole issue of the B-52. And three, should we talk to the American people, which was really implied in your question—there has never been an explanation.

With respect to the first part, why did the President decide to resume bombing? We had come to the conclusion that the negotiations as they were then being conducted were not serious; that for whatever reason, the North Vietnamese at that point had come to the conclusion that protracting the negotiations was more in their interest than concluding them.

It was not a case that we made certain demands they rejected. It was a case that no

sooner was one issue settled than three others emerged, and as soon as one approached a solution, yet others came to the forefront.

At the same time, the more difficult Hanoi was, the more rigid Saigon grew; and we could see a prospect, therefore, where we would be caught between the two contending Vietnamese parties, with no element introduced that would change their opinion, with a gradual degeneration of the private talks between Le Duc Tho and me into the same sort of propaganda that the public talks in the Hotel Majestic had reached; and therefore it was decided to try to bring home really to both Vietnamese parties that the continuation of the war had its price, and it was not generally recognized that when we started the bombing again of North Vietnam we also sent General Haig [Gen. Alexander M. Haig, Jr., then Deputy Assistant to the President for National Security Affairs] to Saigon to make very clear that this did not mean that we would fail to settle on the terms that we had defined as reasonable. So we really moved in both directions simultaneously.

Once the decision was made to resume bombing, we faced the fact that it was in the rainy season and that really the only plane that could act consistently was the B-52, which is an all-weather plane.

You mentioned the Hanoi-Haiphong area, but major efforts were made to avoid residential areas, and the casualty figures which were released by the North Vietnamese of something like a thousand tend to support that this was the case, because many of these casualties must have occurred in the target areas and not in civilian residential areas.

*Mr. Kalb: And yet a lot of the civilian areas were hit apparently. There were pictures of that. And—*

*Dr. Kissinger:* You can never tell when a picture is made how vast the surrounding area of destruction is, but of course some civilian areas must have been hit. And I don't want to say that it was not a very painful thing to have to do.

Now, why did the President decide not to speak to the American people? The President

can speak most effectively when he announces a new departure in policy and indicates what can be done to bring that particular departure to a conclusion.

He could have done only two things in such a speech, which was considered. One is to explain why the negotiations had stalemated and, two, to explain under what circumstances he would end the bombing.

The first would have broken the confidentiality of the negotiations even more than was the case anyway through the exchanges that were going on publicly, and the second would have made the resumption of talks an issue of prestige and might have delayed them; and therefore the President decided that if this action succeeded, then the results would speak for themselves in terms of a settlement, and if a settlement was not reached, then he would have to give an accounting to the American people of all the actions that led to the continuing stalemate.

Now, whatever the reason, once the talks were resumed, a settlement was reached fairly rapidly, and we have never made an assertion as to what produced it; but you asked why was the decision made to resume bombing and this was the reasoning that led to it.

*Mr. Kalb: Dr. Kissinger, isn't the assumption that you are leaving with us that without that kind of heavy bombing the North Vietnamese would not have become serious—your term—and that therefore one could conclude that it was the bombing that brought the North Vietnamese into a serious frame of mind? I ask the question only because they have been bombed so repeatedly and for so many years and still stuck to their guns and their position. What was so unique about this?*

*Dr. Kissinger:* Well, that it came at the end of a long process in which they, too, had suffered a great deal. But I don't think at this moment when I am preparing to go to Hanoi it would serve any useful purpose for me to speculate about what caused them to make this decision.

Obviously they made a big decision in October when they decided to separate the politi-

cal and military issues, and at this moment I think it is important to understand that the decision was not made lightly; that it was made in the interest of speeding the end of the war; and that now that the war is ended, I think it is best to put the acrimony behind us.

*Mr. Kalb: Dr. Kissinger, let's talk for a moment about the man with whom you negotiated. How long was it, with Le Duc Tho, three and one-half years, something like that?*

*Dr. Kissinger: Three and one-half years.*

*Mr. Kalb: What kind of a person is he?*

*Dr. Kissinger: Well, when one talks about negotiations and looks at the pictures of my opposite number in a garden with me, joking and jovial, a great deal of emphasis tends to be put on the personal relationship; and over three and one-half years of extensive negotiations, of course we established a certain personal relationship, sometimes humorous. But one has to remember also what sort of a man he is, what his background is.*

Le Duc Tho is an impressive man who joined the Communist Party as a very young man, a man therefore driven in the context of this time by a certain missionary zeal; spent seven years at extreme hard labor in a French prison; organized guerrilla movements; and finally after long struggle, wound up in the Politburo of a country that then found itself at war almost immediately.

He is a man who has never known tranquillity; and where we fight in order to end a war, he fights in order to achieve certain objectives he has held all his life. He holds values quite contrary to ours, and I never had any illusions about that. I didn't convert him to our point of view.

He said when he left Paris that we were negotiators having different points of view who were always correct and courteous. I agree with this, and we achieved a conclusion when both of us had realized the limits of the strengths that we had to achieve our objectives, and he realized that in two phases, in October and then in January.

He could be maddening when he didn't want to settle, and he was most effective when he did want to settle.

He is a man of great theoretical interests. We used to joke with each other that after the peace we would exchange professorships, he at Harvard and I in Hanoi.

*Mr. Kalb: Well, you may have a chance when you go to Hanoi to give one lecture—*

*Dr. Kissinger: I might look over the—*

*Mr. Kalb: Dr. Kissinger, do you feel that the conclusion of the Viet-Nam war, at least for the United States, does mark a jumping-off point for American policy? I am thinking back four years now when you came in. It seemed as though the Viet-Nam war blocked almost every opportunity to get on with the major powers. Do you now see this as an opportunity to literally move into some kind of a new era in global diplomacy, or is it just cosmetics?*

*Dr. Kissinger: When this administration came into office four years ago, Viet-Nam was really our national obsession. It was almost the only foreign policy that was being actively debated, the one that absorbed the greatest amount of time of the policymakers and also the greatest amount of time of our domestic debate.*

The President held the view from the beginning that we had to change the emphasis of that concern. He felt that we had to end the war on honorable terms so that we would be free to be taken seriously in the conduct of other events.

But I think it is fair to say that we didn't wait for the end of the Vietnamese war to turn to the construction of peace. I think major progress was made in our relations with the Soviet Union. A breakthrough was achieved in our relations with the People's Republic of China.

There was a transition in Japan which we cannot say we brought about, but which was inevitable; and Europe, again not necessarily as a result of our actions, but as a result of policies that had preceded us, gained more identity.

So, we took office at a time when it was possible to think of a global foreign policy and of a new structure of peace for the first time in the postwar period, apart from dealing with individual crises.

Now the end of the Viet-Nam war frees us to concentrate even more actively on the constructive steps. But I think it is fair to say that we probably couldn't have ended the Viet-Nam war had we not already during the President's first term taken those steps and had the President not had the opportunity to visit Peking and Moscow.

*Mr. Kalb: Dr. Kissinger, I would like to talk to you a good bit more about Russia and China, and we shall in just a few moments. [Announcement.]*

*Mr. Kalb: Is it fair to say that your effort to establish a new kind of relationship with China and Russia really is kind of a 19th-century approach, in a way, to a late-20th-century problem? This balance of power is certainly something that you wrote about before you came to Washington, and one could easily get the impression that you were, in a way, with the President, seeking to set up an international mobile consisting of great powers and that, as you were suggesting a moment ago, helped end the Viet-Nam war. In what way was this balance a way of ending the war?*

*Dr. Kissinger: Well, let me make one point, because you said that I, with the President, was trying to establish something. I think it is important to get my role in this into perspective, because I essentially have three jobs here. One is, when a problem exists, to tell the President as honestly as I can what choices he has, and I do my best to be fair. And secondly, to make recommendations when the President asks for them, and thirdly, to negotiate when the President sends me.*

But the decisions are not made by me, and one does not become President of the United States by having a weak will. So this is not a situation—if you look at the President's writings, for example, in 1967 or 1968, I think '67, he wrote an article which really foreshadowed the Peking initiative. And this has to be understood when one discusses who does what and what the role of the various officials is.

Now, is the conception that you mentioned—a 19th-century conception—one that the

President also developed in his speech in Kansas City in July 1971?<sup>4</sup> In fact, he made that speech in Kansas City while I was on the way to China, and I didn't know he had made that speech. And when I arrived in China, Chou En-lai asked me about the same question you just did. He said, "What about this five-power world that your President mentioned?"

*Mr. Kalb: The five powers being the United States, western Europe, the Soviet Union, China, and Japan?*

*Dr. Kissinger: So Chou En-lai asked me what about this.*

*Mr. Kalb: Well, what about it?*

*Dr. Kissinger: I said, "What about it?" So he had to get a copy of the speech, and showed it to me.*

The balance of power in the 19th-century sense about which I wrote is obviously not applicable to the contemporary situation. In the 19th century, you had a large number of states of approximately equal strength that were trying to prevent marginal changes in the international situation because they believed that any marginal change could be transformed into an overwhelming advantage sooner or later.

In the nuclear age the biggest changes in the situation can be achieved without any territorial acquisition at all. No amount of conquest could have given the Soviet Union as much additional power as the development of the nuclear and, later, the hydrogen bomb.

So we are talking about a completely different world than the one that existed in the 19th century.

You can't have these shifting alliances; you can't have these endless little wars. But there is something in the balance of power in two respects. One, no nation can make its survival dependent on the good will of another state if it has a choice about it, especially of a state that announces a hostile ideology. So you must have a certain equilib-

<sup>4</sup> For excerpts, see BULLETIN of July 26, 1971, p. 93.

rium of strength in order to retain some freedom over your fate. That is a fact.

Now, what this administration has attempted to do is not so much to play a complicated 19th-century game of balance of power, but to try to eliminate those hostilities that were vestiges of a particular perception at the end of the war and to deal with the root fact of the contemporary situation—that we and the Soviet Union, and we and the Chinese, are ideological adversaries, but we are bound together by one basic fact: that none of us can survive a nuclear war and therefore it is in our mutual interest to try to reduce those hostilities that are bureaucratic vestiges or that simply are not rooted in overwhelming national concerns.

Now, we thought it was extremely dangerous to continue isolating one of the great countries in the world. We thought that, with the Soviet Union, simply to amass more and more nuclear arms without attempting to put some control over them was extremely risky; and therefore we made the opening to China with full realization that they remain ideologically hostile; and we concluded an agreement on Berlin with the Soviet Union—Berlin, which had brought us to the brink of war four times; and we made a first major step toward the limitation of nuclear arms last May in Moscow with the SALT [Strategic Arms Limitation Talks] agreements.

Now, you ask, in what way has this contributed to ending the Viet-Nam war? Viet-Nam takes on a different perspective for itself and for us when it is an appendage to the landmass of Asia than when you make it a test case to stop a unified Communist thrust across the whole world. When Hanoi realized that foreign policy could not be blocked by the Viet-Nam war forever, and when we realized that there was more to Asia than Viet-Nam, we could conduct our negotiations in a different framework.

So it was in this sense. But we, of course, continued to know the difference between our friends and our opponents, but we have also a responsibility to reduce those tensions that we can with our opponents, and we are working hard at that and seriously at that.

*Mr. Kalb: Dr. Kissinger, so much of what you have been talking about now relates to the continuing tension and quarrels between China and Russia. So much of it almost seems to rest at the bottom of an analysis that you are giving. Do you worry here that China and Russia may, at some point, be on a collision course?*

*Dr. Kissinger:* Well, first of all, Marvin, nothing I have said rested on tension between China and the Soviet Union. Of course we know that China and the Soviet Union have had their differences, but the most foolish thing we could do is to try to maneuver between those countries. The only possible policy for us is to deal openly and honestly with each of them on the basis of whatever common interests we have with them or common problems we have with them.

The most certain road to undermining the confidence of both would be to engage in petty maneuvers, to pit them against each other. Their quarrel does not have its origin with us, and their quarrel is not being fomented by us.

*Mr. Kalb: I understand what you are saying, sir. Do you worry about them fighting, coming to any kind of head-on collision? Or is that past us? There certainly was that fear in 1969 when you arrived here.*

*Dr. Kissinger:* When we arrived here, there were military clashes along the Sino-Soviet border, and we are aware of troop concentrations on both sides along the Sino-Soviet border, and both sides have accused each other of harboring aggressive intent.

It is hard to believe that two such great countries would engage in so suicidal a course as fighting with each other. At any rate, this is not a decision that we can influence and it is not an outcome that we desire. A war between the Soviet Union and the People's Republic of China would be unfortunate for everybody.

*Mr. Kalb: Dr. Kissinger, we have talked about an international balance of power and I wonder if we could shift, rather suddenly I suppose, to a domestic balance of power. The Constitution talks about a balance be-*

tween this office here and Capitol Hill, and there is certainly the feeling on Capitol Hill of having been ignored and about a vast and almost unnecessary accumulation of power in the White House. What do you feel you could do at this point in the second administration to try to eliminate some of this building hostility?

*Dr. Kissinger:* Of course, Marvin, my specialty is foreign policy—

*Mr. Kalb:* A lot of people up there are interested in it.

*Dr. Kissinger:* —not domestic policy. And I think we have to look at it from two aspects. One, in every modern state there has been an accumulation of executive power for a variety of reasons—and I am not saying this is necessarily a good development—partly because the issues become so complex that it becomes more and more difficult for an individual lawmaker to keep sufficiently informed of the subtleties, to have a continuous influence on the shaping of it. In fact, in our system the Congress is much better off than European parliaments. Our Congress has regular committees with their own staff. So I recognize that there is a problem and that the uneasiness of some Senators and Congressmen has a real root.

Now, in my field, which is the only one that I am competent to talk about, the President has made major efforts to make it possible for Senators and Congressmen to be informed about the operations of my office. Now, there is the problem of executive privilege, which is that assistants of the President should not be in a position where their private conversations with the President become subject to congressional subpoena.

Now, what we have attempted to arrange is periodic briefings of Congressmen, usually by me; I have met with the Senate Foreign Relations Committee at about monthly intervals in settings that maintain the legal position of executive privilege; that is to say, we would not meet in a committee room. We would meet in a private office of one of the Senators. But notes were taken, and we conducted the conversations as close to a hearing

as they could be while still maintaining the legal fiction of executive privilege.

Last week the President sent me to Capitol Hill to brief any Senator who wanted to come and any Congressman. So it is a problem, and we are trying to make efforts to deal with it. I don't know how satisfactory it will be.

*Mr. Kalb:* Well, will you be doing this more often over the next year or so? Will you be going up to the Hill to see the Foreign Relations Committee or the Armed Services Committee more often?

*Dr. Kissinger:* I have always had the policy that I would meet with the Senate Foreign Relations Committee whenever its chairman requested it, as long as the setting was informal. I have always tried to be available to as many Senators as possible on an individual basis, and I will go up to the Hill—I enjoy meeting with Senators and Congressmen and I think it is in our long-term interest to have the Congress understand what we are doing.

Now, it must be understood, however, that it is not my primary job to defend the President's policy on the Hill. The separation of powers makes the President not an officer of the Congress.

This is the responsibility of the Secretary of State, and of the statutory members of the Cabinet, who of course testify before the appropriate committees at all times.

*Mr. Kalb:* *Dr. Kissinger, some of the things that you might have told Congressmen who asked over the past year or so related to some of your experiences traveling secretly to Peking, secretly to Moscow, and now publicly to Hanoi. The two principal Communist figures, Chou En-lai and Leonid Brezhnev—what kind of people are they, representing not only different countries but really different interpretations of communism?*

*Dr. Kissinger:* Of course, Marvin, you recognize they are both leaders with whom we will continue to deal and therefore there are limitations to what I can say. Again, what I said about Le Duc Tho has to be kept in mind. The type of man who enters



the competition for Communist leadership is a different personality than the type of man who enters the competition for political office in the United States and even more different from the type of man who enters the competition for being bank president in the United States or a professor.

Now, both of them represent different stages of Communist evolution. Chou En-lai is the first generation of leader. He joined the Communist Party at a time when only great believers could even conceive of an ultimate Communist victory. He is a survivor of the Long March, in which tens of thousands died, and it is an experience that keeps recurring in his conversations; so he is a more missionary type, a more prophetic type. Brezhnev's long march has been through the bureaucracy of an established Communist system. And he runs a state that is much more elaborated and much more complex. And no doubt there are national differences. Chou En-lai is very intellectual and very subtle. Brezhnev is a more elemental, more physical person. But they are both considerable figures and you do not get to the top of that competition by being a man of weak character.

*Mr. Kalb: You couldn't, obviously, get to Lenin, but you did get into a conversation with the President, I understand, with Mao Tse-tung?*

*Dr. Kissinger: That is right.*

*Mr. Kalb: Did you get the sense that he is in daily charge of China? What are some of the differences there between Mao and Chou?*

*Dr. Kissinger: Well, I think that would be very difficult to judge on the basis of one conversation, but there is no question in anybody's mind who has ever seen those two Chinese leaders together who is number one, and Mao is visibly the dominant figure; but how they proportion the daily work among themselves I wouldn't wish to speculate on.*

*Mr. Kalb: Dr. Kissinger, before you got to office, you had obviously spent a great deal of time at Widener Library at Harvard studying all about the world and writing*

*about it, and you came here, as I recall, with the idea that you would be thinking the big long strategic thoughts and really would not involve yourself in tactics as much as you have been. When do you get a chance to think? When do you get a chance to just sit back and reflect on whether you are doing the right thing, for that matter?*

*Dr. Kissinger: Well, before you become a Harvard professor the idea that you could be fallible is driven out of you.*

But seriously, the problem between planning and execution is one which when one is on the outside isn't often understood.

When I was a professor, I used to think that the way to get policy made is to plan it, to write it out, and then to get somebody to adopt it.

Now, if you look at the history of the American bureaucracy, most policy planning staffs have not been effective. They have not been effective because there was no way they could be made relevant to action. Nobody who had to do something ever had to ask the policy planning staff whether it approved.

So unless you sit at a strategic point at which action is not possible without your office, there is a danger that you become simply an abstract, an academic adjunct to an operating agency.

*Mr. Kalb: There is the other danger, too, though, isn't there?*

*Dr. Kissinger: There is the other danger, too. The other danger is that you become so obsessed with tactics that you never ask yourself where you are going.*

I must say candidly it is a problem that has occupied me. When one comes into office, one has had a chance, hopefully, to do a great deal of thinking—much of it probably not applicable. Then one gains experience, and at some point in one's term in office, there is a happy balance between one's thinking and one's experience.

Beyond a certain point, the danger you mention is very real: that one becomes so conscious of the tactical that one forgets the purpose it is supposed to serve—and one probably is the last person to know that one has failed in that.

Now, I have thought about it. I have a lot of time on airplanes, for example, to think, and I try to keep groups working on long-term projections and to spend at least three afternoons a week on long-term projections; but what you said is absolutely a problem.

*Mr. Kalb:* One of the things that occurred to me is that I remember an article you wrote back in 1959 warning then-President Eisenhower about summitry with the Russians, and I recall, too, that then-Vice President Nixon, I believe, sent you a note of congratulations and agreement that he, too, had his problems with summitry, and yet we find in the evolution over the last four years that both of you uniquely have worked summitry into almost the major eye-catching element of your policy.

*Dr. Kissinger:* But I think there is an important difference. What I warned against in 1959 was to use a summit meeting as a substitute for detailed negotiations; and the danger that we saw then was that if heads of state met without adequate preparation, since you could not appeal their disagreements to anybody the danger of a confrontation was too great, and therefore you were driven into atmospherics and you thought if Khrushchev ate hotdogs in a cornfield in Iowa that he had changed his basic policy or if somebody was received well in Moscow that meant a change in policy.

But what the President has insisted on from the first day he came into office, from his first press conference, was that all problems were related to each other, linked to each other; secondly, that summit meetings could take place only if they were very carefully prepared.

So when we went to Moscow, we knew the probable outcome; at least we knew the range of possible outcomes. And as you remember, there were one or two agreements announced almost every day; and we used the summit not to start a negotiation, but to

give an impetus to existing negotiations, to bring them to a focus, and to have very concrete solutions.

*Mr. Kalb:* Dr. Kissinger, we have about two minutes left. I want to ask you something the President mentioned yesterday. He looked down at several of the newsmen and said that several of you when writing about "peace with honor," gag on the expression. Since I assume that you can consume the expression easily, why has it all been so important—"peace with honor," given the impact of this war on American society, the people, the morals, everything?

*Dr. Kissinger:* When we came into office this country was torn by the war. No President has had to take office and was immediately greeted by massive public demonstrations. We thought we were at the edge of an era of peace, but the President felt very strongly that we could never carry it out if the government did not have enough authority so that its actions meant something and could be carried out over a period of time.

Secondly, we felt we owed it to the American people, too, that the war would be ended by a decision of its government, and not in an act of exhaustion; and now that the war is over, and we have achieved terms better than most of our critics thought possible, terms that Americans don't have to be ashamed of, we think this fact could be the basis of a reconciliation of the American people. It is no shame to have wanted to end the war more quickly than we did. And what we attempted to do was to create the basis for a constructive policy at home and abroad, and this is why the President has thought it was so important.

*Mr. Kalb:* Dr. Kissinger, I only have about 430-odd questions left, but we have run out of time. I certainly hope that sometime soon you will invite us back. Thank you very much, and good night.

## Deputy Under Secretary Macomber Discusses Terrorism in Interview on "Today" Program

*Following is the transcript of an interview with Deputy Under Secretary for Management William B. Macomber, Jr., broadcast on the National Broadcasting Company's television program "The Today Show" on March 8.*

*Mr. McGee: Deputy Under Secretary of State William Macomber was sent on an urgent mission a few days ago to represent the United States in negotiations to effect the release of Americans being held by the Black September terrorists. The American diplomats, Cleo Noel and [George] Curtis Moore, were killed before he could get there. Mr. Macomber has now returned to Washington accompanying the bodies of the two, and we want to talk with him about the implications of these murders.*

*He is in our Washington studio with "Today" Washington editor Bill Monroe. Gentlemen.*

*Mr. Monroe: Good morning, Frank. Mr. Macomber has also just been appointed Ambassador to Turkey.*

*Mr. Ambassador, you stopped in Cairo on your way to Khartoum. Why?*

*Mr. Macomber: Well, there were several reasons. First of all, I came down in Cairo because I wanted to go into Khartoum in a smaller airplane. We thought it might agitate the terrorists if we came in with a great big American plane. And then I delayed in Cairo because we got word through the Egyptian Foreign Minister that the whole venue might shift to Egypt. They were trying to work out a deal where both the terrorists and their captives would come to Egypt. And I was very impressed with the way the Sudanese Government was handling the problem. I didn't think I was needed there as much as*

*I would be needed in Cairo. And finally, that last deadline was going to take place before I could get to Khartoum in any event.*

*So I delayed in Cairo for a little while and then when it became clear they weren't going to shift the venue, I got in the air and headed for Khartoum. But that was when the deadline was reached and our men were murdered.*

*Mr. Monroe: You received word in the air on the way to Khartoum that the men had been killed.*

*Mr. Macomber: I did, Bill, yes.*

*Mr. Monroe: In retrospect, do you have a feeling that your earlier arrival or anything else would have saved these men, or were they destined to die because the terrorists planned it that way?*

*Mr. Macomber: No. In all my years of dealing with this terrorist problem—I have dealt with it all over the world—I think the Sudanese Government played it as professionally and as calmly and as coolly as any government I have ever seen. The way they played it made the odds as strong as possible that we would succeed. I think the men were doomed from the moment they were picked up. And believe it or not, these savages wanted to take our people in an airplane and fly them over here to the United States and kill them here in the United States. And I think what triggered their deaths was as soon as they found out that they were not going to be allowed to get a plane or get out of the Sudan, they decided to kill them.*

*Mr. Monroe: There have been reports—I would like to have your comment on them—that the terrorists brutally mistreated the Americans before killing them, deliberately tortured them, in other words.*

*Mr. Macomber:* No, they only murdered them. They did not mistreat them. Those reports are in error. But I don't give them much credit for that. They were banged up at the beginning. Both the Americans were wounded, but slightly. The Belgian was wounded more seriously. They were not tortured in the period in between. They were just eventually taken out and shot.

*Mr. Monroe:* Can you tell us more than we have learned about what happened inside the Embassy, about how Ambassador Noel and his deputy, Mr. Moore, were able to handle themselves under these circumstances?

*Mr. Macomber:* Well, with unbelievable courage and composure. It is just unbelievable. Cleo, Ambassador Noel, when they told him he was being taken down to be shot, turned to the Saudi Ambassador and shook his hand and said, "You know, I'm very sorry it has turned out as it has. But I want you to know that obviously it is not your fault. And we are deeply grateful for you having had this party to honor Curt." And that is what the party was for—it was to honor Curt, who was leaving. He said, "I want to thank you and please don't feel badly about what has happened." And then calmly went downstairs and he was butchered.

*Mr. Monroe:* Mr. Macomber, Secretary of State Rogers has talked about using very extreme measures to protect American diplomats in the future. What kind of measures are possible?

*Mr. Macomber:* Well, you work on this problem really at two ends. The first thing you do is make it as tough as possible to pick up American diplomats around the world, and we have done a lot on that score. And they are harder to get than anybody else. We've got more armored cars, we've got more follow cars, we've got a lot of devices that make it tough to get American diplomats. But they can get any one of them.

*Mr. Monroe:* Bodyguards?

*Mr. Macomber:* Well, yes. I don't want to go into all the things we do. We do a lot of things.

*Mr. Monroe:* Somewhat the same kind of thing the Secret Service does for the President?

*Mr. Macomber:* That's right. Except that we have a lot of people. You can never get complete protection. Now, if they want to get somebody they'll get them sooner or later. But you can make it tough. And you can make them pay a price. And we do all kinds of things to try to have that take place. And the result of that is that they begin to hit now in the less high-risk areas. Haiti was not considered a high-risk area. They didn't hit in the Dominican Republic, where we had more protection and had expected more trouble.

So you can make it very tough. And what they are doing now is going to the areas where we have not felt the risk was as great and hitting there. So we are just going to have to extend the protection.

But there is no way to get absolute protection. You've got to make it tough for them. You have to work that at the other end, too. You have to make it not only painful and risky personally for these people to mess around with Americans, but then you have got—and this is just terrible and coldblooded—but you have got to make it clear that there isn't going to be any reward. We are not going to pay blackmail. The President has made it clear, and he is dead right. And only when the world comes to this position is this terrible thing going to end.

*Mr. Monroe:* Is one difficulty in this situation the fact that Arab governments, notably Libya and Egypt, have been quite lenient with terrorists, including those who have committed murder in the past?

*Mr. Macomber:* Well, I think as long as governments are lenient with this kind of thing, it will go on. I think we are going to have more losses, Bill. I just think this is—I know the Service thinks so, my colleagues in the Foreign Service. It is just part of the job. We are going to lose some more people. But we are not going to pay blackmail to get them back. And our ambassadors and our other diplomats don't think we should. And they know what that means for them. But it

is the only way we are going to put this to an end. We've got a lot of brave men. We've got nobody any braver than these two. But the Service as a whole—this is just part of the job. It is so outrageous when you think of what these fellows go through, and then this "cookie-pusher" image. It's an outrage. These are marvelous, courageous people, working for the United States all over the world in a very professional, very competent way. And taking very great risks.

*Mr. Monroe: What about Sudanese justice? Do you expect in this case that the Government of the Sudan will mete out to the eight terrorists arrested justice worthy of the crime?*

*Mr. Macomber:* Well, I had a long talk with President Nimeri when I was there, and with other officials, and before the capture they promised me there would be no deal. There was no deal. And the President said things to me that I can't repeat here. But he was obviously very concerned by this. And he has made certain public statements—I read one yesterday where he said that they called the Black September organization, "We're going to make it a Twelve Months Black organization if they fool around with us this way." He's a very strong man, a strong country. And I think they are going to do right. But it isn't helpful for people 6,000 miles away to start to give them a lot of advice. They understand the problem. They are very strong men.

You know, this is a stain on their government. And they knew these two men. And they were upset personally as well as from the point of view of their government.

I can't tell you—when we left, the ceremonies at the airport were something. As soon as these two marvelous women, these widows—I just can't say enough about them—

*Mr. Monroe: The widows of Ambassador Noel and Mr. Moore?*

*Mr. Macomber:* Yes. As soon as they came onto the airport into the field and their feet hit the ground, they began walking out to the honor guard, the military bands began playing "Auld Lang Syne," a slow march,

over and over again, and they did that for 15 or 20 minutes while those two women said goodbye to all their friends and many, many Sudanese friends—the tears came down. That country feels about this. And I think what will develop will be helpful in ending this problem. But the problem isn't going to end for a while. It isn't just what one country does. We've got to have the fortitude not to pay blackmail, and other countries have got to. And eventually, when they don't get any benefits from this thing and the risks get very high, it will end. But we've got to go on for a while.

*Mr. Monroe: Mr. Macomber, what about the evidence that the Government of Libya may have been involved with these terrorists, and they have been in touch with them, and they have encouraged them to do what they did in Khartoum?*

*Mr. Macomber:* Well, the Government of the Sudan is conducting a very thorough investigation. And let's just see where that comes out. But certainly people had helped. And it's a criminal thing.

*Mr. Monroe: Supposing Israel and Jordan had released the men in prison that the terrorists wanted released. You would not be in favor of that, would you?*

*Mr. Macomber:* No. It would have been the worst thing that could have happened. First of all, I am not at all sure we would have gotten our people out. But certainly it would have just encouraged them to kidnap American diplomats and other diplomats all over the world.

*Mr. Monroe: Will this make you feel a little bit less secure in your new job in Turkey?*

*Mr. Macomber:* No. Look, there are problems all over the world for all diplomats. It is part of the job. No, not at all. There are good security services there. This is just part of the game. You know, you think about this as a problem beyond the seas. Two Turkish diplomats were murdered in this country very recently.

*Mr. Monroe: Thank you very much, Mr. Ambassador, Deputy Under Secretary of State William Macomber.*

## Letters of Credence

### *Bangladesh*

The newly appointed Ambassador of the People's Republic of Bangladesh, M. Hossain Ali, presented his credentials to President Nixon on March 2. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 2.

### *Guyana*

The newly appointed Ambassador of the Republic of Guyana, Frederick Hilborn Talbot, presented his credentials to President Nixon on March 2. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 2.

### *Iceland*

The newly appointed Ambassador of the Republic of Iceland, Haraldur Kroyer, presented his credentials to President Nixon on March 2. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 2.

### *Malaysia*

The newly appointed Ambassador of Malaysia, Mohamed Khir Johari, presented his credentials to President Nixon on March 2. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 2.

### *Mauritania*

The newly appointed Ambassador of the Islamic Republic of Mauritania, Ahmedou Ould Abdallah, presented his credentials to President Nixon on March 2. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 2.

### *Paraguay*

The newly appointed Ambassador of the Republic of Paraguay, Miguel Solano Lopez, presented his credentials to President Nixon

on March 2. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 2.

## U.S. Members Appointed to Board of U.S.-Israel Science Foundation

Press release 65 dated March 7

The Secretary of State announced on March 7 the appointment of the five U.S. members of the Board of Governors of the United States-Israel Binational Science Foundation. The Board will also include five members appointed by the Government of Israel. The U.S. members appointed were:

Dr. H. Guyford Stever, Director, National Science Foundation, Washington, D.C.

Dr. John P. Schaefer, president, University of Arizona, Tucson, Ariz.

Dr. David J. Sencer, Acting Administrator, Health Services and Mental Health Administration, Department of Health, Education, and Welfare.

Herman Pollack, Director, Bureau of International Scientific and Technological Affairs, Department of State.

Albert A. Spiegel, attorney at law, Beverly Hills, Calif.

All terms of appointment were effective as of January 1, 1973.

The United States-Israel Binational Science Foundation was established to promote and support cooperation between the United States and Israel in research in science and technology for peaceful purposes on subjects of mutual interest and to continue the excellent relations in science and technology between the two countries. The Foundation was created by an agreement between the United States and Israel signed September 27, 1972, and announced in Department of State press release 244 of that date.<sup>1</sup>

The Board of Governors of the Foundation is responsible for determining financial and managerial policies, the subject areas for cooperative research, and the research programs of the Foundation.

<sup>1</sup> For text of the announcement, see BULLETIN of Oct. 23, 1972, p. 485.

## United States Policy Toward South Asia

*Statement by Joseph J. Sisco*

*Assistant Secretary for Near Eastern and South Asian Affairs<sup>1</sup>*

Mr. Chairman: I want to thank you and the members of the committee for providing the opportunity to review the situation in South Asia and to explain our policy toward this important region. Our interest in South Asia is underscored by the appointment of an outstanding figure, Ambassador Moynihan, to India and the President's meeting March 8 with President Bhutto's special representatives, Governor Mustafa Khar of the Punjab and Minister of State Aziz Ahmed.

Before considering our policies, I would like to highlight certain major characteristics of the region:

—The nations of South Asia have attained independence or emerged from traditional rule since 1945. These countries are proudly nationalistic. They are opposed to any trace of colonialism.

—South Asia's most intractable political-security problem has been the hostility between India and Pakistan. This has caused three wars since 1947. It is the principal source of regional instability.

—South Asia is, in economic terms, one of the poorest parts of the globe. Despite determined national commitments, progress in raising standards of living remains slow.

<sup>1</sup> Made before the Subcommittee on the Near East and South Asia of the House Committee on Foreign Affairs on Mar. 12. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Per capita income is estimated at roughly \$100. The problems are enormous, especially that of population growth.

—South Asia is one of the most densely populated portions of the globe. More than 700 million people, or one of every five humans, live there.

—South Asia is a seat of ancient civilizations and cultures. Through the centuries the people of South Asia have contributed greatly to man's spiritual and intellectual development. While materially poor, they are culturally rich.

In 1971 President Nixon described our broad policy objectives in South Asia:<sup>2</sup>

Our aim is a structure of peace and stability within which the people of this region can develop its great potential and their independent vision of the future. Our policy is to help these nations deal with their own problems, and to bring our activity into a stable balance with that of the other major powers with interests in the area.

These remain our goals. Following a year of crisis, turmoil, and war, 1972 began a period of new departures which have raised hope for the future. As the President stated in his 1972 foreign policy report:<sup>3</sup>

<sup>2</sup> The complete text of President Nixon's foreign policy report to the Congress on Feb. 25, 1971, appears in the BULLETIN of Mar. 22, 1971; the section entitled "South Asia" begins on p. 385.

<sup>3</sup> The complete text of President Nixon's foreign policy report to the Congress on Feb. 9, 1972, appears in the BULLETIN of Mar. 13, 1972; the section entitled "South Asia" begins on p. 383.

The 700 million people of the subcontinent deserve a better future than the tragedy of 1971 seemed to portend. It is for them to fashion their own vision of such a future. The world has an interest in the regional peace and stability which are the preconditions for their achieving it.

The past year has seen major developments that bear on these broad objectives:

—The dramatic relief effort for Bangladesh.

—The commitment of India and Pakistan to reconciliation.

—The effort of Pakistan to shape a new political system and find a new equilibrium.

—The beginning of a process designed to create a more cooperative relationship between the United States and India.

The attempt by India and Pakistan to shape a new and less hostile relationship deserves further comment. After a generation of mistrust and strife, India's Prime Minister and Pakistan's President agreed last July at Simla to seek reconciliation. This marks a milestone toward the structure of peace and stability we seek in South Asia.

Since then, India and Pakistan have agreed to a line of control in Kashmir and have withdrawn their troops from the territory occupied during the 1971 war. At present, further progress toward reconciliation is blocked by an impasse on several interrelated issues: the repatriation of Pakistani POW's and families from India and of Bengalees from Pakistan, and the formal recognition of Bangladesh by Pakistan. We are hopeful that the parties concerned will make a fresh effort to break this deadlock.

Progress toward regional stability may be slow. The issues are complex. Mistrust is deep and mutual. But we see greater hope in the present situation than has existed for many years. The crucial difference is that the nations of South Asia themselves now wish to live peacefully with one another and have themselves undertaken the tasks of building a durable peace.

We have warmly encouraged this effort. In accordance with the Nixon doctrine, we think the search for stability in South Asia is primarily a task for the nations of the region. We look to the other major powers with in-

terests in the area to take a similar approach to the problems of South Asia. As the President said in his 1971 foreign policy report:

We have a deep interest in ensuring that the subcontinent does not become a focus of great power conflict.

We will try to keep our activities in the area in balance with those of the other major powers concerned . . . no outside power has a claim to a predominant influence and . . . each can serve its own interests and the interests of South Asia best by conducting its activities in the region accordingly.

We also have a deep and longstanding interest in the development of South Asia's human and material resources. As an expression of our interest the region has been a major recipient of U.S. economic assistance. Since 1951 about 20 percent of all U.S. economic aid has gone to South Asia, demonstrating our concern for the hundreds of millions living at or below the subsistence level.

In recent years levels of U.S. assistance to South Asia have declined. This reflects a drop in available U.S. resources and a reduced South Asian requirement for foodgrain imports. Although the current food position is uncertain following 1972's erratic monsoon, there has been dramatic progress in wheat production during the last decade. The Green Revolution has raised Indian wheat crops from 10 to 24 million tons and Pakistani production from 4.5 to almost 7 million tons. Attention is now focusing on efforts to achieve a similar breakthrough in rice production.

At present most public attention is centered on the food situation in India, where foodgrain production declined from 105 million tons during the 1971 crop year to perhaps 100 million tons in 1972. To make up for the shortfall, the Indians have drawn on their 9 million tons in reserves and also arranged for the importation of about 2 million tons. These purchases have been on a commercial basis, including a substantial portion from the United States. India has not requested any special food assistance such as title I of P.L.—480.

Looking ahead, we see continuing coopera-



tion for economic development with South Asia. But our role will be relatively smaller. Europe, Japan, and international lending institutions have already become relatively larger donors. As you know, nearly all the nations of the world are prepared to launch new multilateral trade negotiations under GATT [General Agreement on Tariffs and Trade] later in 1973. The industrial nations, including the United States, are hopeful that the negotiations will insure that real economic benefits are provided for the developing countries. In this regard, the United States remains committed to provide generalized preferences for the exports of manufactures and semimanufactures of the developing countries.

In the field of security assistance, the United States in the 1950's and early 1960's provided a considerable amount of grant military assistance to Pakistan and a small amount to India. Since the 1965 Kashmir war, our approach toward South Asia has de-emphasized the U.S. military supply role. Under a policy that limited sales to nonlethal equipment and spares for U.S.-origin lethal equipment, relatively little military equipment was delivered to India and Pakistan between 1966 and 1971, estimated to be in the neighborhood of \$100 million. Since the 1971 crisis we have maintained a total embargo.

With regard to our bilateral relations, we desire good ties with all the countries of South Asia. With India, a great and democratic nation, we have at times had policy differences. We are now seeking to shape a new and more pragmatic relationship based on what Ambassador Moynihan aptly termed "a new realism." Sound and cooperative Indo-U.S. relations are important for both our countries and will facilitate South Asian stability. In the past our differences with India have primarily related to third-country problems, most recently Viet-Nam and Bangladesh. With these difficulties behind us, we sense improved prospects for a constructive dialogue.

With Pakistan, the United States has close and friendly relations. We value these ties and hope they will continue. During the past

year we made substantial new aid commitments to Pakistan. Our assistance should help Pakistan in overcoming the economic dislocation caused by the 1971 crisis. On the political front, Pakistan is trying to establish a new and democratic political framework and regain its national equilibrium. We look with sympathy on this effort.

With Bangladesh, which we recognized last April, the year has seen progress toward establishing good relations. Our major concern in Bangladesh has been the massive reconstruction effort. Along with India, the United States took the lead in channeling large amounts of humanitarian assistance. We have provided more than \$300 million in aid to help this brave nation overcome the terrible human and physical losses suffered during the 1971 tragedy. As the emergency period concludes, we expect to shift to a more normal economic assistance program. Bangladesh has just completed democratic general elections in which Sheikh Mujibur Rahman has won a large mandate from his people. We look forward to cooperating with Mujib and his new government.

We have friendly relations with the other countries of South Asia—the Kingdoms of Afghanistan and Nepal and the Republic of Sri Lanka.

In Afghanistan the new government of Prime Minister Shafiq is energetically seeking to strengthen representative government and to accelerate its development process. We have a longstanding and productive economic assistance relationship which we believe has an excellent record.

We similarly have a small but effective assistance program in the mountain Kingdom of Nepal. This supplements what Nepal is doing for itself and serves as tangible evidence of our interest in this land. The new King of Nepal, Birendra, has just completed his first year on the throne and has injected new energy into the country's development program.

The island Republic of Sri Lanka faced a major insurgency threat in 1971. We were pleased that, along with other friends of Sri Lanka, we were able to provide a small

amount of military assistance to Madame Bandaranaike's democratically elected government. At present Sri Lanka faces major economic problems, and we are providing P.L.-480 foodgrain assistance to help the government's efforts to deal with them.

In sum, our policy toward South Asia parallels that toward other portions of Asia. We support the growth of healthy national states capable of maintaining their integrity and independence free from a predominant influence of external powers and free to con-

centrate their energies on the vital tasks of internal political, social, and economic development. We will be a hopeful, helpful, and sympathetic observer, but the primary responsibility and interest lie with the countries of South Asia themselves. As the President said during his 1969 trip to India and Pakistan, "Asian hands must shape the Asian future."<sup>4</sup>

<sup>4</sup> For a statement by President Nixon issued at Lahore, Pakistan, on Aug. 1, 1969, see BULLETIN of Aug. 25, 1969, p. 163.

## INTERNATIONAL ORGANIZATIONS AND CONFERENCES

### Calendar of International Conferences<sup>1</sup>

#### Scheduled April Through June

ECE Group of Experts on Data Requirements and Documentation; 3d Session.	Geneva . . . . .	Apr. 2-3
ECE Group of Rapporteurs on Safety Provisions . . . . .	Italy . . . . .	Apr. 2-6
ECE Senior Advisers to ECE Governments on Environmental Problems.	Geneva . . . . .	Apr. 2-6
IOC/UNESCO International Coordinating Group for Global Investigations of Pollution in Marine Environment.	London . . . . .	Apr. 2-6
ITU/CCITT World Administrative Conference . . . . .	Geneva . . . . .	Apr. 2-11
U.N. ECOSOC Advisory Committee on the Application of Science and Technology to Development.	New York . . . . .	Apr. 2-13

<sup>1</sup> This schedule, which was prepared in the Office of International Conferences on March 15, 1973, lists international conferences in which the U.S. Government expects to participate officially in the period April-June 1973. Nongovernmental conferences are not included.

Following is a key to the abbreviations: CCC, Customs Cooperation Council; CCITT, International Telephone and Telegraph Consultative Committee; CENTO, Central Treaty Organization; EC, European Community; ECA, Economic Commission for Africa; ECAFE, Economic Commission for Asia and the Far East; ECE, Economic Commission for Europe; ECOSOC, Economic and Social Council; EFTA, European Free Trade Association; FAO, Food and Agriculture Organization; GATT, General Agreement on Tariffs and Trade; IAEA, International Atomic Energy Agency; ICAO, International Civil Aviation Organization; ICEM, Intergovernmental Committee for European Migration; IHD, International Hydrographical Decade; IHO, International Hydrographic Organization; ILO, International Labor Organization; IMCO, Intergovernmental Maritime Consultative Organization; IOC, Intergovernmental Oceanographic Commission; NATO, North Atlantic Treaty Organization; OAS, Organization of American States; OECD, Organization for Economic Cooperation and Development; PAHO, Pan American Health Organization; PAIGH, Pan American Institute of Geography and History; PIANC, Permanent International Association of Navigation Conferences; RID, European Convention on Transport of Dangerous Goods by Rail; UNCITRAL, United Nations Commission on International Trade Law; UNCTAD, U.N. Conference on Trade and Development; UNDP, United Nations Development Program; UNESCO, United Nations Educational, Scientific and Cultural Organization; UNICEF, United Nations Children's Fund; UNIDO, United Nations Industrial Development Organization; UNIDROIT, International Institute for Unification of Private Law; WHO, World Health Organization; WIPO, World Intellectual Property Organization.

ECOSOC Committee for Development Planning: 9th Session . . .	New York . . .	Apr. 2-13
U.N. ECOSOC Committee for Program and Coordination . . .	New York . . .	Apr. 2-13
ILO Petroleum Committee: 8th Session. . . . .	Geneva . . . . .	Apr. 2-13
Joint RID ECE Group of Experts on the Transport of Dangerous Goods.	Bern. . . . .	Apr. 2-13
UNCITRAL: 6th Session . . . . .	Geneva . . . . .	Apr. 2-13
ICAO Legal Subcommittee on Rome Convention . . . . .	Montreal . . . . .	Apr. 2-17
ECE Group of Experts on Automatic Data Processing and Coding	Geneva . . . . .	Apr. 3-4
NATO Atlantic Policy Advisory Group . . . . .	Mainz, Germany . . . . .	Apr. 3-5
NATO Group of Experts on the Middle East . . . . .	Brussels . . . . .	Apr. 3-6
UNCTAD Committee on Preferences . . . . .	Geneva . . . . .	Apr. 3-13
PIANC Expanded Executive Committee: 11th Session . . . . .	Brussels . . . . .	Apr. 4
OAS General Assembly: 3d Regular Session . . . . .	Washington . . . . .	Apr. 4-14
ECE Working Party on Facilitation of International Trade Procedures.	Geneva . . . . .	Apr. 5-6
U.N. ECOSOC Advisory Committee on the Application of Science and Technology to Development: 18th Session.	New York . . . . .	Apr. 5-12
NATO Group of Experts on the Maghreb . . . . .	Brussels . . . . .	Apr. 9
PAHO Sixth Inter-American Meeting on Foot-and-Mouth Disease and Zoonoses Control.	Bogotá . . . . .	Apr. 9-12
CCC Finance Committee: 41st Session . . . . .	Brussels . . . . .	Apr. 9-13
IMCO Facilitation Committee: 7th Session . . . . .	London . . . . .	Apr. 9-13
NATO Planning Board for Ocean Shipping: 25th Plenary Session	London . . . . .	Apr. 9-13
7th General Assembly of the International Centre for the Study of the Preservation and Restoration of Cultural Property.	Rome . . . . .	Apr. 9-13
NATO Committee on the Challenges of Modern Society . . . . .	Ottawa . . . . .	Apr. 10-11
NATO Nuclear Planning Group: Phase II Follow-On . . . . .	Bonn . . . . .	Apr. 10-12
FAO European Committee for Control of Foot-and-Mouth Disease: 20th Session.	Rome . . . . .	Apr. 10-13
GATT Committee on Trade in Industrial Products: Working Group on Subsidies.	Geneva . . . . .	Apr. 10-13
NATO Group of Experts on Africa . . . . .	Brussels . . . . .	Apr. 10-13
FAO Committee on Fisheries: 8th Session . . . . .	Rome . . . . .	Apr. 10-17
UNESCO International Coordinating Council on Man and the Biosphere: 2d Session.	Paris . . . . .	Apr. 10-19
ECE Preparatory Meeting for the Fourth ECE Seminar on the Building Industry.	Geneva . . . . .	Apr. 11-13
OECD Agricultural Ministerial . . . . .	Paris . . . . .	Apr. 11-13
ECAFE Plenary: 29th Session . . . . .	Tokyo . . . . .	Apr. 11-23
GATT Working Group on Countervailing Duties. . . . .	Geneva . . . . .	Apr. 12-13
GATT Committee on Agriculture . . . . .	Geneva . . . . .	Apr. 16
GATT Committee on Trade in Industrial Products: Working Group on Import Documentation.	Geneva . . . . .	Apr. 16-17
NATO Planning Board for European Inland Surface Transport .	Brussels . . . . .	Apr. 16-18
NATO Group of Experts on the Far East . . . . .	Brussels . . . . .	Apr. 16-19
PAIGH: 10th General Assembly . . . . .	Panamá . . . . .	Apr. 16-May 5
U.N. ECOSOC: 51th Session . . . . .	New York . . . . .	Apr. 17-May 18
UNIDROIT Governing Council: 52d Session . . . . .	Rome . . . . .	Apr. 19-21
FAO Intergovernmental Group on Rice: 17th Session . . . . .	New Delhi . . . . .	Apr. 23-27
NATO Group of Experts on Latin America. . . . .	Brussels . . . . .	Apr. 24-27
UNCTAD Trade and Development Board . . . . .	Geneva . . . . .	Apr. 24-May 4
UNIDO Permanent Committee: 2d Session . . . . .	Vienna . . . . .	Apr. 24-May 5
WIPO Patent Cooperation Treaty Interim Committees and Finance Working Group.	Geneva . . . . .	Apr. 25-30
UN/FAO Committee of the World Food Program . . . . .	Rome . . . . .	Apr. 25-May 4
ILO: 2d Tripartite Meeting of Timber Industry . . . . .	Geneva . . . . .	Apr. 25-May 8
UNESCO Executive Board: 92d Session . . . . .	Paris . . . . .	Apr. 25-May 11
UNICEF Executive Board. . . . .	New York . . . . .	Apr. 26-May 11
GATT Balance of Payments Committee . . . . .	Geneva . . . . .	April 30
ECE Group of Experts on the Transport of Dangerous Goods . .	Geneva . . . . .	Apr. 30-May 4
IMCO Panel of Experts on Maritime Satellite Systems: 2d Session	London . . . . .	Apr. 30-May 5
Conference on Sulphur . . . . .	Montreal . . . . .	April
ECA Executive Committee. . . . .	Addis Ababa . . . . .	April
GATT Textiles Committee. . . . .	Geneva . . . . .	April
IHO Meeting of Legal Experts on Host Agreement . . . . .	Monaco . . . . .	April

# Calendar of International Conferences—Continued

International Coffee Council . . . . .	London . . . . .	April
UNCTAD Committee on Manufactures . . . . .	Geneva . . . . .	April
UNESCO Directing Council: International Geological Correlation Program.	Paris . . . . .	April
OECD Consumer Policy Committee . . . . .	Paris . . . . .	May 2-4
U.N. Committee on the Peaceful Uses of Outer Space . . . . .	New York . . . . .	May 2-4
WIPO: Extraordinary Session of the Coordinating Committee of WIPO.	Geneva . . . . .	May 2-4
OECD Economic Policy Committee: Working Group on Short-Term Economic Prospects.	Paris . . . . .	May 3-4
WHO Governing Council of the International Agency for Research on Cancer.	Lyon, France . . . . .	May 3-4
OECD Maritime Transport Committee . . . . .	Paris . . . . .	May 3-11
UNCTAD Trade and Development Board: 12th Session . . . . .	Geneva . . . . .	May 5—
IMCO Legal Committee: 18th Session. . . . .	London . . . . .	May 7-11
IOC/UNESCO Executive Council of the Commission: 2d Session . . . . .	Paris . . . . .	May 7-12
UNIDO Industrial Development Board: 7th Session . . . . .	Vienna . . . . .	May 7-15
ECE Plenary: 28th Session . . . . .	Geneva . . . . .	May 7-18
ICAO Aircraft Accident Data Reporting Panel: 1st Meeting . . . . .	Montreal . . . . .	May 7-18
U.N. Committee on Peaceful Uses of Outer Space: Scientific and Technical Subcommittee.	New York . . . . .	May 7-18
WHO: 26th World Health Assembly . . . . .	Geneva . . . . .	May 7-25
UNCTAD Sugar Conference . . . . .	Geneva . . . . .	May 7-30
OECD High Level Restricted Group on Oil . . . . .	Paris . . . . .	May 8
NATO Ad Hoc Drafting Group on the Mediterranean . . . . .	Brussels . . . . .	May 8-11
OECD Oil Committee . . . . .	Paris . . . . .	May 9
OECD Environment Committee Meeting on Pollution Control Costs.	Paris . . . . .	May 9-10
Inter-American Institute of Agricultural Sciences: 18th Meeting of the Technical Advisory Committee.	Santiago . . . . .	May 9-13
OECD General Working Group on Oil . . . . .	Paris . . . . .	May 10
GATT Committee on Trade in Industrial Products . . . . .	Geneva . . . . .	May 10-11
ECE Preparatory Meeting for the Seminar on the Role of Transportation in Urban Planning Development and Environment.	Munich . . . . .	May 12
Pan American Child Congress . . . . .	Santiago . . . . .	May 13-19
Inter-American Children's Institute: 53d Meeting of the Directing Council.	Santiago . . . . .	May 14-16
ECE Group of Experts on Road Traffic Safety. . . . .	Geneva . . . . .	May 14-18
FAO Codex Alimentarius Commission Committee on Food Hygiene: 10th Session.	Washington . . . . .	May 14-18
IMCO Subcommittee on Carriage of Dangerous Goods: 22d Session	London . . . . .	May 14-18
NATO Group of Experts on the Soviet Union and Eastern Europe	Brussels . . . . .	May 14-18
OECD Committee of Experts on Restrictive Business Practices: 24th Session.	Paris . . . . .	May 14-18
NATO Nuclear Planning Group . . . . .	Ankara . . . . .	May 15-16 (tentative)
Customs Cooperation Council: 41st-42d Sessions . . . . .	Tokyo and Kyoto . . . . .	May 15-24
FAO Intergovernmental Group on Bananas, 5th Session, and Sub-Group on Statistics, 6th Session.	Bremen. . . . .	May 15-25
GATT Preparatory Committee for the International Trade Negotiations.	Geneva . . . . .	May 16-18
OECD Economic Policy Committee . . . . .	Paris . . . . .	May 17-18
WIPO Diplomatic Conference on Industrial Property . . . . .	Vienna . . . . .	May 17-June 12
ICAO Sonic Boom Committee: 2d Meeting . . . . .	Montreal . . . . .	May 18-29
OECD Trade Committee . . . . .	Paris . . . . .	May 21-22
NATO Science Committee . . . . .	Brussels . . . . .	May 21-23
FAO Codex Alimentarius Commission Committee on Processed Fruits and Vegetables: 10th Session.	Washington . . . . .	May 21-25
IMCO/IHO Committee on Navigational Warnings . . . . .	Monte Carlo . . . . .	May 21-25
IMCO Subcommittee on Fire Protection: 14th Session . . . . .	London . . . . .	May 21-25

ECOSOC Committee of Review and Appraisal: 2d Session . . . . .	Geneva . . . . .	May 21-June 8
U.N. Trusteeship Council: 40th Session . . . . .	New York . . . . .	May 21-June 15
GATT Committee on Trade and Development . . . . .	Geneva . . . . .	May 22-25
ICAO Airworthiness Committee: 10th Meeting . . . . .	Montreal . . . . .	May 22-June 8
ECE Committee on Gas: Group of Experts on the Transport and Storage of Gas.	Geneva . . . . .	May 23-25
UNESCO IHD Coordinating Council: 8th Session . . . . .	Paris . . . . .	May 23-30
WHO Executive Board: 52d Session . . . . .	Geneva . . . . .	May 28-29
FAO Codex Alimentarius Commission Committee on Food Labeling: 8th Session.	Ottawa . . . . .	May 28-June 1
ECE Group of Rapporteurs on Air Pollution . . . . .	Geneva . . . . .	May 28-June 2
ILO: 190th Session of the Governing Body and Its Committees .	Geneva . . . . .	May 28-June 2
ICAO: 9th North Atlantic Systems Planning Group . . . . .	Paris . . . . .	May 28-June 6
ECE Group of Experts for the Meeting of Government Officials Responsible for Standardization Policies: 2d Session.	Geneva . . . . .	May 29-June 1
IMCO Council: 30th Session . . . . .	London . . . . .	May 31-June 8
GATT Agriculture Committee . . . . .	Geneva . . . . .	May
GATT Committee on Administrative, Financial and Budgetary Questions.	Geneva . . . . .	May
GATT Working Party on the EC EFTA Agreements . . . . .	Geneva . . . . .	May
ICEM Executive Committee: 43d Session . . . . .	Geneva . . . . .	May
ICEM Subcommittee on Budget and Finance: 25th Session (Resumed).	Geneva . . . . .	May
International Lead and Zinc Study Groups . . . . .	New York . . . . .	May
ECOSOC Committee for Program and Coordination: 14th Session	New York . . . . .	May-June
CCC Commodity Code Steering Group . . . . .	Brussels . . . . .	June 4-6
IMCO Council: 30th Session . . . . .	London . . . . .	June 4-8
UNCTAD Preparatory Committee for a Liner Conference Code .	Geneva . . . . .	June 4-29
International Rubber Study Group . . . . .	London . . . . .	June 5-8
OECD Ministerial Council . . . . .	Paris . . . . .	June 6-8
ILO: 58th International Conference . . . . .	Geneva . . . . .	June 6-27
NATO Defense Planning Committee . . . . .	Brussels . . . . .	June 7
	(tentative)	
CENTO Ministerial Conference . . . . .	Tehran . . . . .	June 10-11
FAO Council: 60th Session . . . . .	Rome . . . . .	June 11-22
U.N. Environmental Council: 1st Session . . . . .	Geneva . . . . .	June 11-22
U.N. Working Group on Direct Broadcast Satellites . . . . .	New York . . . . .	June 11-22
IAEA Board of Governors . . . . .	Vienna . . . . .	June 12
NATO Petroleum Planning Committee . . . . .	Brussels . . . . .	June 12-13
NATO Ministerial Meeting . . . . .	Copenhagen . . . . .	June 14-15
IOC UNESCO International Coordinating Group for Cooperative Investigation of the Caribbean and Adjacent Regions: 6th Session.	Cartagena . . . . .	June 17-24
OECD Education Committee: 8th Session . . . . .	Paris . . . . .	June 18-20
GATT Balance of Payments Committee . . . . .	Geneva . . . . .	June 18-22
IMCO Legal Committee: 19th Session . . . . .	London . . . . .	June 18-22
CCC Chemists Committee Meeting . . . . .	Brussels . . . . .	June 18-30
ECAFE Working Group on Socio-Economic Returns of Family Planning Programs.	Bangkok . . . . .	June 19-30
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IMCO Subcommittee on Safety of Navigation: 15th Session . . .	London . . . . .	June 25-29
International Wheat Council . . . . .	London . . . . .	June 25-29
WIPO Committee of Experts on the Patent Licensing Convention .	Geneva . . . . .	June 25-29
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OECD Fiscal Affairs Committee: 5th Session . . . . .	Paris . . . . .	June 26-28
UNCTAD Expert Group on Financial Aid and Flow Targets . . .	Geneva . . . . .	June 26-29
International Seed Testing Association . . . . .	Copenhagen . . . . .	June 29-July 1
European Civil Aviation Conference: Eighth (Triennial) Plenary Session.	Paris . . . . .	June
GATT Joint Working Group on Import Restrictions . . . . .	Geneva . . . . .	June
GATT Working Party on the Tariff Study . . . . .	Geneva . . . . .	June
OECD Trade Committee: Working Group on Government Procurement.	Paris . . . . .	June
UNDP Governing Council: 16th Session . . . . .	Geneva . . . . .	June

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the United States December 29, 1970. TIAS 6997.

*Accession deposited:* Korea (with declaration), February 8, 1973.

##### Aviation

International air services transit agreement. Done at Chicago December 7, 1944. Entered into force February 8, 1945. 59 Stat. 1693.

*Notification of succession:* Fiji, February 14, 1973.

Protocol on the authentic trilingual text of the convention on international civil aviation, Chicago, 1944, as amended (TIAS 1591, 3756, 5170), with annex. Done at Buenos Aires September 24, 1968. Entered into force October 24, 1968. TIAS 6605.

*Acceptance deposited:* Cuba, March 13, 1973.

##### Containers

International convention for safe containers (CSC), with annexes. Done at Geneva December 2, 1972. Open for signature at the U.N. Office, Geneva, until January 15, 1973, and at Intergovernmental Maritime Consultative Organization (IMCO) Headquarters, London, from February 1 until December 31, 1973, inclusive.<sup>1</sup>

*Signatures:* Bulgaria, Hungary, Korea, Poland.

##### Cultural Relations

Agreement on the importation of educational, scientific, and cultural materials, with protocol. Done at Lake Success November 22, 1950. Entered into force May 21, 1952; for the United States November 2, 1966. TIAS 6129.

*Accession deposited:* Libya, January 22, 1973.

Agreement for facilitating the international circulation of visual and auditory materials of an educational, scientific, and cultural character, with protocol. Done at Lake Success July 15, 1949. Entered into force August 12, 1954; for the United States January 12, 1967. TIAS 6116.

*Accession deposited:* Libya, January 22, 1973.

##### Customs

Customs convention on containers, 1972, with annexes and protocol. Done at Geneva December 2, 1972. Open for signature at the U.N. Office, Geneva, until January 15, 1973, and at U.N. Head-

quarters, New York, from February 1 until December 31, 1973, inclusive.<sup>1</sup>

*Signatures:* Bulgaria, Greece, Hungary, Korea, Poland.

##### Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna April 18, 1961. Entered into force April 24, 1964; for the United States December 13, 1972. TIAS 7502.

*Accession deposited:* German Democratic Republic (with a declaration and a reservation), February 2, 1973.

##### Judicial Procedures

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague March 18, 1970. Entered into force October 7, 1972. TIAS 7444.

*Extended to:* Guam, Puerto Rico, and the Virgin Islands, February 6, 1973.

##### Maritime Matters

Convention on the Intergovernmental Maritime Consultative Organization. Done at Geneva March 6, 1948. Entered into force March 17, 1958. TIAS 4044.

*Acceptance deposited:* People's Republic of China, March 1, 1973.

##### 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.

*Ratification deposited:* Haiti, January 29, 1973.

Protocol amending the single convention on narcotic drugs, 1961 (TIAS 6298). Done at Geneva March 25, 1972.<sup>1</sup>

*Ratifications deposited:* Costa Rica, February 14, 1973; Haiti, January 29, 1973; Korea, January 25, 1973.

##### Oil Pollution

International convention relating to intervention on the high seas in cases of oil pollution casualties, with annex. Done at Brussels November 29, 1969.<sup>2</sup>

*Acceptance deposited:* Sweden, February 8, 1973.

##### Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Done at New York December 21, 1965. Entered into force January 4, 1969.<sup>2</sup>

*Notification of succession:* Fiji (with a reservation and declarations), January 11, 1973.

##### Safety at Sea

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London November 26, 1968.<sup>1</sup>

*Acceptance deposited:* Israel, February 2, 1973.

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London October 21, 1969.<sup>1</sup>

*Acceptance deposited:* Israel, February 2, 1973.

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

<sup>2</sup> Not in force for the United States.

## Satellite Communications System

Agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annexes. Done at Washington August 20, 1971. Entered into force February 12, 1973. TIAS 7532.

*Accession deposited:* Central African Republic, March 13, 1973.

Operating agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annex. Done at Washington August 20, 1971. Entered into force February 12, 1973. TIAS 7532.

*Signatures:* Central African Republic, March 13, 1973; Empresa Nacional de Telecomunicaciones de la República Argentina (Entel) for Argentina, March 13, 1973.

## Treaties

Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969.<sup>1</sup>

*Accession deposited:* Mauritius, January 18, 1973.

## BILATERAL

### Hungary

Air transport agreement, with schedule and exchange of notes. Signed at Washington May 30, 1972.

*Entered into force definitively:* March 9, 1973.

### Iran

Agreement relating to the extension of the military mission agreement of October 6, 1947, as amended (TIAS 1666, 1924, 2068, 2947, 3112, 3520, 6594, 6886, 7070, 7207). Effected by exchange of notes at Tehran August 15, 1972, and January 31, 1973. Entered into force January 31, 1973.

### Korea

Agreement amending the agreement for sales of agricultural commodities of February 14, 1973 (TIAS 7273). Effected by exchange of notes at Seoul February 21, 1973. Entered into force February 21, 1973.

### Japan

Agreement on the implementation of the agreement of April 18, 1969, concerning the Trust Territory of the Pacific Islands. Effected by exchange of notes at Washington March 13, 1973. Entered into force March 13, 1973.

### Switzerland

Agreement on rights, privileges and immunities of the United States-Union of Soviet Socialist Republics Standing Consultative Commission. Effected by exchange of notes at Bern February 26 and March 5, 1973. Entered into force March 5, 1973.

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

## Turkey

Agreement relating to the loan of the U.S.S. *Forrest Royal* to Turkey pursuant to the agreement of October 14, 1958, as amended (TIAS 4117, 5989, 6588, 6925), relating to the loan of vessels. Effected by exchange of notes at Ankara March 18, 1971. Entered into force March 18, 1971. TIAS 7158.

*Terminated:* February 15, 1973.

Agreement relating to the loan of the U.S.S. *Harwood* to Turkey pursuant to the agreement of October 14, 1958, as amended (TIAS 4117, 5989, 6925, 7158), relating to the loan of vessels. Effected by exchange of notes at Ankara October 27, 1971. Entered into force October 27, 1971. TIAS 7206.

*Terminated:* February 15, 1973.

Agreement relating to the loan of the U.S.S. *Hugh Purvis* to Turkey. Effected by exchange of notes at Ankara July 1, 1972. Entered into force July 1, 1972. TIAS 7403.

*Terminated:* February 15, 1973.

## Viet-Nam

Agreement amending the agreement for sales of agricultural commodities of October 2, 1972 (TIAS 7464). Effected by exchange of notes at Saigon March 2, 1973. Entered into force March 2, 1973.

Agreement amending the agreement for sales of agricultural commodities of October 2, 1972 (TIAS 7464). Effected by exchange of notes at Saigon March 7, 1973. Entered into force March 7, 1973.

## PUBLICATIONS

### Department Releases 1973 Edition of "Treaties in Force"

Press release 74 dated March 13

The Department of State on March 13 published "Treaties in Force: A List of Treaties and Other International Agreements of the United States in Force on January 1, 1973."

This is a collection reflecting the bilateral relations of the United States with 156 countries or other political entities and the multilateral relations of the United States with other contracting parties to more than 375 treaties and agreements on 86 subjects. The 1973 edition lists some 315 new treaties and agreements, including the Montreal convention for the suppression of unlawful acts against the safety of civil aviation (sabotage); the Vienna convention on diplomatic relations; the seabed arms

control treaty; the treaty with the U.S.S.R. on the limitation of anti-ballistic missile systems and the interim agreement on certain measures with respect to the limitation of strategic offensive arms; the treaty with Honduras on the Swan Islands; the agreement with Japan concerning the Ryukyu Islands and the Daito Islands; the treaty to resolve pending boundary differences and maintain the Rio Grande and Colorado River as the international boundary between the United States and Mexico.

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.

This edition includes citations to volumes 1 through 9 of the new compilation entitled "Treaties and Other International Agreements of the United States of America 1776-1949" (Bevans).

"Treaties in Force" 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 1973 edition of "Treaties in Force" (420 pp., Department of State publication 8697) is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$3.00.

## 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.*

**Loan of Vessels—U.S.S. *Pickrel* and U.S.S. *Volador*.** Agreement with Italy. TIAS 7434. 5 pp. 10¢.

**Agricultural Commodities.** Agreement with Ecuador. TIAS 7436. 6 pp. 10¢.

**Inter-American Development Bank.** Amendments to the agreement of April 8, 1959, as amended. TIAS 7437. 9 pp. 10¢.

**Finance—Debt Rescheduling Under Certain Agricultural Commodity and Credit and Loan Agreements.** Agreement with Pakistan. TIAS 7449. 19 pp. 25¢.

**Atomic Energy—Application of Safeguards by the IAEA to the United States-Brazil Cooperation Agreement.** Agreement with Brazil and the International Atomic Energy Agency amending the agreement of March 10, 1967. TIAS 7440. 3 pp. 10¢.

## Check List of Department of State Press Releases: March 12-18

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

Release issued prior to March 12 which appears in this issue of the BULLETIN is No. 65 of March 7.

No.	Date	Subject
†68	3/12	Casey: Committee for Monetary Research and Education, Harri-man, N.Y., Mar. 10.
*69	3/12	Dr. Walter of New York University to tour Belgium, Germany.
*70	3/12	Dr. Deutseh of Harvard to tour South Asia.
*71	3/12	Dr. de Grazia of New York University to tour India.
*72	3/12	Study group of U.S. National Committee for International Radio Consultative Committee (CCIR), Mar. 30.
*73	3/12	Advisory Committee on Private International Law, Mar. 24.
74	3/13	Publication of "Treaties in Force."
*75	3/13	List furnished by PRG of U.S. civilians to be released in Hanoi Mar. 16.
76	3/13	Rogers: "Face the Nation," Mar. 11.
*77	3/13	Study groups of U.S. National Committee for CCIR, Mar. 29.
78	3/13	Rush: interview for German television.
*79	3/13	Waldmann sworn in as Deputy Assistant Secretary for Transportation and Telecommunications (biographic data).
*80	3/15	Advisory Commission on International Educational and Cultural Affairs, Apr. 5-6.
*81	3/15	Cancellation of meeting of Advisory Committee on Private International Law.
*82	3/16	Executive Committee, National Review Board for East-West Center, Apr. 9.
*83	3/16	Government Advisory Committee on International Book and Library Programs, Apr. 12-13.
*84	3/16	Dr. Levine of George Washington University to tour in Europe and Asia.
*85	3/16	Mr. Berman of National Endowment for the Humanities to tour Japan.

\* Not printed.

† Held for a later issue of the BULLETIN.



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# THE DEPARTMENT OF STATE BULLETIN

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# THE DEPARTMENT OF STATE BULLETIN

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April 9, 1973

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*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 U.S. foreign relations and on the work of the Department and the Foreign Service.*

*The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and 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 on treaties of general international interest.*

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## President Nixon's News Conference of March 15

*Following are excerpts relating to foreign policy from the transcript of a news conference held by President Nixon in the press briefing room at the White House on March 15.*

Weekly Compilation of Presidential Documents dated March 19

*The President:* Ladies and gentlemen, I have an announcement with regard to our Liaison Office in Peking.

The office will open approximately on May 1, and Ambassador David Bruce will be the Chief of the Liaison Office. In the office will be approximately a total complement of 20 (30), of whom 10 will be at what we call the expert level; the others, of course, for the support level.

The two top assistants, top deputies to Ambassador Bruce—however, we should note, I call him Ambassador, but his title will be Chief of the Liaison Office—will be Mr. [Alfred leS.] Jenkins from the State Department, who as you know is one of our top experts on Chinese-American relations in State; and Mr. [John H.] Holdridge from the NSC [National Security Council], who is the top man in the NSC advising in this area there.

We selected these two men because Mr. Jenkins and Mr. Holdridge not only are experts in Chinese—they are bilingual, incidentally, in both Chinese and American; they speak well; in fact I remember both assisted in translations when I have been there—but in addition to that, they are men who have from the beginning been participating in the new initiative between the People's Republic and the United States. They have accompanied me on my trip, and they have accompanied Dr. [Henry A.] Kissinger on his trips.

A word about why Ambassador Bruce was

selected. We called him out of retirement because I thought it was very important to appoint a man of great stature to this position. The Chinese accepted that view themselves, and we expect soon to hear from them as to the appointment of the man they will have as his opposite number here in Washington. Another reason that I selected Ambassador Bruce was because of his great experience. All of you know that he has been Ambassador to Britain and Ambassador to Germany, Ambassador to France, and also headed our delegation in Paris in the Vietnam talks in 1971 and '72, in the early part of '72 [August 1970–July 1971].

A third reason perhaps has even greater significance. Many of you in this room were on the trip to China, and sometimes I suppose the feeling must have developed, "Well, this is a one-shot deal." I never considered it that, and all of you who reported on it did not consider it that. It was the beginning, we trust, of a longer journey, a journey in which we will have our differences, but one in which the most populous nation in the world and the United States of America can work together where their interests coincide for the cause of peace and better relations in the Pacific and in the world.

It is necessary that this be, therefore, a bipartisan enterprise in the highest sense of the word.

Mr. Bruce, as you know, while he has not been engaged in partisan politics as such, is a Democrat. He has served four Presidents with equal distinction, Democratic Presidents as well as Republicans. And we believe that appointing him as head of the delegation indicates our intention that this initiative will continue in the future, whether the Presidency is occupied by a Democrat or a Repub-

## United States Liaison Office in the People's Republic of China

*Following is an announcement issued by the White House on March 15.*

White House press release dated March 15

The People's Republic of China and the United States announced last month that Liaison Offices would be established in Peking and Washington.

The President is pleased to announce today that one of the most distinguished diplomats in recent American history will be Chief of our Liaison Office. Mr. David K. E. Bruce has accepted his request that he be the head of our Liaison Office, and the People's Republic of China has agreed to his appointment.

Ambassador Bruce has had a long and outstanding career both in the United States and in representing this country abroad. He served with great distinction as U.S. Ambassador to France, to Germany, and to the United Kingdom, and in this administration he was U.S. Ambassador to the Paris peace talks in 1970-71. He has thus represented both Democratic and Republican Presidents and will symbolize the bipartisan support for this administration's policy toward the People's Republic of China. The President is grateful for Ambassador Bruce's willingness once again to leave his well-deserved retirement to take on this important assignment for his country.

Ambassador Bruce's principal deputies will be Alfred Jenkins of the State Department and John Holdridge of the NSC [National Security Council] staff. These senior officials are two of the most experienced and distinguished Chinese and Asian experts in the Foreign Service. Both have accompanied the President and Dr. [Henry A.] Kissinger on their trips to the People's Republic of China.

The People's Republic of China will shortly name the Chief of its Liaison Office in Washington, and that will be announced in due course. The two countries are still working out the details of the offices, but the following additional information is available today. There will be about nine officers in the U.S. office in Peking. The total size of the office, including support personnel, will be about 30 people. It will start functioning around May 1, and the United States is sending an advance team of about five people to Peking around April 1. Further information on personnel and arrangements will be provided in the near future.

The President considers the establishment of these Liaison Offices as a significant step forward in our relations with the People's Republic of China. It will facilitate communications and accelerate the already substantial program of trade and exchanges between our countries.

lican. Of course, I am not making any predictions as to what will happen when I leave.

But that is the end of my announcement. We will now go to your questions.

*Q. Mr. President, can you say, sir, how concerned you are about the reports of cease-fire violations in Viet-Nam?*

*The President:* Well, I am concerned about the cease-fire violations. As you ladies and gentlemen will recall, I have consistently pointed out in meeting with you that we would expect violations because of the nature of the war, the guerrilla nature, and that even in Korea, in which we do not have a guerrilla war, we still have violations. They recede every year, but we still have them long—15, 20 years—after the war is over.

In the case of these violations, we are con-

cerned about them on two scores. One, because they occur, but two, we are concerned because of another violation that could lead to, we think, rather serious consequences—we do not believe it will; we hope that it will not—and that is the reports that you ladies and gentlemen have been receiving from your colleagues in Viet-Nam with regard to infiltration.

You will note that there have been reports of infiltration by the North Vietnamese into South Viet-Nam of equipment exceeding the amounts that were agreed upon in the settlement.

Now, some equipment can come in—in other words, replacement equipment, but no new equipment, nothing which steps up the capacity of the North Vietnamese or the Viet Cong to wage war in the South. No new equipment is allowed under the agreement.

Now, as far as that concern is concerned,

particularly on the infiltration—that is the more important point, rather than the cease-fire violations, which we think, over a period of time, will be reduced—but in terms of the infiltration, I am not going to say publicly what we have said.

I will only suggest this: that we have informed the North Vietnamese of our concern about this infiltration and of what we believe it to be, a violation of the cease-fire, the cease-fire and the peace agreement. Our concern has also been expressed to other interested parties. And I would only suggest that based on my actions over the past four years, that the North Vietnamese should not lightly disregard such expressions of concern, when they are made, with regard to a violation. That is all I will say about it.

*Q. Mr. President, in connection with this matter, there is a report also that not just equipment, but a new infusion of North Vietnamese combat personnel have been introduced into South Viet-Nam, which is apart from just equipment. Can you confirm this? Is this partly what you are talking about?*

*The President:* Mr. Theis [J. William Theis, Hearst Newspapers], the reports that we get with regard to infiltration, as you know, are always either too little or too late or too much. And I am not going to confirm that one, except to say that we have noted the report having been made. We, however, are primarily concerned about the equipment, because as far as the personnel are concerned they could be simply replacement personnel.

*Q. Mr. President.*

*The President:* Go ahead, you are up in front.

*Q. Sir, why have we not gone through the ICCS [International Commission of Control and Supervision] to complain about this infiltration?*

*The President:* The ICCS is being used. As you know, there are some problems there. The Canadians have expressed considerable concern about the fact that they don't want to be on a Commission which is not being

effectively used, and we will continue through the ICCS, and any other body that we can effectively appeal to, to attempt to get action there. I can only answer in that way at this point.

*Q. Mr. President, have you decided to sell materials from the strategic stockpiles, and if so, what are the safeguards from a security standpoint?*

*The President:* We have examined the stockpile question over the past four years. I have long felt that these stockpiles were really irrelevant to the kind of a world situation we presently confront. The stockpile numbers were set up at a time that we were thinking of a very different kind of conflict than we presently might be confronted with in the world.

Under the circumstances, after very full evaluation and discussion within the administration, I have found that it will be safe for the United States to very substantially reduce our stockpiles. And we are going to go forward and do that.

Now, there are going to be some squeals, but while the complaints will be made on the basis of national security, let me just say, I have made the decision on the basis of national security. The complaints will be, and I understand this, from those who produce and sell some of the materials in which we are going to sell the stockpiles. But we are going to do this, first, because the government doesn't need this much for its national security and, second, because in this particular period, we need to take every action we possibly can to drive down prices or at least to drive down those particular elements that force prices up. And selling the stockpiles in certain areas will help.

*Q. Mr. President, can you tell us your travel plans outside of the United States during 1973?*

*The President:* Well, I have previously indicated that I had no immediate travel plans outside the United States. I have received recommendations from the State Department

and from the NSC for what they consider to be urgent travel: one, to Europe, because of our interest in NATO; second, to Latin America, because I have not yet had the opportunity to go to Latin America; and third, to Africa, because I have not traveled there.

I do not mean to suggest by that that travel by the President to these places is absolutely indispensable to foreign policy, but I think this is the concern that many of our foreign policy experts in the State Department and the NSC, the concern they have. They feel that the enormous interest that has been created by going to Peking and going to Moscow indicates that we don't care about our neighbors in the Western Hemisphere, we don't care about our friends in Africa, and we do not care about our friends in Europe as well. Incidentally, Japan is another that is on the list.

Now, how we will be able to work some of these trips in, I do not know. I would suggest that we are considering the possibility of a trip sometime during the summer or shortly before the summer begins, but we have not yet made a decision because there are so many other things on, and there will probably be a trip in the fall. But how we select among these, I have not yet determined.

*Q. There is a published report that the administration, despite what has been publicly said, is considering at least the possibility of controls on meat prices, possibly on other raw agricultural products. We have housewives strikes now against these tremendous increases in food prices. When are you going to be in a position to offer the American consumer some kind of assurance that this is going to be stopped, this price spiral in food?*

*The President:* The difficulty with offering rigid price controls on meat prices and food prices is that it would not stop—in the opinion of those whose judgment I value—would not stop the rise in prices. It might stop them momentarily, but as a result of discouraging increased production, we would reap the consequences of greater upward pressure on prices later.

You can be very sure that if I thought that price controls on farm products and on food prices would work, I would impose them instantly.

The point is that every bit of evidence that has been presented shows that it would discourage supply, it would lead to black markets, and we would eventually have to come to rigid price controls, wage controls, and rationing. And I don't think the American people want that. I think there is a better way.

The better way is, one, to open our imports to the greatest extent that we possibly can. For example, we have already taken some action in that on dairy products. We have already taken some action on beef products. I found, at a meeting with the Cost of Living Council, that we still have a 3 percent tariff on imported beef. I have asked the Department of Agriculture to give me a legal opinion as to whether the President can remove that tariff. If I can, I will act. If I can't, I am going to ask the Congress to do it, because there shouldn't be any tariff on an item that is in short supply in the United States. That is on the import side.

On the supply side, we are, of course, reducing our stockpiles, whatever stockpiles are left, and there are some in which we are able to act, provided we can get the transportation. That is the reason the Secretary of Transportation sat in the meeting with the Cost of Living Council, because we need flatcars and a number of other items in order to get it moved.

Finally, there is the production side. And on the production side, as you know, our new farm policy is designed to increase production. We are continuing to examine the situation. If any further action can be taken that will work, we will do it. But I can assure you that I consider it the highest priority to get the pressure on prices down.

*Q. Mr. President, I want to ask you about peace. You have concentrated on peace in your administration. Don't you find an inconsistency there with continuing to give arms to India and Pakistan and perhaps a hundred other countries around the world?*



*The President:* First, we are not giving them, we are selling them.

*Q. Isn't that worse? That is even worse.*

*The President:* I just wanted to be sure that we understood the difference, because of all the concern about aid. But the point that is involved in the India-Pakistan thing has been a very difficult one for this administration because it involves commitments that were made before we got here. Those commitments were made during the Johnson administration. I do not criticize the fact that they were made, but they were made.

As far as we were concerned, once the war between India and Pakistan began, we cut them off, as you recall. We stopped all economic assistance—not all, but some economic assistance to India, and we stopped all military assistance to Pakistan.

Let's look at the numbers: \$83 million in economic assistance to India and \$14 million in military assistance to Pakistan. We have maintained that embargo up to this point.<sup>1</sup> The difficulty was that there were contracts that had been made, the materials had al-

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<sup>1</sup> On Mar. 14 the Department of State announced that the embargo imposed on shipments of military equipment to India and Pakistan in December 1971 was lifted. Under the new policy, similar to that which was in effect from 1967 to 1971, the United States will sell to India and Pakistan nonlethal equipment plus spare parts for previously supplied U.S.-origin equipment.

ready been, in effect, sold, and under the circumstances we felt that it was time to clean the slate.

So what we have done, the Indians are getting their \$83 million in economic assistance; the Pakistanis are being allowed to go through with their purchases of the arms, nonlethal arms and spare parts.

Now as far as the whole, the major problem—and Miss [Sarah] McClendon, you have put your finger on the major problem—and that is peace in the area. This in no way, in no way, jeopardizes the peace in the area.

After the war that broke Pakistan in half, India's superiority is so enormous that the possibility of Pakistan being a threat to India is absurd.

All we are trying to do is to seek good relations with both, and we trust in the future that our aid to both can be ones that will turn them toward peace rather than war.

I should also say that in India's case—while our aid there, our \$83 million, is economic—India as you know purchases quite significant amounts of arms from the Soviet Union and also has an arms capability itself. So there is no problem in terms of creating conditions which could lead to another outbreak of war by providing for simply keeping a commitment that the United States had made for the sale of spare parts and nonlethal arms to Pakistan.

## The United States and the Changing World

*Address by Deputy Secretary Kenneth Rush<sup>1</sup>*

It is an honor and a pleasure to be with you all here tonight. I am particularly pleased to have this opportunity to welcome the nearly 90 visiting Fulbright-Hays scholars who come from 21 nations and are involved in a wide variety of academic disciplines.

Each of you has brought to this country something of the special flavor and perspective of your own nation. This contribution is essential to the United States understanding of the world in which it operates and ultimately to the formulation of constructive and responsible foreign policy. All of us appreciate how much we are enriched by what you give this nation.

Seldom is there an opportunity to speak to a group which combines excellence with such broad geographic distribution. For this occasion, I would like to say something about how the United States views the emerging international environment and to discuss the purposes and policies we will be pursuing as we go about our international business.

The United States is still evaluating the meaning and lessons to be drawn from our involvement in Viet-Nam. Whether such an evaluation can be completed in this generation is questionable. I am confident, however, that President Nixon's ending of the war under conditions enabling South Viet-Nam to decide its own future will be judged as a great contribution to peace and stability, not only in Asia but elsewhere as well.

But whatever one's judgment on the past, it would be most unfortunate if the reaction to our experience there were to distort this country's approach to foreign relations as we move further into the vastly different international context of the 1970's and 80's. The world structure that produced the Indo-china conflict is rapidly disappearing. We are entering a new environment. The United States no longer will be required to do as much in that environment as we have in the past, but we will remain actively involved, and we must mold it as well as react to it.

It is difficult to be definitive about the emerging international environment. Every assertion contains its own contradiction. Every attempt to simplify comes across an underlying complexity. Every verity contains a paradox. There is, I fear, no adequate word to express this combination of change, diffuseness, paradox, complexity.

"Multipolar" is the term most generally used to describe the environment which we are all entering. That term accurately reflects both the changes within the Communist world and the success of our policies in promoting healthy, confident, and independent nations in Europe, in Asia, and elsewhere. There is now a multipolar relationship among an economically powerful Japan, a more closely unified Europe, a rising China, a more confident Soviet Union, and ourselves. Yet the multipolar concept must not be oversimplified to the point where the world is seen as a frozen universe composed uniquely of developed nations, dominated by several centers of more or less equal power, all out-

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<sup>1</sup> Made at Washington on Mar. 21 at the annual dinner honoring Fulbright-Hays scholars sponsored by the Department of State and the Washington International Center (press release 87).

ward looking, all treating each other in more or less the same way. Few things could be further from the truth.

The new environment we are entering, rather, is intricate, fluid, interdependent, and complex.

—For one thing, the principal participants have different capabilities. Bipolarity still persists in the strategic relationship between the United States and the Soviet Union. Europe is still in the process of developing the voice and organization to fully reflect its international economic position. Japan is still exploring the meaning of its phenomenal economic growth in terms of its international role. China's international position primarily reflects her potential, her great size, and her potential military strength.

—The relationship among the principal participants is not the same. On the one hand, whatever our differences, the industrial democracies—Japan, the European Community, the United States, and others—are bound by interest, shared values, and alliance into especially close association. On the other hand, we are separated from Moscow and Peking by deeply different approaches to man and society which are not subject to early resolution. Mutually beneficial cooperation is replacing hostility in our relationship with the Soviet Union and the People's Republic of China, but the sense of being adversaries has not ended. And they are at odds between themselves.

—Also, the participants are interdependent, not just counterpoised. Nations are increasingly aware that many problems can only be solved through cooperative international efforts—from building more equitable trade and monetary structures to dealing with issues such as air piracy, narcotics, pollution, and exploitation of the oceans' resources. Interdependence exists, too, in the sense that nations are closely attuned to each other. Actions in one part of the globe provoke reaction and expectation in another. Thus President Nixon's successful determination not to abandon our support of South Viet-Nam in

achieving peace will impress all with whom we deal that we will live up to our promises.

—The structure of relations will be flexible and fluid rather than rigid and frozen. I have no doubt that the changes taking place in the relationship between the United States and its allies in Europe and Asia will strengthen our ties. But it is also true that, feeling themselves more secure, nations may find themselves differing more frequently in many areas—as we have already seen on some economic matters. On the other hand, despite differences, the United States and the Soviet Union and the United States and China will increasingly find opportunities to cooperate in endeavors of mutual interest. The options for smaller nations may be even broader. In Asia, for example, all nations may derive greater independence through China's commitment with the United States and with Japan to renounce hegemony for ourselves and to oppose efforts by others to impose hegemony in the area.

If the new international structure offers all nations greater freedom and hence greater benefits, it also imposes on all states certain responsibilities. The multipower structure can only work if the participants accept the principle that the maintenance of reliable relations is more important than triumph on any particular issue. Nations are not expected to sacrifice basic natural interests, but they should act on the premise that mutual accommodation and restraint are essential as they pursue international goals.

—Finally, the developing world, while not yet in the center of world events, will grow in importance as the new international structure takes hold. This importance is in part a result of the interdependence of which I have already spoken. Effective response to many of the challenges facing all men will require the productive engagement of the developing as well as the developed nations. The less advantaged nations will play an important role in determining whether the world community is successful in elaborating new trade and monetary structures to better pro-

mote an expanding world economy. They will have to be a major part of any successful agreements on the exploitation of the seabeds, combating of air piracy, control of the narcotics menace, limitation of nuclear proliferation, protection of the world environment, and development of sound population policies. And the larger and more active of the nations in Asia, Africa, and Latin America will play increasing roles in international problem-solving.

The developed and the developing world must cooperate to meet these challenges. Whatever the logic of such cooperation, however, productive North-South relations may be made more difficult by the resentment and destructive nationalism which will feed on the growing economic gap between rich and most poor nations.

Any survey of the future role of the developing world must also note that this area will probably be the greatest source of violent conflict for the remainder of the century, as poverty, maldistributed income, or sectarian and communal differences fuel internal violence or even pit one nation against another. Such a prospect demands attention from those of us in developed areas as well.

American interests and concerns dictate that we be involved in shaping these various elements into as constructive an international environment as possible. We are impelled to this approach by our nuclear relationship with the Soviet Union. But other realities also keep us involved: 25 percent of the agricultural commodities we produce are exported; so are 14 percent of our manufactured goods; U.S. direct long-term investments abroad reached \$86 billion in 1971; we import one-third of our petroleum needs and will soon import half; and we rely on imports for one-sixth of our most important raw materials. Our humanitarian traditions draw us outward. Finally, we have accepted involvement through treaty and alliance which we could not unilaterally renounce without serious repercussion on international politics.

A responsible sense of involvement implies a duty to differentiate rigorously between

what we might like to accomplish and what we can realistically hope to achieve. But the very exercise of making such a judgment can only reaffirm our decision to play an active, positive, though prudent, role.

### **New Relationships With U.S.S.R. and China**

In seeking to help shape the new environment our approach, first of all, will be further to engage the Soviet Union and the People's Republic of China in the construction of a more cooperative world.

President Nixon's policies have convincingly demonstrated that adversaries need not be antagonists. Reason, accommodation, restraint, and, on our side, unquestioned strength have been essential elements in building these new relationships. Differences between Moscow and Peking are apparent to all. But we have carefully avoided any attempt either to exacerbate these tensions or involve ourselves directly in them, a policy we will continue to observe scrupulously.

President Nixon's trip to Moscow last year initiated the building of a major new network of mutually beneficial relations. In 1972 we concluded more agreements with the Soviet Union than in any year since 1933, when Soviet-U.S. relations were reestablished. As President Nixon's Ambassador to Germany, I had the privilege of participating directly in the negotiations which led to one of those agreements, the 1972 Berlin agreement.<sup>2</sup> Thus I know how difficult the detailed process of identifying and agreeing upon matters of common interest can actually be. However, the accord on Berlin—an issue which lies at the heart of the division in Europe—is equally instructive about possibilities of reaching agreement where both sides acknowledge a mutual interest. There were times when an agreement appeared impossible, but with our allies and the Soviet representative we persevered because we had all decided we wanted an accord.

<sup>2</sup> For text of the agreement and related documents, see BULLETIN of Sept. 27, 1971; for a statement by Secretary Rogers made upon signing the final quadripartite protocol to the agreement at Berlin on June 3, 1972, see BULLETIN of July 3, 1972, p. 15.

Thus when the initial negotiations opened in March 1970, the Soviets insisted that the ties which had been built up over the years between the F.R.G. and Berlin were illegal and had to be eliminated. The Soviets adhered to this position until near the end of the negotiations. But together with our British and French allies we finally were able to convince the Soviets that these ties were not only justified in themselves but essential to the maintenance of the viability of the city, and in the end the Soviets agreed to write into the agreement, and I quote, "that the ties between the Western Sectors of Berlin and the Federal Republic of Germany will be maintained and developed."

This year the single most important item on our agenda with the Soviet Union will be negotiation for a permanent and comprehensive arms agreement—the SALT Two talks [Strategic Arms Limitation Talks]. We hope that such an agreement will significantly strengthen the strategic stability between us and reduce built-in incentives to arms competition.

In today's world, when nuclear powers are involved, it is difficult to isolate issues of peace. Thus, to name one vital example, we hope the parties in the Middle East can be brought to engage in negotiations, direct or indirect, which can yield an interim agreement opening the road to a permanent settlement based on U.N. Security Council Resolution 242. We welcome Chairman Brezhnev's [Leonid I. Brezhnev, General Secretary of the Soviet Communist Party] statement that the Vietnamese settlement "shows that it is possible to find a peaceful and just solution to other conflicts—above all in the Middle East." The lesson of other successful negotiations is that the parties directly involved must themselves achieve the breakthrough to meaningful talks and agreement. If the Soviet Union exercises its influence in that same direction it could be helpful.

During and following the President's trip to Peking the Chinese made clear that significant further improvements in relations would follow a settlement in Viet-Nam. Thus, President Nixon dispatched his adviser on

national security matters, Henry Kissinger, to Peking immediately after the conclusion of the Vietnamese peace agreement. Dr. Kissinger's Peking talks indeed proved enormously productive, and we are moving more rapidly in the direction of normal relations with the Chinese than any of us thought possible a few months ago.

One of the most important areas in which we will be building is expanding the already steady stream of people-to-people visits between China and the United States. Beginning with ping-pong teams, these visits have made a significant contribution to the improved climate in our relations. Like the Fulbright-Hays program and like the many other official and private exchange programs the United States is involved in, the flow of doctors, scholars, acrobats, newsmen, and others between China and the United States contributes significantly to the capacity of our nations to achieve a more accurate perception and deeper understanding of each other's societies.

Healthy commerce is an important element in "normal relations." Conclusion of the agreement in principle between Secretary Rogers and Chinese Foreign Minister Chi on the linked issues of frozen Chinese assets in the United States and U.S. private claims against China should open the way for an expansion of trade and for the discussion of others of the more purely economic issues that continue to divide us.

#### **Cooperation With European and Asian Allies**

Enrichment and reaffirmation of our relations with our Asian and European allies will be a second area of our focus. We will concentrate on what unites us—our common political, economic, and security interests. We are convinced that whatever differences may emerge can only confirm that our relationship is one of equals and thus basically a healthy one.

Close cooperation among ourselves and all the industrialized democracies—western Europe, Japan, Canada, Australia, and New Zealand—is essential to constructive movement on all international issues. Our eco-

conomic and political concerns can best be pursued through mutually supportive international policies. We will be consulting with these nations this year to explore how we may improve our institutional ties and coordination.

Japan will be a major focus in this effort. We hope to develop our association with the Japanese so that we will be engaged with them in the closest consultation on political, economic, and security matters. In the latter area, I think we have both found that our intimate security ties have been assets rather than liabilities in the improvement of our relations with China and the Soviet Union.

European relations will be at the center of our attention. This priority reflects the United States continued conviction that our bonds to western Europe provide the essential strength without which it would be impossible to pursue our broad foreign policy aims. Thus we remain committed to a strong, unified, self-confident Europe as our close international partner. Indeed, Europe's impressive progress toward unification reinforces our desire to work closely within NATO and with the enlarged European Community. Our aim will be to develop a relationship between ourselves and the Community comparable to the U.S.-European association in NATO—one that will assure cooperation and understanding on matters of common interest.

Europe is of course central to most issues of peace. For four years we and our western European allies have been working closely to reduce tensions across the continent by getting to their sources. The process began with the Berlin agreement. That opened the way for the basic agreement between the two Germanys, normalizing their relations. This gigantic step in turn has led to the current East-West talks in Helsinki and Vienna. Soon we and our allies will be participating in a conference of 34 states to seek arrangements which will assure the greater movement of people and ideas across Europe and which will affirm the sovereign independence of all nations. And by the fall, talks should start on a mutual and balanced reduction of NATO and Warsaw Pact forces facing each other in central Europe.

The progress from the Berlin agreement to the talks in Helsinki and Vienna illustrates most convincingly how allies and adversaries can work together pushing back old hostilities, defining areas of mutual interest, proceeding from definition to formal agreement, and then building from that agreement into another round of negotiations.

In Europe and in Asia negotiations to remove the sources of tensions have been possible only because the world knows we will stand by our commitments. Any move by the United States to precipitously reduce our forces stationed abroad would sap the confidence of our partners and undermine the respect of our adversaries. The only possible result of such ill-considered action would be to increase instability and augment tensions while at the same time frustrating hopes for the negotiated reduction of forces.

As Ambassador to Germany, as Deputy Secretary of Defense, and now as Deputy Secretary of State, I have repeatedly witnessed the intimate relationship between our commitments in Europe and progress in reducing European tensions. Our allies derive strength and confidence from our tangible participation in their defense. We all gain strength and self-confidence from the intense consultation and coordination that takes place between us.

We intend to remain faithful to our European commitments and to do our share. At the same time we are pleased that the allies are assuming a greater share of the conventional military burden. The improved European economies have allowed the European NATO partners to commit themselves in 1973 to increased defense expenditures of \$1.5 billion per year. We will encourage further steps in that direction, which more realistically reflects Europe's strengthened economic position.

Economic issues are of course a chief source of recent international concern. The United States must restore the soundness of our trade and payments positions, and that necessity is requiring adjustments both by us and by our friends. Currency realignment has been a major step. It should go a very long way toward redressing our trade and

payments balance—provided the United States maintains price stability.

The cooperative way which the United States, Japan, and the European governments dealt with the recent monetary crisis augurs well for future economic cooperation. But the devaluation is no substitute for the long-term hard decisions that must be taken during the pending reform of the world monetary system and in the negotiations for the reciprocal reduction of trade barriers at the GATT [General Agreement on Tariffs and Trade] talks which begin this fall.

### **Needs of the Developing Countries**

The developing world is a third area in which the United States intends to be a participant and not simply a bystander. The immense potential for cooperation and the threat of destructive confrontation mandate that we do so. Neither great structural obstacles to development nor the fact that there is no simple solution to the riddle of modernization would justify our lack of interest. We know, too, that if we are to gain the cooperation of the developing countries in areas of interest to the United States, we must convincingly demonstrate to them that we share, support, and understand their desire to bring a better life to their citizens.

The success of the developing countries' quest for modernization will be influenced greatly by the new monetary and trade structures that emerge from the international discussions. Thus, the United States supported representation of the developing nations in the Committee of Twenty which will remake the world's monetary system. We will be consulting with them closely in the work of that committee.

Expanded trade opportunities also are critical to the developing countries' economies. Export earnings now provide for four-fifths of developing countries' foreign exchange resources and in the future will provide even more. This dependence on exports explains why, in spite of our own trade problems, we still look with favor on generalized preferences covering a wide variety of developing country products. We are also convinced that

the developing world will be a major beneficiary of the reduction in trade barriers we seek from the world trade talks.

The United States does not want nor require acceptance of our values or emulation of our system in exchange for cooperation. Diverse national histories and cultures make such a demand unrealistic, and our appreciation of the value of diversity makes it unwise. However, in a world of diversity, cooperation requires a mutual desire to resolve outstanding issues as they emerge. When East and West can negotiate differences there is no reason why issues cannot be negotiated and resolved on the North-South axis. Negotiation will, however, require efforts from the less developed countries as well as from us. Rules for foreign investment, for example, need to be stable and well understood, for it is not productive both to demand foreign capital for development and to attack the private enterprises which can provide it.

There is no doubt that the United States and other developed countries can contribute significantly to the needs of developing countries. It is instructive to note that those who grew impressively in the 1960's were the ones who followed sound development policies and had access to substantial foreign resources. As the world's most prosperous nation we can provide some of those resources through our official development assistance—in 1971 we provided 43 percent of all such assistance flowing to the developing countries. However, our country's private sector is probably the most efficient mechanism for transferring capital and technology. Where it has been welcomed it has made great contributions. Trade and investment, as well as population restraints, must therefore weigh heavily in any realistic policies for increasing rates of economic growth in the developing world. That is why we are putting a new emphasis upon a comprehensive approach in seeking to help increase the rate of economic growth in the developing world.

You Fulbright-Hays scholars here tonight are participants in one of the most imaginative and farseeing foreign affairs programs undertaken by the U.S. Government. The

sharing of scholarship it has brought about is important. Perhaps even more important is the contribution it has made over the years in encouraging us all to deal with each other with restraint, concern, and insight. That is why I am such a strong supporter of this program and the many other international activities which bring people from differing nations together in a way that allows them to share their cultures and their perspectives, learning to respect the values and rights of other nations.

I understand that you spent some time yesterday with members of our Congress. When I recently had the opportunity to appear before Senator Fulbright's Senate Foreign Relations Committee, several Senators raised with me questions about the proper balance between the executive and legislative powers. In that hearing Senator Fulbright mentioned a magazine piece he had recently read which suggested that the Congress is helpless before the executive.

The exchange program initiated and long championed by Senator Fulbright and Congressman Hays gives some indication of the important contribution Congress makes in our international affairs. Furthermore, the perspective from this building certainly confirms that importance. It is true that the President, under the Constitution, is the principal agent of American foreign policy. But Congress also has a very important constitutional role. For example, the war powers are shared powers. This joint responsibility in foreign affairs is of course part of the way our Constitution was deliberately constructed. Sometimes the Congress and the Presidency face each other as more or less friendly adversaries, regardless of who the incumbents are and even when both branches are controlled by the same party. Sometimes they cooperate closely and harmoniously. In both cases the process has served the United States well, focusing our national debate on one issue at a time which people can understand and which can, after due deliberation, be decided in the light of widespread knowledge of the facts.

The role of Congress in foreign policy will

be particularly important this year on many matters:

—It will, for example, require a congressional decision to authorize the President to grant most-favored-nation treatment to the Soviet Union, a condition necessary for the full implementation of the trade agreement negotiated last year between ourselves and the U.S.S.R.

—Relations with our allies and friends in the developed world will depend in no little part on the trade-negotiating authority that emerges from congressional consideration.

—The Hill's decision on resources available for security assistance will affect how much we can do under the Nixon doctrine to help our allies in defending themselves.

—U.S. force levels throughout the world are already undergoing congressional scrutiny, an exercise whose conclusion could greatly affect our efforts to reduce world tensions without lessening world security.

—The level and nature of our economic assistance to the developing world is ultimately in congressional hands.

—And the Congress will play a critical role in determining the economic resources available to help bind up the wounds of war and build a stable peace in Southeast Asia.

The constitutional role of the Congress in foreign policy imposes a responsibility on our executive to conduct business with the Hill on the basis of candor, cooperation, and confidence. But beyond this, we intend to seek out and work with Senators and Congressmen on foreign affairs because we are aware that the executive has no monopoly on experience, information, knowledge, or creativity in the foreign policy field. These qualities exist in abundance on the Hill. They should be used just as those in the executive branch are used.

For the United States to play an effective role in world affairs, the Congress and the voters must be informed and supportive of the government's policies. This administration has made clear its foreign policy goals. Three Presidential reports to Congress on foreign policy and two comprehensive reports by the Secretary of State are an unprece-



mented attempt to inform the people's representatives and the people. We intend to continue to make ourselves freely available to testify on matters of interest to the Congress.

Speaking for the Department of State, I can say that we will be pursuing the closest possible understanding with the Congress. Achievement of close cooperation is already, I believe, closer than it has been for many years. It will be my endeavor to support the Secretary of State in making it even closer.

The period of international relations we are entering holds exceptional promise for realizing man's yearnings for peace. Hope will become achievement if all nations join in a commitment to seek out and develop cooperative international endeavors and avoid sterile confrontation. It is this purpose that shall guide our policies toward adversaries, our allies, and the developing world. The support, understanding, and contributions of our Congress will be essential to our ability to carry through.

You Fulbright Fellows, all participants in the program that has been building international understanding for 26 years will, I hope, return home aware of the world we are trying to build and committed to add your talents to the task in your own way and from the perspective of your countries.

## Commission on Conduct of Foreign Policy

White House press release dated March 9

President Nixon announced on March 9 the appointment of four members of the Commission on the Organization of the Government for the Conduct of Foreign Policy. They are:

ROBERT D. MURPHY, of Washington, D.C. Ambassador Murphy served with the U.S. Government from 1916 to 1959. He served as Ambassador to Belgium and Japan and held a number of other positions with the rank of Ambassador. Ambassador Murphy was Assistant Secretary of State for U.N. Affairs, Deputy Under Secretary of State, then Under Secretary of State for Political Affairs before concluding his career in public

life. He was born on October 28, 1894, in Milwaukee, Wis., and is now chairman of Corning Glass International.

DAVID M. ABSHIRE, of Alexandria, Va. Mr. Abshire returned to Georgetown University as chairman and executive director of the Center for Strategic and International Studies after serving as Assistant Secretary of State for Congressional Relations from April 8, 1970, until January 8, 1973. From 1962 to 1970 Mr. Abshire was executive director of the Center for Strategic and International Studies. He was born in Chattanooga, Tenn., on April 11, 1926.

WILLIAM J. CASEY, of Roslyn Harbor, N.Y. Mr. Casey served as Chairman of the Securities and Exchange Commission from March 31, 1971, until he became Under Secretary of State for Economic Affairs on February 2, 1973. Prior to becoming SEC Chairman, Mr. Casey was a partner in the New York law firm of Hall, Casey, Dickler & Howley, and the Washington law firm of Scribner, Hall, Casey, Thornburg & Thompson. He was born on March 13, 1913, in New York, N.Y.

ANNE L. ARMSTRONG, of Armstrong, Tex. Mrs. Armstrong has been Counsellor to the President and a member of the Cabinet since February 2, 1973. Prior to becoming Counsellor to the President she served as cochairman of the Republican National Committee from January 1971 and had been a Republican national committeewoman from Texas since 1968. Mrs. Armstrong was born Anne Legendre on December 27, 1927, in New Orleans, La.

The Commission on the Organization of Government for the Conduct of Foreign Policy was created by the Foreign Relations Authorization Act of 1972 for the purpose of submitting findings and recommendations to provide a more effective system for the formulation and implementation of the Nation's foreign policy. The Commission is to report to the President and the Congress by June 30, 1974, and shall cease to exist 30 days after filing its report.

The Commission will select its own Chairman and Vice Chairman from among its 12 members. Four members (two from the executive branch and two from private life) are appointed by the President, four members (one Senator from each major political party and two from private life) by the President of the Senate, and four members (two Representatives from each major political party and two from private life) by the Speaker of the House.

## Proposals for Unilateral Reduction of U.S. Forces Abroad Opposed

*Following is a statement read to news correspondents on March 16 by Charles W. Bray III, Director, Office of Press Relations.*

I might take a moment to address various proposals and resolutions passed on the Democratic side of the Senate yesterday calling for a substantial and unilateral reduction of American forces, bases, and facilities abroad in the coming 18 months. In our view, the assumptions on which this resolution is based are erroneous. The consequences of the actions proposed would do serious harm both to our foreign relations and to the national security.

The resolution assumes that we could save billions of dollars by reducing U.S. forces abroad, closing large numbers of bases. It assumes that this would have beneficial economic consequences for the United States. It assumes that its purposes could be carried out without impairing our present military strategy or the foreign policy of the U.S. Government.

Secretary Rogers believes that these propositions seriously mislead the American people.

Secretary Rogers also believes that it is dangerous to assume that billions of dollars could be saved without forcing important changes in our strategy and at the same time severely affecting our foreign relations.

As you know, our forces and our bases abroad are principally in Europe and Asia. In the course of the past four years, the United States has made very substantial reductions in the forces maintained in Asia and has closed numerous bases. In our view, the measures that have been taken have been prudent in both fiscal and strategic terms. The measures have been applied in a way and at a pace which in our judgment leaves the overall security posture of our allies

stronger today than it was four years ago.

We do believe, however, that major reductions of the scale and the pace contemplated in the resolution could weaken the sense of security which our friends and allies have acquired and in these lights shake the confidence of our allies and friends in the validity of American commitments. These results could easily slow the pace of accommodation in Korea, for example, and would almost certainly have an unsettling effect on Japan.

As for Europe, I should remind you that the policy of this government has been to maintain our existing force levels and improve their capability. This still seems to us a prudent policy on both military and political grounds.

There is no question that the presence of American forces in Europe over the past generation, and their continued presence today, has contributed to deterrence, to a sense of self-confidence among our European allies, and to a climate of political stability in Europe broadly defined from which we, as well as the Europeans, have drawn major benefits.

It is not too much to say, I believe, that our presence in both the military and psychological senses of the word has enabled the Europeans to enter with some confidence into negotiations with the states of eastern Europe, as in the Conference on European Security and Cooperation, and the preparations for negotiations on mutual and balanced force reductions which are now getting underway.

In summary, given the clear successes of American foreign policy in recent years, successes which have in major part reflected our strength and the strength of our allies, this is not the time to undertake precipitous actions which could directly and immediately destabilize the international environment. Nor in the specific case of our forces in Europe does it seem wise to propose unilateral reductions when we have the prospect of effecting mutual force reductions with the Soviet Union and countries of eastern Europe.

## Dr. Kissinger Interviewed for NBC Television

*Following is an excerpt from the transcript of an interview with Henry A. Kissinger, Assistant to the President for National Security Affairs, by Barbara Walters, NBC News correspondent, broadcast on February 25.*

*Q. Dr. Kissinger, after 10 years of our fighting a nation we considered our enemy, we are now asked to give our taxpayers' money to that former enemy at a time when there is much that it could be spent on here at home. Why? Why is it so necessary for us to do this?*

A. First of all, we shouldn't look at it as aiding our enemy. We should look at it from the point of view of aiding ourselves. One has to look at the whole history of North Viet-Nam. The leaders of North Viet-Nam have spent most of their lives either in prison or fighting a guerrilla war, or fighting an international war. Never in their lives have they known quiet; never have they dedicated themselves to primarily constructive tasks.

Now, it is a difficult psychological problem for them. Not only have they spent most of their lives either in conspiracy or in war, but they really haven't had a normal relationship with any country; and we think that if we can work together with them on some constructive tasks this might be a very major contribution to the peace of Indochina and in a way cap what has been achieved now in making a formal settlement. This is the rationale, not an abstract desire to aid any particular country.

*Q. Well, of course, it is a difficult psychological problem for us as well. It is estimated now that Congress is two to one against appropriating the funds for aid to North Viet-Nam. Would you think it important enough for you personally to testify before Congress*

*so that they would understand your point of view?*

A. Well, the position of my testifying has two parts. One, do I talk to Congressmen and Senators; secondly, do I testify under oath with records being kept? With respect to the second point, that is, do I testify before Congress formally, that is governed by the principle of executive privilege. That is to say that Presidential assistants should not be subpoenaed by Congress and should not be forced to—

*Q. But you could if you wanted to?*

A. No, I couldn't, because it is not my choice. This depends on the relationship between the President and the Congress, and in no administration have Presidential assistants testified before Congress in formal sessions.

On the other hand, I maintain the closest relationship with the appropriate congressional committees. I meet the key Senators personally regularly. I have worked out an arrangement with the Senate Foreign Relations Committee and, less frequently, with the House Foreign Affairs Committee, by which I appear in sessions that are called social, and that are called social only because they are not in formal committee rooms but in the office of some Senator, at which notes are taken. Every Senator has an opportunity or every Congressman has an opportunity to ask questions. The record is kept. It isn't an official record, but we go as close to the line of executive privilege as we can, but I have not in the past testified in formal sessions. After the Viet-Nam settlement was negotiated, I testified—or I appeared before the entire Senate and the entire House answering questions from everybody, so I will play an active role in explaining our reasons for recommending a program.

I will not do it at a formal session, but that is primarily to protect the position of future Presidents and future Presidential assistants. It is in no way an attempt to keep things from Congress.

*Q. I want to go back once more to the feeling of the American people, because a good many of the Senators say that their action, or their reaction, is based on the mail which they are receiving from their constituents and the basic question seems to be, we need so much here in health, in education, isn't this more important than building up a nation, or to put it another way, is our aiding North Viet-Nam absolutely essential to world peace?*

A. Ever since the end of World War II, whenever we have had a big decision to make, the debate has always taken the form of: Are you active abroad, or are you active at home? How can you do anything abroad until you are perfect at home?

Well, we'll never be perfect at home, and we'll always have tasks abroad. We don't have the choice between doing things at home, doing things abroad. If we can't do both, we won't be able to do either. In the present circumstances, when you have a peace that has many precarious aspects, after 10 years of war, of a war that annually cost 10 times as much as what one could conceive spending, not to consider what may be psychologically, politically, and humanly necessary is simply a wrong allocation of priorities.

*Q. But we don't seem to be able to do both.*

A. The sums that are in question will not make a decisive difference. But I don't want to get into the debate between domestic priorities and foreign priorities. We will present our case. We will present where we think the money should come from, and then the Congress will have to make the decision. It is our judgment that some program is necessary.

*Q. While you were in Hanoi, what progress did you make in obtaining an accounting of the 1,300 or so men still missing in action?*

A. We brought along with us our analysis of the missing in action, particularly where we had some evidence that a flier had parachuted, for example, or where we had collateral evidence that a person might have been taken prisoner.

We presented it to them in detail. As a matter of fact, the economic assistance part, which received so much attention in our newspapers here, wasn't even discussed until the third day of my stay in Hanoi. Much of the first day was devoted to the question of prisoners and to missing in action.

The North Vietnamese argument is that their country does not have our means of communication; that many of these reports were concerned with parts of their country where they would have to make a complex investigation. They promised us a full investigation.

We will, of course, also interview all the prisoners that are released about any information they have, and we will make a major effort.

Now, I must say that I cannot really believe that the North Vietnamese would hide prisoners on us. I see nothing that they would gain from keeping prisoners that they could not acknowledge in jails in North Viet-Nam. But we won't rest on this theoretical supposition. We will make a full investigation, and we will insist on an accounting.

*Q. Now that you have visited Hanoi and appraised for yourself the North Vietnamese leaders, do you think that Hanoi will ever relinquish its desire to take over South Viet-Nam and create, as they have always said they wanted, one Viet-Nam?*

A. North Viet-Nam will never relinquish its desire to take over South Viet-Nam. This generation of leaders is a group of revolutionaries. They have spent their whole life making revolutions. They are not in their sixties going to give up what they have believed in all their lives.

But that isn't the issue. The issue is, Will they want to unify Viet-Nam by force, or are they willing to rely on an evolutionary process?

We are not opposed to the unification of Viet-Nam in principle, if Viet-Nam is unified by peaceful means. If the performance of one part or the other is so clearly superior to that of the other that it tends to achieve moral superiority over the other, that is not an American concern.

Therefore, if the North Vietnamese are willing to compete peacefully, if they are willing to develop their country, if they are willing to rely on a political process, then we don't object to their objective, and that is exactly what we are trying to bring about, to get a commitment from them, not on paper but in terms of their action, to a peaceful evolution in Indochina; and that is precariously poised right now.

*Q. There is fighting still going on and when you met with them—you posed this question just now yourself. I wonder if you felt you have the answer but at this point you don't?*

A. No, I do not have the answer now, and I don't think they have the answer. I do not think they have fully made up their mind. I think for the first time in their history and in their lives they are considering a peaceful evolution and they are feeling their way toward the sort of relationship they have really never had with any country, of equality, mutual benefit, consultation.

Can they bring themselves to do it? Can we manage to establish the right forum? That is what we are now working on.

*Q. This continuous fighting, do you think this is part of their testing, and will it perhaps lead then to a request from President Thieu for us to again become involved?*

A. Well, at this point the South Vietnamese seem very capable of taking care of themselves, and what has happened up to now is a demonstration that Vietnamization has substantially succeeded.

The North Vietnamese and the Viet Cong, right after the cease-fire, or around the time of the cease-fire, seized about 300 hamlets. They have now lost all of them again, and the fighting in South Viet-Nam, while it still occurs, is really—if the war was still going

on, these actions would all be reported as very minor actions but of course under cease-fire conditions every action has its own significance.

*Q. Did you expect there to be continued fighting between North and South Viet-Nam?*

A. I expected there would be continued fighting for a few weeks. It has gone on a little longer than I thought, but—

*Q. Are you worried?*

A. No, because after all, how are the two sides going to establish their areas of control except by testing each other?

*Q. But you don't think it is going to mean a further involvement on our part, or any request?*

A. No.

*Q. Dr. Kissinger, as a political historian and an analyst, what lessons do you think we have learned from the Viet-Nam experience? Well, for example, to be more specific—have we learned that we simply can't win a guerrilla war, even against a very small nation?*

A. You know what got us involved to begin with was the theory that there was one species of war called guerrilla war which applied to Indochina, Bolivia, and any other country.

Viet-Nam is a very special case for many reasons—in terms of its historical experience, in terms of its geography—therefore I wouldn't make the general statement that a guerrilla war cannot be won. One can make the general statement that for a foreign country to get itself involved in a guerrilla war is a very significant decision because the guerrilla is at home, the guerrilla lives with his own population. The foreigner can never compete with him on that level. And therefore it is our view that, as a general proposition, domestic security and guerrilla warfare ought to be the task of the government concerned and that government should be strong enough to handle attacks below the level of conventional attacks. That, we would say, is a general lesson we have learned.

*Q. If we may go back in history a bit, there are still some questions which nag at the American people that you could provide the answers to. At the time the decision was made in December to bomb the Hanoi-Haiphong area, did you personally advocate the bombing? I ask this knowing that your job involves not only presenting the President with the choices available to him but also recommending a choice of action, if asked. So did you support the bombing, or did you attempt to persuade the President not to take this step?*

A. I have one absolute rule, which is that I never discuss publicly what I recommend to the President. That does not mean that I disagree with the decision. It means that it is inappropriate for me to provide a checklist and to create the impression that it is part of my job to second-guess the President. I do make recommendations to him, but I do not publicly state what my position is toward a particular issue. But you can assume that if I could not support a major policy I would resign.

*Q. Well, I will ask another question, and we will see if that is something that can be answered. There was talk around Washington late last year that your relationship with the President had become strained, perhaps in part because of policy disagreements over Viet-Nam. There was also speculation based on some evidence that the President raised the requirements for peace that you had reached agreement on in Paris. I am sure you are familiar with this speculation. Is there any truth to it?*

A. Some of what I said before applies here, too. I feel freer to talk about this. I was never conscious during that period of a strained relationship with the President. You have to remember that this town is obsessed with power and that it lives on reading little significancies or major significancies into little acts.

*Q. Does he look at you, or does he not; does the President talk to you—*

A. Did he talk to me on the telephone rather than see me personally? If one knew

all the phone calls between the President and me and all the conversations, one would have attached no significance at all to what was a newspaper speculation once that he was in town for a day and talked to me on the phone three or four times but didn't see me. It was the accident that Ron Ziegler [Ronald L. Ziegler, Press Secretary to President Nixon] put out the fact that the conversation had taken place by telephone that anyone even attached any significance to it.

Now, its is inevitable that there are always people on every White House staff—and I have seen two or three in action—and in the bureaucracy who put out to newspapermen their interpretation of what they think is happening.

*Q. Would you like to name these people here at the White House?*

A. Sometimes—I am not saying it was in the White House—sometimes it is wishful thinking, but there was no strain in my relationship to the President.

Now, let me turn to the second matter: Did the President raise the terms of the agreement and therefore undo what allegedly had been achieved? For this you have to understand how the President and I work. The President, before I go out on a diplomatic mission, doesn't write down 20 specific points that I am supposed to achieve and therefore the phrase that I didn't live within instructions, it is really quite meaningless.

What the President does is to write down for himself, on a yellow sheet, four or five or six major issues, and the pros and cons of each issue. Then he will call me in, go over them and over them, and if I have any ideas I will present them to him. But he talks much more in general terms of where we want to go, so that I clearly understand what he has in mind.

This is what happened in October. Why the agreement was not completed—the reason it was not completed was due to many factors: to the fact that the North Vietnamese were planning an attack at the time of the cease-fire, the fact that we wanted to get the International Commission in place, and the fact that the South Vietnamese Govern-

ment was not ready to go along at that particular point.

*Q. Did you think they would have been?*

A. It was—we had—the President and I were in complete agreement before the last mission, before I went, that if it appeared at that particular moment that the cease-fire was too precarious, that we would not drive it through at all costs, especially because it was at the end of an electoral campaign and because we could not give the impression that we were doing it in order to gain votes.

So, frankly, when I was in Saigon and when we made the final decision that led to the delay, I knew what the President wanted, and it was not at all true that I was pulled back.

*Q. Then why did you come home and put yourself in the very difficult position of saying, "peace is at hand?"*

A. Because you have to understand what the situation was on whatever the date was, October 26. But first of all, when you say "peace is at hand" and then peace comes along 10 weeks later, of a 10-year war, that is not such a very bad prediction. But what was our problem at the end of October?

We had a public broadcast from Hanoi that was revealing in a slightly edited version some essential agreements which we had reached and demanding that we sign the agreement five days later on October 31. We had Saigon put itself into a position of opposition to the agreement, and what we had to make clear and make clear rapidly was, first, that we were not going to sign on October 31, but nevertheless we were not kicking over the agreement; that the agreement was essentially completed as far as we were concerned; and that it could be completed in a very brief period of time.

When we said "peace is at hand," we were telling both Hanoi and Saigon—we told Hanoi that we were fundamentally sticking to the agreement. We were telling Saigon that the agreement as it stood was essentially what we would maintain.

Now, we thought it could be negotiated in four or five days. In the interval, for what-

ever reason, Hanoi made the decision to prolong the negotiations. Once Hanoi decided to go back to the negotiations on January 8, that is, in a serious way, we did settle it in about six days. And I don't want to say had I known exactly what would happen, I might not have chosen a more ambiguous phrase.

*Q. China, Dr. Kissinger, How do our new relations with mainland China affect our relations with Taiwan? Will we eventually have to break our relations with Taiwan as we come closer and closer to full diplomatic relations—or what are diplomatic relations, even if we are not calling them that?*

A. We favor the peaceful resolution of the disagreements between mainland China and Taiwan. We have no intention at this time to break diplomatic relations with Taiwan. We have established a satisfactory arrangement with mainland China and we have established—we will establish an office there, they are establishing an office in Washington, and we believe for the foreseeable future it meets existing needs.

*Q. Do you foresee that the Chinese might be willing to join in the arms limitation talks?*

A. The Chinese problem is quite different from ours and from that of other of the major powers. Their nuclear program is in its infancy, and any of the limitations that are now being discussed between us and the Soviet Union occur at a level of nuclear armaments that is probably unimaginable for the Chinese.

Now, what would be the Chinese attitude if there was a general conference on, say, conventional reductions? That I don't know. Such a conference isn't now in progress, but up to now the Chinese have taken the attitude that they would not participate in discussions on the reduction of nuclear arms. They would take part in discussions on the elimination of nuclear arms.

*Q. Dr. Kissinger, may we talk a bit about the Middle East? Friday morning you met with the National Security Adviser to President Sadat of Egypt, Mr. Hafez Ismail, whose job has been likened to yours. I hear*

he has been called the Egyptian Henry Kissinger.

A. I told him I was called the American Ismail.

Q. Was he flattered?

A. I don't know.

Q. Golda Meir is going to come here very soon. Now, with Viet-Nam off of your number-one priority list, will you, Dr. Kissinger, be turning your primary attention to the Middle East?

A. I will certainly not turn my primary attention to the Middle East. First of all, Mr. Ismail was here not to see me, but to see the President. Of course, we are taking, the President is taking a greater interest in Middle Eastern affairs now and he will be spending more of his time on the problem.

What we can do, what role we can play, we will have to decide after Prime Minister Meir has been here and we have been able to assess the result of the conversations with King Hussein, with Mr. Ismail, and then with Prime Minister Golda Meir.

## Diplomatic Cooperation Recovers Historic German Manuscripts

*Following is a report prepared for the Bulletin by James S. Sutterlin, Director, Office of Central European Affairs.*

Two of the oldest literary works in the German language were returned to the Federal Republic of Germany in September 1972 after a 27-year search in which the Department of State was involved. The manuscripts, the Hildebrandlied (Song of Hildebrand) and the Willehalm Codex, disappeared at the end of World War II from a bunker where they had been stored for safekeeping and found their way to the United States.

The Hildebrandlied, the most important German-language literary document lost in the wake of the Second World War, is the

oldest extant German heroic poem or saga. Believed to have originated around 550 A.D., it was transmitted orally from generation to generation until about 810, when it was written down by the monks of the cloister at Fulda. The poem recounts the story of Hildebrand and his son, who meet after many years of separation and, without recognizing each other, engage in deadly combat. The Willehalm Codex, consisting of 396 folios and 62 miniatures bound in the 14th century, is a medieval poem by Wolfram von Eschenbach relating the heroic deeds of the Christian knight Willehalm.

The Hildebrandlied and the Willehalm Codex were removed from the Hesse State Library in 1943 and stored in a carefully guarded bunker at Bad Wildungen near Kassel. In 1945, at the conclusion of the war, the State Conservator of Greater Hesse reported to American Military Government authorities that the bunker had been entered and the ancient manuscripts were missing.

The Hildebrandlied, consisting of two pages, was the first of the two manuscripts to surface in the United States. Page 2 appeared in 1947 when it was offered for sale to the Pierpont Morgan Library. The library did not purchase it, perhaps because of its unclear antecedents. It reappeared in 1951 in a private collection on the west coast. Through the assistance of the Roman Catholic Archbishop of Los Angeles and the Department of State, that page of the manuscript was returned to the Hesse State Library at Kassel.

The search continued for the missing page and the Willehalm Codex, the presence of the latter in the United States still not confirmed by its public appearance.

The Department of State and the Embassy of the Federal Republic of Germany in Washington undertook an official intensified search for both in 1954. The beginning of that search was marked by the appearance of an article in the Department of State Bulletin of October 4 of that year written by the Department's Arts and Monuments Adviser, Ardelia Hall. She issued an official appeal for



the return of the missing page of the Hildebrandlied and the Willehalm Codex, as well as other literary and art treasures missing since World War II.

That request, as far as the two manuscripts were concerned, produced no response. Efforts to find both were totally unsuccessful for more than 15 years. Despite this discouraging time lapse, the Department and the German Embassy continued the search. Early in 1972, Kennedy C. Watkins, a former Assistant Director of the National Gallery of Art, established contact between the German Embassy and the A. S. W. Rosenbach Foundation of Philadelphia. The Willehalm Codex and the missing page of the Hildebrandlied had been in the foundation's possession for some years. A series of meetings between representatives of the foundation, the German Embassy, and the Hesse State Library identified beyond doubt the authenticity of the manuscripts. The board of directors of the foundation decided unanimously, without any conditions or thought of compensation, to return the two manuscripts to the Hesse State Library. Last September 22, the president of the Philip and A. S. W. Rosenbach Foundation, Dr. Werner L. Gundersheimer, in a special ceremony in Philadelphia, presented the manuscripts to representatives of the German Embassy and the Hesse State Library. The manuscripts were returned to the Federal Republic of Germany, after having been on public display in the German Embassy for several days.

Their return marked the end of an unusual coordinated effort by officials and private citizens in both countries. The stimulus in this cooperative venture was a recognition on the part of all who were involved in the 27-year search that these documents should take their rightful place in Germany, as they are a significant and unique part of the German cultural heritage.

### **Dr. White To Represent United States on International Whaling Commission**

President Nixon announced on March 9 (White House press release) the appointment of Robert M. White, Administrator of the National Oceanographic and Atmospheric Administration, as U.S. Commissioner on the International Whaling Commission. (For biographic data, see White House press release dated March 9.) He succeeds J. Laurence McHugh, whose resignation the President accepted on September 11, 1972.

The International Whaling Commission was established in 1950 to safeguard the remaining world whale stocks through studies and investigations and the promulgation of regulations relating to whales and whaling. The Commission meets annually for two weeks. Two out of every three meetings must be held at the London, England, headquarters of the Commission.

## Department Gives Views on Proposed War Powers Legislation

*Statement by Charles N. Brower  
Acting Legal Adviser<sup>1</sup>*

I appreciate the opportunity to testify before this subcommittee on the subject of proposed war powers legislation. I am particularly pleased to be able to testify on what I consider a unique occasion; namely, the first time in the long history of deliberations on war powers legislation that we can consider these proposed bills free from the distraction of major American involvement in hostilities overseas and divorced from the special political pressures of an election year. The stunning foreign policy successes which President Nixon has achieved in his first term, precisely through the judicious exercise of his constitutional authority, must also be considered in these deliberations. Hopefully, the perspective can now be more broad.

The changes in the public environment are particularly significant since war powers legislation has undoubtedly had its genesis in disenchantment with the protracted hostilities in which the United States became engaged during the last decade. Blaming those events on the Presidents who were in office during that time, the proponents of the more restrictive forms of war powers legislation seek to avoid similar policies in the future by diminishing the fundamental authority of the

Presidency, now and forever. Many such advocates do concede, albeit reluctantly, that Congress itself played a role in past policies, but argue that Congress was led to act unwisely because it was supplied inadequate information and therefore was unable to exercise its responsibilities competently.

This view of history, which I personally reject, is worth noting because the conclusions drawn from it by advocates of restrictive war powers legislation are not logically consistent with this view. These advocates have sought to place arbitrarily defined legal obstacles in the way of expeditious executive branch action, while ignoring what from their point of view should be the real source of concern; namely, a need for Congress to have more complete and timely information, to be capable of better analysis, and to maintain a more thorough exchange of ideas in the development of particular foreign policies.

It is, I would suggest, only through availability and knowledgeable use of adequate information, on a timely basis and with the best possible analysis of what that information means, that the executive branch or the Congress can exercise its respective constitutional responsibilities in the foreign policy field to the best of its ability. Imperfect performance by one branch of government cannot be remedied by attempts to undercut or diminish the fundamental constitutional authority of another branch. Because the war powers are distributed between the Congress

<sup>1</sup> Made before the Subcommittee on National Security Policy and Scientific Developments of the House Committee on Foreign Affairs on Mar. 13. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

and the executive, those two branches must cooperate closely in order for either to exercise its powers effectively, each making the particular contribution assigned it by the Constitution. Performance is more likely to be enhanced by the increased and improved flow of information to and between those bodies in an effective and timely manner.

The negative approach to war powers legislation, namely, the interposition of arbitrary legal obstacles hindering the exercise of executive responsibilities, has an additional serious fault. Proponents of such legislation overlook the fact that it is impossible for Congress to tie the hands of the executive branch without itself suffering a similar limitation of its freedom to act. Every proposed reduction of Presidential authority in this area effects a comparable diminution of congressional freedom. If, for example, the President's exercise of certain powers were restricted to a period of 30 days, as a practical matter the President would also become the beneficiary of a 30-day blank check endorsed by the Congress. If congressional debate were required in all cases immediately upon the submission of a report from the President or at predetermined intervals which might have no relevance to the course of events, Congress would also lose its flexibility to adjust its own schedule of activities to the uneven pace of unforeseen events. These are but two examples; yet they are illustrative of the fact that in declaring the executive branch incompetent to act except in prescribed circumstances, Congress would also be inhibiting its own ability to act except in a precisely delineated fashion.

The correct balance between the Congress and the executive in the exercise of war powers is struck by each branch exercising the powers assigned to it in the most informed, and hence the most responsible way; that balance cannot be established or maintained—indeed, it could well be destroyed—by legislative attempts to alter the basic scheme which the drafters of the Constitution so carefully established. What is needed, I submit, are processes designed to increase the

likelihood that our government, including both the executive branch and the Congress, will be able to exercise its responsibilities on the basis of maximum information, rather than as a result of sterile confrontation. The answer to dissatisfaction with a particular foreign policy is not to be found in alteration of constitutional authority. It is rather to be found through enhancement of our respective abilities, exercised within that authority, to formulate wise foreign policies for the future. From this point of departure, I would like to address the three bills on which you have requested our comments.

### **Specification of Executive Powers**

The first bill is S. 440, which would allow the President to employ the armed forces in hostilities or situations where imminent involvement in hostilities is indicated by the circumstances in only four categories of situations absent a declaration of war. In each of those four situations the President would be barred from continuing to use those troops beyond 30 days without the affirmative consent of Congress unless Congress were physically unable to meet as a result of an armed attack on the United States or unless it were necessary to use troops to protect their own prompt disengagement.

The Department of State continues to believe strongly that it would be unwise and unconstitutional for the Congress to adopt this bill. S. 440 seeks by statute to redefine specifically and restrictively the constitutional allocation of the war powers. The drafters of the Constitution, however, recognized the extreme difficulty of anticipating all circumstances which might in the future call for the use of the armed forces. As Alexander Hamilton said, writing in "The Federalist":

... it is impossible to foresee or define the extent and variety of national exigencies, or the correspondent extent and variety of the means which may be necessary to satisfy them.

This difficulty was underscored by the repeated amendments to the same bill as it was

being debated last year in the Senate. The Founding Fathers wisely avoided a precise definition of the interface between congressional and executive authority, establishing instead a general structure of shared powers requiring the cooperation of both branches, predicated on the assumption that the form of that cooperation would remain, within certain limits, sufficiently flexible to accommodate many different kinds of circumstances. S. 440 would change that scheme by imposing technical legal prerequisites to action and in so doing would insure that every important national security debate following emergency action by the President would, instead of being argued entirely on the merits, be obscured by procedural arguments as to whether or not the President had acted in accordance with this new legislation. The scheme envisaged in S. 440 is a significant departure from that established in the Constitution and hence could legitimately be effected only by a constitutional amendment even if it were desirable.

Contrary to the apparent assertion of section 2 of this bill, nothing in the "necessary and proper" clause of article 1, section 8, of the Constitution gives Congress this power. As Alexander Hamilton also made clear in "The Federalist," the "necessary and proper" clause was intended principally to guard against an excessively narrow construction of the authority of the Union vis-a-vis State authority. There has never been a judicial decision which has held that the "necessary and proper" clause was intended to limit the principle of separation of powers. In fact, the case of *Myers v. United States* (272 U.S. 52 (1926)), in which the Supreme Court held that Congress did not have the power to condition the President's removal power on the concurrence of the Senate, indicates that the separation of powers is not limited by Congress' power under the "necessary and proper" clause. While this provision gives Congress the authority to implement both congressional and executive powers, it does not empower Congress to change the balance

between those powers by defining and limiting the President's authority.

S. 440 noticeably omits Presidential authority to deploy armed forces abroad as an instrument of foreign policy in the absence of an actual attack or imminent threat of attack on American territory or forces. Yet this historic Presidential prerogative for nearly 200 years has been essential to resist aggression and to protect American security interests. As Secretary Rogers has said: <sup>2</sup>

... such a restriction could seriously limit the ability of the President to make a demonstration of force to back up the exercise of our rights and responsibilities in Berlin or to deploy elements of the 6th Fleet in the Mediterranean in connection with the Middle East situation.

Elimination of this weapon from the Presidential arsenal could very seriously undermine our security posture and likewise cannot be properly achieved except by constitutional amendment.

S. 440 also purports to restrict the authority of the President to defend the United States itself against an actual armed attack by limiting to 30 days his right to use the armed forces in such hostilities unless Congress specifically authorizes a continuation or is physically unable to meet as a result of the attack. The defense of the United States against armed attack, however, is a core area of Presidential authority; Congress cannot affect the President's constitutional authority in this area. Even the States have constitutional authority to provide for their own defense when invaded or in imminent danger of invasion (article I, section 10). Surely the President can have no less authority or responsibility for defense than the States, particularly inasmuch as the Federal Government has an unlimited constitutional obligation to defend the States (article IV, section 4) and the President as Chief Executive (article II, section 1) and Commander in Chief (article II, section 2) has the responsibility

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<sup>2</sup> For a statement by Secretary Rogers made before the Senate Committee on Foreign Relations on May 14, 1971, see BULLETIN of June 7, 1971, p. 721.

and the authority to provide that defense. Surely the Congress cannot by legislation reduce these constitutionally prescribed rights and obligations.

Since Congress already has the authority to conduct at any time the same kinds of review that S. 440 proposes to mandate within 30 days, it is difficult to see what advantages Congress gains by legislating an arbitrary deadline. Congress can in any particular case undertake its consideration in a manner and within a period of time appropriate to the circumstances. An arbitrarily fixed time limitation on Presidential authority contributes nothing to the right of Congress to exercise its constitutional authority and at the same time could seriously impede action or undermine negotiations in the future in a manner not desired by either the President or the Congress at that time. To seek to terminate Presidential authority if, for whatever reason, the Congress does not expressly affirm an action within an arbitrary time limit is neither helpful to the interests of either branch nor a constructive contribution to the development of a wise foreign policy.

#### **Termination by Either House**

The second bill to which I have been asked to address myself, H.R. 317, avoids some of the serious problems of S. 440. It does not propose to specify the constitutional powers of the President. Neither does it propose a fixed and arbitrary time limitation for congressional action in response to Presidential initiatives. It would call for prompt reports from the President to the Congress whenever the armed forces are used in hostilities absent specific congressional authorization or a declaration of war.

We question the necessity, and even the advisability, of requiring, as H.R. 317 would, that the Congress be convened if not in session at the time the President submits such a report. It is certainly conceivable that the formality and attention given to a special session of the Congress could negate the advantages of quiet diplomacy in the case of an

understated show of strength. A decision to convene Congress constitutionally lies within the discretion of the President and should depend on the circumstances prevailing at the time.

Section 4 of H.R. 317, entitled "Termination of Authority," presents difficulty in two respects. This section proposes that the authority of the President to deploy the armed forces or to direct or authorize them to engage in hostile action, absent specific congressional authorization or a declaration of war, is terminated if either House of the Congress adopts a resolution disapproving continuation of an action the President has taken. First, the proscription of Presidential action would seem far too broadly drawn for both constitutional and policy reasons. Although within its constitutional authority Congress clearly can decide, for example, whether or not to appropriate funds to support policies or programs of which it disapproves, it is extremely doubtful, as I mentioned earlier, that Congress could terminate Presidential authority to deploy forces as the President saw fit; for example, to protect the United States against an armed attack.

A second difficulty with section 4 of H.R. 317 is that it purports to terminate the authority of the President upon the passage of a resolution by either House of Congress. This must be considered an unworkable standard for a number of reasons. We are dealing here with a division of power between the Congress and the executive, not between the Senate or the House and the executive. When one branch purports to impose legally binding restrictions on the exercise of the authority of the other, it clearly must be acting with its own full authority. The Congress clearly has authority to approve or not to approve funds for use by the executive branch. Such a decision governs to some extent the activities of the executive and clearly depends on the consent of both Houses of the Congress. A law which states that the same effect can be accomplished by the passage of a simple resolution by only one House of Congress is

constitutionally defective. It impairs the constitutional authority of Congress itself as well as that of the executive. Furthermore, what is the true position of Congress if, for example, one House passes a resolution supporting the President's action and the other a resolution calling for its termination? It is clear that in matters of such significance the Congress must speak with one voice to have legal force.

### **Need To Increase Communications**

Let me now turn to the third measure I have been asked to discuss. H.J. Res. 2, introduced by you, Mr. Chairman [Representative Clement J. Zablocki], for yourself and others, is primarily oriented toward increasing the flow of information on which Congress can base its decisions in exercising its constitutional responsibilities. As I have discussed at some length, it is this general approach, rather than that of attempting to change the underlying authority of either branch, that we strongly feel is the more constructive and positive way to proceed. I would like to mention that we have the greatest respect and appreciation for your efforts, Mr. Chairman, over the past several years to conduct a balanced, responsible, and searching investigation into the issues raised by war powers legislation.

Unlike the Zablocki bill passed last year by the House of Representatives, however, H.J. Res. 2 includes provisions in section 3 which could be read as limiting the fundamental authority of the President to introduce the armed forces into hostilities or situations where imminent involvement in hostilities is clearly indicated. As I have discussed earlier, this type of provision leads us into very difficult constitutional and general policy problems and does not, in my view, take us very far along the road to developing responsible and forward-looking foreign policies in the future. I do note that H.J. Res. 2 does not impose any artificial deadline for congressional response to a Presidential initiative, although of course it maintains the option for such a response at any time.

In addition, section 6, which provides that Congress should meet after the President has committed armed forces as described in section 5 in order to decide whether to authorize such use of the armed forces or the expenditure of funds for that action, seems to imply that the President may not have authority to act in the first place. It is clear from what I have already said, however, that the President possesses broad constitutional authority to commit military forces in cases contemplated by section 5. Finally, as I have indicated, I do not think it necessarily appropriate that Congress be mandatorily convened as required by section 6, upon the receipt of every report rendered pursuant to section 5.

It is my hope, Mr. Chairman, that Congress will reject the highly restrictive approach to war powers legislation, which is unsound, and concentrate instead on enhancing its own ability to participate in the development of future foreign policies with the executive branch, as the drafters of the Constitution intended. To help move us toward that goal, I would like to repeat for your serious consideration several proposals which the Secretary of State made to the Congress in his war powers testimony of May 14, 1971. We are prepared to explore with you ways of reinforcing the information capability of Congress on issues involving war and peace. For example, we would be prepared to have each geographic Assistant Secretary provide on a regular basis full briefings on developments in his respective area. Such briefings would help the Congress to stay abreast of developing crisis situations as well as to build up a deeper background of information in many areas.

There is, as we have noted many times, the need to be able to act speedily and sometimes without prior publicity in crisis situations. We should concentrate on efforts to find better institutional methods to keep these requirements from becoming an obstacle to the exercise by Congress of its full and proper role, rather than on counterproductive efforts to impede the executive in exercising its role. We have heard a number of suggestions con-

cerning the possibility of establishing a joint congressional committee which could act as a consultative body with the President in times of emergencies, and as Secretary Rogers indicated, if there is interest in this idea in the Congress we would be willing to discuss this possibility with you to determine how best we might cooperate.

We must both retain flexibility, for we are living in a dynamic world; and we must both work together, for the decisions we make in this area are frequently momentous and profound. Let us join together to improve the quality and facility of our decisions, rather than inhibit our capacity to make them.

## Congressional Documents Relating to Foreign Policy

### 92d Congress, 2d Session

**The Role of U.S. Small Business in Export Trade.**

A report of the House Subcommittee on Government Procurement to the Select Committee on Small Business pursuant to H. Res. 5 and 19, resolutions creating a permanent select committee to conduct studies and investigations of the problems of small business. H. Rept. 92-1620. October 26, 1972. 49 pp.

**Financial Statements of the St. Lawrence Seaway Development Corporation for the Year Ended December 31, 1971.** Letter from the Comptroller General of the United States. H. Doc. 92-378. December 26, 1972. 23 pp.

**Report of the Activities of the Committee on Armed Services, U.S. House of Representatives, 92d Congress, First and Second Sessions, 1971-1972.** H. Rept. 92-1627. December 29, 1972. 91 pp.

**The Decision To Homeport in Greece.** Report of the Subcommittees on Europe and the Near East of the House Committee on Foreign Affairs, with minority and additional views. December 31, 1972. 27 pp.

**Legislative Review Activities of the Committee on Foreign Affairs, 92d Congress.** II. Rept. 92-1628. January 2, 1973. 29 pp.

**Report on Activities During the 92d Congress of the Committee on Merchant Marine and Fisheries.** H. Rept. 92-1629. January 2, 1973. 73 pp.

**Report on the Activity of the Committee on Interstate and Foreign Commerce, House of Representatives, for the 92d Congress.** H. Rept. 92-1634. January 2, 1973. 151 pp.

**The Foreign Assistance Program.** Annual Report to the Congress. Fiscal Year 1971. H. Doc. 92-347. 85 pp.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Aviation

Protocol relating to an amendment to the convention on international civil aviation, as amended (TIAS 1591, 3756, 5170). Done at Rome September 15, 1962.<sup>1</sup>

*Ratification deposited:* Iran, February 19, 1973.

##### Biological Weapons

Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow April 10, 1972.<sup>1</sup>

*Ratification deposited:* Laos, March 22, 1973.

##### Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendixes. Done at Washington March 3, 1973.<sup>1</sup>

*Signature:* Tunisia, March 21, 1973.

##### Cultural Property

Statutes of the International Centre for the Study of the Preservation and Restoration of Cultural Property. Adopted at New Delhi November-December 1956; as amended. Entered into force May 10, 1958; for the United States January 20, 1971. TIAS 7038.

*Accessions deposited:* Iran, December 18, 1972; Denmark, December 27, 1972.

Convention on the means of prohibiting and preventing the illicit import, export and transfer of ownership of cultural property. Adopted at Paris November 14, 1972. Entered into force April 24, 1972.<sup>2</sup>

*Acceptance deposited:* Kuwait, June 22, 1972.

##### Maritime Matters

Amendment to article 28 of the convention on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285). Adopted at Paris September 28, 1965. Entered into force November 3, 1968. TIAS 6490.

*Acceptance deposited:* Cuba, February 9, 1973.

##### Postal Matters

Additional protocol to the constitution of the Universal Postal Union with final protocol signed at Vienna July 10, 1964 (TIAS 5881), general regulations with final protocol and annex, and the universal postal convention with final pro-

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

<sup>2</sup> Not in force for the United States.

TOCOL and detailed regulations. Signed at Tokyo November 14, 1969. Entered into force July 1, 1971, except for article V of the additional protocol which entered into force January 1, 1971. TIAS 7150.

*Ratification deposited:* Burundi, February 5, 1973.

*Accession deposited:* People's Republic of China, February 7, 1973.

Money orders and postal travellers' cheques agreement, with detailed regulations and forms. Signed at Tokyo November 14, 1969. Entered into force July 1, 1971; for the United States December 31, 1971. TIAS 7236.

*Ratification deposited:* Burundi, February 5, 1973.

### Space

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow March 29, 1972. Entered into force September 1, 1972.<sup>2</sup>

*Ratification deposited:* Laos, March 22, 1973.

### Terrorism

Convention to prevent and punish the acts of terrorism taking the form of crimes against persons and related extortion that are of international significance. Done at Washington February 2, 1971.<sup>1</sup>

*Ratification deposited:* Nicaragua, March 8, 1973.

### Tonnage Measurement

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969.<sup>1</sup>

*Acceptance deposited:* Finland, February 6, 1973.

## BILATERAL

### Afghanistan

Agreement extending the technical cooperation program agreement of June 30, 1953, as extended (TIAS 2856, 7485). Effected by exchange of notes at Kabul December 20, 1972, and January 2, 1973. Entered into force January 2, 1973.

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

<sup>2</sup> Not in force for the United States.

### El Salvador

Agreement confirming the cooperative agreement between the Ministerio de Agricultura y Ganaderia of El Salvador and the U.S. Department of Agriculture for the prevention of foot-and-mouth disease and rinderpest in El Salvador. Effected by exchange of notes at San Salvador February 28 and March 2, 1973; entered into force March 2, 1973.

### Indonesia

Agreement for sales of agricultural commodities, relating to the agreement of September 15, 1967 (TIAS 6346). Signed at Jakarta February 14, 1973. Entered into force February 14, 1973.

### Korea

Agreement for cooperation concerning civil uses of atomic energy, as amended (TIAS 3490, 4030, 5957). Signed at Washington February 3, 1956. Entered into force February 3, 1956.

*Terminated:* March 19, 1973, superseded by the agreement of November 24, 1972.

Agreement for cooperation concerning civil uses of atomic energy, with appendix. Signed at Washington November 24, 1972.

*Entered into force:* March 19, 1973.

### Yemen Arab Republic

Agreement relating to the establishment of a Peace Corps program in the Yemen Arab Republic. Effected by exchange of notes at Sana'a September 30, 1972, and January 29, 1973; entered into force January 29, 1973.

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87	3-21	Rush, Fulbright Hays scholars and no dinner.

Not printed

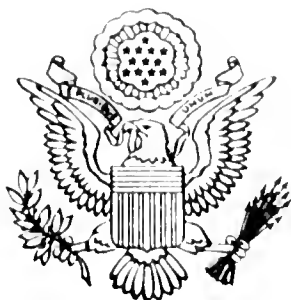
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## America's Engagement in Asia and the World

*Address by William J. Porter  
Under Secretary for Political Affairs<sup>1</sup>*

President Nixon opened his first inaugural address with these words:

Each moment in history is a fleeting time, precious and unique. But some stand out as moments of beginning, in which courses are set that shape decades or centuries.

The past few years have been such a moment. We are leaving the postwar world. Responding to our openings to the People's Republic of China and the Soviet Union, the major Communist nations are abandoning their policy of constant confrontation. New patterns of international relations are emerging.

The emergence of China, the growing strength of Japan, and the collective voice of western Europe are transforming the political and economic scene. We encourage this process. We continue to support the European Community, its enlargement and strengthening. We welcome Japan's climb to the opportunities and responsibilities of a major country. We want good relations with the U.S.S.R. And the President has launched a relationship with China which both accepts and encourages its growing participation in the affairs of the international community.

The complexity and challenge of this more fluid environment have led some to counsel basic changes in our security and economic policies. Two developments have strengthened this view.

<sup>1</sup> Made at Grand Rapids, Mich., on Mar. 21 before a regional foreign policy conference cosponsored by the Department of State and the World Affairs Council of Grand Rapids (as delivered; for the prepared text, see press release 86).

First, we have learned some hard lessons in international economics. Over the past two years our imports grew by 40 percent while our exports increased only 15 percent; for the first time in this century the United States has a trade deficit. And second, as Secretary Rogers recently stated:<sup>2</sup>

After a long and frequently frustrating military struggle, there may be some longing among Americans to withdraw from the burdens and responsibilities of an active role in world affairs. Twice before in this century our initial reaction was to pull back and concentrate on domestic issues.

After World War I, we isolated ourselves from international responsibilities, but we could not isolate ourselves from world depression and world war. After World War II, a man born in Grand Rapids exactly 89 years ago tomorrow, Senator Arthur Vandenburg, saved us from making the same mistake. He was in many ways the legislative father of those basic policies that have served us so well for the past quarter century—in 1945 the founding of the United Nations, in 1947 aid to Greece and Turkey, in 1948 Marshall plan aid, and in 1949 the establishment of NATO.

Once again our involvement in war is coming to an end. And once again a native son of this city is playing a major role in assuring that America remains realistically engaged in the world. Congressman Gerald Ford is a vigorous advocate of the view that, while we must avoid the overextension of the

<sup>2</sup> For a statement by Secretary Rogers made before the Senate Committee on Foreign Relations on Feb. 21, see BULLETIN of Mar. 12, 1973, p. 281.

past, our own self-interest dictates an active American involvement in world affairs. In fact he is such a vigorous advocate, making some 200 speeches a year, that he puts cautious diplomats like me to shame.

### **Economic and National Defense Policies**

I am undoubtedly preaching to the converted when I encourage this audience to support our continuing engagement in the world. Your very presence in a foreign policy conference indicates your opposition to an isolationist course. And while some have claimed the Middle West is a bastion of isolationists, I find quite the opposite to be the case. In the 1960's Michigan tripled its exports, which now exceed even the exports of New York. I understand from Mr. Brush [Richard F. Brush, general chairman of the conference] that some 35 companies right here in Grand Rapids are exporting an increasing portion of their production. Nationally some 31 percent of all our crops and 14 percent of our manufactured goods are exported. We now depend upon imports for 30 percent of our petroleum needs, and this dependence is growing.

Our welfare is inextricably linked with the economic health of the rest of the world. It is for that reason President Nixon has set a dual objective in economic policy this year: both to improve America's competitive position in world markets and to reform the international monetary and trade system.

Within the next few weeks the President will be submitting a request to Congress for the authority to negotiate an improvement in our trading position. For the past quarter century international trade has increased at a more rapid rate than world production, providing an essential stimulus to the most rapid global economic growth in man's history. America has shared in this growth. Our real per capita income has doubled in this period, and we are by far the most productive nation in the world today.

The recent devaluation of the dollar will greatly strengthen our competitive position. So will the lowering of European and Japa-

nese barriers to our trade for which we are pressing. The United States is already competitive in many fields, from computers to agriculture to pharmaceuticals. Those Americans who doubt our ability to export should talk with the Japanese and Europeans, who are concerned that American goods may flood their markets. Freer trade—when reciprocated by other nations and with proper safeguards for adversely affected industries—is clearly in this nation's best interest. I hope you will all support the President's trade legislation.

Just as we must resist pressures to retreat from our outward-looking economic policies, so must we resist efforts to radically alter our national defense policies. It is the security provided by a strong national defense that has given us the confidence and ability to negotiate so successfully.

We all know the costs of maintaining a sufficient defense capability. What some people seem to forget are the greater long-term costs to ourselves and to our allies if we were to become a second-rate power militarily. Since 1969 we have reduced our armed forces by a third—from 3.5 million to 2.3 million men. The defense budget now consumes just 7 percent of our GNP, the lowest share since 1950.

The new Secretary of Defense, Elliot Richardson, has pledged to keep defense expenditures as low as is consistent with our essential needs. To go below this level of sufficiency would have seriously destabilizing effects in many parts of the world. It would prevent us from maintaining the momentum toward a more peaceful and open world so noticeable in recent years.

### **Viet-Nam**

I should like to devote the remainder of my remarks today to the problem of Viet-Nam, which has occupied much of my time during the past eight years.

If all goes well, there will soon be no American combat troops in Viet-Nam for the first time since 1965. All of our known prisoners of war will have been released. By

prisoners of war I mean those in Laos as well as in Viet-Nam, and we expect complete fulfillment of the promises that have been made about their release. These things will mark a day we have long awaited. We shall have reached it not by abandoning our friends but by opening the way to self-determination for all the people of South Viet-Nam.

There have been problems in Viet-Nam during these first 60 days of the peace agreement. We consider most of these problems to be a natural, almost inevitable, residue of decades of bitter conflict.

In general, the situation is stable, military activity has declined, and the relative strengths of the two sides are unchanged. But it is easier to stop shooting than start talking, so solving South Viet-Nam's political problems may take place more slowly than was envisaged in the agreement. Nonetheless, the focus for both sides appears to be shifting to the political from the military.

This is the kind of evolution, if it continues, that we hoped would be a result of the cease-fire agreement and the new framework it provides for testing strengths at the polling place rather than on the battlefield.

This can, of course, happen only if North Viet-Nam observes its undertaking to "strictly and scrupulously" fulfill the peace agreement. President Nixon has made clear our concern at North Vietnamese infiltration of large amounts of equipment into South Viet-Nam. If it continued, this infiltration could lead to serious consequences. The North Vietnamese should not lightly disregard our expressions of concern. But we hope it will not continue. Mutual restraint in the supply of arms by all outside parties, including the Soviet Union and the People's Republic of China, is of course an essential aspect of this situation.

A mechanism to monitor and supervise the cease-fire, the International Commission of Control and Supervision, consisting of Canada, Indonesia, Poland, and Hungary, is in business. Spurred on by an energetic Canadian delegation, the Control Commission has

got itself organized, deployed to the field, and has undertaken some investigations. Since Communist governments mix legal arguments with politics, the Control Commission is still experiencing some difficulties. However, we believe that its performance to date has been creditable and holds the promise of greater impact as experience is gained.

We note also that high-level political consultations have begun in France between the two South Vietnamese parties. This is the forum where complicated internal disagreements will be tackled and, we hope, resolved.

In South Viet-Nam morale has remained strong. President Thieu realizes the importance of the political struggle and is directing more of his government's efforts to this area than ever before. There has been very little of the political and social unraveling that some have expected or hoped for. The Viet Cong, too, are concentrating on the political struggle, which is in line with our aim of changing the nature of the struggle in that unfortunate land.

The United States will continue to support the efforts of the South Vietnamese people to achieve self-determination, as envisaged in the peace agreement and in the Act of the International Conference on Viet-Nam.<sup>3</sup>

### **Laos and Cambodia**

In Laos the cease-fire accords call for the withdrawal of all foreign forces and respect for the sovereignty and neutrality of the Kingdom. They were worked out and signed solely by the Lao parties. The United States respects the accords, and we very much hope that this time North Viet-Nam, and other nations, also will respect them. To achieve peace all outside parties must leave the Lao to settle their own problems. There are still cease-fire violations in Laos, although far fewer than in South Viet-Nam, but the

<sup>3</sup> For text of the Agreement on Ending the War and Restoring Peace in Viet-Nam signed at Paris on Jan. 27, see BULLETIN of Feb. 12, 1973, p. 169; for text of the Act of the International Conference on Viet-Nam signed at Paris on Mar. 2, see BULLETIN of Mar. 26, 1973, p. 345.

parties are slowly working toward the formation of a provisional government to be named by March 23.

Cambodia was the last of the Indochinese states to be drawn into the Indochina conflict. It remains the only one without a cease-fire. At the time of the Viet-Nam cease-fire, President Lon Nol proclaimed a unilateral cessation of hostilities clearly designed to elicit an enemy response. After a few days of relative quiet, the answer was given in an upsurge of enemy attacks which has reached the highest level in over a year and which shows no sign of abating. Further efforts to open a dialogue with the insurgent leadership have received no reply except for threats of continued war. The situation in Cambodia must therefore be described as unsatisfactory at present.

Throughout Indochina we must hasten the transition from the bitterness of war to the healing task of reconciliation and reconstruction. America's long tradition of humanitarian concern by itself calls for our active participation in a program of assistance. We are convinced that such a program will provide all parties a strong incentive to observe the peace. As compared to the heavy expenditure of the war, surely it is worth a small proportion of that amount to insure that it is preserved. Preserving the peace will require a relatively modest outlay.

#### **Accounting for the Missing in Action**

We have one other very important item on our agenda. With the return of our prisoners of war, we are giving the highest priority to the task of accounting for the 1,300 Americans listed as missing in action in Viet-Nam and Laos. This is a most serious responsibility. It is an obligation to those men and to their families who have waited for them through the long years, and we shall fulfill that obligation.

We are making a three-pronged approach to this subject:

—First, as each returning POW comes home, he is being debriefed to learn whatever

information he may have on any Americans, and foreign nationals as well.

—Second, we are proceeding in the Four-Party Joint Military Commission, composed of U.S., South Vietnamese, North Vietnamese, and Viet Cong representatives, to secure an accounting for all our dead and missing. Article 8(b) of the peace agreement contains the most far-reaching language ever obligating the two sides in an armed conflict to help each other to get information about the missing in action and the dead. Secretary Rogers and I raised this subject directly with North Vietnamese leaders in Paris during the International Conference on Viet-Nam.

—And third, we have established in Thailand a Joint Casualty Resolution Center manned by American personnel solely responsible for searching for our personnel missing in action in Indochina. We will move as quickly as possible to secure the most thorough examination and reconciliation of each MIA case.

I can bring you the assurance of this administration that this subject of accounting for our missing in action will have the highest possible priority.

#### **Lessons of Negotiations**

Let me complete this rather lengthy discussion of the situation in Indochina by sharing with you some of my thoughts about what working toward peace means. I think it is important to review the record of how we achieved a negotiated settlement in Viet-Nam and to consider some of the lessons learned along the way.

The negotiations lasted more than four years. During most of that time—through one sterile meeting after another—there was no appreciable progress toward a settlement. Early in the talks Hanoi demanded that we first withdraw all our forces unconditionally and throw out the South Vietnamese Government as preconditions for serious negotiations. These demands were clearly unacceptable. Had we withdrawn our troops, we



would have had no leverage with which to pry out an agreement to release our prisoners; had we overthrown the Saigon government, we would have also sacrificed the principle of genuine self-determination by the South Vietnamese people.

Hanoi refused to alter its position, and the talks dragged on from one year to the next. I can tell you it was not much fun. It was easy to get discouraged, and indeed many at home did. Some critics of our policy urged our government to concede everything. Others advocated our breaking off the talks altogether.

However, the President remained dedicated to the belief that the only satisfactory way to resolve the conflict was by a settlement at the conference table and that eventually Hanoi would agree to undertake the serious negotiations necessary to bring this about. At the same time, the President fully understood North Viet-Nam's strategy of pursuing its goals by coordinated military and political actions—by fighting while talking.

He therefore developed and pursued a policy that would both encourage a negotiated settlement and maintain our commitment to assist the South Vietnamese people in their self-defense. By carefully keeping open the door to negotiations and by making a series of progressively forthcoming peace proposals of our own, we demonstrated our readiness to achieve a just compromise. At the same time, the President pursued the program of Vietnamization; this provided us with an alternative to the stalemated peace talks and simultaneously served as an inducement for the other side to negotiate seriously.

As you will recall, the Vietnamese Communists agreed to forsake the battlefield in favor of the conference table only after their all-out invasion of the South in the spring of last year failed. In retrospect, the President's decision to resist that invasion by mining and bombing in the North was a critically important factor—indeed, perhaps the turning point—in bringing them to the negotiating table in a serious posture. The

President again made clear his resolve when he resumed the bombing in December in response to Hanoi's decision to stall on reaching a final agreement. I am convinced that this action was both necessary and effective in bringing the war to an end.

I think there is an obvious but very important point to be drawn from this experience: Seemingly insurmountable obstacles to a just peace can in fact be overcome by the patient pursuit of policies which combine reasonableness and resolve, flexibility of approach and firmness of purpose. These were the guidelines that enabled us to reach our goal in Viet-Nam. They should not be forgotten as we continue to move away from confrontation into an era of reconciliation both in Indochina and throughout the world.

### **Policy Objectives in Asia**

In concluding, let me turn briefly to the larger problems of Asia. Why are we there, and what are our objectives in the years ahead?

Some Americans still view Asia as an area of less vital concern than Europe. There are, however, certain realities which no one can question:

—Half the world's people live in Asia.

—Our trade with Asia now equals 85 percent of our trade with western Europe and is growing more rapidly.

—Three times in a single generation we have been drawn into war in Asia.

—Four of the world's major powers, the United States, Japan, China, and the Soviet Union, come together only in the Pacific.

We must and we will retain an active American presence in Asia. Our power there is an encouragement to our friends and is not provocative to our adversaries. We will be guided in our approach to Asia's still-uncertain future by two major policy objectives:

—First, to enable our allies to assume the primary responsibility for their own security; and

—Second, to persuade all Asian nations that by not interfering in their neighbor's

affairs a new era of peace and prosperity is possible.

In 1972 we made extraordinary progress on both these fronts. The Nixon doctrine of shared responsibilities and shared burdens is clearly succeeding. From South Viet-Nam to South Korea, our allies' growing military strength enables them to assume the major responsibility for their own defense. America's supporting role is rapidly becoming less onerous. Since 1969 we have reduced the number of our armed forces in Asia by 70 percent. In addition to the complete withdrawal of our forces from Viet-Nam, we have reduced our military presence by 70,000 men in Korea, Japan, the Philippines, and elsewhere.

However, as we review this record of progress, we must not lose sight of the substantial problems ahead. Asia is still far from achieving the delicate transition from turmoil to stability.

The goal that we have set for ourselves is the establishment of the kind of peaceful world that the Secretary of State has described as one in which:<sup>4</sup>

. . . dialogue and negotiation have replaced confrontation and conflict.

. . . people can move freely and easily across national borders.

. . . the sovereignty and independence of all countries is the first principle of international relations.

. . . force is relied on less and less as an instrument of national policy.

The Secretary of State also noted that now "for the first time since the war such a world has become a practical possibility."

Senator Vandenburg once told the Senate that Theodore Roosevelt was right to say that the United States had no choice but to play a great part in the world and that the choice was whether to play it well or badly. He went on to say that no matter how much we might crave the easier path of lesser re-

sponsibility, we were denied that privilege. We had to play our part in the world in sheer defense of our own interests.

My thesis today has been that in bringing about a still-imperfect peace in Southeast Asia, in working toward the sort of world we want, we have played our part well. With your help, ladies and gentlemen, we shall keep on striving to do so.

## Strategic Arms Limitation Talks Resume at Geneva

*The U.S.-U.S.S.R. Strategic Arms Limitation Talks (SALT) resumed at Geneva on March 12. Following is a statement by Ambassador U. Alexis Johnson, chief of the U.S. delegation, made upon arrival at Geneva on March 10, together with a White House announcement issued March 7 listing the U.S. delegation.*

### AMBASSADOR JOHNSON'S ARRIVAL STATEMENT, MARCH 10

When SALT began in 1969, President Nixon wrote Ambassador Smith of his hope that he was beginning a "sustained effort" to limit strategic forces.<sup>1</sup> That hope has been realized. The SALT negotiations have continued for almost 3½ years and have borne important results. In assuming the leadership of the U.S. delegation I am profoundly aware of the immense responsibility I have inherited to pursue this "sustained effort" for a safer world.

In accordance with the joint Moscow communique of May 29, 1972, our present task is to continue active negotiations for the limitation of strategic offensive arms.<sup>2</sup> Agreement on more complete measures in this field

<sup>1</sup> For text of a message from President Nixon read by Ambassador Gerard C. Smith at the opening session of the talks at Helsinki on Nov. 17, 1969, see BULLETIN of Dec. 15, 1969, p. 543.

<sup>2</sup> For text of the communique, see BULLETIN of June 26, 1972, p. 899.

<sup>4</sup> For an address by Secretary Rogers made before the Commonwealth Club at San Francisco, Calif., on July 18, 1972, see BULLETIN of Aug. 14, 1972, p. 185.

would be a logical next step in the overall task of further reducing the possibility of war and of enhancing the security and well-being of all nations and peoples. As in the past, we intend to pursue this objective in a serious and purposeful manner.

The last session of the talks in November and December was a useful beginning to this second phase of SALT. However, a great deal of work remains to be done, and we are grateful to the Government of Switzerland for continuing to provide this setting in which it can be carried out.

## U.S. DELEGATION

White House press release dated March 7

The President on March 7 announced the members of the U.S. delegation to the Strategic Arms Limitation Talks, which resume in Geneva on March 12. They are:

**AMBASSADOR U. ALEXIS JOHNSON**, U.S. Representative and chief of the U.S. delegation. Ambassador Johnson served as Under Secretary of State for Political Affairs for four years and is the only Foreign Service officer on active duty who holds the rank of Career Ambassador, the highest rank in the U.S. Foreign Service.

**PAUL H. NITZE**, former Assistant Secretary of Defense for International Security Affairs, Secretary of the Navy, and Deputy Secretary of Defense, has served on the SALT delegation since the beginning of the negotiations.

**DR. HAROLD BROWN**, former Secretary of the Air Force and presently president of the California Institute of Technology, has also been on the SALT delegation since the beginning of negotiations.

**LT. GEN. EDWARD L. ROWNY**, a career (Army) officer, has most recently served in NATO as Deputy Chairman of the Military Committee and as Chairman of the Working Group on Mutual and Balanced Force Reductions.

**BORIS H. KLOSSON** is a career Foreign Service officer who served as Deputy Chief of Mission at the American Embassy in Moscow from 1969 to 1972.

**SIDNEY N. GRAYBEAL** is presently Deputy Assistant Director, Science and Technology Bureau, Arms Control and Disarmament Agency. He previously served as Alternate Executive Officer of the delegation.

**JOHN C. AUSLAND** will be Executive Secretary of the delegation. He is a career Foreign Service

officer who has until recently been Deputy Chief of Mission at the American Embassy in Oslo.

The U.S. delegation to the SALT One talks included Ambassador Gerard C. Smith, Director of the Arms Control and Disarmament Agency; Mr. Nitze; Dr. Brown; Lt. Gen. Royal B. Allison, USAF; and Ambassador Graham Parsons.

## Preparations for Establishment of U.S. Liaison Office in Peking

*Following is a statement read to news correspondents on March 28 by Charles W. Bray III, Director, Office of Press Relations.*

I would like to note for you that a six-man advance party, to be led by Alfred leS. Jenkins, will be leaving Washington for the People's Republic of China on Saturday [March 31] to arrange for the establishment of a U.S. Liaison Office in Peking. The party will spend several days in consultation with the American consulate general in Hong Kong. We anticipate that it will be entering the People's Republic from Hong Kong on Thursday, April 5.

In addition to Mr. Jenkins, the advance party includes Robert R. Blackburn, Jr., who will be the administrative officer for the liaison office; Charles W. Freeman, Jr., country officer for People's Republic of China affairs, who will serve as adviser-interpreter for the advance party; Thomas J. McCay, Jr., a communications engineer; John R. Ellis, a regional administrative specialist; and Mr. Ray E. Jones, a secretary-typist.

As you know, we anticipate that the Liaison Office will be opening in May.

The advance party will be primarily concerned with arranging for office space and housing for the Liaison Office and its staff; for supervising the installation of furnishings and equipment; for setting up communications facilities; and for other matters of an essentially administrative and preparatory nature.

## Internationalization of the Capital Markets

*Address by William J. Casey  
Under Secretary for Economic Affairs<sup>1</sup>*

About a year ago I discussed this subject at a conference in Milan which was billed as the first international meeting of stock exchanges. Today I plan to assess again the opportunities and problems arising from a continuing and growing internationalization of not only securities markets but also of investor choice, of preferences in capital-raising mechanisms, and of activities of brokers and bankers of diverse shape and variety. I want to emphasize at the outset that I firmly intend to refrain from comment and speculation on short-term capital movements and from any intrusion into the monetary domain, which belongs to the Treasury and to the floaters and fixed exchange raters, the monetarists and fiscalists, the interveners and the laissez-faire-ites, the crawling peggers and snake fanciers, who are so prominent in this distinguished audience.

A few short weeks after its second devaluation within 14 months, the dollar was hit by a further crisis of confidence. I want to say at the outset that I share President Nixon's conviction that today's dollar is at a sound value. Certainly our \$6 billion trade deficit and our \$10 billion payments deficit are matters of grave concern. Of even greater concern are the 70 to 80 billion expatriated dollars held abroad resulting from a two-front war, one in Viet-Nam and the other against poverty and other social ills at home.

But I believe much of the dollar's problem comes from a failure to properly assess the solid assets which lie below the surface. The world has translated the highly visible loss of the U.S. position in consumer electronics, sporting goods, and autos into a declining general technology. An objective analysis would discover that the United States is still dominant in computers, photography, pharmaceuticals, medical technology, aerospace, nuclear power, homebuilding, heavy industrial machinery, offshore drilling, utility operations, and so on.

We do bring in \$7 billion of investment, royalty, and managerial income while putting a lot of our foreign earnings back into overseas business, and we do have about \$90 billion in book value of American direct investment overseas, which is worth a lot more; American transportation companies earned more than \$3 billion outside the United States last year; over 100 American banking institutions carry on business in nearly 600 branch offices overseas; some 250 brokerage offices with over 2,000 salesmen are operating abroad.

Let's take a broad look at how we might be able to correct our \$10 billion payments deficit. We could almost wipe it out by keeping our tourists, our military forces, and our aid home. But we can't afford to withdraw from the world. We could do it by improving our trade balance from a \$6 billion deficit position to one of \$4 billion surplus. To do that without reducing imports, we'd have to export almost 25 percent more than our present \$43 billion of exports. Our trading

<sup>1</sup> Made at Harriman, N.Y., on Mar. 10 before a conference on "Toward a New World Monetary System" sponsored by the Committee for Monetary Research and Education (press release 68 dated Mar. 12).

partners are appalled at this suggestion. But they forget that in the past two years our imports grew 40 percent while our exports grew only 15 percent. We need only reverse that record to get back into balance. Liberalization in trade and investment restrictions abroad and a more export-minded business community with a devalued currency and improved service and marketing facilities abroad could lift our exports by 25 percent over a few years.

Take a look at our agriculture. Through a technological miracle, 5 percent of our work force is able to feed all of us and many people abroad as well. With all the idle cropland we have brought into production and liberalization of agricultural trade policies, we believe a gain of \$10 billion a year in farm exports and an improvement of over \$7 billion in our balance of agricultural trade is attainable. This would give us a saving of \$4 billion a year in taxes with further savings at grocery and butcher shops here and abroad as we exported more feed and livestock and imported dairy products.

None of this will happen quickly. Some of it may not happen at all. We only have to make half of it to balance our payments. A third of it would balance our trade.

### **Capital Markets and Balance of Payments**

What I want to talk to you about today is what we can do in the world capital markets to contribute to the balancing of our international accounts. Trade need no longer be the only source of major gains in our balance of payments. U.S. investments abroad have become so large, and their potential both for retaining earnings to expand equity and for leveraging through foreign borrowing is now so great, that the portion of earnings returned home can, alongside the payments received for licenses and royalties on American technology, be our major positive item for some years ahead. And in addition, there is undoubted attraction of the American securities markets for a substantial share of the funds that investors abroad wish to invest for safety and growth. On top of that, there

are substantial attractions to induce the growth of foreign direct investments in the United States.

When we look at our investment assets and income we find the most promising element in our balance of payments. We have a \$6 billion trade deficit and a \$7 billion net inflow in dividends, interests, royalties, et cetera, from our investments abroad. As a country which faces increasing needs for resources of energy and raw materials from abroad, we will have to invest abroad and increase the inflow of investment earnings to justify that investment.

To balance off that investment we will have to attract investments from abroad. We will have to make securities an export. We will have to maintain and strengthen our ability to raise capital throughout the world as well as at home. Today, by and large, we have trade deficits with most of the rich countries of the developed world and a favorable balance of trade only with the poor nations of the developing world. The poor nations will raise their living standards significantly and become better markets for our goods only as they develop indigenous capital markets. Thus it is clear that we have a large stake in the creation of better capital markets and in a better interrelationship of capital markets around the world. Fortunately, financial know-how is one of our great assets and the securities markets of the world are becoming increasingly internationalized. Competition will be severe as the London financial community with all its skill and resources moves into the continental economy of the European Community and the Japanese financial community with all its drive and resources goes global. In our own country the regulation of and the relationships between the institutions which make up our financial community derive from historical experience, much of which may no longer suit the aggressive, competitive world in which we live. Yet we have enormous assets, not the least of which is the high standard of disclosure, disinterest, and fair dealing which other nations are only now seeking to develop.

Remember that New York, until 1962, was the only really large capital market for governments and international corporations and other institutions. In July of that year President Kennedy, concerned by increasing outflows of long-term capital (from \$850 million in 1960 to an annual rate of nearly twice that in 1963), introduced the interest equalization tax. This was followed by other foreign credit and capital-export restraints.

The net effect has been to encourage investment in the securities of countries other than the United States, to develop financial centers outside the United States that feed on U.S. securities, to deflect business from U.S. securities houses to foreign houses, and to generally distort capital flows. The speed with which the Eurodollar and Eurobond markets developed and the magnitude of capital in these markets are at least largely attributable to U.S. measures. The fact that this market has to a very large extent been centered in London is easily explained, first by the fact that the traditional skills of London's merchant banking houses, supplemented by a number of American investment banks which established themselves in London, were available to take advantage quickly of the new opportunities. Active capital markets developed in Europe due to:

1. The capital provided from the growth and maturity of European economies;
2. Increased political and economic stability overseas;
3. The need to finance locally because of restrictions in the United States;
4. The growing pool of dollars outside of the United States resulting from the negative balance of payments; and
5. The development of U.S. investment banking techniques in Europe caused by the need for U.S.-based international companies to finance overseas.

The Eurodollar market, and the Eurobond market, in short, have flourished in large part because U.S. controls protected them from New York competition. The removal of these controls is likely to lead to a substantial shift of activity back to New York, both

because of more plentiful funds and greater institutional efficiency and because many customers will also find it more convenient to borrow there. As borrowing shifts back to New York, interest rates on deposits in London will also decline relative to New York, and deposits will flow back to New York as well.

This is not to say that the Eurodollar market, or the Eurobond market, will disappear once controls are lifted. Considerable efficiency has been developed, and some customers will still find it convenient to continue to borrow and deposit abroad. But it seems highly likely that a major shift will occur, given the cost advantage that persists.

Today we have the need and the opportunity to develop a stronger American role in world capital markets.

We have become a service economy, with only 30 percent of our workers producing the goods that are the stuff of trade. We will have to increasingly pay for the energy and the raw materials we need from the world by intelligent use of our technology, our capital, and our managerial and financial skills. This need to rely increasingly on capital and invisible exports comes at a time when we face increasing competition in this arena from Japan and Europe. But we still have the best skills, the greatest experience, and the marketplace with the greatest depth and liquidity. With the announcement that controls on the export of capital are to be phased out, it is vital for our talented financial community to unleash itself. There will be an outflow of capital, but this should be offset by a greater repatriation of earnings from foreign operations as it becomes easier to bring new capital abroad as needed and as our financial community with its home base no longer sealed off from the world increases its ability to raise money for other countries. The Japanese are opening their capital markets, and they have a huge supply of dollars to invest abroad. European markets will continue to build domestic capital, and the pool of Eurodollars is unlikely to flow back to the United States at a rapid pace. Improved reporting requirements overseas have led to

greater investor interest and higher valuation of securities. Finally, demand for capital in other markets will continue because the recent currency disruptions and the possibility of permanent or periodic floating exchange rates will encourage multinational and foreign companies to borrow in the economies where they generate cash.

Coordination of the worldwide capital markets is critical to the longrun prosperity of domestic economies. Trade balance can be achieved, but financial imbalances will persist as long as speculators can isolate currencies and capital markets. While a move such as floating exchange rates may prevent this temporarily, in the long run it must be accompanied by providing borrowers and investors with access to all capital markets. This in turn will require establishment of common standards of disclosure and coordination of the "rules of the road" in the various capital markets.

#### **Developments in Raising Capital Abroad**

Let's look at some recent developments involving U.S. companies raising capital in foreign markets. Following the recent relaxation of exchange controls and the adoption of the revised Japanese securities laws, General Telephone and Electronics Corporation in October 1972, pursuant to dual registration under the Securities Act of 1933 and the Japanese securities laws, made a direct underwritten offering of 750,000 shares of common stock into the Japanese market. The offering was underwritten on a firm basis by a group of Japanese underwriters. This represented the first public equity offering by an American issuer in Japan. Continental Telephone Corporation followed in February of this year in a direct placement on a best-efforts underwriting basis to institutional investors in Japan. The offering was registered under the Securities Act of 1933 but was not required to be registered under Japanese law because of Japan's private placement exemption.

Two investment companies domiciled in the United States and registered under the

Investment Company Act of 1940 are commencing offerings in Japan. Both offerings are registered under the Securities Act of 1933 and under the recently enacted "Foreign Investment Trust Securities" ordinance of Japan, a separate law relating to mutual funds. Both offerings utilize Japanese broker-dealers and/or foreign affiliates of American broker-dealers. The interesting feature in these two offerings is that they were required by Japanese law to use a prospectus which differed in some respects with the comparable U.S. prospectus. Recognizing this variance, the Securities and Exchange Commission (SEC) promptly took steps to facilitate the flow of capital by adopting a rule which provides, generally speaking, that a Japanese prospectus is deemed to comply with the information requirements of section 10(a) of the Securities Act of 1933.

Two other registration statements declared effective under the Securities Act of 1933 in January of this year involve what may be the forerunner of things to come. These statements covered 2 million and 1.5 million shares of common stock of Canteen Corporation and Avis, Inc., respectively, on a firm underwriting commitment basis for multiple simultaneous offerings in the United States, Bahamas, Belgium, Bermuda, France, Germany, the Netherlands, and the United Kingdom. The Canteen offering in addition included Italy and Sweden. The foreign portions of the offering were underwritten by foreign organizations and/or foreign affiliates of American investment bankers.

The SEC has made other efforts to accommodate both domestic and foreign issuers, including: the policy decision not to assume jurisdiction in bona fide foreign placements by U.S. issuers; the insistence that registered investment companies offering securities abroad not discriminate against foreign investors in the nature and scope of information and protections provided; the use of prospectuses by registered investment companies for foreign offerings which conform to the customs, usages, and laws of the domicile of the foreign company; the policy of not requiring compliance by foreign broker-

dealers under our laws in connection with bona fide foreign placements of American issuers; the case-by-case reasonable compromise of our disclosure standards under the Securities Act of 1933 for public offerings of foreign issuers; the adoption of special forms requiring less stringent disclosures for foreign issuers who want to list securities on our national exchanges; the exemptions granted to foreign issuers from provisions of our rules relating to proxy solicitations, insider trading, and periodic reporting; and the broad exemptions granted for issuers of non-listed securities trading in this country from registration requirements of the Securities Exchange Act of 1934. These exemptions are conditioned on the extent of disclosure of information required by the domicile of such issuers.

### **Regulation and Reciprocity**

The financial creativity we can generate can bring significant amounts of foreign savings into our equity markets. Variable life insurance, now likely to come on the market within a year, will give people abroad a combination of family protection and participation in the American securities markets. Legislative proposals developed by a task force made up from SEC, Treasury, State, and the Federal Reserve would make it possible to offer overseas investors the protection of our securities laws with the tax advantage of offshore funds.

A trade mission of the U.S. Chamber of Commerce recently returned from Europe with the conviction that European investors are turned off by what they consider obstacles to investment in U.S. portfolio stocks. Examples cited include estate taxes on non-residents, a range of state and local taxes on securities trading, and regulation Q. They urged a comprehensive examination of the "statutory and regulatory maze affecting foreign investment in U.S. securities."

Families in Japan and several European countries save a larger slice of their income than we do. Japanese securities firms run workers' asset-formation programs or sav-

ings plans which have created millions of shareholders and have made Japanese shareholders very close to as high a percentage of their population as we have developed over a much longer period of time. New money coming into our capital markets is accounted for by pension plans. President Nixon's proposal to provide tax deductions for amounts saved by individuals for their personal pensions can give an enormous lift to our rate of capital formation and our ability to take the leadership in the developing global securities market.

There are important questions of regulation and reciprocity to resolve. Should we give foreign brokers membership on or access to our exchanges? Should we condition this on our broker getting access to foreign markets, and do we have the legal power to require this?

Are we trading a watermelon for a grape if we admit Swiss banks to the New York Exchange in exchange for admitting Merrill Lynch to Zurich? Is it fair to permit German banks to carry on a securities business in the United States which would be illegal for American banks? Will the ability of foreign brokers and banks to perform brokerage functions in the United States for European investors undercut the ability of over 200 American brokerage offices abroad to market U.S. securities abroad?

What are the problems of regulating and enforcing our standards against foreign banks which perform brokerage services as well as underwrite and invest in companies?

These are very sticky questions, and a comprehensive review of policy considerations and the authority to deal with them is needed. I hope we will soon get some recommendations from the committees on international investment which the New York Stock Exchange and the Securities Industry Association have established.

### **Accounting and Disclosure Standards**

An international capital market calls for some degree of commonality in accounting standards between nations if investor under-



standing is to be developed. The formidable task of achieving some acceptable level of accounting uniformity on an international basis is being undertaken on several fronts. There is an International Accounting Study Group consisting of Canadian, United Kingdom, and United States independent public accountants. The European Community has several bodies engaged in developing international standards for member nations. There have been an increasing number of international conferences on international accounting and financial reporting. A number of accounting firms from various nations are joining together for the purpose of developing internationally acceptable standards of practice. Government agencies from various countries have met with the SEC to compare capital market controls, to discuss reciprocity for foreign accountants practicing in their respective countries, and to initiate the development of mutually acceptable standards and practices.

The SEC has accepted the financial statements of foreign registrations as long as they meet its requirements through supplemental disclosure, rather than requiring adjustment of financial statements. It has accepted the certification of foreign auditors where expertise in generally accepted U.S. accounting principles was displayed and where there were no problems in meeting our standards of independence.

A developing system of comparable laws and accounting standards has made possible the beginning of a truly international market as evidenced by the emergence of mixed underwriting syndicates involving North American, European, South American, and Asian investment bankers. This has made possible larger issues of securities for simultaneous placement in international markets. We are seeing the dual listing of securities in international markets and the increased interchange of participations of financial institutions of one nation in the institutions of others.

For the full development of a truly international securities market, we need work

toward the establishment of uniform international standards of minimum disclosure. This will entail increased endeavors on the part of all nations to cooperate and to accommodate their national requirements to this common objective. The continuing efforts of the European Community in attempting to establish uniform regulations and directives in the areas of stock exchange listing, the issuance of new securities, and the periodic reporting of financial and other business information to investors show the way. The Community's efforts to establish a "European Company" is an important step. Similar efforts are going on within the Organization for Economic Cooperation and Development to develop international harmonization of standards for investor protection for the member nations. The OECD presently has under consideration a model "Standard Rule for the Operations of Institutions for Collective Investment" (mutual funds) and is working on listing standards.

We need work to remove investment restrictions, which can be just as damaging to our national economic interests as trade restrictions. With our capital-export restrictions going off and with Japanese and Middle East money on the prowl around the world with large accumulations of dollars, I would hope that Europe would no longer feel the need to conserve its capital by restricting capital exports. Japan, by limiting capital imports, has forced U.S. firms to license technology which might have been exploited to greater advantage packaged with an investment. Investment restrictions have impaired our trade with Japan by limiting our marketing and servicing facilities in that country.

The emergence of international capital and trading markets necessitates the recognition of international public interest and the need for international investor protection. The challenge is now before us, and only through multinational cooperative efforts will we be able to effectively meet it by generating the level of capital formation and capital mobility needed to maintain economic progress in our own country and around the world.

## Major Trading Nations Agree on New Monetary Measures

*Following are press communiques issued at Paris March 9 and 16 at the conclusion of meetings of the Finance Ministers and Central Bank Governors of major trading nations.*

### COMMUNIQUE ISSUED MARCH 9

Unofficial text

1. The Ministers and Central Bank Governors of the ten countries participating in the General Arrangements to Borrow<sup>1</sup> met in Paris on 9th March, 1973, under the Chairmanship of Mr. Valéry Giscard d'Estaing, the Minister of the Economy and of Finance of France. Mr. P.-P. Schweitzer, Managing Director of the International Monetary Fund, took part in the meeting, which was also attended by Mr. Nello Celio, head of the Federal Department of Finance of the Swiss Confederation, Mr. E. Stopper, President of the Swiss National Bank, Mr. Francois-Xavier Ortoli, President of the Commission of the European Economic Community, Mr. E. van Lennep, Secretary-General of the Organization of Economic Co-operation and Development and Mr. René Larre, General Manager of the Bank for International Settlements.

Mr. Ali Wardhana, President of the Committee of Twenty of the International Monetary Fund, was specially invited to participate in this meeting.

2. They examined the international monetary situation in the light of the present crisis and had a broad exchange of views both on the origins of the crisis and on ways of dealing with it in a spirit of co-operation.

3. They agreed that the crisis was due to speculative movements of funds. They also agreed that the existing relationships between parities and central rates, following the recent re-alignment, correspond, in their view, to the economic requirements and that these relationships will make an effective monetary contribution to a better balance of international payments. In these circumstances they unanimously expressed their determination to ensure jointly an orderly exchange rate system.

4. The Ministers and Governors are agreed that,

<sup>1</sup> The Group of Ten comprises six of the member countries of the European Economic Community (Belgium, France, Germany, Italy, the Netherlands and the United Kingdom), as well as four other countries (Canada, Japan, Sweden and the United States). The other three member countries of the E.E.C., Denmark, Ireland and Luxembourg, also participated in this meeting. [Footnote in original.]

for this purpose, a set of measures needs to be drawn up.

5. The formulation of these measures requires a technical study which they have instructed their Deputies to undertake forthwith.

6. The Ministers and Governors have decided to meet again on Friday, 16th March, to draw joint conclusions on the basis of this study and take the decisions which are called for, so as to make it possible for the E.E.C. countries and Sweden to re-open their exchange markets on Monday, 19th March.

7. Finally, the Ministers and Governors considered that the recent disturbances underline the urgent need for an effective reform of the international monetary system. They decided to take the necessary steps to accelerate the work of the Committee of Twenty of the International Monetary Fund.

### COMMUNIQUE ISSUED MARCH 16

Unofficial text

1. The Ministers and Central Bank Governors of the ten countries participating in the General Arrangements to Borrow and the member countries of the European Economic Community met in Paris on 16th March, 1973 under the Chairmanship of Mr. Valéry Giscard d'Estaing, Minister of the Economy and of Finance of France. Mr. P.-P. Schweitzer, Managing Director of the International Monetary Fund, took part in the meeting, which was also attended by Mr. Nello Celio, head of the Federal Department of Finance of the Swiss Confederation, Mr. E. Stopper, President of the Swiss National Bank, Mr. W. Haferkamp, Vice-President of the Commission of the European Economic Community, Mr. E. van Lennep, Secretary General of the Organisation for Economic Co-operation and Development, Mr. René Larre, General Manager of the Bank for International Settlements, and Mr. Jeremy Morse, Chairman of the Deputies of the Committee of Twenty of the I.M.F.

2. The Ministers and Governors heard a report by the Chairman of their Deputies, Mr. Rinaldo Ossola, on the results of the technical study which the Deputies have carried out in accordance with the instructions given to them.

3. The Ministers and Governors took note of the decisions of the members of the E.E.C. announced on Monday. Six members of the E.E.C. and certain other European countries, including Sweden, will maintain 2¼ per cent margins between their currencies. The currencies of certain countries, such as Italy, the United Kingdom, Ireland, Japan and Canada remain, for the time being, floating. However, Italy, the United Kingdom and Ireland have expressed the intention of associating themselves as soon as possible with the decision to maintain E.E.C. exchange rates within margins of 2¼ per

cent and meanwhile of remaining in consultation with their E.E.C. partners.

4. The Ministers and Governors reiterated their determination to ensure jointly an orderly exchange rate system. To this end, they agreed on the basis for an operational approach towards the exchange markets in the near future and on certain further studies to be completed as a matter of urgency.

5. They agreed in principle that official intervention in exchange markets may be useful at appropriate times to facilitate the maintenance of orderly conditions, keeping in mind also the desirability of encouraging reflows of speculative movements of funds. Each nation stated that it will be prepared to intervene at its initiative in its own market, when necessary and desirable, acting in a flexible manner in the light of market conditions and in close consultation with the authorities of the nation whose currency may be bought or sold. The countries which have decided to maintain 2¼ per cent margins between their currencies have made known their intention of concerting among themselves the application of these provisions. Such intervention will be financed, when necessary, through use of mutual credit facilities. To ensure fully adequate resources for such operations, it is envisaged that some of the existing "swap" facilities will be enlarged.

6. Some countries have announced additional measures to restrain capital inflows. The United States authorities emphasized that the phasing out of their controls on longer-term capital outflows by the end of 1974 was intended to coincide with strong improvement in the U.S. balance-of-payments position. Any steps taken during the interim period toward the elimination of these controls would take due account of exchange market conditions and the balance-of-payments trends. The U.S. authorities are also reviewing actions that may be appropriate to remove inhibitions on the inflow of capital into the United States. Countries in a strong payments position will review the possibility of removing or relaxing any restrictions on capital outflows, particularly long-term.

7. Ministers and Governors noted the importance of dampening speculative capital movements. They stated their intention to seek more complete understanding of the sources and nature of the large capital flows which have recently taken place. With respect to Euro-currency markets, they agreed that

methods of reducing the volatility of these markets will be studied intensively, taking into account the implications for the longer run operation of the international monetary system. These studies will address themselves, among other factors, to limitations on placement of official reserves in that market by member nations of the IMF and to the possible need for reserve requirements comparable to those in national banking markets. With respect to the former, the Ministers and Governors confirmed that their authorities would be prepared to take the lead by implementing certain undertakings that their own placements would be gradually and prudently withdrawn. The United States will review possible action to encourage a flow of Euro-currency funds to the United States as market conditions permit.

8. In the context of discussions of monetary reform, the Ministers and Governors agreed that proposals for funding or consolidation of official currency balances deserved thorough and urgent attention. This matter is already on the agenda of the Committee of Twenty of the IMF.

9. Ministers and Governors reaffirmed their attachment to the basic principles which have governed international economic relations since the last war—the greatest possible freedom for international trade and investment and the avoidance of competitive changes of exchange rates. They stated their determination to continue to use the existing organisations of international economic co-operation to maintain these principles for the benefit of all their members.

10. Ministers and Governors expressed their unanimous conviction that international monetary stability rests, in the last analysis, on the success of national efforts to contain inflation. They are resolved to pursue fully appropriate policies to this end.

11. Ministers and Governors are confident that, taken together, these moves will launch an internationally responsible programme for dealing with the speculative pressures that have recently emerged and for maintaining orderly international monetary arrangements, while the work of reform of the international monetary system is pressed ahead. They reiterated their concern that this work be expedited and brought to an early conclusion in the framework of the Committee of Twenty of the IMF.

## The Realities of United States-Africa Relations

*Address by David D. Newsom  
Assistant Secretary for African Affairs<sup>1</sup>*

The Commonwealth is probably the world's largest and most significant undefined organization. Similarly the relationship between the United States and the Commonwealth is undefined and, in some ways, special.

As a member of the first staff of the American Embassy in Karachi in 1947, I was in at the beginning of the new Commonwealth. I have followed its fascinating history since then. I, together with many of my fellow countrymen, have admired the unique contribution that the Commonwealth and the ties between members of the Commonwealth have made to the history of this last quarter century.

Today I wish to speak to you about the relationship of the United States to Africa. It is most appropriate that I do so in this Commonwealth atmosphere since this relationship involves not only key African members of the Commonwealth but also a whole series of questions posed for Africa by the association of the United Kingdom with the Common Market.

The U.S. relationship to Africa is both old and new. It has been both romantic and realistic. It has been both positive and negative.

Central to our relationship to Africa is the ethnic tie, the enforced migration to America of slaves, largely from the west African areas of Nigeria, Dahomey, Togo, and Ghana.

One of the most neglected realities of

American history is the fact that our nation started out as a multiracial society. Nearly one-fifth of the persons living in America before the American Revolution were of African descent. The census of 1790, virtually the first national act required of the Federal Government by the new Constitution, counted 3,929,000 persons, of whom 757,000 were black, including some 60,000 freemen and 697,000 slaves.

The enormous waves of immigrants from Europe in the 19th century and the early 20th century tended to diminish the proportion of all of the original groups in the total population, but persons of African descent still form about 11 percent of our population. In their search for their roots in Africa, and for their identity as Afro-Americans, and in their contribution to our own and world culture lie much of the dynamism of my country's link with Africa.

The existence of our own civil rights problems means, also, that the complex issues of southern Africa are seen, whether rightly or wrongly, as mirrors or extensions of our own racial difficulties. There is consequently among both blacks and whites a special attention to these problems. There exists, not unnaturally, the same divergence of opinion toward these problems that one finds toward our own domestic issues.

The black community's interest in Africa goes back to the early 19th century when freed slaves, with the help of white contributions, formed the American Colonization Society to found settlements in west Africa

<sup>1</sup> Made before the Royal Commonwealth Society at London on Mar. 14.

which eventually became the Republic of Liberia. Still today, the nation of Liberia, while not tied to the United States in any political way, remains a special symbol of our links with Africa.

The 19th century saw the romantic period. Americans followed with fascination and admiration the adventures of European missionaries and explorers making their way into "the dark continent." Henry M. Stanley's exploits brought the African scene closer to home. The first U.S. missionary activities in black Africa began in the early 1800's in Liberia and Sierra Leone.

American trade with Africa began in the very early days of our Republic as clipper ships from Massachusetts rounded the Cape of Good Hope seeking spices and timber in east Africa and beyond. We signed a treaty with Zanzibar and Muscat in 1832.

#### **African Expectations of the United States**

As political movements began in Africa in the 20th century, their leaders found special interest in the history of the American colonies—if you will forgive me—in their struggle for freedom. The writings of Paine, Jefferson, and others struck responsive chords. Some of the dissimilarities were overlooked and the similarities seized upon.

Many of the political leaders in independent Africa were educated in the United States—Nkrumah of Ghana, Banda of Malawi, and Azikiwe of Nigeria.

The result of these ties was that African nations entered their independence with great expectations of the United States.

With knowledge of the Marshall plan still fresh in the minds of many African leaders, there was expectation that the United States would provide massive assistance to Africa.

With an awareness of the writings of the early Americans and of Lincoln, there was the expectation that we would take the lead in supporting the struggle for independence in Africa. Strong sentiments on existing independence movements were expressed frequently in the United States, giving further support to this expectation.

A knowledge of the power and wealth of the United States fed expectation of a degree of influence that could, if it wished, change the internal policies of African governments and right the wrongs of colonialism and apartheid.

Each of these positive expectations had, in a sense, a reverse side.

The fact that Africans identified with America's support for independence fed concern among expatriates and former colonial powers that we were out to replace them.

Natural rivalries of commercial competition served further to feed these anxieties about our intention.

The image of the wealth of the United States held by some Africans served to create apprehensions regarding the exercise of that wealth. The United States became feared—and envied.

The impressions of U.S. influence, sparked by such books as "The Invisible Government," gave rise to fears and allegations of U.S. political manipulation. The CIA became an ogre and a symbol.

#### **Bases of U.S. Policies Toward Africa**

The last few years have been spent getting the United States and its relationship with Africa in focus. Particularly has this been true during the past four years, when, in the words of President Nixon, we have sought a relationship of candor:<sup>2</sup>

Africa's friends must find a new tone of candor in their essential dialogue with the Continent. All too often over the past decade the United States and others have been guilty of telling proud young nations, in misguided condescension, only what we thought they wanted to hear. But I know from many talks with Africans, including two trips to the Continent in 1957 and 1967, that Africa's new leaders are pragmatic and practical as well as proud, realistic as well as idealistic. It will be a test of diplomacy for all concerned to face squarely common problems and differences of view. The United States will do all it can to establish this new dialogue.

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<sup>2</sup>The complete text of President Nixon's foreign policy report to the Congress on Feb. 18, 1970, appears in the BULLETIN of Mar. 9, 1970; the section entitled "Africa" begins on p. 305.

Our policies toward Africa rest, to start with, on a clear definition of U.S. interests in Africa.

First, there is the historic and ethnic interest in Africa. While in many ways the black groups in America still concentrate almost totally on domestic issues and have not yet developed a visibly effective constituency for Africa, the interest is there. No American policy toward Africa can ignore this deep and growing interest in a meaningful relationship to the continent by so large a group of our citizens.

Secondly, and closely tied to the first, is the keen interest in the humanity of Africa on the part of blacks and many whites. Whether it be a problem of famine or war or a problem of human rights, the American policymaker is continually made conscious of the strong empathy which exists toward Africa.

More traditional diplomatic and economic interests also exist. As a major power, we desire effective diplomatic access to the governments of Africa, representing as they do almost one-third of the members of the United Nations. In full recognition of the sensitive nationalism of the newly independent nations, we desire fair opportunities for trade and investment.

The United States does not desire—even if it had the capabilities and resources to do so—to replace the former colonial powers in trade and economic relations with the African nations. We appreciate and wish to be responsive to the desire of the African nations to diversify their economic relations. We continue to believe, however, that the traditional ties of language, education, and business that link these nations with the metropole nations in Europe are important to both partners, and to the extent each desires to retain them, they should be encouraged.

The question frequently is raised, particularly on this side of the Atlantic, of the U.S. military interest in Africa. We count this a lesser interest. We have two remaining military communications stations in Africa

which we shall presumably need until technology makes them unnecessary. We recognize the importance to Europe of the cape route; we do not, however, give this interest priority over other more direct concerns in Africa.

#### **Response to African Interests and Concerns**

The pursuit of the interests of any nation in Africa requires, also, an understanding of African interests and concerns. No policies are going to be effective which fail to take these into account and to seek in some measure to be responsive.

From my own frequent travels in Africa and my own discussions with African leaders, I would define African interests as three: nationbuilding and true sovereignty, survival and development, and a resolution of the inequities of southern Africa.

American policies seek meaningful responses to each of these African concerns.

There is the strongest desire among Africans to build the nations inherited from the colonial era, with boundaries fixed by that era, and with institutions compatible with the customs and traditions of the peoples. We recognize that there have been and will be changes in the institutions left behind by the colonial powers. We accept that there will be variety in forms of government and philosophies and that we can deal with nations, regardless of their institutions, on a basis of mutual respect and common interest.

We recognize that Africans do not wish to be pawns in a great-power conflict. We accept their relations with all nations. We ask only that they be true to their nonalignment in the balanced treatment and understanding they give to all. We do not accept that there can be a double standard according to which the United States can be condemned for certain actions while other nations are not. Neither do we accept that African nations can turn blind eyes to human disaster within their own continent while seeking the condemnation of others.

In an African Continent understandably sensitive on the issue of sovereignty, we

Americans have had a special myth to overcome: the myth of manipulation. I hope that this is dead. I hope that we have been able to convince the African governments that we are not involved in any way in seeking to determine how they are governed or by whom.

African leaders understandably are preoccupied with critical economic problems. Many search for the resources needed for development. Others, less fortunate, search for the resources needed for survival. Sixteen of the poorest countries of the world are in Africa.

I will not deny that the response to Africa's economic needs has presented us with some very difficult problems. As I pointed out, African expectations of what we might provide were high. We have not come up to those expectations.

#### **Assistance, Investment, and Trade**

As Americans, however, coming late into the scene in Africa, we feel that we have made a substantial and meaningful contribution to African development. Bilateral assistance, both that given directly in country programs and that provided on a regional basis, has been maintained at approximately the same level through the past 10 years: about \$350 million per year. If one adds another \$200 million provided annually through international institutions such as the United Nations Development Program and the World Bank, the U.S. contribution represents about 20 percent of all aid going to Africa.

In attempting to assert their independence from the developed countries, which are the major suppliers of traditional aid, the African countries are seeking increased control over investment and assured market conditions for their primary commodities. As a major supplier of foreign investment and consumer of primary products, the United States has an important interest in these matters as well. With each side looking at these matters from its own perspective, however, there is not always an identity of perceived national interests.

The United States strongly believes that private foreign investment, as a carrier of technology, of trade opportunities, and of capital itself, and as a mobilizer of domestic resources, in turn becomes a major factor in promoting economic development. Another factor is the increasing need of the United States for energy sources and other primary resources, an important share of which will come from Africa.

Yet the terms on which private capital will accept investment risk in African countries at times conflict with the strong desire of the African nations for a greater share in both the equity and management of investment projects.

Terms such as "Africanization" and "nationalization" frighten some investors. They are considered to be political necessities in many parts of Africa. Fortunately, the result, so far in Africa, has been in most cases a sincere effort to find, through negotiations, ways to meet the needs and respected rights of both parties. I detect in American business a greater recognition of the desire of a number of African states for participation in investment. I detect in many African countries a greater recognition of the important and beneficial role played by the private foreign investor. I hope both trends continue.

African countries such as Ghana and the Ivory Coast, with a heavy dependence upon single agricultural commodities, have pressed for international commodity agreements, particularly in coffee and cocoa. They have received strong support from Latin America.

The United States played a leading role in negotiating the first International Coffee Agreement in 1962 and has played a leading role in supporting that agreement. For most of its period, the agreement operated in the interests of both producers and consumers, since it was designed to meet the particular circumstances which obtained at that time. On cocoa, we were active participants in the long series of negotiations which led to conclusion of an agreement last fall. We did not sign it, however, because we believe it is seriously flawed and may not achieve its purpose of stabilizing cocoa prices and earnings.

With regard to commodity trade in general, we see a growing need for attacks on the underlying problems and for new approaches which are not trade restrictive, but trade creating in nature. We will, however, continue to consider proposals for traditional commodity agreements on a case-by-case basis.

Next year will be the year of a renegotiation of the Yaounde Convention linking the European Community to Africa. Already consultations have started on how the Anglophone countries will fit into the older arrangements. Both trade and aid are involved. The United States recognizes the importance of the Yaounde Convention to the African signatories. At the same time, we strongly oppose the system of special and reverse tariff preferences which forms a part of the present agreements. In this we are not alone. Canada and Japan oppose these reverse preferences, and we note that African countries increasingly are questioning their desirability.

While our trade with Africa does not compare with more traditional suppliers and markets, we strongly believe that Africa will benefit if it is open to all on a nondiscriminatory basis. This, too, is a critical and difficult element in our response to Africa's economic needs.

### **U.S. Approach to Southern African Issues**

This leaves our response to the third African preoccupation—the complex issues of southern Africa. These issues pose very special problems for the Commonwealth, as they do for us.

The American attitude toward this area is clear. It was defined in President Nixon's foreign policy report of 1972 in these words:<sup>3</sup>

As I have repeatedly made clear, I share the conviction that the United States cannot be indifferent to racial policies which violate our national ideals and constitute a direct affront to Amer-

<sup>3</sup> The complete text of President Nixon's foreign policy report to the Congress on Feb. 9, 1972, appears in the BULLETIN of Mar. 13, 1972: the section entitled "Africa" begins on p. 363.

ican citizens. As a nation, we cherish and have worked arduously toward the goal of equality of opportunity for all Americans. It is incumbent on us to support and encourage these concepts abroad, and to do what we can to forestall violence across international frontiers.

In our approach to the issues of southern Africa, we proceed on several premises. First, in this day and age, the influence of any nation, however powerful, in the internal affairs of another is severely limited. The idea that the United States by any action—including the use of economic and military force, if that were realistic—could bring about fundamental changes in another society is without foundation. We certainly cannot do it in southern Africa. If change comes, it must come primarily from within.

Secondly, the United States cannot pursue policies which simply accept the situation in southern Africa as it is, or contribute to its perpetuation, nor those which endorse violence as a means to change. Consequently, we conscientiously pursue an arms embargo policy toward all sides in both South Africa and the Portuguese territories. We exercise restraint in our commercial and government-financing activities in both.

Thirdly, we believe that if we are to contribute meaningfully to change in the area, it is not through the pressure of isolation but through keeping open the doors of communication with all elements of the population, particularly in South Africa. If peaceful change is to come, in our view, it will come through a general recognition of the unacceptability of present policies in those areas brought about by continuing contact with the world outside.

Certain special problems arise.

One commonly held idea in the United States is that official insistence on the withdrawal of our private investment in South Africa would bring effective pressure for change. We do not think so. Our investment represents only 16 percent of the total foreign investment in South Africa. It is closely interlinked with South African interests. It is doubtful that it could be repatriated, even if we decreed it. It is not only our view, but



also that of many black South Africans, that it is far better to encourage those firms which are there to lead the way to upgrading the work and social conditions of the non-white labor force. This we do.

Rhodesia, as you all well know, represents a special case. Except for the symbolically significant but economically insignificant breach of Rhodesian sanctions by the action of our Congress, we fully support the economic sanctions against Rhodesia and believe they are having an effect. We are deeply conscious of the grave problem the Rhodesian situation presents for our British friends. We hope that your patience will yet find a way of getting black and white in Rhodesia together for a workable solution.

The United Nations is another special situation. The problems of southern Africa are discussed frequently at the United Nations, and action is sought increasingly that exceeds the ability of the organization to implement.

While sympathetic with the objectives of many of the resolutions, the United States does not find that it can support what it considers unworkable resolutions, sometimes based on unfair judgments. Such resolutions also frequently raise questions of precedents and budget which further prevent our support. By the simple vote, we sometimes appear to be anti-African when the issues are far more complex.

The United States does welcome and sup-

port those efforts which emerge within the United Nations to bring about discussions between the parties directly concerned with these problems.

Such an effort is that undertaken by Secretary General Waldheim on Namibia. An effort was implied in the vote in December in the Security Council on the Portuguese territories, but has yet to come to fruition. In our view, whatever the fate of the liberation approach, talks must ultimately come between those involved in the problem. However frail may be the chances, we hope ways can be found to start.

To the nations of the Commonwealth, as to the United States, the African Continent has a special significance. In that continent are the last hard-core problems of achieving self-determination, problems which have both built and divided the Commonwealth. In that continent lie continuing problems of human dignity and human rights, of such great concern to all our peoples.

I should like to assure you today that the United States recognizes these problems and the need for their solution. The United States is neither "neglecting" Africa nor giving it a "low priority." Out of the conflicting pressures for policies and resources upon and within a major nation, the United States seeks to respect Africa's independence, to be responsive to Africa's needs, and to stand ready realistically to be helpful in furthering trends of change.

## German-American Economic and Commercial Relations in the Atlantic Community

*Address by Martin J. Hillenbrand  
Ambassador to the Federal Republic of Germany<sup>1</sup>*

I take particular pleasure in addressing you this evening since this meeting seems to me to be a most appropriate forum in which to thank our host, the Steuben-Schurz Gesellschaft, for its generous donation to the American school of a language laboratory. I have of course been long familiar with this organization, and I welcome the opportunity of expressing my appreciation of this latest example of the society's role in cultivating the special relationship which has existed between our two countries over the last 25 years.

Throughout this period a broad sharing of objectives between the Federal Republic and the United States, with our close cooperation in their pursuit, has been a key factor in some landmark achievements in Atlantic relations: the recovery of western Europe from wartime destruction, the maintenance of its security through a strong alliance, and the promotion of its prosperity and political strength through European integration and the growth of freer international trade and investment.

Today this Atlantic relationship is faced with a new challenge in the form of a number of economic imbalances, the adjustment of which has become imperative. In this process of adjustment we will need to draw on the elements of strength and stability in U.S.-European relations, including the broad area of understanding between our two coun-

tries. We need initiative on the part of our major friends and allies in Europe in rectifying, rather than merely living with, persisting and unsustainable imbalances.

The words "friends," "partners," and "allies" are not heard enough during these days when the public media try to enliven their stories from the drab world of economics with images of rivalry and competition, trade "wars," and "attacks" on the dollar. I find these images of rivals, winners, and losers to be both inaccurate and unfortunate. They tend to obscure not only the common nature of our problems but also the interdependence of our fate in dealing with them. Whatever the problems of the moment may be, we cannot lose sight of the fact that the major objectives of Europe and America—security and prosperity in particular—are most likely to be ones that we will both attain, or fall short of, together. Nations on both sides of the imbalances of today's international economy have, in fact, a single problem. The balance of payments surplus country, for example, has an urgent adjustment problem that it shares with deficit countries. And failure to deal with this problem threatens domestic policy objectives of the surplus country just as it does in the case of the deficit country.

If we can look for a moment beyond the problem of the recent speculative crisis, I would like to discuss somewhat longer range tasks that need to be faced on the way to a more stable international economic system. These are: artificial barriers and inflexibili-

<sup>1</sup> Made before the Steuben-Schurz Gesellschaft at Dusseldorf on Mar. 8.

ties which impede the adjustment process; the U.S.-European Community relationship; and reform of the international monetary system.

### **Slow Response to New Price Relationships**

Recent monetary adjustments, combined with U.S. success in holding down inflation, have brought about a sharp change in price relationships between Europe and America—a change which is painfully apparent to Americans living in Europe. Yet investment and trade flows have not yet responded strongly to these changed relationships, in part because the process of change is encumbered by many artificial barriers and inflexibilities.

In investment matters the barriers to change seem to be as much a matter of attitude and inertia as anything else. European firms have stuck to the course of producing in Europe for export to America. They have clung to this pattern even in the face of rapidly rising costs in Europe. Now, after dollar devaluation, we find some European firms struggling still harder to maintain the old pattern, even at the expense of taking much lower profit margins on export sales than sales at home. In the past week we have again seen some major German exporters raising their dollar prices by little more than their deutsche mark (DM) prices, absorbing much of the devaluation in their margin of profit.

At some point European businessmen may realize that such price decisions, as reasonable as they may have looked in isolation at the time, may represent a missed opportunity. I would hope that many European producers will take a longer term look at their cost situation and consider seriously whether the most profitable way to sell to America is not now to produce in America. My government encourages such investment.

Dollars to buy plant, labor, and raw materials in the United States would now cost the German investor considerably less than they would have two years ago. Also, the rate of price increases in the United States has for some time been lower than in Europe, including the Federal Republic. We antici-

pate that this year the rate of price increases in the United States will again be several percentage points below that in Europe. One would expect that the response of investment flows to this trend could be one of the most significant results of currency realignment in 1971 and 1973.

Trade imbalances are another area where adjustments cannot be achieved on the exchange rate side alone if inertia and direct barriers neutralize the effect of price changes—as they do for some of the key farm exports of the United States. The United States continues to have a serious trade deficit, including a very large bilateral deficit with the Federal Republic. According to F.R.G. statistics, the United States in 1971 had a trade deficit with the Federal Republic of Germany of approximately DM 700 million; in 1972 this trade deficit widened to approximately DM 3 billion. As I'm sure you are aware, promotion of American exports now has a very high priority among the tasks performed by our six consulates general in Germany, as well as being the function of our trade center in Frankfurt. Our experience with this trade promotion program has made evident the difficulty with which a comparative economic advantage is translated into dollars and cents. Although substantial lags must be expected in realizing shifts in trade flows from currency realignments, an increase in U.S. exports to Germany may well become apparent by the end of this year.

### **Tasks Before the U.S. and the Community**

To an increasing degree, the economic relationship between the Federal Republic and the United States has been overshadowed by the relationship between the United States and the European Community. This broader relationship, in which the Federal Republic plays a key part, will have a strong effect on the bilateral relationship.

Monetary and trade negotiations scheduled for this year are expected to result in fundamental changes in the environment in which the Community and the United States interact. The objectives and political importance of these negotiations have been well recognized on both sides of the Atlantic.

In the communique following the enlarged Community summit meeting in October of last year, the European leaders stated that:

... the Community is determined, in order to ensure the harmonious development of world trade:

—To contribute, while respecting what has been achieved by the Community, to a progressive liberalisation of international trade by measures based on reciprocity and relating to both tariffs and nontariff barriers;

—To maintain a constructive dialogue with the United States, Japan, Canada and its other industrialized trade partners in a forthcoming spirit, using the most appropriate methods.

In this context the Community attaches major importance to the multilateral negotiations in the context of G.A.T.T. [General Agreement on Tariffs and Trade] in which it will participate in accordance with its earlier statement.

President Nixon responded to this summit declaration on October 27, as follows: <sup>2</sup>

... I particularly welcome the Community's declared intent to maintain a constructive, forthcoming dialogue with us and its commitment to a progressive liberalization of tariff and nontariff barriers to trade on a comprehensive basis during the major multilateral negotiations to begin next year.

On behalf of the United States, I wish to reaffirm our commitment to work with the members of the European Community for reform of the international economic system in a way which will bring about a new freedom of world trade, new equity in international economic conduct, and effective solutions to the problems of the developing world.

These are the objectives with which the United States will approach forthcoming negotiations on monetary and trade reform. We will be prepared to take bold action with our European partners for a more equitable and open world economic order. . . .

From this exchange, it is clear that the negotiations we are now engaged in on trade and monetary reform have a dual purpose. They have the classic one of increasing prosperity through the more efficient exchange of goods and services that takes place under conditions of liberal trade. This has been a major objective of the successive rounds of trade negotiations since the thirties which have reduced the tariffs between the United

States and Europe by 75 percent. But there is a political objective as well: that of drawing the Western world more closely together in a stable and equitable structure of economic activity which would help, rather than hinder, the world's movement toward order and security. As the President put it in his address to the last annual meeting of the International Monetary Fund and World Bank: <sup>3</sup>

We must make certain that international commerce becomes a source of stability and harmony, rather than a cause of friction and animosity.

The urgent task now before the United States and the Community is to translate this broadly recognized commonality of our interests and this agreement on the political importance of these economic negotiations into the concrete achievements in cooperation that the relationship needs to endure and grow.

We, like the European Community, are now developing our concepts of how these broad objectives can best be achieved in the forthcoming trade and monetary negotiations. We will be seeking the closest possible contact and exchange of views with the Community throughout this process. Though preparations are not complete, the broad outlines of the negotiating tasks before us seem to be clear:

We must work toward creation of a system which will promote domestic growth and price stability as well as freer trade and investment flows. A system not meeting this requirement simply has no chance of adoption by any government, including those of the Federal Republic and of the United States. This system should include codes of economic conduct on such issues as government procurement and the trade effects of product and industry standards. Such basic rules as "no competitive devaluation" and "most-favored-nation treatment" have served us well, but they now need to be reaffirmed and supplemented in the light of existing conditions.

<sup>2</sup> BULLETIN of Nov. 20, 1972, p. 608.

<sup>3</sup> BULLETIN of Oct. 23, 1972, p. 457.

## U.S. Proposals for Monetary Reform

As you know, Secretary of the Treasury Shultz is meeting with his European, Canadian, Japanese, and Indonesian counterparts in Paris tomorrow to discuss the international monetary situation, and I think in the circumstances it is better not to discuss the issues involved in this area this evening. It might nevertheless be useful to review the main points in the proposals the United States has previously made public for the reform of the international monetary system. These proposals were spelled out in detail in a supplement to the Annual Report of the Council of Economic Advisers in January 1973.

The main thrust of our proposals is that monetary reform should be directed toward improving the international adjustment process so that large imbalances are prevented from developing. Although this process must be strengthened, considerable flexibility can be left to national governments in their choice of adjustment instruments.

The U.S. proposals would not require a government to take some predetermined action—such as a change in its exchange rate—as soon as the reserve figures passed a certain point and regardless of other circumstances. Instead, the United States proposes the establishment of a number of reference points above and below some agreed figure that would be considered a particular nation's normal level of reserves. Governments would be expected to act, in their own way and in accordance with their own timing, to correct international imbalances long before the "outer point" above this level or the "low point" below it was reached.

International sanctions would be available to pressure a reluctant government into taking effective adjustment action, but they would be used only in the extreme and unlikely event that a government would refuse to act first on its own. Furthermore, the international community, acting through the International Monetary Fund, could vote to override the signal given by the change in reserves whenever it felt that other factors

should be taken into account or whenever it felt that the government concerned was taking effective action to correct the situation.

Small adjustments in exchange rates—devaluations for countries with balance of payments deficits, upward revaluations for countries in surplus—would be one way governments could act to keep their international payments within reasonable balance. But they would be free to choose other appropriate methods of adjustment; that is, methods "consistent with market mechanisms and a liberal world trade and payments order."

The U.S. proposals are based on the premise that the new international monetary system, if it is to operate effectively, must include some means of assuring that imbalances in international payments will be adjusted. Under the old system, countries with balance of payments deficits would always come under pressure to adjust sooner or later, when their reserves ran out. The U.S. proposals are designed to put similar pressure on surplus countries to revalue or take other adjustment action and to encourage both deficit and surplus countries to act sooner, before the imbalances become a serious threat to the stability of the system.

### Multilateral Negotiations on Trade Barriers

To a large extent, the monetary disorders of the last few years reflect more basic disequilibria in world trade. Exchange rate changes will reduce these imbalances. Multilateral trade negotiations, scheduled to begin this fall in the GATT, are also essential to deal with more direct barriers to trade which can, in some areas, vitiate the effect of realignment.

The United States, the European Community, and Japan have agreed that these negotiations are to be ones based on reciprocal concessions and mutual advantage. But the result should be one that makes the trading system more responsive to price relationships and natural comparative advantage. The United States and other deficit countries cannot be expected to right their payments bal-

ances when faced with direct barriers to important exports. The problem is clear: The U.S. trade position must be improved. If we cannot accomplish that objective together in a framework of freer and fairer trade, there will be pressure in the United States to retreat inward. We must avoid that, for it risks international recrimination, isolation, and autarky. The trade negotiations will offer us unequalled opportunities to make the inevitable process of change a fruitful, mutually beneficial one. For example, we are anticipating negotiations in which we could find it possible to make very substantial cuts in tariffs among industrial countries. Perhaps we should look forward to the elimination, over the long term, of tariffs on trade and industrial products among developed countries.

But industrial tariffs are only part of the story. The negotiators this fall will have broader and more complicated tasks to perform than the Kennedy Round or previous trade liberalizations. For the first time the negotiators will be dealing with a wide spectrum of nontariff barriers to trade, which in some instances have become greater impediments to the free flow of goods and services than customs duties.

One example of nontariff barriers that will be dealt with is quotas protecting specific economic sectors. Another is design or performance standards, which are often discriminatory against foreign goods. Restrictive government procurement practices can also effectively block foreign competition. Subsidies to exports, too, act as nontariff trade barriers by distorting the flow of international trade.

Negotiating reductions in this sector will not be easy. Nontariff barriers usually arise from the need to protect economic areas considered particularly sensitive for domestic political, social, or national security reasons. The distinction between a protective barrier and legitimate domestic social policy is not always clear, but it will be an important one. Where these barriers have a purpose that is primarily a protective one, negotiations should aim at a rollback or elimination of such restrictions. This would appear to ap-

ply, for example, to preferences—formal and informal—for domestic suppliers under government procurement contracts. Where restriction is an incidental effect of regulations serving a legitimate domestic social or political purpose, the approach would logically be one of harmonization. This may be the best approach on standards and on environmental protection. There may also have to be a third, less formal, approach in the form of prescribing some general rules and consultative requirements for certain particularly complex nontariff barriers.

Negotiators in the GATT this fall will also have the task of formulating a safeguard system to protect sensitive industries in the participating countries from rapid shifts in trade patterns. Members in recent years have been faced with the problem of abnormally rapid increases in imports of specific products. In such situations these countries have often acted unilaterally to impose quotas or, with the prospect of such action in the offing, to negotiate voluntary restraint agreements with exporting countries. Both the United States and European Community countries have adopted such measures. We think that the problem could be dealt with more fairly, and with less political heat, if we agreed to multilateral standards for such action. We will be putting forward specific proposals to this effect.

### **Obstacles to Free Agricultural Trade**

Another component of the trade negotiations, a key one from the U.S. point of view, will be in agriculture. Agriculture is not only an area that has been largely excluded from previous rounds of trade liberalization; it is also a whole area of trade that has been exempted, by formal waivers as well as by refined evasion, from the rules of fair trade practices applied to other international trade. The present situation may be an acceptable one for countries like the Federal Republic which earn only 2-3 percent of their export income from agricultural products. It is, however, a cause of great concern to the United States, which has over recent years earned almost 20 percent of its export income

from agricultural trade. For us some liberalization of agricultural trade is an essential part of the negotiating outcome.

To us this means that one's credentials as a proponent for trade liberalization are not judged by his position on tariffs alone. A German who argues for zero tariffs, while at the same time citing world trade in agriculture as a hopeless exception to trade liberalization efforts, is probably viewed by many in my country as a protectionist. I have no doubt that my hypothetical German would be incredulous when confronted by this view from my hypothetical American. But let me try to explain how the European Community's treatment of one important American agricultural export—feed grains—looks from an American perspective.

As a result of history, geography, climate, and applied U.S. technology, the United States is the world's largest and most efficient producer of feed grains. This is one of our strongest present and future areas of competitive advantage in international trade.

We are a secure and reliable supplier of the highest quality feed grains. This year we have planted about 18 million additional acres in grain to make sure we can fill international demand, including any extraordinary demand from the U.S.S.R., as we did last year. Moreover, we still have 25 million additional acres that have been withdrawn from production but could be replanted if markets were open to us on a competitive basis. There are not many export product areas where such a substantial supply response is possible in a short time. When we see our structural and unreducible need for raw materials imports growing—by over \$1 billion annually just for petroleum—this becomes very important. In terms of economic reality, the United States cannot be expected to concentrate its exports exclusively on industrial products. A major area of our competitive advantage is elsewhere.

In light of this natural comparative advantage, it is difficult to explain to American grain farmers—who have been strong supporters of liberal U.S. trading policies—that the Community considers agriculture a special case where the normal rules do not

apply; that variable levies on grain, as high as 70–80 percent, are not considered as a possible subject of trade liberalization negotiations; that the European Community, where production costs for grain are so much higher than the U.S. level, is working toward self-sufficiency in grain production.

The problem of opening trade opportunities in the Community for imported grain need not be considered an intractable one, and it does not require giving up the present structure of the common agricultural policy. Simply by allowing a small shift in the feed-grain-livestock price ratio, the European Community would encourage more grain feeding. Such a development may be something that the Community should encourage in its own interest regardless of trade negotiations. Here we should remember that to most European farmers feedgrain prices are a cost rather than an income item. In short, present European Community pricing and trade restrictions on feed grains preclude a good deal of natural common interest between American feedgrain farmers and European livestock producers and deny the European consumers more abundant quality meat at lower prices.

#### Other Issues in U.S.-Community Relations

The broad areas I have mentioned—industrial tariffs, agriculture, safeguards, and non-tariff barriers—make up the major items on the agenda of the multilateral trade negotiations. There remain some longstanding issues of particular relevance to U.S.-European Community relations. Some of these issues, however, could be partially resolved by successful trade liberalization negotiations. For example, if we can agree on a deep cut in tariffs, then the special preferences accorded by the European Community to some Mediterranean countries—thereby discriminating against U.S. exports—would be less damaging. Similarly, deep tariff cuts would remove some of the sting from the trade agreements concluded between the European Community and members of the European Free Trade Area—which also discriminate against U.S. exports.

The persistent problem of reverse preferences may also be ripe for resolution. This system of trade-distorting and economically expensive preferences, accorded by developing countries to their imports from some developed countries, could be replaced by a multilateral system of generalized preferences for the exports of less developed countries. This step would be commensurate with the enlarged Community's global, as opposed to regional, responsibility toward developing countries.

Other items should be cleared from the table before multilateral negotiations begin, such as the issues arising from the enlargement of the European Community. I hope that in these so-called compensation negotiations with the United States and other third countries the Community will recognize that enlargement has indeed created some specific trade problems for the United States which do require attention and adjustment.

The monetary and trade negotiations of 1973 should make a significant contribution to keeping U.S.-European relations on their long-term course of cooperation in addressing the problem of the international economy. Many issues will remain for the future, however. The dynamic relationship we have across the Atlantic, by its very nature, continually creates new challenges. For this reason the United States has welcomed the European Community's offer, in which the Federal Republic played a significant part, of a constructive, continuing dialogue with the United States. We will follow with great interest European thinking on how such a dialogue can best be carried out.

At the same time, a U.S.-European Community dialogue should not supplant the invaluable exchange of views on Atlantic issues that has characterized U.S.-Federal Republic contacts throughout the postwar period. In returning to the Federal Republic last year after several previous assignments here, I was impressed once again with the great capacity for cutting through misunderstanding and solving problems that resides in the frank and open dialogue between representa-

tives of the Federal Republic and of the United States.

I hope that my plain talk on some economic issues tonight has added in some way to this important dialogue between our two countries.

## THE CONGRESS

### Department Discusses U.S. Policy Toward Cuba

*Following is a statement by Robert A. Hurwitch, Deputy Assistant Secretary for Inter-American Affairs, made before the Subcommittee on Western Hemisphere Affairs of the Senate Committee on Foreign Relations on March 26.<sup>1</sup>*

I am very pleased to have this opportunity to meet with you today to discuss the policy of the United States toward Cuba. I am well aware of the interest in this policy and of speculation that it might be changed. In this opening statement I propose to describe the present policy and the reasons behind it.

As it has been since the early 1960's, U.S. policy toward Cuba is based on Organization of American States resolutions urging the diplomatic and economic isolation of Cuba as long as Cuba remains a threat to the peace and security of the hemisphere. In our view this threat results from Cuba's support of subversion in other countries of Latin America and its close military ties to the Soviet Union. We are also mindful of Cuba's hostile attitude toward us. Since the early 1960's, Cuba has unremittently vilified this

<sup>1</sup> The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.



country, its policies, and its Presidents. It has publicly consigned the Organization of American States to the "garbage heap." Only last week at the United Nations Security Council meeting in Panama, the Cuban Foreign Minister continued Cuba's scurrilous attack upon us and the Organization of American States.

Nor has Cuba abandoned its goals of subverting other governments in the hemisphere. It has simply become more cautious, more selective, and more sophisticated in its "export of revolution" and has directed its resources to those areas where it estimates the opportunity for interference greatest. While failures have forced the Cuban leaders to be less dogmatic in their insistence on the Cuban model as the only way to mount a revolution, they still openly advocate armed revolt in propitious situations. These long-held views of Fidel Castro and his closest associates are not likely to be lightly discarded even though Cuban deeds may not always succeed in matching the belligerence of the rhetoric. To accomplish its objective, Cuba's apparatus for support to subversion is functioning and remains a unique phenomenon in Latin America—which should give pause to any nation prepared to believe that Cuba is now just another state among many. In short, we are convinced that, regrettably, the time has not yet arrived when the hemisphere can safely regard Cuba as no longer a threat to its peace and security or when we can take Cuba's leaders at less than their word.

With respect to Cuba's close military ties to the Soviet Union—ties that are tighter than ever—what we especially mean is Cuba's demonstrated willingness to lend its territory for Soviet military purposes. We obviously do not question Cuba's right to maintain an army, or to equip it, or to receive training. Every nation has such a right. What concerns us is Cuba's disposition to cooperate in the strategic goals of an extrahemispheric superpower. This was illustrated by the emplacement of offensive missiles in

October 1962 and more recently by Cuba's cooperation in 1970 in the Soviet effort to establish a nuclear submarine facility at Cienfuegos which, had it succeeded, could have caused a major disturbance in the hemisphere. Any disturbance, even a slight one, of the balance of military power with the Soviet Union must remain of concern to us even as our efforts to develop peaceful contacts with that country continue.

The bases for continuing an "arm's-length" relationship with Cuba—which I would stress are Cuba's external activities and not its internal political, economic, and social arrangements—would seem therefore to be clear. What, then, would be the advantages to the United States of a closer relationship? Despite Cuba's consistent and flat rejection of the idea of any normalization of relations with the United States, some argue that: (1) to be consistent we should seek the same kind of pragmatic accommodation with Havana that we have sought with Peking and Moscow; (2) Latin American support for the Organization of American States resolutions is weakening; (3) we would realize economic gain from a normalization of relations; and (4) the Soviet presence in Cuba can only be reduced if Cuban suspicion of the United States is allayed by conciliatory steps on our part.

In my view, there is no inconsistency between our Cuba policy and President Nixon's widely applauded overtures toward Peking and Moscow. Both are adapted to the situations we find; both are pragmatic. Apart from the obvious differences in size and importance of the countries involved and the fact that U.S. policy toward Cuba forms part of a multilateral OAS policy, there is the crucial difference that in the Chinese and Soviet cases we had previous indications of interest in a new relationship with the United States. We have received no such signal from Cuba. I think we have demonstrated our pragmatism with respect to Cuba: Where there is no overriding U.S. interest, there are no grounds for seeking accommodation with

an openly hostile nation; on matters of mutual interest, however, we have demonstrated that we can deal with each other. The Cuban refugee airlift negotiated through the Swiss in 1965 is one example. The new hijacking agreement is another, and we hope it will effectively deter aircraft hijackings to Cuba, which were contrary to the interests of both countries.

We recognize that over the years some nations have decided that the maintenance of the economic and diplomatic sanctions against Cuba were no longer warranted. We have regretted these unilateral decisions because the sanctions represent a collective policy and a binding obligation on us and the other member states to be lifted only when two-thirds of the members determine that Cuba is no longer a danger to the peace and security of the hemisphere. By our count it is clear that two-thirds do not think so.

Very little, if any, economic benefit would accrue to the United States from normalization of relations with Cuba. Cuba is heavily mortgaged economically to the Soviet Union for many years to come, and there is no foreseeable way it can produce the foreign exchange to again become an important purchaser in the U.S. market. Its annual trade deficit, which was running at about \$80 million in 1959, is now about \$500 million, despite the fact that prices for its principal export commodities, sugar and nickel, are at peak levels. From Cuba's standpoint, access to the U.S. market would be important. To offer Cuba a significant share of our sugar market would entail an equal reduction in the quotas of friendly sugar-producing countries in the hemisphere that over the past decade have come to depend upon our purchases. Nor do we have real need for the few other Cuban export products available.

Finally, I think that the notion is illusory that we can in time break or at least loosen the Cuban-Soviet link by offering Cuba some palatable alternative to dependence on the Soviet Union. Cuba has, particularly in the past four to five years and without any serious reservations apparent to us, locked itself

increasingly into a dependent relationship with the Soviet Union in every sense—economic, political, military, and cultural. Undoubtedly the U.S.S.R. would welcome U.S. participation in sharing the \$500-million-a-year burden that Cuba represents, but it is highly doubtful that the Soviets would lightly see their first foothold in the hemisphere slip. Conciliatory gestures to Cuba would convince Fidel Castro that his course has been correct all along and that his international behavior had been vindicated. Cuba-oriented dissident elements in the hemisphere would similarly be encouraged, and we might well be faced with a recrudescence of subversion abroad without having made any dent at all in the Cuban-Soviet relationship.

In sum, therefore, we see little if anything to be gained and considerable disadvantage in a change in policy toward Cuba under present circumstances. In our view, Cuba has through its own policies and actions outlawed itself from the hemisphere. Should Cuba demonstrate that it has abandoned those policies and actions, we would of course reexamine our posture in consultation with the other members of the Organization of American States and move in concert with them to adapt to the new situation.

## **Load Line Convention Amendments Transmitted to the Senate**

*Message From President Nixon*<sup>1</sup>

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to acceptance of the Amendments to the International Convention on Load Lines, 1966, adopted at London on October 12, 1971, I transmit herewith a certified copy of those amendments. I transmit also the report of the Department of State

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<sup>1</sup> Transmitted on Mar. 22 (White House press release); also printed as S. Ex. D., 93d Cong., 1st sess., which includes the texts of the amendments and the report of the Department of State.

with respect to the amendments recommending early acceptance of the amendments by the United States.

The 1966 Load Lines Convention established new uniform rules concerning the limits to which ships on international voyages may be loaded. Its purpose was to bring international load line regulations into accord with modern developments and techniques in ship construction. The purpose of the new amendments is to correct errors and ambiguities in the 1966 Convention on Load Lines which have become apparent since 1966.

The new Amendments should make the 1966 Convention more effective in bringing improvements in safety of ships as well as in the economics of shipping. I recommend that the Senate give the Amendments early and favorable consideration.

RICHARD NIXON.

THE WHITE HOUSE, *March 22, 1973.*

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Atomic Energy

Agreement amending the agreement of January 5, 1968 (TIAS 6435), 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 (TIAS 3490), as amended, for cooperation concerning civil uses of atomic energy. Signed at Vienna November 30, 1972.

*Entered into force:* March 19, 1973.

##### Aviation

Agreement on the joint financing of certain air navigation services in Iceland. Done at Geneva September 25, 1956. Entered into force June 6, 1958. TIAS 4048.

*Accession deposited:* Finland, December 28, 1972.

Agreement on the joint financing of certain air navigation services in Greenland and the Faroe

Islands. Done at Geneva September 25, 1956. Entered into force June 6, 1958. TIAS 4049.

*Accession deposited:* Finland, December 28, 1972. Convention for the suppression of unlawful seizure of aircraft. Done at The Hague December 16, 1970. Entered into force October 14, 1971. TIAS 7192.

*Ratification deposited:* Philippines, March 26, 1973.

Protocol to amend the convention for the unification of certain rules relating to international carriage by air signed at Warsaw on October 12, 1929 (49 Stat. 3000), as amended by the protocol done at The Hague on September 28, 1955. Done at Guatemala City March 8, 1971.<sup>1</sup>

*Ratification deposited:* Costa Rica, December 20, 1972.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal September 23, 1971. Entered into force January 26, 1973. TIAS 7570.

*Ratification deposited:* Bulgaria (with a reservation), March 28, 1973; Philippines, March 26, 1973.

#### Expositions

Protocol of amendment of the convention of November 22, 1928, relating to international expositions, with appendix and annex. Done at Paris November 30, 1972. Open for signature at Paris from November 30, 1972, until November 30, 1973. Enters into force on the date 29 states have become parties by signature without reservation as to ratification, acceptance, or approval, or have deposited instruments of ratification, acceptance, approval, or accession.

*Signatures:* Belgium, Byelorussian Soviet Socialist Republic,<sup>2 3</sup> Bulgaria,<sup>2 3</sup> Canada, Denmark,<sup>4</sup> Finland,<sup>4</sup> France, Federal Republic of Germany, Hungary,<sup>2</sup> Israel,<sup>4</sup> Italy,<sup>4</sup> Monaco, Norway, Netherlands,<sup>4</sup> Poland,<sup>2 4</sup> Spain, Sweden,<sup>4</sup> Switzerland,<sup>4</sup> Tunisia, Ukrainian Soviet Socialist Republic,<sup>2 3</sup> United Kingdom, United States,<sup>2 4</sup> Union of Soviet Socialist Republics,<sup>2 3</sup> November 30, 1972.

#### Maritime Matters

Convention on the Intergovernmental Maritime Consultative Organization. Done at Geneva March 6, 1948. Entered into force March 17, 1958. TIAS 4044.

*Acceptance deposited:* Sierra Leone, March 14, 1973.

#### Satellite Communications System

Agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annexes. Signed at Washington August 20, 1971. Entered into force February 12, 1973. TIAS 7532.

*Accession deposited:* Afghanistan, March 26, 1973.

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

<sup>2</sup> With reservation(s).

With declaration.

<sup>4</sup> Subject to ratification.

Operating agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annex. Done at Washington August 20, 1971. Entered into force February 12, 1973. TIAS 7532.

*Signature:* Ministry of Communications for Afghanistan, March 26, 1973.

## BILATERAL

### Ethiopia

Agreement amending the treaty of amity and economic relations of September 7, 1951, to terminate notes concerning administration of justice. Effected by exchange of notes at Addis Ababa September 16, 1965, and October 20, 1972. Enters into force on the date of a note of confirmation presented to Ethiopia by the United States.

*Senate advice and consent to ratification:* March 27, 1973.

### Guinea

Agreement for sales of agricultural commodities, relating to the agreement of October 18, 1967 (TIAS 6381). Signed at Conakry March 15, 1973. Entered into force March 15, 1973.

### Hungary

Consular convention. Signed at Budapest July 7, 1972.<sup>1</sup>

*Senate advice and consent to ratification:* March 27, 1973.

### Japan

Convention for the protection of migratory birds and birds in danger of extinction, and their environment, with annex. Signed at Tokyo March 4, 1972.<sup>1</sup>

*Senate advice and consent to ratification:* March 27, 1973.

Protocol amending the agreement of February 28, 1968, as amended (TIAS 6517, 7306), concerning

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

civil uses of atomic energy, with exchange of notes. Signed at Washington March 28, 1973. Enters into force on the date each Government shall have received from the other written notification that it has complied with all statutory and constitutional requirements for entry into force.

### Poland

Consular convention, with protocols and exchanges of notes. Signed at Warsaw May 31, 1972.<sup>1</sup>

*Senate advice and consent to ratification:* March 27, 1973.

### Romania

Consular convention, with protocol. Signed at Bucharest July 5, 1972.<sup>1</sup>

*Senate advice and consent to ratification:* March 27, 1973.

### Sudan

Agreement for sales of agricultural commodities, with annex. Signed at Khartoum March 18, 1973.

Entered into force March 18, 1973.

## DEPARTMENT AND FOREIGN SERVICE

### Confirmations

The Senate on March 26 confirmed the following nominations:

Dr. Ruth Lewis Farkas to be Ambassador to Luxembourg.

Marshall Green to be Ambassador to Australia.

V. John Krehbiel to be Ambassador to Finland.

William B. Macomber, Jr., to be Ambassador to Turkey.

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90	3-27	List of U.S. civilian prisoners of war captured in South Viet-Nam and released Mar. 27.
91	3-27	List of U.S. civilian prisoners of war captured in Laos and to be released Mar. 28.
92	3-28	Average, Stage to tour U.S.S.R.
93	3-29	Executive Committee of the Overseas Schools Advisory Council, Apr. 10.
94	3-30	Program for Washington portion of official visit of Nguyen Van Thieu, President, Republic of Viet-Nam.

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# THE DEPARTMENT OF STATE BULLETIN

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April 23, 1973

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# THE DEPARTMENT OF STATE BULLETIN

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## America's Military Strength: Key Element in Maintaining Progress Toward World Peace

*Address by President Nixon (Excerpts)<sup>1</sup>*

Four years and two months ago, when I first came into this office as President, by far the most difficult problem confronting the Nation was the seemingly endless war in Viet-Nam. 550,000 Americans were in Viet-Nam. As many as 300 a week were being killed in action. Hundreds were held as prisoners of war in North Viet-Nam. No progress was being made at the peace negotiations.

I immediately initiated a program to end the war and win an honorable peace.

Eleven times over the past four years I have reported to the Nation from this room on the progress we have made toward that goal. Tonight, the day we have all worked and prayed for has finally come.

For the first time in 12 years, no American military forces are in Viet-Nam. All of our American POW's are on their way home. The 17 million people of South Viet-Nam have the right to choose their own government without outside interference, and because of our program of Vietnamization, they have the strength to defend that right. We have prevented the imposition of a Communist government by force on South Viet-Nam.

There are still some problem areas. The provisions of the agreement requiring an accounting for all missing in action in Indochina, the provisions with regard to Laos and Cambodia, the provisions prohibiting in-

filtration from North Viet-Nam into South Viet-Nam, have not been complied with. We have and will continue to comply with the agreement. We shall insist that North Viet-Nam comply with the agreement. And the leaders of North Viet-Nam should have no doubt as to the consequences if they fail to comply with the agreement.

But despite these difficulties, we can be proud tonight of the fact that we have achieved our goal of obtaining an agreement which provides peace with honor in Viet-Nam.

On this day let us honor those who made this achievement possible—those who sacrificed their lives, those who were disabled, those who made every one of us proud to be an American as they returned from years of Communist imprisonment, and every one of the 21½ million Americans who served honorably in our Nation's longest war. Never have men served with greater devotion abroad with less apparent support at home.

Let us provide these men with the veterans benefits and the job opportunities they have earned. Let us honor them with the respect they deserve. And I say again tonight, let us not dishonor those who served their country by granting amnesty to those who deserted America.

Tonight I want to express the appreciation of the Nation to others who helped make this day possible. I refer to you, the great majority of Americans listening to me tonight, who, despite an unprecedented barrage of criticism from a small but vocal minority,

<sup>1</sup>Made to the Nation on television and radio on Mar. 29; for the complete text, see *Weekly Compilation of Presidential Documents* dated Apr. 2, p. 311.

stood firm for peace with honor. I know it was not easy for you to do so.

We have been through some difficult times together. I recall the time in November 1969 when hundreds of thousands of demonstrators marched on the White House, the time in April 1970 when I found it necessary to order attacks on Communist bases in Cambodia, the time in May 1972 when I ordered the mining of Haiphong and airstrikes on military targets in North Viet-Nam in order to stop a massive Communist offensive in South Viet-Nam, and then—and this was perhaps the hardest decision I have made as President—on December 18, 1972, when our hopes for peace were so high and when the North Vietnamese stonewalled us at the conference table, I found it necessary to order more airstrikes on military targets in North Viet-Nam in order to break the deadlock.

On each of these occasions, the voices of opposition we heard in Washington were so loud they at times seemed to be the majority. But across America the overwhelming majority stood firm against those who advocated peace at any price—even if the price would have been defeat and humiliation for the United States.

Because you stood firm—stood firm for doing what was right—Colonel McKnight [Lt. Col. George G. McKnight, USAF] was able to say for his fellow POW's when he returned home a few days ago, "Thank you for bringing us home on our feet instead of on our knees."

Let me turn, finally, tonight to another great challenge we face.

As we end America's longest war, let us resolve that we shall not lose the peace. During the past year we have made great progress toward our goal of a generation of peace for America and the world. The war in Viet-Nam has been ended. After 20 years of hostility and confrontation we have opened a constructive new relationship with the People's Republic of China, where one-fourth of all the people in the world live. We negotiated last year with the Soviet Union a number of important agreements, including

an agreement which takes a major step in limiting nuclear arms.

Now, there are some who say that in view of all this progress toward peace, why not cut our defense budget?

Well, let's look at the facts. Our defense budget today takes the lowest percentage of our gross national product that it has in 20 years. There is nothing I would like better than to be able to reduce it further. But we must never forget that we would not have made the progress toward lasting peace that we have made in this past year unless we had had the military strength that commanded respect.

This year we have begun new negotiations with the Soviet Union for further limitations on nuclear arms. And we shall be participating later in the year in negotiations for mutual reduction of forces in Europe.

If prior to these negotiations we in the United States unilaterally reduce our defense budget, or reduce our forces in Europe, any chance for successful negotiations for mutual reduction of forces or limitation of arms will be destroyed.

There is one unbreakable rule of international diplomacy: You can't get something in a negotiation unless you have something to give. If we cut our defenses before negotiations begin, any incentive for other nations to cut theirs will go right out the window.

If the United States reduces its defenses and others do not, it will increase the danger of war. It is only a mutual reduction of forces which will reduce the danger of war. And that is why we must maintain our strength until we get agreements under which other nations will join us in reducing the burden of armaments.

What is at stake is whether the United States shall become the second strongest nation in the world. If that day ever comes, the chance for building a new structure of peace in the world would be irreparably damaged and free nations everywhere would be living in mortal danger.

A strong United States is not a threat to peace. It is the free world's indispensable guardian of peace and freedom.

I ask for your support tonight for keeping the strength—the strength which enabled us to make such great progress toward world peace in the past year and which is indispensable as we continue our bold new initiatives for peace in the years ahead.

As we consider some of our problems tonight, let us never forget how fortunate we are to live in America at this time in our history. We have ended the longest and most difficult war in our history in a way that maintains the trust of our allies and the respect of our adversaries. We are the strongest and most prosperous nation in the world. Because of our strength, America has the magnificent opportunity to play the leading role of bringing down the walls of hostility which divide the people of the world, in reducing the burden of armaments in the world, of building a structure of lasting peace in the world. And because of our wealth we have the means to move forward at home on exciting new programs—programs for progress which will provide better environment, education, housing, and health care for all Americans and which will enable us to be more generous to the poor, the elderly, the disabled, and the disadvantaged than any nation in the history of the world.

These are goals worthy of a great people. Let us therefore put aside those honest differences about war which have divided us and dedicate ourselves to meet the great challenges of peace which can unite us. As we do, let us not overlook a third element, an element more important even than military might or economic power, because it is essential for greatness in a nation.

The pages of history are strewn with the wreckage of nations which fell by the wayside at the height of their strength and wealth because their people became weak,

soft, and self-indulgent and lost the character and the spirit which had led to their greatness.

As I speak to you tonight, I am confident that will not happen to America. And my confidence has been increased by the fact that a war which cost America so much in lives and money and division at home has, as it ended, provided an opportunity for millions of Americans to see again the character and the spirit which made America a great nation.

A few days ago in this room, I talked to a man [Col. Robinson Risner, USAF] who had spent almost eight years in a Communist prison camp in North Viet-Nam. For over four years he was in solitary confinement. In that four-year period he never saw and never talked to another human being except his Communist captors. He lived on two meals a day, usually just a piece of bread, a bowl of soup. All he was given to read was Communist propaganda. All he could listen to was the Communist propaganda on radio.

I asked him how he was able to survive it and come home, standing tall and proud, saluting the American flag. He paused a long time before he answered. And then he said, "It is difficult for me to answer. I am not very good at words. All I can say is that it was faith—faith in God and faith in my country."

If men who suffered so much for America can have such faith, let us who have received so much from America renew our faith—our faith in God, our faith in our country, and our faith in ourselves.

If we meet the great challenges of peace that lie ahead with this kind of faith, then one day it will be written: This was America's finest hour.

Thank you and good evening.

## The Nixon Administration's Foreign Policy Objectives

*Following are remarks made by Deputy Secretary Kenneth Rush on March 29 before the national foreign policy conference for editors and broadcasters at the Department of State, together with the transcript of the questions and answers which followed.*

### REMARKS BY DEPUTY SECRETARY RUSH

I am very pleased to be with you today and to have the opportunity of reviewing with you President Nixon's foreign policy objectives and the degree to which he has been able to accomplish them.

The essence of his foreign policy has been to move from confrontation to negotiation. When the President took office in 1969, as we looked around the world it was a world where confrontation imperiled the peace in many, many areas and where active war was going on in three areas:

—In Nigeria there was a war that was very serious; large numbers of people were being killed and were killed in that war, more than have been killed in the Viet-Nam war. That war is now gone.

—In Viet-Nam we had an authorized strength of 549,000. We reached a peak of 543,500. And as you know, the war was very bitter. The protagonists were not just the South Vietnamese and the North Vietnamese and the Viet Cong—and also, of course, war raging in Laos and in Cambodia—but Russia was strongly backing North Viet-Nam, as was China. So it was really a confrontation between the great powers, and in particular the superpowers, Russia and our country.

—In the Middle East we were faced with what at least was a semi-war. The six-day war was over. But there were constant clashes in the air, there was bombing, there

was killing going on, although there was, of course, no large land action.

In Europe the cold war was still very strong. Berlin, the focal point of conflict between East and West, was unresolved. Blockades were being imposed. In fact, in my first visit to Berlin there was a blockade that was very, very costly on the autobahn. The West Berliners could not travel to East Berlin. The East Berliners could not get out of East Berlin. The West Berliners could not travel to the German Democratic Republic, and travel from the G.D.R. to West Berlin or to the Federal Republic of Germany, West Germany, was very seriously curtailed. And there was a bitter feeling and bitter recrimination between the two Germanys.

West Germany itself was called a bitter revanchist by the Russians; and the hatred of Germany and the fear that Germany might regain military strength was a real source of holding the Warsaw Pact together.

So that in essence we saw war and bitter confrontations around the world.

What do we have today?

Today we have all of our troops—all of our combat troops are out of Viet-Nam. We have a cease-fire in Viet-Nam. We have a cease-fire in Laos. And the Government of Cambodia has offered a cease-fire, although we still do not have a cease-fire there.

In the Middle East we find that a cease-fire has been in effect for some time. There is no war going on. We ourselves are talking to the Egyptians, we are talking to the Jordanians, we are talking to the Israelis; and we talk to all of them about the need for talking among themselves, either by proximity talks or otherwise. The situation is still very dangerous, but not an active war.

And in Europe we find détente going on

apace. We are now engaged in discussions in Helsinki leading toward a Conference on European Security and Cooperation among the great powers. We are engaged in discussions in Vienna looking toward talks on mutual and balanced force reductions to reduce the danger and the threat in central Europe and to reduce our forces there.

We have a SALT treaty covering defensive weapons, and we have an interim agreement of five years' duration covering offensive nuclear weapons. We now have talks going on in Geneva to lead to a permanent treaty on offensive weapons, in SALT [Strategic Arms Limitation Talks].

Trade talks between us and Russia are impending.

And all in all you find a world that is settling its disputes by negotiation.

By negotiation we have returned Okinawa to our ally Japan.

Now, when we go from an era of confrontation to an era of negotiation, this does not mean that the superpowers—that Russia, for example, has given up her objectives. The objectives of Russia remain the same: They are to have us withdraw from Europe; to weaken NATO; to prevent the political, military, monetary, economic unification of the Community, the European Community; to keep Germany divided, to have a recognition of the division of Germany by the Western allies.

Our objectives haven't changed either. Our objectives are, of course, to strengthen NATO as an instrument of peace; to strengthen the Community and to press forward to a unified Community—militarily, economically, politically, monetarily—which will be a great force for peace, in our view; to have the Warsaw Pact countries and Russia herself draw closer to the West, leave the closed society more and more and draw more and more to the open society.

And so I could go around the world with regard to objectives.

But the point is that by negotiation we are able to understand each other much better, and we are able to push toward our objectives in a civilized way rather than by the

threat of nuclear war or by desperate confrontations such as in the Cuban missile crisis or the crises in the Middle East or the crises that recurrently occurred in Berlin.

### **Negotiation of Berlin Agreement**

I might just say a word about Berlin and my negotiations there to illustrate how one goes from confrontation to negotiation to an agreement.

As I said when I arrived in Germany as Ambassador, the President had previously told me that obviously we could not go forward with détente in Europe unless we were able to normalize the situation that was the most dangerous, that had been the focal point of controversy and confrontation; namely, Berlin. And we were able to get Berlin talks started in March of 1970.

When we started talking, our positions, it turned out, were irreconcilable, or so it seemed. The Russians insisted that they had absolutely no responsibility for access from West Germany to West Berlin; that the access routes were under the complete control of East Germany—of the G.D.R.—and East Germany was a sovereign state. Their position was that East Berlin was the capital of the sovereign East Germany, G.D.R., and that the Four Powers had no right whatever over East Berlin; that the Four Power rights, and certainly the Three Powers, the three Western Powers, had jurisdiction only over the Western sectors of Berlin. They insisted that any ties between West Germany and West Berlin were illegal; that the some 22,000 governmental employees of West Germany located in West Berlin were there illegally; that the President could not visit legally in an official capacity in West Berlin; that Bundestag and Bundesrat committees could not meet there; that no official functions could take place there—and that in essence West Berlin was a city-state entirely independent of any ties with West Germany.

Our position was just the reverse. Our position was that there are Four Power rights over Germany as a whole; that all of Berlin falls within a special status under Four Power rights and Four Power military

occupation; that East Berlin is in no sense a part of East Germany; that the Russians were responsible for access between West Germany and West Berlin because their occupied zone was of course East Germany; that we could establish any ties we wanted between West Berlin and West Germany; and that West Berliners should be allowed to go anywhere they wanted in East Berlin.

So that the positions, as is always the case when you start negotiations, or is often the case, were irreconcilable.

Now, the way we got around this was to say, we will not change the respective legal positions of the parties, we will not attempt to do this, and we will try to bring about practical improvements. We were able then finally to get an agreement on Berlin where we stated we were not changing the legal concepts of any party, but we had a recognition of Four Power rights, which was very, very important.

Russia did agree that she would guarantee access between West Germany and West Berlin. Russia did agree that West Berliners could travel to East Berlin and to East Germany. And Russia did agree that West Berliners could carry West German passports, could be represented abroad by the consular and diplomatic offices of West Germany, that West Berlin could hold international conferences—and that in essence the West Berliners could participate with the West Germans as not quite but almost West Germans.

In turn, we allowed the Russians a consulate general in West Berlin. The other powers do have consulates general there—France and England, and we ourselves have one now. And the most important thing, except access, was that the Russians agreed that the ties between West Berlin and the F.R.G., West Germany, would be maintained and developed. The viability of West Berlin depends entirely on how close the ties are with West Germany.

So that we were able to accomplish, without seeming to change the legal status, the objectives that we needed to accomplish to remove Berlin as a focal point of controversy.

## U.S. Military Strength

Now, what has been the underlying fact that made possible this going forward so successfully into an era of negotiation? The thing that made it possible was the fact that the President has stuck strictly to his principles, his word can be relied upon, we did not cop out in Viet-Nam or anywhere else, and we have maintained our military strength to the degree necessary in order that the President can negotiate and that we can negotiate with the Russians, with the Chinese, and with others.

This does not mean, of course, that we haven't reduced our military forces. We have reduced our armed forces from about 3,550,000—roughly in excess of 1.2 million in the last four years. Our military budget, in terms of constant dollars, is lower than 20 years ago. As a percent of gross national product, as a percent of total public expenditures, as a percent of the Federal budget, our defense budget today is lower than it has been since the late 1940's and early 1950's. So that we have made very strong reductions.

But the President has insisted that when we determine what our force levels shall be, those force levels shall be stationed where they will do the most good, they will be deployed where they do the most good.

We hear a lot, for example, about bringing our boys back from Europe. Well, now, just what is involved in this issue? What is involved basically is this: If we brought our troops back from Europe, if we took our 6th Fleet out of the Mediterranean, we would no longer be able to convince our European allies that we are a staunch ally, that we are going to back them, that our nuclear umbrella is a shield for peace over them, that they can safely resist pressures from Russia.

The net result would be that the nations of western Europe, which is fragmented politically still, would be competing with each other for the favor of Russia. The Russian influence would spread more and more over western Europe. Our influence would wane more and more. And we in time, I think, would find ourselves in a very weakened and unsatisfactory position.

But, moreover, assuming that we have the force levels that we think we have and deploy them where they will do the most good, it doesn't cost us any more to have them in Europe than it does to have those same troops in the United States.

Today the total cost of maintaining our forces in Europe, including the 6th Fleet, runs around \$4 billion a year. If we brought all those troops home and took the 6th Fleet out of the Mediterranean, we would probably save about \$400 million, or 10 percent. But if we brought them home and at the same time had dual bases so that they could go back in case of need, so that we would have to position equipment there and bases, it might cost us over \$1 billion a year more to have them here than it would in Europe. So we wouldn't save any money—unless we disarmed. And if we disarm, we then would be lowering our force levels to a point where, in the President's opinion, it would not be safe for us to weaken ourselves to this degree.

We must remember of course, without being frightening, that while we have 2.3 million forces under arms, the Russians have over 4 million and the Chinese have over 3.5 million; that in nuclear weapons the Russians certainly have a rough parity, and under the five-year agreement they have roughly 1½ times as many SLBM's and ICBM's [submarine-launched ballistic missiles; intercontinental ballistic missiles] as we have or are permitted to have. Now, they would have had many more without the agreement, because they have had an on-going nuclear program since 1964 that is just reaching the peak of its momentum, where in 1966 we decided to build no more nuclear weapons but to improve those we have. Now, this disparity in numbers doesn't mean that they are stronger than we are. We are much stronger in bombers; we are much stronger, we think, in quality; we have many more warheads, because of MIRVing—that is, multiple independently targeted warheads on one missile. So that we feel quite safe.

But we cannot afford to become militarily inferior to Russia and at the same time hope to carry on the objectives of being able to

negotiate successfully with the Russians, or with the Chinese, or with others.

Well, with those few remarks, I will be very pleased to have your questions.

## QUESTIONS AND ANSWERS

*Q. You spoke of our nuclear umbrella and you spoke about our nuclear force generally. From your present job, not necessarily your most recent one, Mr. Secretary, do you favor our going all-out immediately with maximum accuratization and maximum technological improvement of our Minuteman force particularly?*

*Deputy Secretary Rush:* We have a carefully planned program. We are not going all-out at all. But we have a research and development program and a conversion of our Minuteman and a program of MIRVing our Minuteman that we think is satisfactory. It is not all-out. But we maintain our quality and we must maintain our strength.

Now, actually, according to our best figures, the Russians spend more on research and development in the defense field than we do. The Russians do not have MIRV's. They are working very hard to get them. They may not be too far away from having them. If they did MIRV, of course the already very powerful force they have would be further strengthened. But we are not going all-out. We are adopting what I would call a good, sound program of research and of MIRVing our Minuteman.

*Q. Mr. Secretary, what is the legal and constitutional justification for the continued bombing of Cambodia?*

*Deputy Secretary Rush:* As you know, the President has been working very hard to bring about peace in Indochina. And as I mentioned earlier, he has been very successful in this. In Viet-Nam the troops are out, the prisoners are back, we have a cease-fire. We have a cease-fire in Laos. We do not yet have a cease-fire in Cambodia, although the Cambodian Government has offered a cease-

Deputy Secretary Rush was Deputy Secretary of Defense from Feb. 22, 1972, to Feb. 2, 1973.

fire to the opposing side; and fighting is continuing. The President is doing what he thinks is best to bring about peace there.

Now, I have not personally gone into the legal problems as to the bases for the various things we do in the evolving picture in Viet-Nam, and I would like to defer answering that question.

*Q. Mr. Secretary, there was note, of course, that in the very near future the four-party overseeing operations by the various governments in Viet-Nam will be ended. There has been talk recently that there have been secret talks in Saigon involving the continuation of that four-party agreement. What can be done and what will be done if the four-party agreement and if the four-party overseeing organization is not there to make sure that peace is kept in Southeast Asia?*

*Deputy Secretary Rush:* Well, the Four-Party Military Commission has been very successful. Its life will expire and will not be extended at the end of the month. That Commission has done a great deal. Under that we have seen the release of our prisoners of war. We have seen the release of the prisoners of war between the Viet-Nam parties. We have seen all of our troops withdraw from South Viet-Nam. We have seen the establishment of the six points of entry for materiel. And we have seen great progress made under that Commission.

Now, the next thing, of course, is the Two-Party Commission, and some progress is being made to have the Two-Party Commission supercede the Four-Party Commission.

*Q. In Asia we have the impression that the negotiation part brought all of the allies of the United States to lose, and we lose all our best allies, like Taiwan, Viet-Nam—all these countries have the impression they are deserted by the United States now; it is like abandoned. Mr. Secretary, you speak about the strength and the peace in Asia. Most of the people have the impression that the withdrawal of the United States is dangerous for all the allies who are the strongest allies of the United States.*

*Deputy Secretary Rush:* Well, the President's program, under the Nixon doctrine, as you know, is that we stick to all our alliances, we do not abandon our friends, we expect our allies to take care of internal problems themselves, if they are threatened from without we will help them. But we are not in any sense abandoning Taiwan or any of our allies. In fact, as far as peace is concerned and the hope of peace, the President's trip to Peking went a long way to insuring peace in Asia and went a long way to insuring the security of Taiwan. I think as a result of the President's visit to Peking, and his very successful visit also to Moscow, both Moscow and China have reevaluated what are our objectives. They realize that we were not in Viet-Nam, in South Viet-Nam, for any kind of imperialistic purpose. We were there to protect an independent country fighting for its freedom. We were not there to fight Russia; we were not there to fight China. I think this realization was a very important thing in the changed attitude that Russia and China have had toward peace in Viet-Nam and their willingness to cooperate in bringing about that peace.

I think also the fact that the President has been able to show the Chinese what our real objectives are—namely, peace—is a protection for all of our allies, including Taiwan.

*Q. Sir, does the administration foresee any conditions that will alter congressional opposition to the granting of the most-favored-nation (MFN) status to Russia in light of its policy now with its exit visas? If not, can the Administration continue in its attempt to secure the MFN for the Russian nation?*

*Deputy Secretary Rush:* We all, of course, know of the Jackson amendment, which provides that most-favored-nation treatment cannot be given to a state economy, a state-controlled economy, if there are these restrictions on emigration.

The great purpose that we have with regard to Russia and the emigration of the Jews is to maximize that emigration and to maximize it across all classes of people, educated as well as poor and uneducated. Now,



great progress has been made. Just about three years ago, four years ago, only about 2,000 a year were leaving Russia. Last year about 32,000 left. This year they are leaving at the rate of about 2,500 a month, as of now—so that great progress has been made.

The Russians have also shown I think a very commendable flexibility in their law, so that they are now waiving the tax, the education tax, levied on emigrants. Of course, this tax applies not just to the Jews but to anyone who wants to emigrate from Russia—the Latvians, the Lithuanians, anyone else.

In my opinion, there is grave danger that we might, by pressing too hard legislatively, bring about a counterproductive reaction where you might promote antisemitism in Russia and we might stop this very favorable progress toward emigration in Russia.

What we want is to do whatever we can to have the free emigration of Jews from Russia, educated or uneducated. We think the best way to do this is not to limit the granting of MFN, not to tie it to the exit tax. Now, of course people have differing opinions on this depending upon their evaluation of what is the best way to reach our objectives.

We would hope for and we expect a very responsible attitude on the part of the Congress toward this, and we would hope that we will go forward on our proposed MFN treatment of Russia and at the same time that this tax will be waived by the Russians. Just how this will evolve I cannot forecast at this time, but I am optimistic.

*Q. Mr. Secretary, in the growing Third World, Libya's Qadhafi, who is involved with us I guess economically and politically, is quoted recently as saying "God damn America." What do you say to Mr. Qadhafi?*

*Deputy Secretary Rush:* Well, I would say Mr. Qadhafi is wrong if he said that. [Laughter.] Mr. Qadhafi, of course, may not be our closest friend, but we still maintain relations with Libya. We had a little incident recently where there was an attempted attack made on one of our planes, a C-130, but no damage resulted; and we protested very strongly on this, as you know, and refused to accept the reply of the Libyans.

We, of course, have economic interests in Libya. We are friends of the Libyan people. We are friends of all people. And I would hope that Mr. Qadhafi, if he said that, will change his mind.

*Q. Mr. Secretary, in your excellent presentation you are using the term "Russia" and "Russian," and not "Soviet." I wonder whether it has any political meaning; that is, the recognition of the fact that the U.S.S.R. is really not a union of equal Republics but that Russia is dominating all other nationalities.*

*Deputy Secretary Rush:* Well, I don't want to interfere in the internal affairs of Russia—[laughter] of the U.S.S.R.

*Q. Mr. Secretary, there has been some conversation about possible economic aid to North Viet-Nam following the successful withdrawal of our troops. Could you comment at this time on what promises possibly were given with regard to economic aid to North Viet-Nam and what part did that play in the cease-fire?*

*Deputy Secretary Rush:* Well, I have nothing to add to what has been stated by Dr. Kissinger [Henry A. Kissinger, Assistant to the President for National Security Affairs] and others with regard to the negotiations with Viet-Nam.

We do not have our program of aid to North Viet-Nam. But I feel very strongly that one of the best ways to peace in Southeast Asia is for us to cooperate in the rehabilitation of North Viet-Nam.

You all remember, of course, historically that after World War I Germany was prostrate and the allies did very little to correct this. She saved herself from communism against great odds, but she went into something even worse or just as bad; and that was through the poverty that followed and the disruption of life that followed in Germany we had Hitler, and we had another war.

After World War II we adopted a very different approach. Our former enemies, Japan and Germany—once again in this case Germany—were devastated, much more so

than after World War I. But we stepped in and helped rehabilitate Japan and Germany. Today two of our closest allies are Japan and Germany. They are two of the greatest contributors to peace in the world.

Now, the contrast, I think, can be applied to North Viet-Nam. In North Viet-Nam we have men who have been in power for over 30 years. They have known almost nothing but war. They are turning, we hope, toward peace. We want to help North Viet-Nam turn toward peace. How is the best way to do it? I think the lessons we learned after World War II are the ones that should be applied to North Viet-Nam. And I feel very strongly that we want to have a peaceful North Viet-Nam and we want to have peace in Indochina and in the rest of the world.

*Q. Earlier Mr. Sisco [Joseph J. Sisco, Assistant Secretary for Near Eastern and South Asian Affairs] again advocated opening the Suez Canal as an interim first step toward a full agreement in the Middle East. He didn't discuss the impact of the opening on the national security of the United States. I wonder if any consideration has been given in this proposal toward the demilitarization of the canal or a restriction on military—that is, transit of naval vessels. I ask this question because, as you know, coming from the Pentagon, there is a feeling there that the opening of the canal would facilitate Soviet penetration in the Persian Gulf and the Indian Ocean.*

*Deputy Secretary Rush:* Yes—of course one can go through the canal much quicker than he can go around the cape. But our primary objective in the Middle East is to insure the peace and to bring about a just peace. Now, our feeling is that the way to accomplish this—because the positions there, as they were in Berlin and as they were before the President went to China and as they have been in so many cases, seem to be irreconcilable—the best way to accomplish this is to take interim steps leading toward a peace and to get the two parties, or to get the parties, to talking to each other. The act of communication leads to better understanding, leads to a modification of objectives, and

gradually might lead to an accommodation.

I do not feel the security picture would be very much affected whether the Suez Canal is opened or closed. But I do feel that it is very, very important to get Egypt and the Israelis talking to each other, taking interim steps leading toward peace and toward an ultimate settlement.

*Q. Mr. Secretary, recently we sent Ambassador [David K. E.] Bruce to China, and I understand the Chinese have sent someone here. And I am wondering what we can look forward to in the immediate future as a result of that exchange, what the immediate objectives of this are, and maybe the long-range objectives.*

*Deputy Secretary Rush:* Well, Mr. Bruce has not yet gone but he is going to go, and the Chinese have not yet arrived but they are going to arrive. These will be very broad based. They are called liaison offices; they are not trade offices, they are liaison offices. And they will have a broad scope of power. They will not be diplomatic offices in the strict sense of the term or in the technical sense of the term. But the range of subjects that will be covered by these offices will be very, very broad. I would hope that from this liaison, from this relationship—and these two offices will symbolize it—we will go forward toward normalizing our relations with China more and more, which will lead not only to more peaceful relations around the world, but also will lead to benefits in trade, in cultural exchange, in environmental improvements, and all the things that come from a close intercourse and cooperation between great powers.

*Q. Mr. Secretary, you mentioned that we presumably still have a technological edge in missiles. Now, I have noticed that certain of our export policies to the Soviet Union favor a narrowing at the very least of this technological edge. We have helped them out in computers, we have helped them out in precision ball bearings; in fact, one type of ball bearing which is used, I understand, exclusively in stable platforms. The plant that makes them is now working for Russia—this is up in Vermont. Could you please explain that policy?*

*Deputy Secretary Rush:* I have a farm in Vermont, so I welcome a fellow Vermonter—if you are one—although I am not a citizen of Vermont.

But in any event, COCOM [Coordinating Committee on Export Controls (Paris)] is still working. We still work with our allies to keep strategic materials from reaching Russia.

Now, one could say that anything that is done by way of trade contributes to the military strength of the other party, whether it is food, cement for roads, ball bearings, all this sort of thing. But I think our policy very wisely, both in COCOM and in our own country, is in essence not to cut off trade with Russia on anything that they can get elsewhere or with regard to things that have no direct bearing on military strength. Otherwise we will never develop good trade relations, which I think is the way to peace.

I have been deeply involved in this personally, and I do not think that our trade policies are undercutting our technological edge in defense.

## Finding of Eligibility for Purchases Under Foreign Military Sales Act

PRESIDENTIAL DETERMINATION 73-103

ELIGIBILITY FOR THE PURCHASE OF DEFENSE ARTICLES UNDER THE FOREIGN MILITARY SALES ACT, AS AMENDED

Memorandum for the Secretary of State

THE WHITE HOUSE,  
Washington, January 2, 1973.

In accordance with the recommendations in your memorandum of December 4, I hereby find pursuant to Section 3(a)(1) of the Foreign Military Sales Act, as amended, that the sale of defense articles

and defense services to: *FAR EAST:* Australia, Brunei, Burma, Cambodia, Republic of China, Indonesia, Japan, Republic of Korea, Laos, Malaysia, New Zealand, Philippines, Singapore, Thailand, Republic of South Vietnam; *EUROPE:* Austria, Belgium, Denmark, Finland, France, Federal Republic of Germany, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Yugoslavia; *WESTERN HEMISPHERE:* Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela; *AFRICA:* Cameroon, Dahomey, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Liberia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Tunisia, Upper Volta, Republic of Zaire; *NEAR EAST AND SOUTH ASIA:* Afghanistan, Bahrain, Greece, India, Iran, Israel, Jordan, Kuwait, Lebanon, Nepal, Oman, Qatar, Pakistan, Saudi Arabia, Sri Lanka (Ceylon), Turkey, the United Arab Emirates, Yemen Arab Republic; *INTERNATIONAL ORGANIZATIONS:* NATO and its agencies, the United Nations and its agencies, and the Organization of American States, will strengthen the security of the United States and promote world peace.

In the implementation of Section 9 of Public Law 91-672, as amended, you are authorized on my behalf to determine whether the proposed transfer of a defense article by a foreign country or international organization to any foreign country or international organization not included in the foregoing enumeration will strengthen the security of the United States and promote world peace.

In order that the Congress may be informed of the implementation of the Foreign Military Sales Act, you are requested on my behalf to report this finding to the Speaker of the House of Representatives and to the Chairman of the Senate Foreign Relations Committee.



38 Fed. Reg. 7211.

## The Current Situation in the Middle East

*Remarks by Joseph J. Sisco*

*Assistant Secretary for Near Eastern and South Asian Affairs<sup>1</sup>*

As we view the Middle East today, the plausible argument could be made that the status quo in the area has improved over what it has been in the last several years:

—The U.S.-negotiated cease-fire between Egypt and Israel is already in its 30th month. As uneasy as it is, nevertheless, it continues to hold.

—Second, contrasted with what the situation was in the crisis period of September 1970, the situation in Jordan is perhaps more stable today than it has been at any time since the June war of 1967.

—Third, along the Lebanese-Israeli border there has been a progressive reduction of the number of incidents, and our hope would be that in time this border can truly become a border of quiet and tranquillity. Even along the Syrian-Israeli border, where one reads from time to time about incidents, actions, counteractions, while we continue to view these incidents with concern, our hope and expectation is they will not mushroom into something which is more serious and which could embrace other elements in a Middle East imbroglio.

—And above all, I believe the possibility of confrontation between the United States and the Soviet Union over the Middle East has been sharply reduced. There are two reasons: first, the results of the discussions that were held with the Soviets at the summit last May; and second, the reduced Soviet

presence in Egypt brought about by the decision taken by the Egyptian Government last summer in turn has reduced the likelihood of confrontation in the Middle East between the United States and the Soviet Union.

I mentioned the summit discussions last May. You will recall that at the end of those discussions a communique was issued which reaffirmed that both the United States and the Soviet Union continue to seek as an objective a political solution of the Arab-Israeli dispute based on the November 1967 Security Council resolution, a resolution that, you will recall, laid down not a blueprint for a solution but rather a framework of principles within which an agreement presumably could be achieved on the basis of negotiations between the parties.<sup>2</sup> Alongside what appeared to be an anodyne communique limited largely to reaffirming the political objective of a peaceful solution was a declaration of principles which was adopted at that summit, the main principle of which was that both major powers should try to avoid any confrontation over such troubled areas as the Middle East.<sup>3</sup>

In practical terms what the communique meant was this: While there was not a meeting of the minds between ourselves and the Soviet Union as to what might constitute a fair settlement of the Arab-Israeli dispute, the fact of the matter is that both were agreed

<sup>2</sup> For text of the resolution, see BULLETIN of Dec. 18, 1967, p. 843.

<sup>3</sup> For texts of the Basic Principles of Relations and of the joint communique issued at Moscow May 29, 1972, see BULLETIN of June 26, 1972, p. 898 and p. 899.

<sup>1</sup> Made before the national foreign policy conference for editors and broadcasters at the Department of State on Mar. 29.

that the political objective should continue to be a resolution of the problem by peaceful means rather than by force and with emphasis on no confrontation between the major powers. In effect this meant that both powers were saying that both should do whatever they could to try to maintain the present cease-fire that exists in the area while further efforts are made to try to make some practical progress toward a solution. I believe the major powers were saying in that communique that whatever the differences might be regarding the substance of a settlement, both were agreed that the Middle East should not be an area over which there should be confrontation between us. This reflects a parallelism of interest between the United States and the Soviet Union that the present status quo, as uneasy as it might be, should not become the focus of future confrontation between us.

#### **Series of Discussions With Middle East Leaders**

Now, I said that you could make a plausible argument that the status quo has been very considerably improved, and I believe it has despite the recent tragic occurrences in the area. However, it would be a mistake to view the current situation in the Middle East with a complacent attitude. It is true that the cease-fire is now in its 30th month, but if we need a cogent reminder of how fragile is the cease-fire we need only recall the recent shooting down of a Libyan aircraft and the recent murders of our diplomats in Khartoum. Moreover, from the point of view of the United States, as long as the "no war, no peace" situation continues, with all of the instability, our national interests cannot be pursued with maximum effectiveness.

The United States, of course, has a special relationship with Israel. We have consistently supported the security of the State of Israel. At the same time we should bear in mind that the overall interests of the United States go beyond any one nation in the area. We have important political, economic, and strategic interests that broadly encompass the area. We will continue to support the security of the State of Israel. At the same time, we

will continue to do everything feasible to develop and to nurture and to strengthen our relationships with the individual Arab states, because the present instability in the area is too risky, too fragile, too dangerous. The only entirely satisfactory answer is the eventual achievement of a stable, just, and durable peace—a peace in which both sides are committed on the basis of an exchange of obligations between them and both sides have adopted a fundamental attitude of coexistence and live-and-let-live.

What are the prospects? We have had an important series of discussions with various leaders of the Middle East during the month of February.

In the first instance King Hussein was here, and these discussions afforded us an opportunity for a full exchange of views on the current situation in the Middle East and a number of important aspects of our bilateral relationships. I can summarize these discussions in this way: Jordan made clear to us that it feels it has adopted and will continue to adopt a relatively flexible posture regarding the question of a solution and it would like to see the United States actively and constructively involved in helping to bring about a settlement.

Insofar as our discussions with the Egyptians, some of you may know we have had here in Washington a visit from the National Security Adviser of the Egyptian Government, [Hafez] Ismail. These discussions were useful and provided an excellent opportunity for an in-depth exchange of views regarding the situation in the Middle East and the possibilities for diplomacy which currently may exist. It is no secret that the Egyptian representative did not come with any new proposals. President Sadat confirmed this in his speech just 48 hours ago. But I believe, as the Egyptian representative himself indicated publicly, that the discussions did contribute to a better atmosphere in our relations. While no new doors were opened as a result of these in-depth discussions, I can report to you that no doors were closed either and the possibilities of diplomacy in the future remain open. I would also make

this same judgment in the aftermath of the recent visit of the Israeli Prime Minister to this country just a couple of weeks ago.

### **Interim Suez Canal Agreement**

Now, the impasse we face can be described very simply. In our judgment, the chasm on the overall settlement is too broad to bridge in the foreseeable future. The Egyptian position is: not one inch of territory by way of any concessions. The Israeli position is that in order for their security concerns to be met, substantial territorial adjustments are required. As long as both sides adhere firmly to these two positions, we frankly do not see the gap being bridged in the foreseeable future.

For this reason, we continue to believe that the approach must be a more modest approach, that the most feasible approach to peace continues to be a step-by-step approach. And for this reason we continue to feel that, with the doors of diplomacy remaining open, perhaps the most practical approach continues to be that of trying to achieve a so-called interim Suez Canal agreement. Such an intermediate agreement would involve the opening of the Suez Canal, an extended cease-fire, and some Israeli withdrawal east of the Canal.

With respect to an interim agreement, Israel has agreed to engage without preconditions in indirect negotiations between Israel and Egypt under the aegis of the United States. The Egyptian position is that before it could agree to engage in such indirect negotiations there must be a prior commitment by Israel to total evacuation from Egyptian territory. We have over the past 18 months tried to make clear that we feel that this kind of a prior commitment is unattainable.

We do understand and appreciate, however, the Egyptian view that any interim Suez Canal agreement should not become an end in itself. We understand this because an interim agreement obviously leaves unresolved not only a number of important territorial and security questions on the Egyptian-Israeli aspect of the settlement but

it leaves untouched the multifarious and intricate and complex questions that relate to the Jordanian-Israeli aspect of the question. An interim agreement, for example, does not touch the fundamental question of the Palestine problem, and we don't believe any durable peace is achievable unless such a peace not only meets the legitimate concerns of both the established Arab and Israeli states but of the Palestinians as well; an interim agreement does not touch the crucial question of the West Bank; an interim agreement does not touch the crucial question of Jerusalem which is so complicated because there are so many interests involved.

And it is for this reason we feel that any interim agreement should and must be a step toward an overall settlement. In other words, we continue to maintain that the most practical and feasible approach is the step-by-step approach involving the modest objective of the opening of the Canal and some Israeli withdrawal, and we consider that such a step in fact would be a significant practical test of peace on the ground, a practical test of peace on the ground which would maximize the opportunities for further subsequent efforts toward an overall settlement. Our view that any interim agreement must be linked to the November 1967 Security Council resolution has long been the position of the United States. So it is a very modest approach we have in mind for the foreseeable future.

### **Energy Needs and the Middle East**

I will make one other overall observation because it is a matter that is on so many people's minds. I said that we have important and significant overall political, economic, and strategic interests in this area. And of course the question of oil inevitably comes up, and access to oil by the Western world, including the United States.

At the outset, in terms of the energy situation in the future, I believe it is important that we Americans bear in mind a couple of fundamentals.

First of all, in the long range—and I emphasize in the long range—I believe that we

have the resources in this country on an all-resource basis to meet our future needs—and when I say this I mean oil, I mean gas, I mean fusion, I mean coal, I mean shale, and so on. So we have the capacity to develop whatever we need in the long range, and it is important for us to keep this in mind.

Second, it is not in the national interest of the United States to be overly reliant on any one source or any one area for our energy needs. It is not in our interest on security grounds; it is not in our interest on economic grounds, and specifically I have in mind the question of balance of payments. Now having said that, obviously we have some difficult decisions domestically as well as internationally that face us, and my expectation is that there will be at an appropriate time an overall statement of policy on this by the President.

But the question that inevitably arises is this: How does the question of oil get related to the whole question of the Arab-Israeli dispute? And here I think one can take either an overly optimistic or overly pessimistic view of the situation. You can dismiss this aspect out of hand, which I think would be foolhardy. On the other hand, I think you can overdraw the possible implications and distort what I consider to be the reality of the situation.

I believe there is a mutuality of interests that has been manifest over the past number of decades between producers and consumers of oil. Most of you know that there have been adjustments occurring in the financial arrangements between the producer and the consumer; for example, recently an agreement between Saudi Arabia and Kuwait and the oil companies on the basis of 25 percent participation, with 51 percent anticipated perhaps in the eighties sometime. There is also a new understanding being negotiated between the Government of Iran and the oil companies which embraces a so-called sales contract approach, with the Iranian Government doing a good deal more than it has in the past in the actual production and management of the oil installations.

I don't say that the economic relationships,

the financial relationships, are not in flux and are not apt to change; they have been changing in the past and are likely to change in the future, and I think this adjustment will go on. But I have serious doubts that the mutuality of interests between the producer and the consumer will in fact be jeopardized on the basis of whatever differences there may or may not be over the question of the Arab-Israeli dispute and particularly if we in this country face up to the kind of decisions required to assure that in the long range we are not overly reliant on any one area or any one source for our energy needs.

### **Dr. Franklin Visits South America as Lincoln Lecturer**

The Department of State announced on April 2 (press release 96) that John Hope Franklin, distinguished black historian and educator, was touring several countries in South America March 26–April 28 as a U.S. Government Lincoln Lecturer. Dr. Franklin, chairman of the Department of History at the University of Chicago, was to speak before audiences in Argentina, Brazil, Chile, and Venezuela. (For biographic data, see press release 96.)

The Lincoln Lectureships were announced by President Nixon August 1, 1972, in a letter to Dr. James H. Billington, Chairman of the Presidentially appointed Board of Foreign Scholarships.<sup>1</sup> That date marked the completion of 25 years of educational exchange under the Fulbright-Hays Act.

Dr. Franklin is one of four Americans selected to be Lincoln Lecturers during the 1972-73 academic year. The others are: Charles H. Townes, Nobel Prize physicist and professor at the University of California at Berkeley; John H. Updike, author, Ipswich, Mass.; and Paul A. Samuelson, Nobel Prize economist of the Massachusetts Institute of Technology.

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<sup>1</sup>For text of the letter, see BULLETIN of Sept. 4, 1972, p. 252.

# U.S. Passports Remain Invalid for Travel to Certain Areas

*Following are the texts of three public notices which were published in the Federal Register on March 23.*

## Public Notice 382<sup>1</sup>

### TRAVEL INTO OR THROUGH CUBA Restriction on Use of U.S. Passports

Pursuant to the authority of Executive Order 11295 and in accordance with 22 CFR 51.72(c), use of U.S. passports for travel into or through Cuba remains restricted. To permit unrestricted travel would be incompatible with the resolutions adopted at the Ninth Meeting of Consultation of Ministers of Foreign Affairs of the Organization of American States, of which the United States is a member. At this meeting, held in Washington from July 21 to 26, 1964, it was resolved that the governments of the American States not maintain diplomatic, consular, trade, or shipping relations with Cuba under its present government. This resolution was reaffirmed in the Twelfth Meeting of Ministers of Foreign Affairs of the OAS held in September 1967, which adopted resolutions calling upon Member States to apply strictly the recommendations pertaining to the movement of funds and arms from Cuba to other American nations. Among other things, this policy of isolating Cuba was intended to minimize the capability of the Castro government to carry out its openly proclaimed programs of subversive activities in the Hemisphere.

U.S. passports shall not be valid for travel into or through Cuba unless specifically validated for such travel under the authority of the Secretary of State.

This public notice shall expire on June 25, 1973, unless extended or sooner revoked by public notice.<sup>2</sup>

*Effective date.* This notice becomes effective on March 23, 1973.

Dated: March 20, 1973.

[SEAL]

WILLIAM P. ROGERS,  
*Secretary of State.*

## Public Notice 383<sup>3</sup>

### TRAVEL INTO OR THROUGH NORTH KOREA Restriction on Use of U.S. Passports

Pursuant to the authority of Executive Order 11295 and in accordance with 22 CFR 51.72(c), use of U.S. passports for travel into or through North Korea remains restricted. In view of the continued hostility of the North Korean regime toward the United States, the unsettled situation along the Military Demarcation Line, and the special position of the Government of the Republic of Korea which is

recognized by the U.S. as well as by U.N. resolution as the only lawful government in Korea, the Department of State believes that wholly unrestricted travel by American citizens to North Korea would seriously impair the conduct of U.S. foreign affairs.

U.S. passports shall not be valid for travel into or through North Korea unless specifically validated for such travel under the authority of the Secretary of State.

This public notice shall expire on June 25, 1973, unless extended or sooner revoked by public notice.

*Effective date.* This Notice becomes effective on March 23, 1973.

Dated: March 20, 1973.

[SEAL]

WILLIAM P. ROGERS,  
*Secretary of State.*

## Public Notice 384<sup>3</sup>

### TRAVEL INTO OR THROUGH NORTH VIET-NAM Restriction on Use of U.S. Passports

Pursuant to the authority of Executive Order 11295 and in accordance with 22 CFR 51.72(c), the use of U.S. passports for travel into or through North Vietnam remains restricted. In the aftermath of the signing on January 27, 1973, of the Agreement on Ending the War and Restoring Peace in Vietnam, tensions continue to be high and conditions unsettled in the Indo-China area. The Peace Agreement envisages that the implementation of the Agreement will create conditions for establishing a new, equal and mutually beneficial relationship between the United States and North Vietnam. However, the development of such a new relationship is still in its earliest stages. In these circumstances the Department of State believes that unrestricted travel by American citizens to North Vietnam would seriously impair the conduct of U.S. foreign affairs.

U.S. passports shall not be valid for travel into or through North Vietnam unless specifically validated for such travel under the authority of the Secretary of State.

This public notice shall expire on June 25, 1973, unless extended or sooner revoked by public notice.

*Effective date.* This Notice becomes effective on March 23, 1973.

Dated: March 20, 1973.

[SEAL]

WILLIAM P. ROGERS,  
*Secretary of State.*

<sup>1</sup> 38 Fed. Reg. 7588.

<sup>2</sup> A correction was printed in the *Federal Register* of Mar. 27 concerning these three notices. The expiration dates, which in each case appear in the paragraph preceding the "Effective date" paragraph, have been incorrectly calculated. These dates, now reading "June 25, 1973," should read "September 25, 1973."

<sup>3</sup> 38 Fed. Reg. 7589.



# President Nixon Modifies Oil Import Program

## A PROCLAMATION<sup>1</sup>

### MODIFYING PROCLAMATION NO. 3279, RELATING TO IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS

The Chairman of the Oil Policy Committee, in the exercise of his responsibility to maintain a constant surveillance of imports of petroleum and its primary derivatives in respect to the national security, and after consultation with the Oil Policy Committee, has informed me that, in his opinion, the following circumstance indicates a need for further Presidential action under section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862), as amended, namely:

Petitions now pending before the Oil Import Appeals Board for relief in the form of grants of allocations of imports of crude oil, unfinished oils, and finished products would, if acted upon favorably by the Board, exceed in the aggregate the limits of the maximum levels of imports established in section 2 of Proclamation No. 3279, as amended; and, in order that the Board shall be in position to consider such petitions on their merits, the Board should be empowered, without regard to such maximum levels, to modify, on the grounds of exceptional hardship, any allocation made to any person under regulations issued pursuant to section 3 of Proclamation No. 3279, as amended; to grant allocations of imports of crude oil and unfinished oils in special circumstances to persons with importing histories who do not qualify for allocations under such regulations; and to grant allocations of imports of finished products on the grounds of exceptional hardship to persons who do not qualify for allocations under such regulations.

The Chairman of the Oil Policy Committee, after the consultation referred to and in the light of the circumstance mentioned, has recommended that section 4 of Proclamation No. 3279, as amended, be amended as hereinafter provided.

The Chairman has found that the national security will not be adversely affected by the Presidential action which he has recommended.

I agree with the findings and recommendations of the Chairman and deem it necessary and consistent with the national security objectives of Proclamation No. 3279, as amended, that section 4 of Proclamation No. 3279, as amended, be amended as hereinafter provided.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under and by virtue of the authority vested in me by the Constitution and laws of the United States, including section 232 of the Trade Expansion Act of 1962, do hereby proclaim that, effective as of this date, paragraph (b) of section 4 of Proclamation No. 3279, as amended, is hereby amended to read as follows:

"(b) The Appeals Board may be empowered (1) within the limits of the maximum levels of imports established in section 2 of this proclamation, to modify on the grounds of error any allocation made to any person under such regulations; (2) without regard to the limits of the maximum levels of imports established in section 2 of this proclamation, (i) to modify, on the grounds of exceptional hardship, any allocation made to any person under such regulations; (ii) to grant allocations of imports of crude oil and unfinished oils in special circumstances to persons with importing histories who do not qualify for allocations under such regulations; and (iii) to grant allocations of imports of finished products on the grounds of exceptional hardship to persons who do not qualify for allocations under such regulations; and (3) to review the revocation or suspension of any allocation or license. The Secretary may provide that the Board may take such action on petitions as it deems appropriate and that the decisions by the Appeals Board shall be final."

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-third day of March, in the year of our Lord nineteen hundred seventy-three, and of the Independence of the United States of America the one hundred ninety-seventh.



<sup>1</sup>No. 4202; 38 *Fed. Reg.* 7977.

## U.S. Vetoes U.N. Security Council Resolution on Panama Canal Treaty Negotiations

*The United Nations Security Council met at Panamá March 15-21. Following are statements made in the Council on March 20 and 21 by U.S. Representative John Seali, together with the text of a draft resolution which was vetoed by the United States on March 21.*

### STATEMENT OF MARCH 20

USUN press release 21 dated March 21

I join previous speakers to express my gratitude to the President, the Government, and the people of Panama for the admirable organization of this meeting by the Panamanian Government and for the welcome and hospitality that we have received here. It is indeed an exhilarating experience to see the determination, dedication, and devotion of the Panamanian people which is evident in the bustling economic activity, reflected most visibly in the pace of construction we see around us.

"Consideration of measures for the maintenance and strengthening of international peace and security in Latin America in conformity with the provisions and principles of the Charter"—that is the agenda item. For more than a century, the nations of Latin America have demonstrated an enviable and unparalleled record in achieving and maintaining international peace and security on this continent. They not only have avoided major international conflicts within the hemisphere but have also created a viable framework for the peaceful resolution of their differences. Latin American statesmen have eloquently set forth princi-

ples of international consultation and conciliation springing from the idea and view that international conflict in this area can and must be resolved peacefully. Many of these principles have found their way into the United Nations Charter and into the practice of the United Nations.

We note with particular pleasure the active role played by the people and leaders of our host country, Panama, who have been in the forefront of the development of the inter-American system since the founding of their country. In fact, the first seeds of pan-Americanism were planted here by Simón Bolívar, at the Panama Congress of 1826.

Mr. President, the United States sets great store by its close and fruitful association with the countries of Latin America. We fully share their deep and genuine concern for the continuation of peace, prosperity, political stability, and economic and social development in this hemisphere.

The countries of this region were among the original supporters of the United Nations and have remained among the most faithful and dedicated of its members. All of us recognize their role in the United Nations and their contributions to international peace and security. Many Latin American countries have participated directly in U.N. peacekeeping operations, operations which go to the heart of this organization's purposes. All have contributed in many ways to the resolution of disputes among nations and of the problems confronting the world. We are all aware of the high competence of Latin American jurists in the field of international law and the un-

wavering support in this hemisphere for the sanctity of solemn treaty obligations even as the search for constructive change continues.

It is in fact the absence of truly threatening international issues within the Latin American area which led my government to question the necessity of our meeting away from U.N. Headquarters at this time. Our delegation expressed the views of the United States very clearly. Meetings of the Security Council, whether at Headquarters or away, should be based on its primary charter responsibility to maintain international peace and security.

While the Charter of the United Nations confers this responsibility on the Security Council, it also provides—indeed, in article 33, it specifically enumerates—many ways to resolve international issues before such matters are brought directly before the Council. A look at the efforts now underway with regard to nearly all the major problem areas of the world underscores this wide variety of channels, both inside and outside the United Nations, which can be used to achieve the charter goal of practicing tolerance and living together in peace with one another as good neighbors:

—The United States and the Soviet Union have undertaken with each other to do their utmost to avoid military confrontation and to respect the sovereign equality of all countries.

—The United States and the People's Republic of China have undertaken to broaden the understanding between their peoples, and this process has taken new strides in recent weeks.

—The United States, together with other parties to the Viet-Nam conflict, has arrived at a cease-fire agreement for Viet-Nam, and other interested nations have pledged in Paris their full support and cooperation in strengthening peace in Indochina.

—In Europe, the United States is participating in preliminary discussions in Helsinki and Vienna aimed at specific and practical improvements in East-West relations.

These have all been due in large measure to the wise and imaginative leadership of our President, Richard Nixon, as he pursues his great goal of a generation of peace for all mankind.

Because of his diplomatic initiatives, his courage to try new approaches, the world is on the threshold of cooperation and friendship among nations undreamed of just a few years ago.

### **The Unique Inter-American Community**

In looking back at what has been achieved, and forward to what remains to be done, one is struck by the variety of means, the wealth of institutions, and the host of relationships which can be turned to positive effect.

In this hemisphere our peoples over a period of 50 years have established relationships that, in our view, make us a unique community. There are of course a number of bilateral questions in this hemisphere that remain unresolved—many have been mentioned at this table—but progress is being made in many of these through patient negotiations. For instance, the United States and Panama have been seeking—through negotiation—a new status for the Panama Canal which would bring it into harmony with contemporary political realities.

With respect to multilateral relationships in this hemisphere, the regional institutions and arrangements we have developed and the broad and deep contacts joining our governments and our citizens have grown into what is now known as the inter-American system. That system is characterized not only by formal institutions but also by a sense of solidarity and a community of common interests and objectives on which we seek to build a lasting foundation for truly effective inter-American cooperation. We have a common faith in the benefits of freedom, the importance of the individual, the power of reason, and the rule of law. The conclusion that the inter-American system is indeed a foundation of some permanence is supported by the significant

intellectual, economic, security, and political ties which further draw us together.

A system that is both progressive and evolving, and is notable for its continuing usefulness to its membership, is a system which is also able to accommodate diversities. The most obvious of these are the different cultural backgrounds, economic conditions, and political institutions which remind us that we are individual nations as well as members of a hemisphere community.

The Organization of American States is the keystone of the inter-American system. The OAS exists as a regional organization within the meaning of chapter VIII of the United Nations Charter. It is also the oldest international organization of its kind in the world, dating from 1890. It has grown from an institution concerned primarily with commercial affairs into an organization devoted to the peace and security of the hemisphere. It is also deeply involved in the region's economic and social development, educational, scientific, and cultural cooperation, human rights, juridical affairs, and technical assistance and training, to mention but a few. As it has grown, it has increased its capacity to achieve its essential purposes; these are to strengthen the peace and security of the continent, to prevent possible causes of difficulty, and to insure the peaceful settlement of disputes. It also provides for common action on the part of the member states in the event of aggression. It assists in the search for solutions to political, juridical, and economic problems when they arise among the members, and in the area of development it is concerned with the promotion of cooperative social and economic action.

The United States has also warmly supported the many activities of the United Nations in the area of economic and social development in Latin America. However, for most of the 1960's, the U.S. Government was the major external contributor of assistance to Latin America in seeking its economic and social development. As we agreed to do at Punta del Este in 1961, the United States provided over \$10 billion for the

development of the American republics during the period 1961-72. We kept our promised word.

In the past few years, the countries of Latin America have increased their reliance upon the major multilateral lending institutions for the bulk of their official external capital assistance. In recognition of this situation, the United States has channeled an increasing proportion of its loan funds to Latin America through multilateral institutions, particularly the Inter-American Development Bank. In December of last year, for example, the United States formally signed the replenishment agreement under which it agreed to provide \$1 billion to the Fund for Special Operations of the Bank. The total flow of U.S. funds through all channels, bilateral and multilateral, has never been higher.

As a result, the total assistance received by Latin America from all sources is going up steadily. The United States has given special and increasing attention to the economic and social concerns of the hemisphere. Total lending commitments by AID, the Inter-American Development Bank, and the World Bank to Latin America in 1972 more than doubled those of 1964.

The United States has had a long and cordial relationship with the independent nations of this hemisphere. Recognizing the principle of sovereign equality and respect for the right of states to pursue their own development, the United States is building a constantly evolving relationship with Latin America, a relationship which we trust will become even more cordial and mutually beneficial.

#### **Issues Before Other U.N. Bodies**

Mr. President, I would like to reflect briefly regarding the U.S. position on some other issues which have been raised in statements before the Council.

The United States has always been, and continues to be, a strong advocate of the Latin American nuclear-free zone. We signed Protocol II of the Treaty for the Prohibition

of Nuclear Weapons in Latin America (Treaty of Tlatelolco) on April 1, 1968. The protocol went into effect for the United States on May 12, 1971. By these actions, the United States pledged itself to respect the denuclearized status of Latin America, not to contribute to any violation of the treaty, and not to use or threaten to use nuclear weapons against any of the contracting parties.

The question of permanent sovereignty over natural resources is currently an active item in the U.N., specifically in the ECOSOC [Economic and Social Council] Committee on Natural Resources and the Seabed Committee. We do not question the principle of "permanent sovereignty." However, at the same time we wish to point out that we do not believe that complex issue is properly before this Council. In accepting the principle of permanent sovereignty we strongly reaffirm our support for the principles of U.N. General Assembly Resolution 1803, including, inter alia, the observance in good faith of foreign investment agreements, the payment of appropriate compensation for nationalized property as required by international law, and the recognition of arbitration or international adjudication.

Similarly, we believe that the question of multinational corporations, which has been raised in different contexts, should not be brought before this Council. It is presently under discussion in several other more appropriate U.N. bodies. A group of eminent individuals, appointed by the Secretary General under ECOSOC Resolution 1721 of July 28, 1972, is studying the impact of multinational corporations. UNCTAD [United Nations Conference on Trade and Development] is doing a study of the restrictive business practices of multinational corporations. Finally, ILO [International Labor Organization] is looking into the relationships of activities of such corporations to social policy. We fail to see what the Security Council can effectively accomplish in this particular field.

We happen to share the judgment of the ECOSOC resolution that these corporations

"are frequently effective agents for the transfer of technology as well as capital to developing countries." No country has to welcome or even accept foreign investment. And if it does so, it of course may establish its own rules. However, it also has the obligation, in that case, to abide by those rules, to compensate the investor for retroactive changes in the rules, or in the case of expropriation or nationalization of private property, to make adequate provision for just compensation as required by international law.

#### **Negotiation of New Panama Canal Treaty**

And now I come to discuss U.S. relations with Panama. Our close and mutually beneficial friendship has a long history, characterized, to be sure, by occasional differences and friction. But the bonds linking our two peoples continue strong and vibrant.

We rejoice in the progress achieved by Panama; it has been striking. Over the past four years the economy has been growing at a rate of 7-8 percent, one of the highest rates of growth in the world.

Outside help has contributed to this rate of growth, but there has also been a high level of labor and investment by the dedicated Panamanian people. My country is happy that it was able in 1972 to disburse in various ways approximately \$227 million, with direct effect, and stimulate the Panamanian economy. In fact, our loans and grants to Panama represent the highest per capita level of U.S. assistance anywhere in the world, in part because of our friendship but mostly because Panama has demonstrated a high capacity to program and utilize financial assistance effectively.

We believe that all mankind has been well served by the Panama Canal since its completion nearly 60 years ago. During those years it has never been closed, and it has been transited by an ever-increasing number of ships carrying cargo to and from all parts of the world.

Although the 1903 treaty still governs the basic relationship between the United States and Panama concerning the canal, that re-

lationship was significantly revised, as well as reaffirmed, in the treaties of 1936 and 1955. On both occasions the United States relinquished important rights and provided important new benefits for Panama.

In 1964, recognizing that a comprehensive modernization of our relationship should be undertaken, the United States began negotiations with Panama with three essential objectives in view, which remain valid today:

1. The canal should be available to the world's commercial vessels on an equal basis at reasonable cost.

2. So that the canal should serve world commerce efficiently, the United States should have the right to provide additional canal capacity.

3. The canal should continue to be operated and defended by the United States for an extended but specified period of time.

It was recognized then, as it is today, that these objectives would require the conclusion of a new treaty or treaties to replace the 1903 treaty and its amendments. By 1967 three draft treaties had been negotiated and agreed to by the two negotiating teams. At that time the Panamanian Government did not move to ratify the treaties, but in October of 1970 requested the United States to renew negotiations. The United States agreed to do so, and negotiations were in fact renewed in June 1971, when the Panamanian negotiating team arrived in Washington.

During the intensive negotiations which followed, the United States has fully recognized that the relationship originally defined in the 1903 treaty needs to be brought into line with the realities of the world today as well as with the mutual interests of both countries.

The United States is ready to conclude a new treaty promptly. At the same time, we believe it necessary that the United States continue to be responsible for the operation and defense of the canal for an additional specified period of time, the length of which is one of many issues to be negotiated.

As a result of the persistent efforts made by both sides, significant progress has been made in the treaty talks toward reaching mutual understanding on major principles.

Mr. President, I would like to make clear that the United States, no less than others who have spoken at this table, supports Panama's just aspirations. The U.S. negotiators, cognizant of those aspirations, have already recognized that:

1. The 1903 canal treaty should be replaced by a new modern treaty.

2. Any new canal treaty should be of fixed duration, rejecting the concept of perpetuity.

3. Panama should have returned to it a substantial territory now part of the Canal Zone, with arrangement for use of other areas. Those other areas would be the minimum required for U.S. operations and defense of the canal and would be integrated into the legal, economic, social, and cultural life of Panama on a timetable to be agreed upon.

4. Panama should exercise its jurisdiction in the canal area pursuant to a mutually agreed timetable.

5. Panama should receive substantially increased annual payments for the use of its territory relating to the canal.

Accordingly, those who attack the 1903 Treaty are attacking a phantom foe, a non-existent enemy. The 1903 treaty has already been revised significantly to Panama's advantage. We were on the verge of changing it a third time in 1967, and we are ready to change it again—to write a new treaty—when negotiations continue in the spirit of friendship and cooperation that should be the hallmark of Panama-U.S. relations.

We recognize that much remains to be settled; yet we believe the above points represent a substantial foundation of important principles and are confident that with continued good will by reasonable men on both sides, and some patience, a mutually satisfactory treaty can result.

Mr. President, in reviewing the relation-

ships among the 532 million active and dynamic people residing in this hemisphere, it would be incorrect to leave the impression there are no problems or no issues needing attention. Obviously there are, as there are anywhere. But we know that both the good will and the diplomatic machinery already exist within the area to resolve these problems.

The question then arises as to what contribution the Council can make at this meeting and what the Council will carry back to United Nations Headquarters as a result of its meeting in Latin America.

For Latin American issues, as for issues in other parts of the world, the members of the Council must look to what this body can actually accomplish, the consistency of their proposed actions with the provisions of the charter, and their impact on the chances of resolving existing differences.

For the Council to take a partisan stand or reflect only a parochial viewpoint would risk undermining the processes of bilateral and regional diplomacy which have served this hemisphere so well.

For the Council to pronounce itself on a wider range of issues not directly concerned with the maintenance of international peace and security risks diluting the results already achieved in other United Nations organs and would make many question the seriousness of the Council's purpose in holding its meeting here.

We have been engaged in discussion since March 15, Mr. President, and much of what has been said is valuable, constructive, and informative. That in itself is a positive element. But this series of meetings can be productive, Mr. President, in other ways. Tomorrow evening we should be able to adjourn to return to New York and say that our deliberations have contributed renewed vigor to the effective, realistic, and harmonious search for the realization of the objectives of the United Nations, not only in Latin America but everywhere. If we can do that, Mr. President, then these meetings will have been a success.

## STATEMENT OF MARCH 21

USUN press release 26 dated March 22

Despite the fact that the Representative of Panama has expressed himself numerous times before this Council over the past week on the Panama Canal, he chose to deliver another litany this afternoon on the Panamanian version of history and the actual situation today. I have no intention of subjecting the distinguished members of this Council to a statement of similar length.

However, he continues to stress the convention of 1903. In fact we have heard a great deal in recent days of how the Isthmian Canal Convention was imposed on the people of Panama. Let us put the facts of the situation in the Security Council record. After the convention of 1903 was signed, it was sent to Panama for ratification. After ratification by the Panamanian Government, the treaty was sent around the country for consideration by the various elected municipal councils. The ratification of the treaty with the United States was overwhelmingly approved by these elected councils, with unanimous expressions of approval of the treaty. So much for the imposition of a treaty.

Now, in 70 years' time the views of the Government and people of Panama have changed with respect to the arrangements of 1903. That is not surprising. The views of the Government and people of the United States of America have also changed with respect to the treaty of 1903. That is what our two governments are negotiating about—to work out new arrangements to meet the just aspirations of Panama and the legitimate interests of the United States.

I believe, Mr. President, it is useful to clarify for the record this historical aspect of our relationship.

We regret having had to cast a negative vote on this resolution, because there is so much in it with which we could agree. But our negative vote should have come as no surprise to our host, the Republic of Pana-

ma, in view of the repeated exchanges of views that we have had about this meeting and about how it might end—and I am referring not only to discussions during this Security Council meeting but also to those that took place even before the Republic of Panama had pressed its campaign to have this meeting take place on its territory.

In those discussions the United States made clear its serious concern that a meeting designed to put pressure on one party to an on-going bilateral negotiation could make those negotiations more difficult and impair the utility of this major organ of the United Nations. Up to the moment of our departure for Panama, we continued to receive assurances that everything would be done to maintain an atmosphere of moderation and restraint. I regret to say that while this proved true of the situation outside this chamber—and for this I wish to express our appreciation to our host—it has not been true of some of the statements made here.

Members of this Council should know that my delegation has made strenuous and repeated efforts in friendly conversations with our Panamanian hosts to arrive at a mutually acceptable form for a resolution but this very sincere effort has been rejected. I wish the members of the Council to know, however, that we were and are prepared to acknowledge the just aspirations of the Republic of Panama, for we do recognize those aspirations, along with the interests of the United States.

I have said that we regret having had to cast a negative vote on the Panamanian resolution because there is so much in it with which we could agree. As I have made clear, we agree with the Republic of Panama on the need to replace the 1903 convention by a totally new instrument reflecting a new spirit, we agree that such a new instrument should not run in perpetuity but should have a fixed term, and we agree on the progressive integration into the legal, economic, social, and cultural life of Panama of even those areas used for the operation and defense of the canal.

Why, then, when there is so much in it with which we agree, did we not vote in favor of the resolution or, as we were urged, at least abstain? Essentially, for two reasons.

First and foremost, as I have repeatedly pointed out both in public and in private, it is because all these matters are in process of bilateral negotiations. We do not consider it helpful or appropriate for the Security Council to adopt a resolution dealing with matters of substance in a continuing negotiation—and I may note that the Foreign Minister of Panama has himself spoken of the negotiations as continuing and not as having been broken off. Indeed, as many members know, we have only recently made certain new approaches to the Government of Panama. We believe it would be a disservice to the negotiations and an improper use of the Security Council if bilateral negotiations were subjected to this kind of outside pressure.

I am not, of course, suggesting here that those who cast affirmative votes on the resolution intended to exert any improper influence, but this is how the resolution would have been perceived in many quarters.

The Panamanian resolution, in our view, is unbalanced and incomplete and is therefore subject to serious misinterpretation. Further, the resolution is cast in the form of sweeping generalities, when we know that the real difficulties lie in the application of these generalities. Although it is true that the United States and Panama have reached common understanding over a number of important general principles, differences over some principles and many matters of detail remain. Finally, the present resolution addresses the points of interest to Panama but ignores those legitimate interests important to the United States.

The Panama Canal is not a work of nature or—as some have tried to put it—a natural resource. The canal is a very complex enterprise, and the working-out of a new regime for it cannot be accomplished by the wave of a hand or the quick stroke of a pen. It requires thoughtful and meticulous negotiation to achieve a fair reconciliation of interests. We have been and



are prepared for such a negotiation. But the resolution that was just voted upon oversimplifies the issue to the point where it could have rendered a disservice.

This brings me back to what I said at the beginning of my intervention. It has been clear from the first mention of the idea that holding a Security Council meeting here to focus on this problem could complicate the process of negotiation. The United States is disappointed that others failed to appreciate this risk when lending their support to this meeting. Surely it should have been made obvious that the new treaty which we sincerely wish to negotiate with Panama must be acceptable to our Congress and people, as well as the Government and people of Panama.

Finally, I would respectfully suggest that we all assess with great care the nature and outcome of this meeting so as to avoid any repetition of a course of action that could prove damaging to the role and reputation of the Security Council. It would be most unfortunate if the Security Council were to be transformed into a small replica of the General Assembly, thereby impairing its capacity to deal effectively with specific issues affecting peace and security.

The U.S. delegation will not be leaving Panama in a spirit of rancor, far from it. Our friendship for Panama, for the people of Panama and of Latin America in general, is too deep for that. We continue to be willing to adjust any differences peacefully and in a spirit of give-and-take. We are, specifically, prepared to continue the negotiations and to carry them forward with good will and seriousness at whatever time the Government of Panama chooses. We believe that both Panama and the United States are destined by geography and common ideals to cooperate for their mutual advantage and to protect the interests of world commerce transiting the canal. That will continue to be the policy of the United States, and I am confident that in the end we shall reach an accord which both governments can firmly support and which will strengthen the close bonds of friendship between our peoples.

## TEXT OF DRAFT RESOLUTION<sup>1</sup>

### *The Security Council,*

*Having considered* the question of the Panama Canal under the item entitled "Consideration of measures for the maintenance and strengthening of international peace and security in Latin America in conformity with the provisions and principles of the Charter",

*Recalling* that it is a purpose of the United Nations to bring about, in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace,

*Bearing in mind* that the Republic of Panama is sovereign over its territory and that the free and fruitful exercise of sovereignty by peoples and nations over their natural resources should be fostered through mutual respect among States, based on their sovereign equality [General Assembly resolutions 1514 (XV), 1803 (XVII) and 3016 (XXVII)],

*Having heard* the statements made before it by the representatives of the members of the Council by Latin American Ministers for Foreign Affairs and by representatives of other States and organizations specially invited,

1. *Takes note* that the Governments of the Republic of Panama and the United States of America in the Joint Declaration signed before the Council of the Organization of American States, acting provisionally as Organ of Consultation, on 3 April 1964, agreed to reach a just and fair agreement, with a view to the prompt elimination of the causes of conflict between them;

2. *Takes note* also of the willingness shown by the Governments of the United States of America and the Republic of Panama to establish in a formal instrument agreements on the abrogation of the 1903 convention on the Isthmian Canal and its amendments and to conclude a new, just and fair treaty concerning the present Panama Canal which would fulfil Panama's legitimate aspirations and guarantee full respect for Panama's effective sovereignty over all of its territory;

3. *Urges* the Governments of the United States of America and the Republic of Panama to continue negotiations in a high spirit of friendship, mutual respect and co-operation and to conclude without delay a new treaty aimed at the prompt elimination of the causes of conflict between them;

4. *Decides* to keep the question under consideration.

<sup>1</sup> U.N. doc. S 10931 Rev.1; the draft resolution was not adopted owing to the negative vote of a permanent member of the Council, the vote being 13 in favor, 1 against (U.S.), with 1 abstention (U.K.).

## President Nixon Proposes Plan for Reorganization of Federal Drug Law Enforcement Activities

*Message From President Nixon to the Congress<sup>1</sup>*

*To the Congress of the United States:*

Drug abuse is one of the most vicious and corrosive forces attacking the foundations of American society today. It is a major cause of crime and a merciless destroyer of human lives. We must fight it with all of the resources at our command.

This Administration has declared all-out, global war on the drug menace. As I reported to the Congress earlier this month in my State of the Union message, there is evidence of significant progress on a number of fronts in that war.<sup>2</sup>

Both the rate of new addiction to heroin and the number of narcotic-related deaths showed an encouraging downturn last year. More drug addicts and abusers are in treatment and rehabilitation programs than ever before.

Progress in pinching off the supply of illicit drugs was evident in last year's stepped-up volume of drug seizures worldwide—which more than doubled in 1972 over the 1971 level.

Arrests of traffickers have risen by more than one-third since 1971. Prompt Congressional action on my proposal for mandatory minimum sentences for pushers of hard drugs will help ensure that convictions stemming from such arrests lead to actual imprisonment of the guilty.

Notwithstanding these gains, much more

must be done. The resilience of the international drug trade remains grimly impressive—current estimates suggest that we still intercept only a small fraction of all the heroin and cocaine entering this country. Local police still find that more than one of every three suspects arrested for street crimes is a narcotic abuser or addict. And the total number of Americans addicted to narcotics, suffering terribly themselves and inflicting their suffering on countless others, still stands in the hundreds of thousands.

### **A Unified Command for Drug Enforcement**

Seeking ways to intensify our counteroffensive against this menace, I am asking the Congress today to join with this Administration in strengthening and streamlining the Federal drug law enforcement effort.

Funding for this effort has increased sevenfold during the past five years, from \$36 million in fiscal year 1969 to \$257 million in fiscal year 1974—more money is not the most pressing enforcement need at present. Nor is there a primary need for more manpower working on the problem, over 2100 new agents having already been added to the Federal drug enforcement agencies under

<sup>1</sup> Transmitted on Mar. 28 (Weekly Compilation of Presidential Documents dated Apr. 2); also printed as H. Doc. 93-69, 93d Cong., 1st sess.

<sup>2</sup> For the sixth in a series of messages from President Nixon to the Congress on the state of the Union, concerning law enforcement and drug abuse prevention transmitted on Mar. 14, see Weekly Compilation of Presidential Documents dated Mar. 19, p. 259.

this Administration, an increase of more than 250 percent over the 1969 level.

The enforcement work could benefit significantly, however, from consolidation of our anti-drug forces under a single unified command. Right now the Federal Government is fighting the war on drug abuse under a distinct handicap, for its efforts are those of a loosely confederated alliance facing a resourceful, elusive, worldwide enemy. Admiral Mahan, the master naval strategist, described this handicap precisely when he wrote that "Granting the same aggregate of force, it is never as great in two hands as in one, because it is not perfectly concentrated."

More specifically, the drug law enforcement activities of the United States now are not merely in two hands but in half a dozen. Within the Department of Justice, with no overall direction below the level of the Attorney General, these fragmented forces include the Bureau of Narcotics and Dangerous Drugs, the Office for Drug Abuse Law Enforcement, the Office of National Narcotics Intelligence, and certain activities of the Law Enforcement Assistance Administration. The Treasury Department is also heavily engaged in enforcement work through the Bureau of Customs.

This aggregation of Federal activities has grown up rapidly over the past few years in response to the urgent need for stronger anti-drug measures. It has enabled us to make a very encouraging beginning in the accelerated drug enforcement drive of this Administration.

But it also has serious operational and organizational shortcomings. Certainly the cold-blooded underworld networks that funnel narcotics from suppliers all over the world into the veins of American drug victims are no respecters of the bureaucratic dividing lines that now complicate our anti-drug efforts. On the contrary, these modern-day slave traders can derive only advantage from the limitations of the existing organizational patchwork. Experience has now given us a good basis for correcting those limitations, and it is time to do so.

I therefore propose creation of a single,

comprehensive Federal agency within the Department of Justice to lead the war against illicit drug traffic.

Reorganization Plan No. 2 of 1973,<sup>3</sup> which I am transmitting to the Congress with this message, would establish such an agency, to be called the Drug Enforcement Administration. It would be headed by an Administrator reporting directly to the Attorney General.

The Drug Enforcement Administration would carry out the following anti-drug functions, and would absorb the associated manpower and budgets:

—All functions of the Bureau of Narcotics and Dangerous Drugs (which would be abolished as a separate entity by the reorganization plan);

—Those functions of the Bureau of Customs pertaining to drug investigations and intelligence (to be transferred from the Treasury Department to the Attorney General by the reorganization plan);

—All functions of the Office for Drug Abuse Law Enforcement; and

—All functions of the Office of National Narcotics Intelligence.

Merger of the latter two organizations into the new agency would be effected by an executive order dissolving them and transferring their functions, to take effect upon approval of Reorganization Plan No. 2 by the Congress. Drug law enforcement research currently funded by the Law Enforcement Assistance Administration and other agencies would also be transferred to the new agency by executive action.

The major responsibilities of the Drug Enforcement Administration would thus include:

—development of overall Federal drug law enforcement strategy, programs, planning, and evaluation;

—full investigation and preparation for prosecution of suspects for violations under all Federal drug trafficking laws;

—full investigation and preparation for

<sup>3</sup>Not printed here; for text, see Weekly Compilation of Presidential Documents dated Apr. 2, p. 309.

prosecution of suspects connected with illicit drugs seized at U.S. ports-of-entry and international borders;

—conduct of all relations with drug law enforcement officials of foreign governments, under the policy guidance of the Cabinet Committee on International Narcotics Control;

—full coordination and cooperation with State and local law enforcement officials on joint drug enforcement efforts; and

—regulation of the legal manufacture of drugs and other controlled substances under Federal regulations.

The Attorney General, working closely with the Administrator of this new agency, would have authority to make needed program adjustments. He would take steps within the Department of Justice to ensure that high priority emphasis is placed on the prosecution and sentencing of drug traffickers following their apprehension by the enforcement organization. He would also have the authority and responsibility for securing the fullest possible cooperation—particularly with respect to collection of drug intelligence—from all Federal departments and agencies which can contribute to the anti-drug work, including the Internal Revenue Service and the Federal Bureau of Investigation.

My proposals would make possible a more effective anti-drug role for the FBI, especially in dealing with the relationship between drug trafficking and organized crime. I intend to see that the resources of the FBI are fully committed to assist in supporting the new Drug Enforcement Administration.

The consolidation effected under Reorganization Plan No. 2 would reinforce the basic law enforcement and criminal justice mission of the Department of Justice. With worldwide drug law enforcement responsibilities no longer divided among several organizations in two different Cabinet departments, more complete and cumulative drug law enforcement intelligence could be compiled. Patterns of international and domestic illicit drug production, distribution

and sale could be more directly compared and interpreted. Case-by-case drug law enforcement activities could be more comprehensively linked, cross-referenced, and coordinated into a single, organic enforcement operation. In short, drug law enforcement officers would be able to spend more time going after the traffickers and less time coordinating with one another.

Such progress could be especially helpful on the international front. Narcotics control action plans, developed under the leadership of the Cabinet Committee on International Narcotics Control, are now being carried out by U.S. officials in cooperation with host governments in 59 countries around the world. This wide-ranging effort to cut off drug supplies before they ever reach U.S. borders or streets is just now beginning to bear fruit. We can enhance its effectiveness, with little disruption of ongoing enforcement activities, by merging both the highly effective narcotics force of overseas Customs agents and the rapidly developing international activities of the Bureau of Narcotics and Dangerous Drugs into the Drug Enforcement Administration. The new agency would work closely with the Cabinet Committee under the active leadership of the U.S. Ambassador in each country where anti-drug programs are underway.

Two years ago, when I established the Special Action Office for Drug Abuse Prevention within the Executive Office of the President, we gained an organization with the necessary resources, breadth, and leadership capacity to begin dealing decisively with the "demand" side of the drug abuse problem—treatment and rehabilitation for those who have been drug victims, and preventive programs for potential drug abusers. This year, by permitting my reorganization proposals to take effect, the Congress can help provide a similar capability on the "supply" side. The proposed Drug Enforcement Administration, working as a team with the Special Action Office, would arm Americans with a potent one-two punch to help us fight back against the deadly menace of drug abuse. I ask full Congressional cooperation in its establishment.

## Improving Port-of-Entry Inspections

No heroin or cocaine is produced within the United States; domestic availability of these substances results solely from their illegal importation. The careful and complete inspection of all persons and goods coming into the United States is therefore an integral part of effective Federal drug law enforcement.

At the present time, however, Federal responsibility for conducting port-of-entry inspections is awkwardly divided among several Cabinet departments. The principal agencies involved are the Treasury Department's Bureau of Customs, which inspects goods, and the Justice Department's Immigration and Naturalization Service, which inspects persons and their papers. The two utilize separate inspection procedures, hold differing views of inspection priorities, and employ dissimilar personnel management practices.

To reduce the possibility that illicit drugs will escape detection at ports-of-entry because of divided responsibility, and to enhance the effectiveness of the Drug Enforcement Administration, the reorganization plan which I am proposing today would transfer to the Secretary of the Treasury all functions currently vested in Justice Department officials to inspect persons, or the documents of persons.

When the plan takes effect, it is my intention to direct the Secretary of the Treasury to use the resources so transferred—including some 1,000 employees of the Immigration and Naturalization Service—to augment the staff and budget of the Bureau of Customs. The Bureau's primary responsibilities would then include:

- inspection of all persons and goods entering the United States;

- valuation of goods being imported, and assessment of appropriate tariff duties;

- interception of contraband being smuggled into the United States;

- enforcement of U.S. laws governing the international movement of goods, except the investigation of contraband drugs and narcotics; and

—turning over the investigation responsibility for all drug law enforcement cases to the Department of Justice.

The reorganization would thus group most port-of-entry inspection functions in a single Cabinet department. It would reduce the need for much day-to-day inter-departmental coordination, allow more efficient staffing at some field locations, and remove the basis for damaging inter-agency rivalries. It would also give the Secretary of the Treasury the authority and flexibility to meet changing requirements in inspecting the international flow of people and goods. An important by-product of the change would be more convenient service for travellers entering and leaving the country.

For these reasons, I am convinced that inspection activities at U.S. ports-of-entry can more effectively support our drug law enforcement efforts if concentrated in a single agency. The processing of persons at ports-of-entry is too closely interrelated with the inspection of goods to remain organizationally separated from it any longer. Both types of inspections have numerous objectives besides drug law enforcement, so it is logical to vest them in the Treasury Department, which has long had the principal responsibility for port-of-entry inspection of goods, including goods being transported in connection with persons. As long as the inspections are conducted with full awareness of related drug concerns it is neither necessary nor desirable that they be made a responsibility of the primary drug enforcement organization.

### Declarations

After investigation, I have found that each action included in Reorganization Plan No. 2 of 1973 is necessary to accomplish one or more of the purposes set forth in Section 901 (a) of Title 5 of the United States Code. In particular, the plan is responsive to the intention of the Congress as expressed in Section 901 (a) (1): "to promote better execution of the laws, more effective management of the executive branch and of its agencies and functions.

## International Economic Report Transmitted to the Congress

*Following is the text of President Nixon's international economic report, which was transmitted to the Congress on March 22 together with the first annual report of the Council on International Economic Policy.<sup>1</sup>*

*To the Congress of the United States:*

The Nation is again at peace. We also are firmly on the course of strong economic growth at home. Now we must turn more of our attention to the urgent problems we face in our economic dealings with other nations. International problems may seem to some of us to be far away, but they have a very direct impact on the jobs, the incomes and the living standards of our people. Neither the peace we have achieved nor the economic growth essential to our national welfare will last if we leave such matters unattended, for they can diminish our prosperity at home and at the same time provoke harmful friction abroad.

Our major difficulties stem from relying too long upon outdated economic arrangements and institutions despite the rapid changes which have taken place in the world. Many countries we helped to rebuild after World War II are now our strong economic competitors. Americans can no longer act as if these historic developments had not taken place. We must do a better job of preparing ourselves—both in the private sector and in the Government—to compete more effectively in world markets, so that expanding trade can bring greater benefits to our people.

In the summer of 1971, this Administration initiated fundamental changes in American foreign economic policy. We have also introduced proposals for the reform of the

<sup>1</sup> The complete text of the 94-page report entitled "International Economic Report of the President Together With the Annual Report of the Council on International Economic Policy" is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 4115-00028).

and expeditious administration of the public business;" Section 901 (a) (3): "to increase the efficiency of the operations of the Government to the fullest extent practicable;" Section 901 (a) (5): "to reduce the number of agencies by consolidating those having similar functions under a single head, and to abolish such agencies or functions as may not be necessary for the efficient conduct of the Government;" and Section 901(a) (6): "to eliminate overlapping and duplication of effort."

As required by law, the plan has one logically consistent subject matter: consolidation of Federal drug law enforcement activities in a manner designed to increase their effectiveness.

The plan would establish in the Department of Justice a new Administration designated as the Drug Enforcement Administration. The reorganizations provided for in the plan make necessary the appointment and compensation of new officers as specified in Section 5 of the plan. The rates of compensation fixed for these officers would be comparable to those fixed for officers in the executive branch who have similar responsibilities.

While it is not practicable to specify all of the expenditure reductions and other economies which may result from the actions proposed, some savings may be anticipated in administrative costs now associated with the functions being transferred and consolidated.

The proposed reorganization is a necessary step in upgrading the effectiveness of our Nation's drug law enforcement effort. Both of the proposed changes would build on the strengths of established agencies, yielding maximum gains in the battle against drug abuse with minimum loss of time and momentum in the transition.

I am confident that this reorganization plan would significantly increase the overall efficiency and effectiveness of the Federal Government. I urge the Congress to allow it to become effective.

RICHARD NIXON.

THE WHITE HOUSE, March 28, 1973.

international monetary and trading systems which have lost their ability to deal with current problems. The turmoil in world monetary affairs has demonstrated clearly that greater urgency must now be attached to constructive reform.

At home, we have continued our fight to maintain price stability and to improve our productivity—objectives which are as important to our international economic position as to our domestic welfare.

What is our next step?

In my State of the Union message on the economy last month, I outlined certain measures to strengthen both our domestic and international economic position.<sup>2</sup> One of the most important is trade reform.

In choosing an international trade policy which will benefit all Americans, I have concluded that we must face up to more intense long-term competition in the world's markets rather than shrink from it. Those who would have us turn inward, hiding behind a shield of import restrictions of indefinite duration, might achieve short-term gains and benefit certain groups, but they would exact a high cost from the economy as a whole. Those costs would be borne by all of us in the form of higher prices and lower real income. Only in response to unfair competition, or the closing of markets abroad to our goods, or to provide time for adjustment, would such restrictive measures be called for.

My approach is based both on my strong faith in the ability of Americans to compete, and on my confidence that all nations will recognize their own vital interest in lowering economic barriers and applying fairer and more effective trading rules.

The fact that most of these comments are addressed to the role of our Government should not divert attention from the vital role which private economic activity will play in resolving our current problems. The cooperation and the initiative of all sectors of our economy are needed to increase our produc-

tivity and to keep our prices competitive. This is essential to our international trading position. Yet there are certain necessary steps which only the Government can take, given the worldwide scope of trading activity and the need for broad international agreement to expand trade fairly and effectively. I am determined that we shall take those steps.

I know that the American people and their representatives in the Congress can be counted on to rise to the challenge of the changing world economy. Together we must do what is needed to further the prosperity of our country, and of the world in which we live.

RICHARD NIXON.

THE WHITE HOUSE, *March 22, 1973.*

## **New Trends and Factors in East Asia and the Pacific**

*Following is a statement by Marshall Green, Assistant Secretary for East Asian and Pacific Affairs, made before the Subcommittee on Asian and Pacific Affairs of the House Committee on Foreign Affairs on March 28.<sup>1</sup>*

Mr. Chairman [Representative Robert N. C. Nix] and members of the committee: It is always an honor and usually a pleasure to appear before your committee. I have done so on many previous occasions over the past dozen or more years. My only regret, Mr. Chairman, at this time is that I will be departing shortly for Australia just as you are assuming the chairmanship of this subcommittee, but I trust that you and the other distinguished members of the subcommittee will be visiting the area. You may be sure that we in the Department will

<sup>2</sup>For excerpts, see BULLETIN of Mar. 19, 1973, p. 328.

<sup>1</sup>The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

do everything we can to facilitate your travels, and I look forward to keeping in touch with you and my other friends on the subcommittee.

I understand that it is your desire in today's discussions to focus on the broader trends in East Asia and the Pacific with special reference to how these trends are likely to shape events in that region and how the United States should best adjust to those trends in order to preserve and advance our national interests—which broadly coincide with the interests of our many friends in Asia.

May I start by saying that events in East Asia will continue to have a significant effect on world peace and on the security and well-being, or otherwise, of the United States. Certain realities are inescapable:

—A large proportion of the world's population lives in East Asia, and they happen to be among the most dynamic and capable peoples in the world.

—Our trade and investments in Asia are growing apace, possibly at a greater rate than anywhere else in the world.

—It is only in East Asia that the interests of the four largest powers of the world (the United States, Japan, China, and the Soviet Union) converge.

—Three times in the last generation we have been drawn into war in Asia.

It is a commonplace to note that the world is in flux; nowhere is the transition more striking than in East Asia. Among the most significant and evident changes occurring in this vast area are the following:

—Changes in national leadership. The first generation of revolutionary leaders, men who played a great role in gaining the independence of their countries, are being replaced by a younger generation, more skilled in government and administration, who emphasize orderly development and growth and improved relations with neighboring countries.

—Increasing economic capabilities. Asians are now better able to do more with their own resources and seek to do so, bearing

witness to the strong thrust of nationalism common to the countries of East Asia. Many difficulties remain, of course, and most of these countries are not yet ready to stand completely on their own; they still rely on outside assistance, a responsibility that we are sharing increasingly with other nations such as Japan.

—Disappearance of the bipolar, cold war world. The world of contending Communist and anti-Communist camps, led respectively by the U.S.S.R. and the United States, has gone. Today there are many power centers, and the interrelationships among them offer important and potentially useful avenues for lessening tensions and broadening understanding among nations.

—Tentative progress in resolving the continuing problem of divided countries. The greatest underlying danger to peace in East Asia arises from the existence of divided nations, notably Korea, Viet-Nam, and Laos. We will accept arrangements worked out between the divided halves of these countries for peaceful resolution of their problems. In this connection, we particularly welcome the South-North talks in Korea, the recently concluded cease-fire and political arrangements in Laos, and the expanding dialogue between North and South Viet-Nam as well as between the Republic of Viet-Nam and the PRG [Provisional Revolutionary Government].

—Entry of the People's Republic of China into the international mainstream. This has been facilitated by P.R.C. membership in the U.N. and other organizations and its improved bilateral relations with the United States, Japan, and other countries.

—Our evolving relationship with Japan. Japan remains our most significant ally in East Asia. Today, following three summit meetings between our respective leaders in the past four years, that relationship is marked by greater mutuality and resiliency.

Coinciding with these changes in East Asia, there has been a growing, fully understandable, feeling in the United States that we have taken on a disproportionate share of the world's problems and that others should



share this burden. At the same time we recognize the importance of continuing to play our role in promoting stability, peace, and growth. This is not altruism; it is based upon a realistic recognition of our own interests.

U.S. foreign policy has taken into consideration all of the trends and factors that I have enumerated above, as well as others. From this has emerged the Nixon doctrine of shared responsibility, our new relationship with the P.R.C. and all that that implies, as well as our emerging relationship with Japan. Beyond that, I would say that these policies have helped to create an atmosphere in East Asia where there is greater willingness on the part of most countries to enter into discussions with each other—even with adversary powers—and in certain cases to discuss with each other even the most difficult and divisive issues. Those issues which cannot now be resolved can at least be defused and made more manageable awaiting the time when they are soluble.

President Nixon has made it clear that the United States is a Pacific power with interests in Asia. He has continually reaffirmed that we will play our proper role as a Pacific power, neither overinvolved nor underinvolved, but pursuing just that degree of involvement that awakens the cooperation of others and enlists to the maximum extent possible their support in advancing our common stake in the peace, stability, and improvement of life for the peoples of East Asia.

This in essence was the message which President Nixon took to Asia when he first visited there as President in mid-1969, including his celebrated press backgrounder at Guam that became known as the Nixon doctrine.<sup>2</sup> A week later at Bangkok, he phrased his position as follows:

Our determination to honor our commitments is fully consistent with our conviction that the nations of Asia can and must increasingly shoulder the responsibility for achieving peace and progress

<sup>2</sup> For the transcript of President Nixon's remarks to newsmen in Guam on July 25, 1969, see *Public Papers of the Presidents: Richard Nixon, 1969*, p. 541.

<sup>1</sup> BULLETIN of Aug. 25, 1969, p. 154.

in the area. The challenge to our wisdom is to support the Asian countries' efforts to defend and develop themselves, without attempting to take from them the responsibilities which should be theirs. For if domination by the aggressor can destroy the freedom of a nation, too much dependence on a protector can eventually erode its dignity.

In concluding my opening remarks, I wish to emphasize two points of personal concern with regard to our future role in Asia.

In the first place, like most Americans, I greatly welcome the breakthroughs which have been made in our relationships with what we used to call adversary powers. I realize that their objectives have not changed, but if the result of our efforts is that it encourages other countries to seek their goals through political as opposed to military means then I think a great deal has been accomplished. Yet it requires that we be prepared to compete with countries whose objectives may differ widely from our own—and indeed some of those objectives are directly contrary to our own. Hopefully, by maintaining strength at home and in conjunction with our friends, we and they will be in a position to negotiate new relationships, including even reductions of forces; yet without that degree of strength and solidarity, the current trend toward détente and toward negotiations could be sharply reversed.

In this connection, we must make clear that in broadening our relationships, and hopefully our friendships, with countries we have regarded as adversary powers, we are not acting in any way to diminish our friendship and support for old friends. Old friends are the best friends.

Secondly, I would hope that preoccupation with our many problems at home will not weaken our understanding and support of our proper role in world affairs. No country can turn completely inward except at the risk of destroying itself. Whatever the faults and mistakes of past policies may have been—I might say they have not been as great as some would have it—we have played an important role in helping to bring about a favorable evolution of events in East Asia. With more help from others and with the

countries of East Asia maximizing their own efforts, there are encouraging vistas opening up in the decade ahead.

President Nixon has described the past decade as one of confrontation and the current decade as one of negotiation. Indeed, the first part of the seventies finds us engaged in talks with most of the participants in the world's most pressing conflicts. One can still cite support for the thesis that the human race is moving even closer to the brink of self-destruction. I believe I have discerned in Asia, however, a different course of human development: a process of modernization and improved communications which is gradually leveling differences between nations, destroying the appeal of aggressive ideologies, and creating a new faith in pragmatic principles. This is the process our policies are designed to serve.

## **Patent Classification Agreement Transmitted to the Senate**

*Message From President Nixon<sup>1</sup>*

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of the Strasbourg Agreement Concerning the International Patent Classification, signed March 24, 1971. I transmit also, for the information of the Senate, the report from the Department of State with respect to the Agreement.

The purpose of the Agreement is generally similar to that set forth in the Nice Agreement Concerning International Classification of Goods and Services to which Trademarks are Applied, as revised at Stockholm July 14, 1967, and the Locarno Agreement Establishing an International Classification for Industrial Designs, signed October 8, 1968. Both

<sup>1</sup> Transmitted on Mar. 22 (White House press release); also printed as S. Ex. E., 93d Cong., 1st sess., which includes the text of the agreement and the report of the Department of State.

of these earlier Agreements were approved by the Senate on December 11, 1971. The countries party to the Agreement constitute a Special Union under the Paris Union established by the Paris Convention for the Protection of Industrial Property, last revised in 1967 at Stockholm. The Special Union consists of an Assembly of all contracting parties and a Committee of Experts. Pursuant to the Agreement a common classification is adopted for patents for invention, inventors' certificates, utility models and utility certificates, to be known as the "International Patent Classification" and provisions are included for its amendment.

It is important from the standpoint of the interest of patent owners and from the standpoint of effective government administration of its patent functions that the United States become a party to the Agreement so that it may participate as a member of the Special Union.

I recommend that the Senate give early and favorable consideration to this Agreement and give its advice and consent to ratification.

RICHARD NIXON.

THE WHITE HOUSE, *March 22, 1973.*

## **Congressional Documents Relating to Foreign Policy**

### **93d Congress, 1st Session**

1972 Annual Report of the United States Tariff Commission. Fiscal Year Ended June 30. H. Doc. 93-26. 34 pp.

Annual Report of the Bretton Woods Agreement Act. Communication from the Chairman, National Advisory Council on International Monetary and Financial Policies, transmitting the Council's annual report covering the period July 1, 1971-June 30, 1972. H. Doc. 93-34. January 3, 1973. 231 pp.

Ninth Annual Report of the Advisory Commission on International Educational and Cultural Affairs. Communication from the Chairman, U.S. Advisory Commission on International Educational and Cultural Affairs, transmitting the report. H. Doc. 93-35. January 3, 1973. 5 pp.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Atomic Energy

Amendment of article VI of the statute of the International Atomic Energy Agency of October 26, 1956, as amended (TIAS 3873, 5284). Done at Vienna September 28, 1970.<sup>1</sup>

*Acceptances deposited:* Indonesia, April 3, 1973; Zambia, April 4, 1973.

##### Aviation

Protocol on the authentic trilingual text of the convention on international civil aviation, Chicago, 1944, as amended (TIAS 1591, 3756, 5170), with annex. Done at Buenos Aires September 24, 1968. Entered into force October 24, 1968. TIAS 6605.

*Acceptance deposited:* Tunisia, April 5, 1973.

##### Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendixes. Done at Washington March 3, 1973.<sup>1</sup>

*Signatures:* Malagasy Republic, April 4, 1973; Sweden, April 3, 1973; Switzerland, April 2, 1973.

##### Consular Relations

Vienna convention on consular relations. Done at Vienna April 24, 1963. Entered into force March 19, 1967; for the United States December 24, 1969. TIAS 6820.

*Accession deposited:* Jordan, March 7, 1973.

##### Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London October 12, 1971.<sup>1</sup>

*Accession deposited:* Norway, February 21, 1973.

##### Narcotic Drugs

Convention on psychotropic substances. Done at Vienna February 21, 1971.<sup>1</sup>

*Ratification deposited:* Brazil, February 14, 1973.

Protocol amending the single convention on narcotic drugs, 1961 (TIAS 6298). Done at Geneva March 25, 1972.

*Ratifications deposited:* Ivory Coast, Jordan, February 28, 1973.

*Accession deposited:* Kenya, February 9, 1973.

##### Oil Pollution

Amendments to the international convention for the prevention of pollution of the sea by oil, 1954, as amended (TIAS 4900, 6109). Adopted at London October 12, 1971.

*Acceptance deposited:* Lebanon, December 21, 1972.

Amendments to the international convention for the prevention of pollution of the sea by oil, 1954, as amended (TIAS 4900, 6109). Adopted at London October 15, 1971.<sup>1</sup>

*Acceptance deposited:* Lebanon, December 21, 1972.

##### Safety at Sea

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London October 25, 1967.<sup>1</sup>

*Acceptance deposited:* Netherlands, March 9, 1973.

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London November 26, 1968.<sup>1</sup>

*Acceptance deposited:* Netherlands, March 9, 1973.

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London October 21, 1969.<sup>1</sup>

*Acceptance deposited:* Netherlands, March 9, 1973.

##### Seabed Disarmament

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and the ocean floor and in the subsoil thereof. Done at Washington, London, and Moscow February 11, 1971. Entered into force May 18, 1972. TIAS 7337.

*Ratification deposited:* Lesotho, April 3, 1973.

##### Slave Trade

Convention to suppress the slave trade and slavery. Done at Geneva September 25, 1926. Entered into force March 9, 1927; for the United States March 21, 1929. 46 Stat. 2183.

*Notification of succession:* Mali, February 2, 1973.

Protocol amending the slavery convention signed at Geneva September 25, 1926, with annex. Done at New York December 7, 1953. Entered into force December 7, 1953, for the protocol; July 7, 1955, for annex to protocol. For the United States March 7, 1956. TIAS 3532.

*Acceptance deposited:* Mali, February 2, 1973.

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 April 30, 1957; for the United States December 6, 1967. TIAS 6418.

*Accession deposited:* Mali, February 2, 1973.

##### 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:* Belgium, March 30, 1973.

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow March 29, 1972. Entered into force September 1, 1972.<sup>2</sup>

*Accession deposited:* Fiji, April 4, 1973.

*Ratification deposited:* Pakistan, April 4, 1973.

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

<sup>2</sup> Not in force for the United States.

## Telecommunications

International telecommunication convention, with annexes. Done at Montreux November 12, 1965.

Entered into force January 1, 1967; for the United States May 29, 1967. TIAS 6267.

*Ratification deposited:* Ghana, January 24, 1973. Partial revision of the 1959 radio regulations, as amended (TIAS 4893, 5603, 6332, 6590), on space telecommunications, with annexes. Done at Geneva July 17, 1971. Entered into force January 1, 1973. TIAS 7435.

*Notifications of approval:* Federal Republic of Germany, December 28, 1972;<sup>3</sup> Netherlands, Union of Soviet Socialist Republics, February 5, 1973.

## BILATERAL

### Republic of China

Agreement amending the agreement of December 30, 1971 (TIAS 7249), relating to trade in cotton textiles. Effected by exchange of notes at Washington March 22, 1973. Entered into force March 22, 1973.

Agreement relating to annex C of the agreement of December 30, 1971 (TIAS 7498), concerning trade in wool and man-made fiber textile products. Effected by exchange of notes at Washington March 22, 1973. Entered into force March 22, 1973.

### El Salvador

Agreement confirming the cooperative agreement between the Ministerio de Agricultura y Ganaderia of El Salvador and the U.S. Department of Agriculture for the prevention of foot-and-mouth disease and rinderpest in El Salvador. Effected by exchange of notes at San Salvador February 28 and March 2, 1973. Entered into force March 2, 1973.

### India

Agreement regarding the consolidation and rescheduling of payments under P.L.-480 title I agricultural commodity agreements, with annexes. Signed at Washington March 30, 1973. Entered into force March 30, 1973.

Agreement regarding the consolidation and rescheduling of certain debts owed to the U.S. Government and its agencies, with annexes. Signed at Washington March 30, 1973. Entered into force March 30, 1973.

### Iran

Agreement extending the military mission agree-

ment of November 27, 1943, as amended and extended (57 Stat. 1262, TIAS 1941, 2946, 3207, 3519, 6594, 6970, 7069, 7235). Effected by exchange of notes at Tehran February 6 and March 3, 1973. Entered into force March 3, 1973.

### Pakistan

Agreement amending the agreement for sales of agricultural commodities of September 21, 1972 (TIAS 7466). Effected by exchange of notes at Islamabad March 19, 1973. Entered into force March 19, 1973.

### Philippines

Agreement amending the agreement for sales of agricultural commodities of May 4, 1972 (TIAS 7324). Effected by exchange of notes at Manila March 9, 1973. Entered into force March 9, 1973.

### United Kingdom

Agreement relating to implementation and enforcement of civil aviation advance charter rules, with memorandum of understanding. Effected by exchange of notes at Washington March 30, 1973. Entered into force March 30, 1973.

### Uruguay

Treaty on extradition and cooperation in penal matters. Signed at Washington April 6, 1973. Enters into force upon the exchange of ratifications.

### Viet-Nam

Agreement amending the agreement for sales of agricultural commodities of August 29, 1972 (TIAS 7452). Effected by exchange of notes at Saigon March 19, 1973. Entered into force March 19, 1973.

Agreement correcting the agreement for sales of agricultural commodities of March 7, 1973. Effected by exchange of notes at Saigon March 19, 1973. Entered into force March 19, 1973.

## DEPARTMENT AND FOREIGN SERVICE

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Daniel M. Searby as Deputy Assistant Secretary for Commercial Affairs and Business Activities, Bureau of Economic Affairs, effective April 2.

<sup>3</sup> Applicable to West Berlin.

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495	4-2	Paul Samuelson to tour East Asian and Pacific nations (rewrite).
96	4-2	John Hope Franklin to tour South America (rewrite).
497	4-2	U.S. and U.K. reach understanding on air charters (rewrite).
498	4-4	Rush: U.S. Naval Academy, Annapolis, Md.
499	4-5	Rush: Canada-U.S. Interparliamentary Conference.
4100	4-5	Cassey: House Subcommittees on Europe and Foreign Economic Policy.
4101	4-6	\$31 million contract to assist immigrants to Israel (rewrite).
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# THE DEPARTMENT OF STATE BULLETIN

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THE DEPARTMENT OF STATE **BULLETIN**

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April 30, 1973

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*The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and 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 on treaties of general international interest.*

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## President Thieu of the Republic of Viet-Nam Visits the United States

*President Nguyen Van Thieu of the Republic of Viet-Nam made an official visit to the United States April 2-7. He met with President Nixon and other government officials at the Western White House at San Clemente, Calif., April 2-3 and met with Vice President Agnew, leaders of Congress, and other officials at Washington April 4-6. Following are exchanges of remarks between President Nixon and President Thieu at an arrival ceremony at the Western White House on April 2 and at a departure ceremony on April 3, together with the text of a joint communique issued April 3.*

### REMARKS AT ARRIVAL CEREMONY

White House press release (San Clemente, Calif.) dated April 2

#### President Nixon

Mr. President, all of our distinguished guests, and ladies and gentlemen: Mr. President, this is the fifth time that I have had the honor and pleasure of meeting with you, but for the first time I am honored to welcome you in my native land, in my native State, and here at my home.

As we welcome you today, we think back to the times we have met before. Particularly I think of the time that we first met as heads of state at Midway four years ago.<sup>1</sup> On that occasion you said after our meeting that you looked forward to the time when we could meet not for the purpose of discussing the conduct of war, but for the purpose of discussing the building of peace; and now, today, that day has come.

<sup>1</sup> For remarks by President Nixon and President Thieu and text of a joint statement issued at Midway Island on June 8, 1969, see BULLETIN of June 30, 1969, p. 549.

There are, of course, difficulties in building a peace after 25 years of war have torn your country apart. But, on the other hand, when we compare the situation today to what it was four years ago at Midway when we met, we see the progress that has been made toward that goal. On that day, when there were over half a million Americans fighting side by side with your people, we now find that all the American forces have returned and the people of Viet-Nam have the strength to defend their own independence and their right to choose their government in the years ahead.

We know that this would not have been possible without the courage and also the leadership that you have displayed in providing an example for the people of your country and the courage that they have exemplified and the sacrifices they have made.

Now, as we meet today for two days of meetings, we meet to work toward the building of peace, a peace for your land which has suffered so much and your people who have suffered so much and a peace, as it is built there, which can contribute to lasting peace in the world.

I would say simply as we conclude that the name of our house here is Casa Pacifica, which means House of the Pacific and also House of Peace, and we hope from this day, as a result of our talks, will come great steps forward in building the lasting peace, the real peace that we have fought together for and that now we want all of our people to live for.

Thank you.

#### President Thieu

Mr. President, Mrs. Nixon, ladies and gentlemen: Thank you very much, Mr. Presi-

dent, for this warm welcome and for your very kind words. Mrs. Thieu and I are very happy to come here today to this beautiful land of freedom and prosperity. We appreciate most especially your hospitality.

I find it very significant that the discussions which I will soon hold with you on this visit, which will establish the new basis for the cooperation between the United States and Viet-Nam following the Viet-Nam peace agreement, are to be held in the Western White House on the Pacific Coast, because both the United States and Viet-Nam belong to the same community of nations bordering on the Pacific Ocean.

History has proved that there can be no solid peace in the world unless there is peace and stability in the Pacific area. History has also shown that for the Pacific Ocean to deserve its peaceful name, courage and tenacity are as important today as they were to the navigators who first sailed across this vast ocean centuries ago.

Mr. President, over three years ago when we met at Midway at a time when the Viet-Nam war was raging, we laid down together the foundations for a promising solution to the Viet-Nam conflict that came to be known as the Vietnamization. Today, while over 300,000 American troops still stay in Europe to bolster the defense of western Europe, more than a quarter century after World War II was over, we in Viet-Nam are proud that, thanks to your help, the Vietnamese defense force was able to repel an all-out Communist invasion last year at a time when American ground troops had been withdrawn.

This made possible a peace with honor whereby the Communist aggressors, in the Paris agreement last January, had to recognize formally the right of self-determination of the people of South Viet-Nam and the principle that the problems we will solve in North Viet-Nam are to be solved by peaceful means without coercion and annexation.

While the road to lasting peace is still an arduous one, a new page has been turned with the conclusion of the Paris agreement, and I look forward to having fruitful conversation with you, Mr. President, on the

various aspects of the relation between our two countries in this new context.

I earnestly hope that the joint efforts of our two governments would lead to a consolidation of peace in Indochina and a new era of constructive cooperation in peace among all parties concerned. I avail myself on this occasion to express to you, Mr. President, and through you to the American people, the heartfelt gratitude of the Vietnamese Government and people for the generous assistance of your government and the noble contribution of the American nation to our long efforts to defend and preserve freedom for Viet-Nam and Southeast Asia.

Thank you very much.

#### REMARKS AT DEPARTURE CEREMONY

White House press release (San Clemente, Calif.) dated April 3

##### President Nixon

Mr. President and ladies and gentlemen: As our joint communique indicates, President Thieu and I have had very constructive talks with regard to how we shall work together in the years ahead, working for the program of peace which we now hope will all be the wave of the future not only for the Republic of Viet-Nam but for all of the countries in Indochina.

Mr. President, we have been allies in a long and difficult war, and now you can be sure that we stand with you as we continue to work together to build a lasting peace.

This is a great goal for our two peoples, and I am very happy that we could have had these extended talks in developing programs that will achieve that goal.

We wish you well as you go on to Washington and as you return to your own country, and we look forward to the time when we shall meet again.

##### President Thieu

Ladies and gentlemen: I am very happy to have a few minutes with you on the conclusion of this meeting with President Nixon. As you know already, the two main purposes

of my visit here are to thank in person the American people for the generous and disinterested assistance given to us during the past difficult years, and secondly, to have an opportunity to discuss with President Nixon about what needs to be done in view of consolidating the peace in Viet-Nam and in Southeast Asia.

As I said earlier in my arrival statement, my visit here marks at the same time an end and a beginning: an end to a very difficult period of time during which our two countries have endeavored to preserve freedom for the Vietnamese people and a beginning in the sense that the newly achieved peace in Viet-Nam will be the starting point of what President Nixon calls a generation of peace for the whole world.

I had during these two days very thorough and cordial conversations with President Nixon which I am sure will help lay the foundation of lasting peace in our part of the world and of a fruitful cooperation between the American and Vietnamese people in the postwar period.

Thank you, ladies and gentlemen.

I look forward to seeing you again, President Nixon.

### TEXT OF JOINT COMMUNIQUE, APRIL 3

The President of the United States, Richard M. Nixon, and the President of the Republic of Vietnam, Nguyen Van Thieu, met for two days of discussions in San Clemente at the outset of President Thieu's official visit to the United States. Taking part in these discussions on the United States side were the Secretary of State, William P. Rogers; the Assistant to the President for National Security Affairs, Henry A. Kissinger; the Ambassador of the United States to the Republic of Vietnam, Ellsworth Bunker; the Ambassador-designate of the United States to the Republic of Vietnam, Graham Martin; and other officials. On the side of the Republic of Vietnam the Minister for Foreign Affairs, Tran Van Lam; the Minister of Economy, Pham Kim Ngoc; the Minister of Finance, Ha Xuan Trung; the Special Assistant to the President for Foreign Affairs, Nguyen Phu Duc; the Vietnamese Ambassador to the United States, Tran Kim Phuong, and other officials also participated in the discussions.

The discussions were held in a very cordial atmosphere appropriate to the enduring relationship

of friendship which exists between the governments of the Republic of Vietnam and the United States. The two Presidents discussed the course of U.S.-Vietnamese relations since their meeting at Midway Island on June 8, 1969 and the postwar relationship between the two countries. They reached full consensus in their views.

President Nixon and President Thieu reviewed the progress that has been made in economic, political and defense affairs in Vietnam since the Midway meeting. President Nixon expressed gratification with the proficiency of South Vietnam's armed forces and noted their effective and courageous performance in halting the invasion launched by North Vietnam on March 30, 1972. The President also expressed satisfaction with the development of political institutions and noted the political stability that has prevailed in South Vietnam in recent years. President Thieu reaffirmed his determination to assure social and political justice for the people of South Vietnam.

The two Presidents expressed their satisfaction at the conclusion of the Agreement on Ending the War and Restoring Peace in Vietnam, as well as the Act of the International Conference on Vietnam which endorsed this Agreement.<sup>2</sup> They asserted the determination of their two governments to implement the provisions of the Agreement scrupulously. They also affirmed their strong expectation that the other parties signatory to the Agreement would do the same in order to establish a lasting peace in Vietnam. The two Presidents expressed their appreciation to the other members of the international community who helped in achieving the Agreement and particularly to the four member governments of the International Commission of Control and Supervision whose representatives are observing its implementation. They consider that the International Commission, acting in cooperation with the Four Parties to the Agreement, is an essential element in the structure of restoring peace to Vietnam and expressed their determination to further encourage the most effective and objective possible supervision of the Agreement.

President Nixon informed President Thieu of his great interest in the meetings between representatives of the two South Vietnamese parties which are currently taking place in France in an effort to achieve an internal political settlement in South Vietnam. President Thieu said that his government is resolved at these meetings to achieve a settlement which will fully insure the right of self-determination by the South Vietnamese people in accordance with the Agreement on Ending the War. President Thieu expressed his earnest desire for a reconciliation among the South Vietnamese parties

<sup>2</sup>For text of the agreement, see BULLETIN of Feb. 12, 1973, p. 169; for text of the act, see BULLETIN of Mar. 26, 1973, p. 345.

which will fulfill the hopes of the South Vietnamese people for peace, independence, and democracy.

Both Presidents, while acknowledging that progress was being made toward military and political settlements in South Vietnam, nevertheless viewed with great concern infiltrations of men and weapons in sizeable numbers from North Vietnam into South Vietnam in violation of the Agreement on Ending the War, and considered that actions which would threaten the basis of the Agreement would call for appropriately vigorous reactions. They expressed their conviction that all the provisions of the Agreement, including in particular those concerning military forces and military supplies, must be faithfully implemented if the cease-fire is to be preserved and the prospects for a peaceful settlement are to be assured. President Nixon stated in this connection that the United States views violations of any provision of the Agreement with great and continuing concern.

Both Presidents also agreed that there could be lasting peace in Vietnam only if there is peace in the neighboring countries. Accordingly they expressed their earnest interest in the achievement of a satisfactory implementation of the cease-fire agreement reached in Laos on February 21. They expressed their grave concern at the fact that Article 20 of the Agreement which calls for the unconditional withdrawal of all foreign forces from Laos and Cambodia has not been carried out. They agreed that this Article should be quickly implemented.

In assessing the prospects for peace throughout Indochina the two Presidents stressed the need for vigilance on the part of the governments in the Indochinese states against the possibility of renewed Communist aggression after the departure of United States ground forces from South Vietnam. They stressed the fact that this vigilance will require the continued political, economic, and military strength of the governments and nations menaced by any renewal of this aggressive threat. Because of their limited resources, the nations of the region will require external assistance to preserve the necessary social and economic stability for peaceful development.

In this context, President Thieu affirmed the determination of the Vietnamese people and the Government to forge ahead with the task of providing adequate and timely relief to war victims, reconstructing damaged social and economic infrastructures, and building a strong and viable economy, so that the Vietnamese nation can gradually shoulder a greater burden in the maintenance of peace and the achievement of economic progress for its people. The two Presidents agreed that in order to attain the stated economic goals as quickly as possible, the Republic of Vietnam will need greater external economic assistance in the initial years of the post war era. President Nixon reaffirmed his wholehearted support for the endeavors of post war rehabilitation,

reconstruction and development of the Republic of Vietnam. He informed President Thieu of the United States intention to provide adequate and substantial economic assistance for the Republic of Vietnam during the remainder of this year and to seek Congressional authority for a level of funding for the next year sufficient to assure essential economic stability and rehabilitation for that country as it now moves from war to peace. He recognized that the economic development and self-sufficiency of South Vietnam depend to a significant extent on its ability to promote and attract foreign investment. He also expressed his intention to seek Congressional support for a longer range program for the economic development of South Vietnam now that the war has ended.

The two Presidents expressed their earnest hope that other nations as well as international institutions will act promptly on a positive and concerted program of international assistance to the Republic of Vietnam. They also agreed that consultations should soon be held in this regard with all interested parties.

The two Presidents expressed hope that the implementation of the Agreement on Vietnam would permit a normalization of relations with all countries of Southeast Asia. They agreed that this step and a regional reconstruction program will increase the prospects of a lasting peace in the area.

President Nixon discussed the future security of South Vietnam in the context of the Nixon Doctrine. The President noted that the assumption by the Republic of Vietnam of the full manpower requirements for its own defense was fully in keeping with his doctrine. He affirmed that the United States for its part, expected to continue, in accordance with its Constitutional processes, to supply the Republic of Vietnam with the material means for its defense consistent with the Agreement on Ending the War.

President Thieu asked President Nixon to convey to the American people and particularly to families bereaved by the loss of loved ones, the deep and abiding appreciation of the people of South Vietnam for the sacrifices made on their behalf and the assistance given to the Republic of Vietnam in its long struggle to maintain its freedom and preserve its right of self-determination.

Prior to the departure of President Thieu for Washington to continue his official visit to the United States, both Presidents agreed that through the harsh experience of a tragic war and the sacrifices of their two peoples a close and constructive relationship between the American and the South Vietnamese people has been developed and strengthened. They affirmed their full confidence that this association would be preserved as the foundation of an honorable and lasting peace in Southeast Asia.

President Thieu expressed his gratitude for the warm hospitality extended to him and his party by President Nixon.

## President Nixon Transmits Trade Reform Act of 1973 to the Congress

### *Message From President Nixon to the Congress*<sup>1</sup>

*To the Congress of the United States:*

The Trade Reform Act of 1973, which I am today proposing to the Congress, calls for the most important changes in more than a decade in America's approach to world trade.

This legislation can mean more and better jobs for American workers.

It can help American consumers get more for their money.

It can mean expanding trade and expanding prosperity, for the United States and for our trading partners alike.

Most importantly, these proposals can help us reduce international tensions and strengthen the structure of peace.

The need for trade reform is urgent. The task of trade reform requires an effective, working partnership between the executive and legislative branches. The legislation I submit today has been developed in close consultation with the Congress and it envisions continuing cooperation after it is enacted. I urge the Congress to examine these proposals in a spirit of constructive partnership and to give them prompt and favorable consideration.

This legislation would help us to:

—Negotiate for a more open and equitable world trading system;

—Deal effectively with rapid increases in imports that disrupt domestic markets and displace American workers;

—Strengthen our ability to meet unfair competitive practices;

—Manage our trade policy more efficiently and use it more effectively to deal with special needs such as our balance of payments and inflation problems; and

—Take advantage of new trade opportunities while enhancing the contribution trade can make to the development of poorer countries.

### **Strengthening the Structure of Peace**

The world is embarked today on a profound and historic movement away from confrontation and toward negotiation in resolving international differences. Increasingly in recent years, countries have come to see that the best way of advancing their own interests is by expanding peaceful contacts with other peoples. We have thus begun to erect a durable structure of peace in the world from which all nations can benefit and in which all nations have a stake.

This structure of peace cannot be strong, however, unless it encompasses international economic affairs. Our progress toward world peace and stability can be significantly undermined by economic conflicts which breed political tensions and weaken security ties. It is imperative, therefore, that we promptly turn our negotiating efforts to the task of resolving problems in the economic arena.

My trade reform proposals would equip us to meet this challenge. They would help us in creating a new economic order which both reflects and reinforces the progress we have made in political affairs. As I said to the Governors of the International Monetary Fund last September, our common goal

<sup>1</sup> Transmitted on Apr. 10 (White House press release); also printed as H. Doc. 93-80, 93d Cong., 1st sess.

should be to "set in place an economic structure that will help and not hinder the world's historic movement toward peace."<sup>2</sup>

### Toward a New International Economic Order

The principal institutions which now govern the world economy date from the close of World War II. At that time, the United States enjoyed a dominant position. Our industrial and agricultural systems had emerged from the war virtually intact. Our substantial reserves enabled us to finance a major share of international reconstruction. We gave generously of our resources and our leadership in helping the world economy get back on track.

The result has been a quarter century of remarkable economic achievement—and profound economic change. In place of a splintered and shattered Europe stands a new and vibrant European Community. In place of a prostrate Japan stands one of the free world's strongest economies. In all parts of the world new economic patterns have developed and new economic energies have been released.

These successes have now brought the world into a very different period. America is no longer the sole, dominating economic power. The new era is one of growing economic interdependence, shared economic leadership, and dramatic economic change.

These sweeping transformations, however, have not been matched by sufficient change in our trading and monetary systems. The approaches which served us so well in the years following World War II have now become outmoded; they are simply no longer equal to the challenges of our time.

The result has been a growing sense of strain and stress in the international economy and even a resurgence of economic isolationism as some have sought to insulate themselves from change. If we are to make our new economic era a time of progress and prosperity for all the world's peoples, we must resist the impulse to turn inward and instead do all we can to see that our in-

ternational economic arrangements are substantially improved.

### Momentum for Change

The United States has already taken a number of actions to help build a new international economic order and to advance our interests within it.

—Our New Economic Policy, announced on August 15, 1971, has helped to improve the performance of our domestic economy, reducing unemployment and inflation and thereby enhancing our competitive position.<sup>3</sup>

—The realignment of currencies achieved under the Smithsonian Agreement of December 18, 1971,<sup>4</sup> and by the adjustments of recent weeks have also made American goods more competitive with foreign products in markets at home and abroad.

—Building on the Smithsonian Agreement, we have advanced far-reaching proposals for lasting reform in the world's monetary system.

—We have concluded a trade agreement with the Soviet Union that promises to strengthen the fabric of prosperity and peace.<sup>5</sup>

—Opportunities for mutually beneficial trade are developing with the People's Republic of China.

—We have opened negotiations with the enlarged European Community and several of the countries with which it has concluded special trading agreements concerning compensation due us as a result of their new arrangements.

But despite all these efforts, underlying problems remain. We need basic trade reform, and we need it now. Our efforts to improve the world's monetary system, for example, will never meet with lasting success unless basic improvements are also achieved in the field of international trade.

<sup>2</sup> For President Nixon's address to the Nation on Aug. 15, 1971, see BULLETIN of Sept. 6, 1971, p. 253.

<sup>3</sup> For background, see BULLETIN of Jan. 10, 1972, p. 32.

<sup>4</sup> For text of the agreement, see BULLETIN of Nov. 20, 1972, p. 595.

<sup>2</sup> BULLETIN of Oct. 23, 1972, p. 457.

## **Building a Fair and Open Trading World**

A wide variety of barriers to trade still distort the world's economic relations, harming our own interests and those of other countries.

—Quantitative barriers hamper trade in many commodities, including some of our potentially most profitable exports.

—Agricultural barriers limit and distort trade in farm products, with special damage to the American economy because of our comparative advantage in the agricultural field.

—Preferential trading arrangements have spread to include most of Western Europe, Africa and other countries bordering on the Mediterranean Sea.

—Non-tariff barriers have greatly proliferated as tariffs have declined.

These barriers to trade, in other countries and in ours, presently cost the United States several billion dollars a year in the form of higher consumer prices and the inefficient use of our resources. Even an economy as strong as ours can ill afford such losses.

Fortunately, our major trading partners have joined us in a commitment to broad, multilateral trade negotiations beginning this fall. These negotiations will provide a unique opportunity for reducing trading barriers and expanding world trade.

It is in the best interest of every nation to sell to others the goods it produces more efficiently and to purchase the goods which other nations produce more efficiently. If we can operate on this basis, then both the earnings of our workers and the buying power of our dollars can be significantly increased.

But while trade should be more open, it should also be more fair. This means, first, that the rules and practices of trade should be fair to all nations. Secondly, it means that the benefits of trade should be fairly distributed among American workers, farmers, businessmen and consumers alike and that trade should create no undue burdens for any of these groups.

I am confident that our free and vigorous American economy can more than hold its

own in open world competition. But we must always insist that such competition take place under equitable rules.

## **The Urgent Need for Action**

The key to success in our coming trade negotiations will be the negotiating authority the United States brings to the bargaining table. Unless our negotiators can speak for this country with sufficient authority, other nations will undoubtedly be cautious and non-committal—and the opportunity for change will be lost.

We must move promptly to provide our negotiators with the authority their task requires. Delay can only aggravate the strains we have already experienced. Disruptions in world financial markets, deficits in our trading balance, inflation in the international marketplace, and tensions in the diplomatic arena all argue for prompt and decisive action. So does the plight of those American workers and businesses who are damaged by rapidly rising imports or whose products face barriers in foreign markets.

For all of these reasons, I urge the Congress to act on my recommendations as expeditiously as possible. We face pressing problems here and now. We cannot wait until tomorrow to solve them.

## **Providing New Negotiating Authorities**

Negotiators from other countries will bring to the coming round of trade discussions broad authority to alter their barriers to trade. Such authority makes them more effective bargainers; without such authority the hands of any negotiator would be severely tied.

Unfortunately, the President of the United States and those who negotiate at his direction do not now possess authorities comparable to those which other countries will bring to these bargaining sessions. Unless these authorities are provided, we will be badly hampered in our efforts to advance American interests and improve our trading system.

My proposed legislation therefore calls upon the Congress to delegate significant

new negotiating authorities to the executive branch. For several decades now, both the Congress and the President have recognized that trade policy is one field in which such delegations are indispensable. This concept is clearly established; the questions which remain concern the degree of delegation which is appropriate and the conditions under which it should be carried out.

The legislation I submit today spells out only that degree of delegation which I believe is necessary and proper to advance the national interest. And just as we have consulted closely with the Congress in shaping this legislation, so the executive branch will consult closely with the Congress in exercising any negotiating authorities it receives. I invite the Congress to set up whatever mechanism it deems best for closer consultation and cooperation to ensure that its views are properly represented as trade negotiations go forward.

It is important that America speak authoritatively and with a single voice at the international bargaining table. But it is also important that many voices contribute as the American position is being shaped.

The proposed Trade Reform Act of 1973 would provide for the following new authorities:

First, I request authority to eliminate, reduce, or increase customs duties in the context of negotiated agreements. Although this authority is requested for a period of five years, it is my intention and my expectation that agreements can be concluded in a much shorter time. Last October, the member governments of the European Community expressed their hope that the coming round of trade negotiations will be concluded by 1975. I endorse this timetable and our negotiators will cooperate fully in striving to meet it.

Secondly, I request a Congressional declaration favoring negotiations and agreements on non-tariff barriers. I am also asking that a new, optional procedure be created for obtaining the approval of the Congress for such agreements when that is appropriate. Currently both Houses of the Congress must take positive action before any such agreement requiring changes in domestic law be-

comes effective—a process which makes it difficult to achieve agreements since our trading partners know it is subject to much uncertainty and delay. Under the new arrangement, the President would give notice to the Congress of his intention to use the procedure at least 90 days in advance of concluding an agreement in order to provide time for appropriate House and Senate Committees to consider the issues involved and to make their views known. After an agreement was negotiated, the President would submit that agreement and proposed implementing orders to the Congress. If neither House rejected them by a majority vote of all members within a period of 90 days, the agreement and implementing orders would then enter into effect.

Thirdly, I request advance authority to carry out mutually beneficial agreements concerning specific customs matters primarily involving valuation and the marking of goods by country of origin.

The authorities I outline in my proposed legislation would give our negotiators the leverage and the flexibility they need to reduce or eliminate foreign barriers to American products. These proposals would significantly strengthen America's bargaining position in the coming trade negotiations.

#### **Objectives in Agricultural Trade**

I am not requesting specific negotiating authority relating to agricultural trade. Barriers to such trade are either tariff or non-tariff in nature and can be dealt with under the general authorities I am requesting.

One of our major objectives in the coming negotiations is to provide for expansion in agricultural trade. The strength of American agriculture depends on the continued expansion of our world markets—especially for the major bulk commodities our farmers produce so efficiently. Even as we have been moving toward a great reliance on free market forces here at home under the Agricultural Act of 1970, so we seek to broaden the role of market forces on the international level by reducing and removing barriers to trade in farm products.



I am convinced that the concerns which all nations have for their farmers and consumers can be met most effectively if the market plays a far greater role in determining patterns of agricultural production and consumption. Movement in this direction can do much to help ensure adequate supplies of food and relieve pressure on consumer prices.

### **Providing for Import Relief**

As other countries agree to reduce their trading barriers, we expect to reduce ours. The result will be expanding trade, creating more and better jobs for the American people and providing them with greater access to a wider variety of products from other countries.

It is true, of course, that reducing import barriers has on some occasions led to sudden surges in imports which have had disruptive effects on the domestic economy. It is important to note, however, that most severe problems caused by surging imports have not been related to the reduction of import barriers. Steps toward a more open trading order generally have a favorable rather than an unfavorable impact on domestic jobs.

Nevertheless, damaging import surges, whatever their cause, should be a matter of great concern to our people and our Government. I believe we should have effective instruments readily available to help avoid serious injury from imports and give American industries and workers time to adjust to increased imports in an orderly way. My proposed legislation outlines new measures for achieving these goals.

To begin with, I recommend a less restrictive test for invoking import restraints. Today, restraints are authorized only when the Tariff Commission finds that imports are the "major cause" of serious injury or threat thereof to a domestic industry, meaning that their impact must be larger than that of all other causes combined. Under my proposal, restraints would be authorized when import competition was the "primary cause" of such injury, meaning that it must only be the largest single cause. In addition, the present requirement that injury must result

from a previous tariff concession would be dropped.

I also recommend a new method for determining whether imports actually are the primary cause of serious injury to domestic producers. Under my proposal, a finding of "market disruption" would constitute *prima facie* evidence of that fact. Market disruption would be defined as occurring when imports are substantial, are rising rapidly both absolutely and as a percentage of total domestic consumption, and are offered at prices substantially below those of competing domestic products.

My proposed legislation would give the President greater flexibility in providing appropriate relief from import problems—including orderly marketing agreements or higher tariffs or quotas. Restraints could be imposed for an initial period of five years and, at the discretion of the President, could be extended for an additional period of two years. In exceptional cases, restrictions could be extended even further after a two-year period and following a new investigation by the Tariff Commission.

### **Improving Adjustment Assistance**

Our responsibilities for easing the problems of displaced workers are not limited to those whose unemployment can be traced to imports. All displaced workers are entitled to adequate assistance while they seek new employment. Only if all workers believe they are getting a fair break can our economy adjust effectively to change.

I will therefore propose in a separate message to the Congress new legislation to improve our systems of unemployment insurance and compensation. My proposals would set minimum Federal standards for benefit levels in State programs, ensuring that all workers covered by such programs are treated equitably, whatever the cause of their involuntary unemployment. In the meantime, until these standards become effective, I am recommending as a part of my trade reform proposals that we immediately establish benefit levels which meet

these proposed general standards for workers displaced because of imports.

I further propose that until the new standards for unemployment insurance are in place, we make assistance for workers more readily available by dropping the present requirement that their unemployment must have been caused by prior tariff concessions and that imports must have been the "major cause" of injury. Instead, such assistance would be authorized if the Secretary of Labor determined that unemployment was substantially due to import-related causes. Workers unemployed because of imports would also have job training, job search allowances, employment services and relocation assistance available to them as permanent features of trade adjustment assistance.

In addition, I will submit to the Congress comprehensive pension reform legislation which would help protect workers who lose their jobs against loss of pension benefits. This legislation will contain a mandatory vesting requirement which has been developed with older workers particularly in mind.

The proposed Trade Reform Act of 1973 would terminate the present program of adjustment assistance to individual firms. I recommend this action because I believe this program has been largely ineffective, discriminates among firms within a given industry and has needlessly subsidized some firms at the taxpayer's expense. Changing competitive conditions, after all, typically act not upon particular firms but upon an industry as a whole and I have provided for entire industries under my import relief proposals.

#### **Dealing With Unfair Trade Practices**

The President of the United States possesses a variety of authorities to deal with unfair trade practices. Many of these authorities must now be modernized if we are to respond effectively and even-handedly to unfair import competition at home and to practices which unfairly prejudice our export opportunities abroad.

To cope with unfair competitive practices

in our own markets, my proposed legislation would amend our antidumping and countervailing duty laws to provide for more expeditious investigations and decisions. It would make a number of procedural and other changes in these laws to guarantee their effective operation. The bill would also amend the current statute concerning patent infringement by subjecting cases involving imports to judicial proceedings similar to those which involve domestic infringement, and by providing for fair processes and effective action in the event of court delays. I also propose that the Federal Trade Commission Act be amended to strengthen our ability to deal with foreign producers whose cartel or monopoly practices raise prices in our market or otherwise harm our interest by restraining trade.

In addition, I ask for a revision and extension of my authority to raise barriers against countries which unreasonably or unjustifiably restrict our exports. Existing law provides such authority only under a complex array of conditions which vary according to the practices or exports involved. My proposed bill would simplify the authority and its use. I would prefer, of course, that other countries agree to remove such restrictions on their own, so that we should not have to use this authority. But I will consider using it whenever it becomes clear that our trading partners are unwilling to remove unreasonable or unjustifiable restrictions against our exports.

#### **Other Major Provisions**

*Most-Favored-Nation Authority.* My proposed legislation would grant the President authority to extend most-favored-nation treatment to any country when he deemed it in the national interest to do so. Under my proposal, however, any such extension to countries not now receiving most-favored-nation treatment could be vetoed by a majority vote of either the House or the Senate within a three-month period.

This new authority would enable us to carry out the trade agreement we have negotiated with the Soviet Union and thereby

ensure that country's repayment of its lend-lease debt. It would also enable us to fulfill our commitment to Romania and to take advantage of opportunities to conclude beneficial agreements with other countries which do not now receive most-favored-nation treatment.

In the case of the Soviet Union, I recognize the deep concern which many in the Congress have expressed over the tax levied on Soviet citizens wishing to emigrate to new countries. However, I do not believe that a policy of denying most-favored-nation treatment to Soviet exports is a proper or even an effective way of dealing with this problem.

One of the most important elements of our trade agreement with the Soviet Union is the clause which calls upon each party to reduce exports of products which cause market disruptions in the other country. While I have no reason to doubt that the Soviet Union will meet its obligations under this clause if the need arises, we should still have authority to take unilateral action to prevent disruption if such action is warranted.

Because of the special way in which state-trading countries market their products abroad, I would recommend two modifications in the way we take such action. First, the Tariff Commission should only have to find "material injury" rather than "serious injury" from imports in order to impose appropriate restraints. Secondly, such restraints should apply only to exports from the offending country. These recommendations can simplify our laws relating to dumping actions by state-trading countries, eliminating the difficult and time-consuming problems associated with trying to reach a constructed value for their exports.

*Balance of Payments Authority.* Though it should only be used in exceptional circumstances, trade policy can sometimes be an effective supplementary tool for dealing with our international payments imbalances. I therefore request more flexible authority to raise or lower import restrictions on a temporary basis to help correct deficits or surpluses in our payments position. Such

restraints could be applied to imports from all countries across the board or only to those countries which fail to correct a persistent and excessive surplus in their global payments position.

*Anti-Inflation Authority.* My trade recommendations also include a proposal I made on March 30th as a part of this Administration's effort to curb the rising cost of living.<sup>6</sup> I asked the Congress at that time to give the President new, permanent authority to reduce certain import barriers temporarily and to a limited extent when he determined that such action was necessary to relieve inflationary pressures within the United States. I again urge prompt approval for this important weapon in our war against inflation.

*Generalized Tariff Preferences.* Another significant provision of my proposed bill would permit the United States to join with other developed countries, including Japan and the members of the European Community, in helping to improve the access of poorer nations to the markets of developed countries. Under this arrangement, certain products of developing nations would benefit from preferential treatment for a ten-year period, creating new export opportunities for such countries, raising their foreign exchange earnings, and permitting them to finance those higher levels of imports that are essential for more rapid economic growth.

This legislation would allow duty-free treatment for a broad range of manufactured and semi-manufactured products and for a selected list of agricultural and primary products which are now regulated only by tariffs. It is our intention to exclude certain import-sensitive products such as textile products, footwear, watches and certain steel products from such preferential treatment, along with products which are now subject to outstanding orders restricting imports. As is the case for the multilateral negotiations authority, public hearing procedures would be held before such preferences were granted and preferential imports would be

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See p. 532.

subject to the import relief provisions which I have recommended above. Once a particular product from a given country became fully competitive, however, it would no longer qualify for special treatment.

The United States would grant such tariff preferences on the basis of international fair play. We would take into account the actions of other preference-granting countries and we would not grant preferences to countries which discriminate against our products in favor of goods from other industrialized nations unless those countries agreed to end such discrimination.

*Permanent Management Authorities.* To permit more efficient and more flexible management of American trade policy, I request permanent authority to make limited reductions in our tariffs as a form of compensation to other countries. Such compensation could be necessary in cases where we have raised certain barriers under the new import restraints discussed above and would provide an alternative in such cases to increased barriers against our exports.

I also request permanent authority to offer reductions in particular United States barriers as a means of obtaining significant advantages for American exports. These reductions would be strictly limited; they would involve tariff cuts of no more than 20 percent covering no more than two percent of total United States imports in any one year.

#### **Reforming International Trading Rules**

The coming multilateral trade negotiations will give us an excellent opportunity to reform and update the rules of international trade. There are several areas where we will seek such changes.

One important need concerns the use of trade policy in promoting equilibrium in the international payments system. We will seek rule changes to permit nations, in those exceptional cases where such measures are necessary, to increase or decrease trade barriers across the board as one means of helping to correct their payments imbalances. We will also seek a new rule allowing nations

to impose import restrictions against individual countries which fail to take effective action to correct an excessive surplus in their balance of payments. This rule would parallel the authority I have requested to use American import restrictions to meet our own balance of payments problem.

A second area of concern is the need for a multilateral system for limiting imports to protect against disruptions caused by rapidly changing patterns of international trade. As I emphasized earlier, we need a more effective domestic procedure to meet such problems. But it is also important that new arrangements be developed at the international level to cope with disruptions caused by the accelerating pace of change in world trade.

We will therefore seek new international rules which would allow countries to gain time for adjustment by imposing import restrictions, without having to compensate their trading partners by simultaneously reducing barriers to other products. At the same time, the interests of exporting countries should be protected by providing that such safeguards will be phased out over a reasonable period of time.

#### **Promoting Export Expansion**

As trade barriers are reduced around the world, American exports will increase substantially, enhancing the health of our entire economy.

Already our efforts to expand American exports have moved forward on many fronts. We have made our exports more competitive by realigning exchange rates. Since 1971, our new law permitting the establishment of Domestic International Sales Corporations has been helping American companies organize their export activities more effectively. The lending, guaranty and insurance authorities of the Export-Import Bank have been increased and operations have been extended to include a short-term discount loan facility. The Department of Commerce has reorganized its facilities for promoting exports and has expanded its services for exporters. The Department of State, in co-

operation with the Department of Commerce, is giving increased emphasis to commercial service programs in our missions abroad.

In addition, I am today submitting separate legislation which would amend the Export Trade Act in order to clarify the legal framework in which associations of exporters can function. One amendment would make it clear that the act applies not only to the export of goods but also to certain kinds of services—architecture, construction, engineering, training and management consulting, for example. Another amendment would clarify the exemption of export associations from our domestic antitrust laws, while setting up clear information, disclosure and regulatory requirements to ensure that the public interest is fully protected.

In an era when more countries are seeking foreign contracts for entire industrial projects—including steps ranging from engineering studies through the supply of equipment and the construction of plants—it is essential that our laws concerning joint export activities allow us to meet our foreign competition on a fair and equal basis.

### **The Growth of International Investment**

The rapid growth of international investment in recent years has raised new questions and new challenges for businesses and governments. In our own country, for example, some people have feared that American investment abroad will result in a loss of American jobs. Our studies show, however, that such investment on balance has meant more and better jobs for American workers, has improved our balance of trade and our overall balance of payments, and has generally strengthened our economy. Moreover, I strongly believe that an open system for international investment, one which eliminates artificial incentives or impediments here and abroad, offers great promise for improved prosperity throughout the world.

It may well be that new rules and new mechanisms will be needed for international investment activities. It will take time, however, to develop them. And it is important

that they be developed as much as possible on an international scale. If we restrict the ability of American firms to take advantage of investment opportunities abroad, we can only expect that foreign firms will seize these opportunities and prosper at our expense.

I therefore urge the Congress to refrain from enacting broad new changes in our laws governing direct foreign investment until we see what possibilities for multilateral agreements emerge.

It is in this context that we must also shape our system for taxing the foreign profits of American business. Our existing system permits American-controlled businesses in foreign countries to operate under the same tax burdens which apply to its foreign competitors in that country. I believe that system is fundamentally sound. We should not penalize American business by placing it at a disadvantage with respect to its foreign competitors.

American enterprises abroad now pay substantial foreign income taxes. In most cases, in fact, Americans do not invest abroad because of an attractive tax situation but because of attractive business opportunities. Our income taxes are not the cause of our trade problems and tax changes will not solve them.

The Congress exhaustively reviewed this entire matter in 1962 and the conclusion it reached then is still fundamentally sound: there is no reason that our tax credit and deferral provisions relating to overseas investment should be subjected to drastic surgery.

On the other hand, ten years of experience have demonstrated that in certain specialized cases American investment abroad can be subject to abuse. Some artificial incentives for such investment still exist, distorting the flow of capital and producing unnecessary hardship. In those cases where unusual tax advantages are offered to induce investment that might not otherwise occur, we should move to eliminate that inducement.

A number of foreign countries presently grant major tax inducements such as extended "holidays" from local taxes in order

to attract investment from outside their borders. To curb such practices, I will ask the Congress to amend our tax laws so that earnings from new American investments which take advantage of such incentives will be taxed by the United States at the time they are earned—even though the earnings are not returned to this country. The only exception to this provision would come in cases where a bilateral tax treaty provided for such an exception under mutually advantageous conditions.

American companies sometimes make foreign investments specifically for the purpose of re-exporting products to the United States. This is the classic “runaway plant” situation. In cases where foreign subsidiaries of American companies have receipts from exports to the United States which exceed 25 percent of the subsidiaries’ total receipts, I recommend that the earnings of those subsidiaries also be taxed at current American rates. This new rule would only apply, however, to new investments and to situations where lower taxes in the foreign country are a factor in the decision to invest. The rule would also provide for exceptions in those unusual cases where our national interest required a different result.

There are other situations in which American companies so design their foreign operations that the United States treasury bears the burden when they lose money and deduct it from their taxes. Yet when that same company makes money, a foreign treasury receives the benefit of taxes on its profits. I will ask the Congress to make appropriate changes in the rules which now allow this inequity to occur.

We have also found that taxing of mineral imports by United States companies from their foreign affiliates is subject to lengthy delays. I am therefore instructing the Department of the Treasury, in consultation with the Department of Justice and the companies concerned, to institute a procedure for determining inter-company prices and tax payments in advance. If a compliance program cannot be developed voluntarily,

I shall ask for legislative authority to create one.

### **The Challenge of Change**

Over the past year, this Administration has repeatedly emphasized the importance of bringing about a more equitable and open world trading system. We have encouraged other nations to join in negotiations to achieve this goal. The declaration of European leaders at their summit meeting last October demonstrates their dedication to the success of this effort. Japan, Canada and other nations share this dedication.

The momentum is there. Now we—in this country—must seize the moment if that momentum is to be sustained.

When the history of our time is written, this era will surely be described as one of profound change. That change has been particularly dramatic in the international economic arena.

The magnitude and pace of economic change confronts us today with policy questions of immense and immediate significance. Change can mean increased disruption and suffering, or it can mean increased well-being. It can bring new forms of deprivation and discrimination, or it can bring wider sharing of the benefits of progress. It can mean conflict between men and nations, or it can mean growing opportunities for fair and peaceful competition in which all parties can ultimately gain.

My proposed Trade Reform Act of 1973 is designed to ensure that the inevitable changes of our time are beneficial changes—for our people and for people everywhere.

I urge the Congress to enact these proposals, so that we can help move our country and our world away from trade confrontation and toward trade negotiation, away from a period in which trade has been a source of international and domestic friction and into a new era in which trade among nations helps us to build a peaceful, more prosperous world.

RICHARD NIXON.

THE WHITE HOUSE, *April 10, 1973.*

## Secretary Rogers and Other Officials Brief Foreign Ambassadors on Provisions of Trade Reform Act of 1973

*A briefing on the Trade Reform Act of 1973 was held at the Department of State on April 10 for foreign ambassadors to the United States. Following are opening statements made by Secretary Rogers; William J. Casey, Under Secretary for Economic Affairs; Julius Katz, Deputy Assistant Secretary for International Resources and Food Policy; Willis C. Armstrong, Assistant Secretary for Economic and Business Affairs; and William J. Eberle, President Nixon's Special Representative for Trade Negotiations.<sup>1</sup>*

### SECRETARY ROGERS

Ladies and gentlemen: I appreciate very much your coming here this morning to give us the opportunity to talk to you briefly about the President's trade message, called the Trade Reform Act of 1973. I will just make a few preliminary comments, and then I will ask the gentlemen here on my left to go into more detail.

The purpose of the briefing is to give you some advance information about the message that the President will send up and the bill that he will send up. Although parts of it may not be of interest to all of you, I think there are portions of the bill that all of you will be interested in.

As you know, early in 1972 the United States declared its intention to work actively for the opening of multilateral trade negotiations on both tariff and nontariff barriers, both in agricultural and industrial products.

Our basic objectives in these trade negotiations are:

—To build on and expand international

economic efficiency and prosperity by removing obstacles to the freer play of market forces in determining the level and pattern of world trade. One key change would be the development of agreed rules under which safeguards could be invoked when abrupt increases in competition threaten to disrupt markets.

—Also, to obtain changes in the system under which nations conduct their trade relations to insure that the rules are fair and apply equitably to all parties.

Today the President is submitting to the Congress the Trade Reform Act of 1973, broad and basic legislation designed to provide the basis for achieving this fair and open world economy.

This proposed act represents President Nixon's major initiative to expand world trade and reform international commercial policies and practices. When approved by the Congress, it will grant the U.S. Government exceptionally broad authority in a new round of GATT [General Agreement on Tariffs and Trade] negotiations aimed at lowering tariff and nontariff barriers in trade in industrial and agricultural products.

The basic provisions of the bill are as follows.

First, it would give the President authority to lower or raise tariffs without limit. This would apply only to trade agreements which are entered into within five years of the enactment of this bill. In other words, this broad authority to lower tariffs or to raise tariffs has to be exercised in the context of trade negotiations.

Second, the President would be authorized to enter into agreements to reduce, eliminate, or harmonize nontariff barriers in certain cases. Now, in certain cases, and you will

<sup>1</sup>The questions and answers which followed are not printed here.

see from the bill, he can do this without any legislative approval after this bill is enacted. In other cases, he would be able to do so if the agreement is not vetoed by one House of Congress within 90 days. So this gives him very broad authority to lower tariffs or raise tariffs and gives him very broad authority to reduce or eliminate nontariff barriers in the context of a trade agreement.

The authority that I have spoken about, both tariff and nontariff barrier authority, does not distinguish between agriculture and industry, but covers all trade.

The escape clause procedures would be relaxed so that the U.S. businessmen and workers injured by imports could have easier access to temporary import relief.

The President would be permitted also to impose restrictions if needed to help correct serious balance of payments deficits. He would be authorized to lower tariffs when the United States is in a durable surplus situation.

The President would be given increased power to retaliate against unjustifiable or unreasonable foreign trade practices. And we will give you more specific information about that in a moment.

The President could extend most-favored-nation treatment under certain conditions to countries not now eligible for such treatment under the U.S. law.

And the President would be authorized to grant tariff preferences to less developed countries. I note this latter point with particular satisfaction. I have often stressed this government's intention to submit preference legislation. Inclusion of generalized preferences in this bill is, I know, of particular importance to Latin American and other developing country representatives here today.

So this bill will provide authority, then, which we need and which our trading partners have urged us to obtain, not only to negotiate for the reduction of trade barriers and improvements in the rules governing international trade but also to implement agreements for lower tariffs and new rules in many areas.

We can also negotiate an agreement on any nontariff barrier with the assurance that the

agreement could be implemented unless one House of Congress voted against the agreement within 90 days after submission of the agreement. And we think this is a great improvement over previous attempts in this field.

I would hope and expect that by the time of the meeting of the GATT in Tokyo next September, the legislation would have progressed far enough in the Congress that we would be sufficiently assured of the authority needed to participate fully in the multilateral negotiations which are scheduled to be launched at that meeting.

The bill provides that the authority to enter into trade agreements will endure for five years. The President in his message to the Congress submitted with the bill accepts the target of 1975 for completion of an agreement which was set by the leaders of the European Economic Community at their summit meeting last October.

Today we find ourselves in a period where the rules established 25 years ago need to be improved. It is also a period in which economic distortions anywhere must be of concern to people everywhere. The very success of the economic system that was set up after World War II has increased the stake of all nations and all peoples in promptly reforming that system so that it can meet new challenges.

Last September, speaking before the Governors of the International Monetary Fund (IMF), our President suggested that our common goal should be to set in place an economic structure that will help and not hinder the world's historic movement toward peace. The cooperation demonstrated in dealing with the recent monetary disturbance is very encouraging, as is the work going on in the Committee of Twenty to develop fundamental reform of the world monetary system. The OECD [Organization for Economic Cooperation and Development] is working on the development of fair standards for national investment policies. And the GATT is preparing for multilateral negotiations to improve the rules governing the world trading system.



The preamble to the bill our President is sending to the Congress today states its purpose in these words:

To provide authority in the trade field supporting United States participation in an interrelated effort to develop an open, nondiscriminatory and fair world economic system through reform of international trade rules, formulation of international standards for investment and tax laws and policies, and improvement of the international monetary system; . . .

Therefore, gentlemen, I believe that this bill, if enacted into law—and we think it will be—will establish a broad charter for the United States to work constructively with all of you in the GATT, the IMF, and the OECD in the fields of trade, money, and investment.

Our purpose will be to build an international economic structure which reflects and reinforces the goals of peace and mutual help we have been seeking in the political realm.

Now I would like to call upon the following gentlemen in this order to give you more specific information and, if we have time, to answer any questions you may have about this legislation. We will provide, if we have not already, a draft of the bill, the President's message, a short summary of the bill, and we will attempt to answer any questions you may have.

First I would like to ask Under Secretary of State William Casey to speak on the authority to negotiate that is provided in the bill and to implement the trading agreement. Then I will call on Julius Katz, Deputy Assistant Secretary of State, who will speak on permanent trade management authority; third, Assistant Secretary of State Willis Armstrong, who will speak on generalized preferences and MFN [most-favored-nation]; and then I will ask Ambassador William Eberle, who is Special Trade Representative in the White House, to conclude the meeting.

#### UNDER SECRETARY CASEY

Good morning, ladies and gentlemen. Together with Assistant Secretary Armstrong and Deputy Assistant Secretary Katz, I will describe for you in some greater detail how the Trade Reform Act of 1973 works.

Let us first understand that it does three separate things.

The first is to provide the temporary authority to negotiate and carry out the broad multilateral trade agreement that most of us are committed to seek in the GATT during the next few years. I will talk primarily about that.

The second thing it does is to provide permanent authority to manage our trade relations, to make limited adjustments in our tariffs, to make compensating adjustments required by the GATT rules, to react against trade measures that discriminate against U.S. trade, to deal with balance of payments, anti-inflation, and national security needs, and to make our antidumping and our countervailing-duty laws work more satisfactorily. Deputy Assistant Secretary Katz will describe that part of the bill to you.

And the third thing it does is to provide for authority to develop a system of generalized preferences for the less developed countries and to enter into bilateral agreements with countries to which we are not now able to extend most-favored-nation treatment. Assistant Secretary Armstrong will describe those provisions to you.

Some concern has been expressed that this bill grants broad powers to increase as well as to reduce trade barriers. Our system and the unknown requirements of negotiating in the future make it necessary to ask for broad and flexible authority. This bill would do no more than give our President the same powers to make trade adjustments that most other governments already have. In the parliamentary system, the close and immediate relationship between the executive and the Parliament provides very quickly and almost automatically the authority which our trading partners have asked that our President obtain in advance.

In asking for authority to negotiate in the future and carry out an agreement not yet made, it is necessary to ask for broad authority. The bill provides the authority to modify duties up as well as down in order to carry out the trade agreement we all hope to negotiate over the next two years.

The preamble of the bill makes it clear that it will be our objective to reduce tariffs and other barriers to trade. To accomplish this it may be necessary to increase the tariff on some items, perhaps to achieve harmonization—which is one of the objectives the European Community is considering for this round of negotiations. It may be necessary, in order to eliminate a quota, to convert it to a tariff or to increase a tariff temporarily and then scale it down over a period of years.

Thus, all of us may need the flexibility to increase tariffs, temporarily we hope, as well as to reduce them in order to work toward a general lowering of barriers over a period of time.

The authority in this bill would permit us to eliminate as well as to adjust tariffs, and the authority will last for five years. The only limitation is that any adjustment must be staged over a period of five years. There would be a gradual scaling down, and I am sure all of us will want to introduce tariff reductions on this kind of a gradual basis.

The bill also provides the authority to negotiate the reduction, elimination, or harmonization of nontariff barriers. It would give the President the power to order the implementation of any agreement on customs valuation. This can include something like the use of the "American selling price" to compute the tariff on chemicals. He can order changes in methods of assessing quantities. This could cover agreements on wine and whisky bottles, for example. He could establish rules so that requirements to use expensive methods of marking the country of origin could not serve as an indirect barrier to trade.

Then, on any agreement to change or eliminate any other kind of a nontariff barrier, as Secretary Rogers indicated, the President would have the authority to implement, if he gives Congress 90 days' notice of intent before he signs the agreement and then 90 additional days elapse after the agreement is filed with the Congress without one House of Congress having voted against the agreement.

Thus, this bill goes as far as possible to

provide a definiteness and a certainty in our ability to carry out agreements and to change or modify laws and regulations which serve as nontariff barriers to trade.

The bill sets out a procedure, a set of prenegotiation requirements, consultative arrangements, for us to follow in the course of developing our negotiating posture. The President would first file with the Tariff Commission a list of articles to be considered in the negotiation. And the Tariff Commission would be required to investigate the impact of lower tariffs on these articles, the impact on workers, on firms, on consumers. And there would be hearings, public hearings, after which, within six months after the filing of this list, the Tariff Commission would be required to file a report with the President, and then the President could make the offer of adjustment which would begin the negotiation from our standpoint.

The bill also calls for two Members of the House of Representatives and two Members of the Senate to be accredited as members of the U.S. delegation to the negotiation.

Now let me turn to the provisions of import relief.

Today change comes rapidly. And this bill has provisions for temporary relief when changing patterns of trade bring a flood of imports which could disrupt a market. We use the term "safeguard" to describe this relief. There is some concern that these safeguards may be protectionist in nature. It is our view that the kind of safeguards we have in mind are a liberalizing force, a force for freer and more open trade. They would be temporary in character. And these temporary reductions, or temporary restrictions, would be phased down to permit a continued growth in the volume of trade. And we would hope there would be agreement on a multilateral system of temporary safeguards which would permit a continued growth in the volume of trade and also protect workers and provide time for firms in every country to adjust to new competition from countries which achieve advantages in cost and efficiency.

We view these safeguards as a force for

liberalizing trade because without providing this kind of opportunity for adjustment it will be much more difficult for any government to scale down tariffs and other barriers which protect their industries. And thus we see the availability of temporary safeguards as necessary for all of us to muster the will and lubricate the way to a more open trading world.

Here is how the safeguard system would work as envisaged in this bill.

First, anyone could petition for import relief. It would be necessary to show a purpose to transfer resources to other uses or to otherwise adapt to competition from abroad. Then the Tariff Commission would be required to find that there is serious injury or the threat thereof and that imports are the primary cause of injury. This would be established if market disruption is shown, and "market disruption" is defined as a condition where imports are substantial and increasing rapidly, both absolutely and as a percentage of the market, and being offered at a price below comparable domestic products.

The Tariff Commission would be required to hold a public hearing and report on the petition within three months.

Then the President would be required to consider the impact of import relief on workers, on consumers. He would be required to consider the possibility and feasibility of the firms affected being able to adjust within the period of relief. He would also consider the compensation required in the GATT, under GATT rules, if import relief is granted.

After this consideration, he could then grant import relief, which could take the form of a change in tariff or a quota, or the institution of an orderly marketing agreement.

Whatever form of import relief were determined, it would have to be phased out within five years unless the President authorized an extension, which would only be granted on the showing of due cause, and that extension would be limited to two years.

So that any safeguard, any import relief, would last for a maximum of seven years,

if a two-year extension were granted, and would be scaled down within that period of time.

Now, these safeguards could be set up unilaterally with the requirement for compensation under the rules of the GATT, or they could be instituted without compensation on an agreed multilateral basis, if that can be negotiated; and it will be one of our objectives to negotiate such a multilateral safeguard system during this Nixon round of trade negotiations.

Now I will ask Deputy Assistant Secretary Katz to describe the permanent authority for managing our trade relations which the bill will provide.

#### **DEPUTY ASSISTANT SECRETARY KATZ**

The draft bill contains two titles dealing with permanent trade authorities.

The first of these has to do with unfair trade practices. And this title revises four principal existing authorities in law dealing with unfair trade practices.

The first of these, in chapter 1, revises and expands the existing section 252 of the Trade Expansion Act. This provision authorizes the President to take action or to retaliate against foreign countries which maintain unreasonable or unjustified tariff or other import policies. There are two principal changes in this provision from existing law. One is to remove the distinction between agricultural and nonagricultural trade. The new provision would apply to all articles of trade. And secondly, there is a provision dealing with subsidies which affect U.S. exports in third-country markets.

The second chapter of this title amends the Antidumping Act and consolidates certain regulations of the Treasury applying to antidumping. The amendments would apply to a time limit on investigations of the Treasury Department and require the Secretary of the Treasury to make determinations within specified periods of time, six months in most cases and nine months in more complicated cases. Secondly, there will be a requirement for public hearings and a public

record to be open and available, except that certain material provided in confidence could not be made public. And finally, this draft amends certain provisions of the Antidumping Act dealing with determinations of purchase price and export sales price.

The third chapter of this title deals with countervailing duties, and it makes several important changes. The present countervailing-duty statute only applies to dutiable articles; that is, it does not apply to duty-free articles of trade. The draft bill provides that it shall apply to nondutiable trade as well. However, in this case it will be subject to an injury finding as required by the GATT; that is, there will be a requirement for a finding by the Tariff Commission of material injury. And then finally, there is authority to set aside the application of this law, or this provision, where action under the law would be significantly detrimental to U.S. interests or where an existing quantitative restriction would be considered to be an adequate substitute for action under the countervailing-duty statute. There is also a time limit for investigations and determinations by the Secretary of the Treasury, which will be one year.

The last chapter of this title has to do with a provision of the existing Tariff Act, section 337, which deals with unfair trade practices in general and certain specific ones, such as patent infringement, antitrust violations. This proposed amendment would limit the application of section 337 to patent infringement cases, and it would expand the procedures. A parallel piece of legislation would turn over to the Federal Trade Commission the other unfair trade practices which are referred to presently in section 337.

The second title of this draft bill, title IV, which deals with permanent authority, permanent trade policy management, has a number of provisions.

The first provides an explicit and flexible authority to deal with balance of payments situations, including the temporary imposition of import surcharges or other import limitations to deal with very serious balance

of payments problems. The President would be authorized to impose import restrictions or surcharges under certain specified conditions—if the United States is in a balance of payments deficit position for four consecutive quarters, or if the United States has suffered a serious loss of reserves, or there has been or threatens to be an alteration in the foreign exchange value of the dollar and he expects that this situation will continue. The authority is permissive; it is not obligatory. The payments deficit would be measured on a basic balance or official settlements basis, and it would not merely depend on the trade balance.

The second section of this title would provide an authority for the President to exercise fully rights contained in the GATT or other trade agreements. This would enable the President to increase duties, for example, under article 28 of the GATT. In this case he could not increase tariffs more than 50 percent above the column 2 rate, which is the Smoot-Hawley rate, or 50 percent ad valorem, whichever is higher. This authority would also enable the President to maintain existing trade agreement concession rates after a trade agreement were terminated. Under the present law, the authority for maintaining concessions is linked to the existence of the agreement. If the agreement should terminate for one reason or another, the rate would also go back to the statutory or Smoot-Hawley rate. This provision would enable the President to continue that rate notwithstanding the termination of the agreement.

The third section in this title would provide a continuing authority to negotiate tariff concessions, or trade concessions, of limited scope affecting not more than 2 percent of our trade. But this would be authority that would continue beyond the five-year limitation Under Secretary Casey referred to earlier.

The fourth section provides an authority to compensate other countries as required under GATT provisions where there has been an increase in a tariff rate or an import restriction, perhaps under an escape clause action. This would provide a permanent au-

thority to compensate, something that we have not had in the last six years.

The fifth section would authorize the reduction of import restrictions to deal with conditions of inflation. In order to restrain inflation, the President could reduce tariffs or remove quantitative restrictions, and he could take action provided that it did not affect more than 30 percent of the total estimated imports during the period the action was contemplated.

There are a number of other provisions in this title which are essentially carryovers from the existing law, having to do with procedural matters such as reservation from negotiations of articles which are subject to national security or escape clause actions, the general most-favored-nation provision, the termination authority, the period for trade agreements, public hearings—all of these are standard provisions which have been in the law for some time and are in the current law.

And finally, there is an authority for an appropriation to GATT, which is a little domestic problem we have had. We have not previously had an explicit authorization to contribute to GATT.

#### **ASSISTANT SECRETARY ARMSTRONG**

Ladies and gentlemen: I am going to talk first about the provision in the Trade Reform Act of 1973 for giving preferential treatment to manufactured or semimanufactured goods from developing countries.

Title VI of the law provides for such authority for the President. It specifies that the President may extend preferential treatment to manufactured or semimanufactured goods which are determined to be eligible from specified developing countries.

There is a provision for an administrative process whereby the list of articles which would be given such treatment is to be established. There is a procedure by which the President would decide what countries would be eligible. These criteria include the wish of the country, the level of development, whether the country receives such prefer-

ences from other major developed countries, and whether the country has taken action regarding American investments which might be described as contrary to international law. These are criteria which the President will use. No single criterion is considered binding.

There is a limitation on what the President may do in extending these preferences. The tariff may either be the MFN rate, or it may be zero. There is no provision for anything in between.

The safeguards provisions just described by Under Secretary Casey will apply in such circumstances and will be a part of the regime of generalized preferences.

There is a significant and important limitation, which is that generalized preferences are not to be granted to developing countries which extend reverse preferences to other developed countries, unless these are eliminated by the 1st of January 1976.

There are other exceptions. Anything which is now handled or might be handled under the national security exception of our trade law would not be eligible for preferential treatment. There would also be a limitation to the effect that no country which does not now receive, or which does not in the future receive most-favored-nation treatment, could get generalized preferences.

The object of the legislation is that the program should run for 10 years unless the Congress should extend it. There is written into the law a provision whereby a country may become ineligible for such preferences if it supplies 50 percent of the total value of the imports into the United States of a particular good, or \$25 million worth, on an annual basis over a representative period. The President may, however, waive this requirement.

These are essentially the provisions of title VI, which covers the extension of generalized preferences.

I will now move to title V, which contains authority for the President to enter into a commercial arrangement and to give most-favored-nation treatment to countries to which it is not now extended. This could be done either bilaterally through a particular

trade agreement or through the extension to the other country of most-favored-nation treatment when that country becomes affiliated with the GATT.

Specifically, this title applies to countries which have basically state-trading systems. The arrangement whereby the President could extend such MFN treatment requires that, once he has reached agreement with such country, he places the agreement before the Congress. The agreement would enter into effect and he would be authorized to extend most-favored-nation treatment only if the majority of neither House has disapproved within 90 days of the receipt of the agreement.

Bilateral agreements negotiated under this title are to be on a three-year basis, renewable, but subject to suspension for national security reasons.

There is an illustrative list of matters that might be covered by such bilateral agreements. One is market disruption. One is the protection of industrial property. Another one is the settlement of commercial disputes. Another one is the question of business facilities such as trade and tourist offices.

It is interesting that there is a provision for market disruption which is comparable to the safeguard provisions described by Secretary Casey. In the case of market disruption by a country under this title, however, the President could act to curb imports selectively, and not on a global basis.

There are, further, two items which are not contained in title V but which are found in title VII, in section 706. What the legal language in section 706 of title VII means is the repeal of the legislation which provides for an embargo on certain furs from the U.S.S.R. and the People's Republic of China and also the repeal of what is known as the Johnson Debt Default Act. These two provisions of title VII are to be read in conjunction with the objectives of title V, the purpose of which is to enable us to expand and improve and normalize our trade relations with countries with state-trading systems.

## AMBASSADOR EBERLE

*Under Secretary Casey:* This bill provides that the chief negotiator will be the President's Special Trade Representative. And Ambassador Eberle is here with us. He's the President's Special Trade Representative. And he's going to describe some other bills that are companions to the trade bill. Ambassador Eberle.

*Ambassador Eberle:* It's a pleasure for an outsider to be associated with my friendly State Department colleagues.

The total picture in this trade legislation area, if you are to understand it completely, requires a look at a number of other bills that will be going up this week that are associated with this.

First of all, there will be a comment in the President's message related to taxes. There is nothing in the trade bill that relates to taxes themselves, but the message will include these comments: that the President is not, and this administration is not, recommending any major change in the taxation of our corporations. At the same time, after 10 years we are recommending some very specific changes in three ways.

First of all, where other countries which do not have a tax treaty with us grant major tax holidays, we will, in looking at those tax holidays, because they distort investment around the world, consider taxing as current income and not on a deferral basis any income from that operation even though it is tax-deferred or subject to a tax holiday in that country.

A second change recommended in this same area of taxation on foreign-source income—these are American corporations with branches abroad—are those places where 25 percent of the earnings of the subsidiary corporations come from products which are manufactured in the foreign country and, in turn, returned to the United States. In those cases, on a pro rata basis, income will be taxed on a current basis.

And the third change recommended will be in the area of deductions of tax losses against tax credits so as to postpone corpo-

rate income tax in the United States. We will look at this to be sure that those losses are consistent with the provisions of the laws of the United States.

We think these changes make for a more equitable situation for investments and investment incentives. This will only appear in the message, and it will be then up to the House Ways and Means Committee and the Senate Finance Committee to put this in the form of a bill.

In the adjustment assistance area there will be two bills involved. As explained by my colleagues here, under the adjustment assistance it is primarily in the worker area.

On Wednesday of this week a bill on unemployment insurance, which would set national standards for unemployment insurance, which is part of the benefits that will become effective for the adjustment assistance for workers, will go up. This is a substantial improvement and will apply to all workers whether the problem is caused by imports or not.

On Thursday of this week a bill relating to private pension plans will go up. This is the other part of the benefit relief under the adjustment assistance bill. This will fix the vesting of pensions so that if people lose their jobs as a result of imports or otherwise they will have their pensions fixed and they will know they will receive those benefits.

These are the two major areas. And the trade bill itself is linked to these two bills with a transitional period of time involved for the benefits under it so that there will be no gap here, and then the benefits of the trade bill will be phased out as these two bills come into effect.

A third bill that will be going up today is a bill which will amend the parts of the Webb-Pomerene Act. This is the bill that is, in part, called the Export Expansion Act. At the present time our antitrust laws are very restrictive about American companies getting together. If companies want to put an architect or an engineer, a manufacturing company, together in a unit to bid on something overseas, our laws do not allow this technically. The Justice Department has

worked out a bill which will allow these groups of companies to get together as their competitors can do, so that our companies can offer a complete service in competition with other companies around the world. This bill will also be going up today, and it will give more flexibility. It also would apply to foreign companies doing business here who want to use their American subsidiaries to get together with other companies around the world in competition.

Let me conclude by saying to you this morning at 8:30 the President held his first of a series of bipartisan leadership meetings. This bipartisan meeting was for the purpose of briefing the House and Senate leadership on the bills that you've heard today.

The press is being briefed on this today, and you will receive the Ways and Means Committee draft of the bill.

The President, though, in describing this—and I want to emphasize this to all of you—and I think it has come through clear in the description by Secretary Rogers and Secretary Casey that this is part of an overall approach of the President toward the international economic affairs of this country. And I simply call your attention and cite for you his discussion here that the world is embarked today on a profound and historic movement away from confrontation and toward negotiation in resolving international differences. Increasingly in recent years countries have come to see the best way of advancing their interests is by expanding peaceful contacts with other people. This structure of peace cannot be strong, however, unless it encompasses international economic affairs. Our progress toward world peace and stability can be significantly undermined by economic conflicts which breed political tensions and weaken security ties. It is imperative, therefore, that we turn our negotiating efforts to the task of resolving problems in the economic area.

These are the President's comments:

My trade reform proposals would equip us to meet this challenge. They would help us in creating a new economic order which both reflects and reinforces the progress we have made in political affairs. As I said to the Governors of the International

Monetary Fund last September, our common goal should be to "set in place an economic structure that will help and not hinder the world's historic movement toward peace."

In doing this, it's two things. It's first to put us in a position of being able to negotiate with our partners, you, and secondly, to improve the system within the United States so that we have the same kind of authority and can take those steps that keep us on a more uniform international system.

So, in closing, we want a more open world, we want a more equitable world, and we're prepared to work toward that.

## Anti-Inflation Trade Bill Transmitted to the Congress

*Following is the text of a letter dated March 30 from President Nixon to Speaker of the House Carl Albert.<sup>1</sup>*

White House press release dated March 30

DEAR MR. SPEAKER: I herewith transmit a draft bill, "to authorize reduction or suspension of import barriers to restrain inflation."

The proposed legislation would authorize the President to reduce or suspend temporarily any duty applicable to any article and to increase temporarily any value or quantity of articles which may be imported under any import restriction whenever the President determines that supplies of the article imported are inadequate to meet domestic demand at reasonable prices.

The enactment of this bill is necessary to provide an important additional means of restraining inflation and aiding the American consumer.

Sincerely,

RICHARD NIXON.

<sup>1</sup> An identical letter was sent to President of the Senate Spiro T. Agnew.

## Contract Signed for Assistance to Immigrants to Israel

The Department of State announced on April 6 (press release 101) that a contract providing \$31 million to assist Soviet Jews migrating to Israel was being signed that day between the Department of State and United Israel Appeal, Inc. (UIA), an accredited American voluntary agency. Frank L. Kellogg, Special Assistant to the Secretary for Refugee and Migration Affairs, signed for the Department. Melvin Dubinsky of St. Louis, president and chairman of the board of directors, and Gottlieb Hammer of New York, executive vice chairman, signed for UIA.

The contract represents the Department's first expenditure from \$50 million appropriated by the Congress to aid in the resettlement of emigrants from the Soviet Union. Signed at the same time were agreements in which UIA designates the Jewish Agency for Israel (JAI) to act as authorized agent in expenditure of the funds. Max M. Fisher of Detroit, chairman of the board of governors, signed these agreements for the JAI.

The contract provides that the funds will be used for care and maintenance of migrants during transit to Israel, for expansion of a transit center in Austria, for absorption centers in Israel to receive the immigrants, for a hospital wing for migrants, for housing, for language training, and for vocational and professional training or retraining.

Other expenditures from the appropriation during fiscal year 1973 will be \$2 million to the Intergovernmental Committee for European Migration to cover loans for air charter fare for the migrants from Austria to Israel and \$500,000 for assistance to Soviet migrants to countries other than Israel. The Department presently is negotiating for expenditure of the remaining \$16.5 million during fiscal year 1974.



## U.S. Policy Toward Eastern Europe: Affirmative Steps

*Address by Deputy Secretary Kenneth Rush<sup>1</sup>*

For the past three days you have been discussing Europe. Looking ahead, it seems likely that 1973 will be a year of substantial progress both within Europe and in relations between Europe and the United States.

—There should be continued improvement in the condition of Berlin, further development of the dialogue between the Federal Republic of Germany and the German Democratic Republic, and the admission of both into the United Nations.

—Negotiations have already begun between the United States and the Soviet Union to limit offensive strategic weapons permanently.

—The United States and the newly enlarged European Community will explore new methods of economic and political cooperation designed to strengthen our association.

—There will be negotiations on reducing the military forces which still confront each other in central Europe.

—And there will be a Conference on Security and Cooperation in Europe which could accelerate the momentum toward more normal contact between eastern and western Europe and between the states of eastern Europe and the United States.

All of these advances will be important. But what I want to discuss with you today is the prospect that this year we may be able to achieve a marked expansion of our

ties with eastern Europe and a decisive improvement in relationships among all the states of Europe.

We in this country have a natural bond with the 120 million people who inhabit the countries to the west of the Soviet Union—Poland and Czechoslovakia in the north, Hungary and Romania in the center, and Yugoslavia, Bulgaria, and Albania in the south.

Over 15 million Americans trace their origins directly to these countries.

The United States has more citizens of Polish descent than any nation in the world other than Poland itself.

We have more persons of Czech and Slovak origin than any other country save Czechoslovakia itself.

There are nearly as many ethnic Hungarians in the United States as there are in Budapest.

These cultural bonds are matched by historical ties.

Woodrow Wilson labored to insure that the peoples of eastern Europe emerged from World War I with the right to run their own affairs. No fewer than six of Wilson's 14 points were directed to the goal of self-determination for the peoples of eastern Europe. And it was through eastern European issues that the two World Wars had their origin—the first in a shot fired on behalf of national autonomy in Sarajevo in present-day Yugoslavia, the second in the concessions made in Munich at the expense of Czechoslovakia and in the Nazi invasion of Poland.

It is natural, therefore, that we should

<sup>1</sup> Made before the 13th annual students conference on foreign affairs at the U.S. Naval Academy, Annapolis, Md., on Apr. 4 (press release 98).

welcome a return to our once wider association with the nations of eastern Europe.

When President Nixon took office in 1969, our relations in the area—Yugoslavia excepted—were clouded by two decades of cold war division, enmity, and mistrust. President Johnson's efforts to repair those relations had met with deep suspicion. The invasion of Czechoslovakia in August 1968 set back relations still further.

By 1969, however, changing conditions were making a new approach feasible.

Eastern Europe's growing demand for trade and technology was not being fully satisfied from within the Communist world.

West Germany's enlightened efforts to improve relations with its eastern European neighbors had begun to contribute to a less suspicious evaluation of Western intentions.

The invasion of Czechoslovakia had demonstrated the lengths to which the Soviet Union was prepared to go to protect what it considered to be its security. But the desire for a growing détente persisted in eastern as well as in western Europe. Affirmative steps to promote more normal trade and human contacts were therefore likely to find a favorable response.

### **Progress Toward Improved Relations**

Thus, early in his first administration President Nixon made clear that we were prepared to begin a new era in our relations with eastern Europe. Our objective was to develop normal and mutually beneficial relations wherever possible, treating each country separately.

By early summer we had begun to take concrete steps in pursuit of this policy. They led to President Nixon's visit to Bucharest in August 1969—the first visit ever made by an American President to a Communist capital. In Romania the President stressed that "We stand ready to reciprocate the efforts of any country that seeks normal relations with us."<sup>2</sup>

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<sup>2</sup> For a toast by President Nixon at an official dinner at Bucharest on Aug. 2, 1969, see BULLETIN of Aug. 25, 1969, p. 169.

That visit gave our bilateral relations with Romania an impetus which they have never lost. President Ceausescu visited the United States in October 1970. Our two-way trade has more than tripled. We have extended our bilateral contacts in other fields. And during Secretary Rogers' visit to Bucharest last July he signed the first consular convention between Romania and the United States since 1881.

There was a second Presidential visit to a Communist capital in early fall 1970—this time to nonaligned Yugoslavia. Our bonds of friendship and cooperation with Yugoslavia go back more than two decades. Thus the President's visit was a matter less of initiating new directions than of underlining that ties across political lines can be durable. I might mention in this connection the outstanding impression our sailors and officers have left in Yugoslav ports during the regular visits of our ships from the 6th Fleet.

We want our ties with Yugoslavia to be a model of the cooperation that can exist between states with quite different social systems. Success in this, of course, depends on both countries.

In the spring of 1972 the President took a third major step in our relations with eastern Europe—a visit to Poland. In Warsaw the United States and Poland signed a consular convention, and will open consulates this year in New York City and in the old university town of Krakow, the center of much Polish emigration to the United States.

Relations have begun to improve with a fourth eastern European state—Hungary. In July Secretary Rogers visited Budapest, the first visit to Hungary ever made by an American Cabinet official. Deputy Premier Vályi was in Washington last month, the highest Hungarian official to visit the United States in 25 years. Hungary has now agreed to pay \$22 million for war-damaged and nationalized American property, and we have agreed to seek authority from Congress to negotiate a trade agreement including most-favored-nation treatment. We are discussing with the Hungarians an agreement on cul-

tural and scientific exchanges. In fact a Foreign Service officer who has been teaching at this Academy for the past two years, Mr. Harry Gilmore, will shortly assume charge of the Washington end of these many negotiations with Hungary.

The progress we have already made with the states of eastern Europe during President Nixon's first administration is substantial. I know from my own recent trips to Poland, Czechoslovakia, and Hungary that our relations have undergone a substantial change for the better. One measure of this is the fact that visitors from eastern Europe under our exchange programs increased by 40 percent in 1972.

### **Respect for Independence and Sovereignty**

As the President's second term begins, our mutual desire for continued progress offers hope for even greater advances. To that end the policy of the United States is to engage the countries of eastern Europe in an expanding set of close and individual relationships with ourselves and with their neighbors to the west.

We intend to pursue our policy of engagement diligently and prudently. We will not seek to force the pace. We do seek to encourage a process we believe to be advantageous to world peace.

In pursuing this policy we intend to follow three principles.

The first is that we will deal with each country of eastern Europe as an independent sovereign state entitled to be free of all outside interference. This approach animated Woodrow Wilson's policies; it is our approach today.

In Moscow last spring President Nixon and General Secretary Brezhnev [Leonid I. Brezhnev, General Secretary of the Central Committee of the Communist Party of the Soviet Union] set their signatures to pledges to recognize the sovereign equality of all states, to make no claim to any special rights or advantages in world affairs, and to seek to promote conditions in which no country

will be subject to outside interference in its internal affairs.<sup>3</sup>

Those commitments reflect long-established American policies. Their joint adoption by the two countries can help in promoting the détente so many now desire. The right of countries to develop according to their own desires is fundamental to peaceful relations among states. A country may not be denied the right of full sovereignty simply because it is small. It may not be denied that right simply because geography has placed it next to a larger country. It may not be denied that right simply because it shares the same political and social system with a stronger power. Indeed, as Chairman Kosygin [Aleksei N. Kosygin, Chairman of the Council of Ministers of the U.S.S.R.] and Prime Minister Bratteli of Norway affirmed in a communique last year, the principles of noninterference and respect for national sovereignty must be implemented consistently, irrespective of the political and social systems of the states involved.

On our part, certainly there is no desire to intervene in the domestic affairs of eastern European states. We are ready not only to coexist with them but to cooperate with them in bilateral efforts toward peace and understanding and toward wider contact and associations among our people.

In that spirit we will seek to consolidate ties with those countries with which substantial progress has been made.

We will also move forward toward improvements with countries with which there has been little or no bilateral progress.

In their conversations with Secretary Rogers at the United Nations last October, both the Czechoslovak and Bulgarian Foreign Ministers expressed the firm desire of their governments for concrete improvements in our relations. We welcome this desire, we share it, and we are responding to it.

With Czechoslovakia we have begun ne-

<sup>3</sup>For text of the Basic Principles of Relations Between the United States and the U.S.S.R. signed at Moscow on May 29, 1972, see BULLETIN of June 26, 1972, p. 898.

gotiations on a consular convention and hope to be in a position this year to begin talks also on an agreement covering cultural and scientific exchanges, and later on the resolution of long-pending financial and trade issues.

Of all the Communist governments with which we have diplomatic relations, our ties have been least extensive with Bulgaria. We have recently resumed negotiations on a consular convention. We are preparing to work with the Bulgarian Government to resolve a number of bilateral cultural and economic problems which have clouded our relationship. Our desire for better relations is reflected in our readiness to welcome Bulgaria's Deputy Prime Minister to the United States this year.

Only with Albania has there been no visible progress. In light of our expanding ties with all other countries in eastern Europe, it seems anachronistic that Albania should continue to wish to function in such isolation. Albania still speaks of us in the contentious rhetoric of an earlier era. Whether it wishes to resume relations we do not know. If and when it does, it will find us prepared to respond.

With all of the east European nations we will measure their willingness to improve relations with us in a wider context as well. We must all demonstrate mutual restraint in our rhetoric toward one another and a spirit of cooperation rather than confrontation at the United Nations and in other international forums. We particularly look to Hungary and Poland to play a responsible role on the International Commission of Control and Supervision in Viet-Nam.

### Trade and Commercial Issues

As our relations with individual east European nations improve, we will pursue the second basic principle of our policy—to create a continuing economic relationship with the countries of eastern Europe by expanding our trade and by encouraging their growing receptivity to foreign investment.

During the last four years our trade with

eastern Europe has grown steadily, though from a modest base. In 1968 overall trade totaled about \$450 million; the figures for 1972 were about \$800 million—a healthy increase of over 75 percent. During the next four years we believe we can at least double the current trade. Last fall we directed our Ambassadors in eastern Europe to place trade promotion at the very top of the list of our policy priorities in the area.

The nations of eastern Europe consistently list commercial issues as the top bilateral problem. They contend that U.S. trade regulations toward the area contain elements of discrimination from the past.

To help achieve a substantially higher trade volume we intend progressively to remove a number of those restrictions.

—We have reexamined in the light of changing conditions the strategic importance of goods whose export to eastern Europe is still restricted. A number of changes have already been made. In the near future we expect to make further significant reductions in the number of U.S. products on the restricted list.

—We are ready to consider a broader availability of Export-Import Bank credits and guarantees for the sale of U.S. goods as relations improve with individual countries.

—It is also our intention, as relations improve, to extend most-favored-nation status to the exports of a larger number of eastern European countries. So far only the products of Yugoslavia and Poland enjoy this status, although for a year we have been urging similar legislation for Romania. In this session of Congress the President will submit and request early passage of general legislation that will permit us to extend most-favored-nation status to eastern European countries as the status of our economic and political relations warrants. Normalization of our trading relations is required for the United States to realize fully the economic and political benefits of expanded trade.

While the policies of eastern European

countries have given first priority to trade. Yugoslavia, Romania, Poland, and Hungary have also shown an interest in foreign investment in their domestic enterprises. Even within the framework of a cautious Communist attitude toward private investment, an increase in joint ventures throughout the area should offer concrete benefits to all concerned.

As we seek to respond to eastern Europe's desire for closer economic relations, we ourselves can no longer afford to ignore the advantages to our own domestic economy that the commercial potential in eastern Europe offers. At a time when we have a trade deficit with most areas of the world, our balance of trade surplus with eastern Europe is particularly welcome.

We would like to see more American businessmen begin to pursue profitable business deals in Hungary as in Belgium; in Bulgaria as in Norway; in Poland as in Uruguay. We encourage them to sell, invest, and buy in these countries as opportunity permits and in confidence that doing business in eastern Europe is fully consonant with the U.S. national interest. We are strengthening our commercial manpower, and last month we opened a new east-west trade center in Vienna.

Such policies look to the day when the course of trade between the United States and the countries of eastern Europe can be as normal as it is between the United States and countries with economic and social systems similar to our own.

#### **Relations Between East and West Europe**

Just as we wish to deepen our own political and economic ties with eastern Europe, we also encourage the growing engagement of its countries in the affairs of Europe as a whole. To promote such engagement is the third basic principle of our policy. We feel, in fact, that it is fully as important for us to promote a deepening of political and economic relations between the countries of eastern and western Europe as it is to develop eastern European ties with us. This should not diminish our close and essential

partnership with our Atlantic allies.

It is natural that all European nations should aspire to the sense of community that has enriched Europe in the higher moments of its long history. The artificial barriers of the cold war have divided the continent for a generation. That is already too long.

This year will see two events which, with good will on both sides, can contribute to the restoration of that sense of community.

Preparatory talks began in January for negotiations on ways to reduce the forces of the countries of NATO and the Warsaw Pact which still confront each other in the center of Europe. A mutual and balanced reduction of those forces could appreciably reduce tensions and make a real contribution to Europe's security. It is important that the substantive negotiations begin on schedule this fall and that they be carried to a successful conclusion.

As we are about to begin negotiations for a reduction of forces by both sides in Europe, it makes no sense at all to cut in half the American forces there suddenly and unilaterally. Some critics of our defense policy in Congress and elsewhere advocate that we follow just such a course. Clearly the Soviet Union would have no incentive to reduce its troop presence in eastern Europe if we accepted this advice. And nothing could more endanger the momentum we have created for building a more stable and peaceful world. I want to reiterate here this evening this administration's firm determination to fulfill our commitments to our NATO allies by maintaining American troop strength in Europe.

Preparatory talks have been underway in Helsinki since last November to pave the way for a Conference on Security and Cooperation in Europe, which we hope can begin early this summer. Such a conference must become a vehicle for concrete progress toward greater unity among Europe's peoples. Specific steps to increase contact—through the freer movement of people, ideas, and goods across the entire continent—is the surest way to achieve that objective.

This approach causes the Soviet Union some concern. But the many U.S.-Soviet agreements recently negotiated are already demonstrating that greater cooperation and contact, far from being a threat to any country's security, can contribute to the welfare of all. Certainly we in this country are convinced that more open borders and more normal human communication will reduce rather than increase tensions and will encourage peoples and nations to live and let live in friendship.

A Europe based on separation can never be really secure. The last quarter century was a period of separation; it was not a period of security. As President Nixon stated in 1970, "Stability and peace in Europe will be enhanced once its division is healed."<sup>4</sup> The next quarter century should be a time for all Europe's nations to evolve according to their own desires. It will be a period for Europe's people to communicate with each other more freely. It will be an era of cooperation—and of competition—one of peace and a spirit of community.

In keeping with our own close associations with Europe and our firm conviction that Europe's security is indivisible from our own, we in America must also desire a Europe with the closest bonds among its states as well as a Europe linked in friendship and cooperation with our own country. Those twin goals will form the essence of our policy toward Europe during the next four years.

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<sup>4</sup> The complete text of President Nixon's foreign policy report to the Congress on Feb. 18, 1970, appears in the BULLETIN of Mar. 9, 1970; the section entitled "Eastern Europe" begins on p. 325.

## Pan American Day and Pan American Week

### A P R O C L A M A T I O N <sup>1</sup>

Eighty-three years ago the International Union of American Republics was established, the forerunner of the Organization of American States. There have been differences among the member nations in those eighty-three years, and some of these differences continue today. But far more significant is the fact that, despite dramatic changes and our great cultural and political diversity, the members of the hemispheric community have maintained and strengthened our common forum in a general climate of friendship and understanding.

It is an intangible force which forms the basis of solidarity among the Americas—a combination of idealism and realism and a capacity to grow and adjust with the times. The Organization of American States is the focal point of this force, a place where cooperation rather than confrontation strengthens the common ties shared by the nations of the hemisphere.

This unity of the Americas is based on respect for the historic personality of each of the countries of the Americas and demands a mutual understanding and respect for each country.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, do hereby proclaim Saturday, April 14, 1973, as Pan American Day, and the week beginning April 8 and ending April 14 as Pan American Week, and I call upon the Governors of the fifty States, the Governor of the Commonwealth of Puerto Rico, and appropriate officials of all other areas under the flag of the United States to issue similar proclamations.

IN WITNESS WHEREOF, I have hereunto set my hand this seventh day of April, in the year of our Lord nineteen hundred seventy-three, and of the Independence of the United States of America the one hundred ninety-seventh.



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<sup>1</sup> No. 4205; 38 *Fed. Reg.* 9151.

## U.S. Policy Toward the European Community

*Statement by William J. Casey  
Under Secretary for Economic Affairs<sup>1</sup>*

It is a pleasure to participate in your hearings on the United States and the European Community. You have timed your hearings well, for our relations with the enlarged Community are in a formative stage. The hearings are well timed for me personally because I have just returned from extensive consultations in Europe. I would like to share with you this morning the same impressions and thoughts about those consultations and the direction of our relations with the European Community which I reported to Secretary Rogers earlier this week.

But first let me attempt to place these relations in a larger perspective. Four developments have combined to radically alter our relationship and to make it vastly more complex:

—First, generally improved relations with the Communist powers have decreased international tensions and brought a new flexibility to political ties.

—Second, western Europe, Canada, and Japan have developed relatively greater economic strength, and we have developed the need to deal with them on a basis of equality. They are not only our best trading partners but also our keenest competitors.

—Third, two decades of American balance of payments deficits fueled both our own and the world's economic growth, but successive

crises finally led to the realization that the postwar system requires major revisions.

—Fourth, we have achieved unprecedented interdependence with other industrial democracies, an interdependence which has assured record prosperity for all but has brought new problems which require new approaches to the management of our economic policies.

The next few years will be a time of testing for our bonds with all the industrialized democracies as we develop new relations to cope with these new complexities. This is clearly no time for complacency, but it is equally clearly no time to accept the counsel of those who despair, of those who seem to believe in the inevitability of confrontation—for our common interests and our common vision of the world far outweigh our specific and passing differences.

President Nixon has consistently stressed our continuing belief in the necessity for strong ties with Europe. These ties form an indispensable part of his strategy for world peace. The Nixon doctrine makes clear that others now have the ability and responsibility to do their share. As the President said in his first report to Congress on foreign policy, "America cannot—and will not—conceive *all* the plans, design *all* the programs, execute *all* the decisions and undertake *all* the defense of the free nations of the world."<sup>2</sup> He went on to say, however,

The complete text of President Nixon's foreign policy report to the Congress on Feb. 18, 1970, appears in the BULLETIN of Mar. 9, 1970; the introduction begins on p. 274.

<sup>1</sup>Made before the Subcommittees on Europe and Foreign Economic Policy of the House Committee on Foreign Affairs on Apr. 5 (press release 100). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

that "America cannot live in isolation if it expects to live in peace. We have no intention of withdrawing from the world."

In particular, the administration has made it quite clear that it regards our relationship with Europe to be the cornerstone of the whole structure of peace. European unity adds to the strength of our transatlantic relationship and enables us to proceed to a new era of détente with the East from a position of greater strength in the Atlantic area. This is why the President affirmed last October a strong support for the European Community summit's announced intention to transform by 1980 the whole complex of its member state relations into a European Union—and I quote: "It is, and always has been, my own deeply held view that progress toward a unified Europe enhances world peace, security, and prosperity."<sup>3</sup>

We continue to feel that political and defense cooperation within Europe will be the fulfillment of European unity. Two strong powers in the West would add flexibility to Western diplomacy and increasingly share the responsibility of decision. But European unity has come first in the economic field. This increasing unity has brought benefits and opportunities for increasing cooperation. It has also brought problems of adjustment to the new relationship. The President has taken the initiative to begin managing the new relationship so as to enhance the benefits to us, take advantage of the opportunities for increased cooperation, and deal with the problems of adjustment. Left to fester, these problems could in fact lead to a confrontation neither we nor the Europeans desire.

#### Dialogue With Western Europe

Just a month after his first inauguration, President Nixon symbolized the importance he attaches to this subject by visiting western Europe. During that visit he met with the President and the Commission of the European Community. Subsequent more dramatic visits to Peking and Moscow should

not obscure this fact, nor should they obscure the continued high level of U.S.-EC consultation since 1969.

In 1970 we initiated the practice of semi-annual meetings with the European Community. I have just headed our delegation to the sixth round of these increasingly frank, wide-ranging, and useful consultations. In recent months the U.S.-EC dialogue has reached an unprecedented level of intensity and substance. In December Secretary Rogers met in Brussels with the Commission. In mid-February the new EC Commissioner for External Relations, Sir Christopher Soames, visited Washington for a series of informal discussions. He saw the President and leading members of the Cabinet, and he held extended conversations with me and other senior government officials concerned with U.S.-EC relations. In February the President sent Peter Peterson [former Secretary of Commerce] to Europe where he met with leaders of the Community both in Brussels and national capitals to discuss the entire range of our relationship with western Europe. In March Secretary [of the Treasury George P.] Shultz visited the key capitals of western Europe and discussed our economic policies, especially monetary reform and trade negotiations, with the Commission and national leaders.

Last October, as part of the process of intensifying the dialogue with western Europe and other developed countries, the OECD [Organization for Economic Cooperation and Development], largely at U.S. initiative, initiated a new style of executive committee to enable high-level policymakers to focus more frequently on the broad range of questions which concern the more economically developed nations, and on my recent trip I headed our delegation to the second of these meetings.

As NATO's Secretary General Joseph Luns noted last week during the Europe-America Conference, "I cannot think of a period when there has been so much diplomatic activity, so many meetings and conferences."

We particularly welcome the steps taken by this committee to intensify the American

<sup>3</sup> For a statement by President Nixon issued on Oct. 27, 1972, see BULLETIN of Nov. 20, 1972, p. 608.



dialogue with Europe. Your growing relations with the European Parliament and the European Community are highly desirable. We are prepared to facilitate this process in any way that you believe useful—for it is clear that without the support and participation of both the Congress and the American people we cannot succeed in our goal this year of building such lasting ties that our relations with the Community will be, like those we have in NATO, a solid and enduring pillar of U.S.-European association and cooperation.

All of this activity is part of the process of dealing with our overall relationship with western Europe which the President has moved to the "front burner." I want to stress that he regards the problem of managing our new economic relationship as inextricably linked to the maintenance and enhancement of our political-security relationship.

And during my recent visit to Europe, I found quick and ready recognition of the importance to our overall political and security relationship of the successful management of our economic problems. Successful management requires for the long run a fundamental reordering of the world economic system to make it more open and equitable, more flexible, and better suited to solving problems such as those which face the developing countries. In the short run, it requires better management of specific problems with the Community as they arise.

### **Reordering the World Economic System**

As you know, we are working on the reordering of the world economic system through reform of the world monetary system in the Committee of Twenty and through preparations for major multilateral trade negotiations in the GATT [General Agreement on Tariffs and Trade] beginning this September. In addition, in the OECD we have launched an examination of the problems of international investment with a view to assuring that this area does not become contentious among governments as we move to new understandings in the trade and monetary fields. In all these matters western

Europe plays a vital role. If we are to successfully reorder the world economic system to make it more open and equitable, U.S.-European cooperation will prove indispensable.

As we approach formal trade negotiations in the GATT this September, the first requirement will be to assure that both we and the EC place a higher priority upon mutual growth than on individual protection, on further lowering trade barriers rather than creating preferential arrangements. Rapidly increasing trade was an essential stimulus over the past quarter century to the most substantial global economic growth in man's history. The reduction of barriers to trade made this contribution possible. We have participated and benefited from this process.

Further substantial trade liberalization is essential if we are to maintain and enhance our prosperity. But the political aspect of the future trade negotiations is equally important. The Community has made its greatest progress toward unity in the field of trade. Sir Christopher Soames, the Community's "Foreign Minister," has made clear that the trade negotiations will be at the center of the Community's future relations with the United States and will be crucial to those relations. He has urged the Community not to forget that negotiations must be situated in the wider political framework of U.S.-EC relations.

I wish to stress this point to these two subcommittees, which are interested in both the political and economic aspects of our relationship with Europe. Passage of the trade bill the President will submit to Congress in a few days will be vital to the implementation of the President's strategy on improving the relationship with Europe.

During my trip to Europe I continued the process launched by Secretary Shultz of informing European leaders of the main outlines of the bill the President intends to submit. I found a generally favorable reaction to what we have in mind.

I found, however, some misgivings about the surcharge and safeguard features of our proposed trade legislation. But generally this kind of sensitivity seemed to dissipate

as it was pointed out that we are merely seeking for the President the same broad authority to negotiate already possessed by European governments. The reactions against safeguards moderate when they are presented as a liberalizing force. Without providing sensitive industries time to adjust to changing patterns of trade, governments are not likely to muster the will to open up trade. I also pointed out that the shape and implementation of our legislation would be importantly affected during the coming months by our ability to deal satisfactorily with some of the shortrun trade issues with the EC, notably the GATT negotiations over the impairment to our trade arising from the enlargement of the Community.

### **Agricultural and Energy Problems**

I also found some concern in Europe, which I attempted to dispel, that the United States might try to split the Community on specific and fundamental issues. For example, the European press has been pushing hard on what it sees as a possible common interest of the United States and Great Britain in breaking down the common agricultural policy (CAP). Our view, as I explained, is that we are not seeking to destroy the CAP but only to bring about agricultural liberalization which would work in the mutual interest of both the United States and Europe. Rather than hoping to split the Community, we look forward to cooperating with it in every significant area of economic endeavor in which the Community and the United States share a common interest.

With regard to agriculture, I might add that there exists a growing recognition in western Europe that the fight to manage their serious inflation problem will require some modification of the high degree of agricultural protectionism which presently exists. We would of course welcome any move on their part in the grain-livestock area which would give them cheaper cereals and cheaper meat and at the same time improve the prospects for U.S. grain and

feed exports. We have recently taken steps in the United States to dismantle longstanding governmental restraints on agricultural production. In the interest of keeping down their prices, we would hope that the Europeans will move toward substantial liberalization of their highly protectionist agricultural system. We expect to include agricultural trade as an important element of the forthcoming multilateral trade negotiations and to seek meaningful easing of restrictions on a reciprocal basis.

I also found common ground in Europe in our shared concern over the emerging energy problem. Europeans are awaiting the President's forthcoming energy message with great interest. They are discussing this issue among themselves on a priority basis, and the EC leaders, at their Paris summit meeting, have called for the formulation of a common EC energy policy as soon as possible. When viewed from the standpoint of the domestic economy and balance of payments, energy and agriculture emerge as two of the most critical fields for future economic cooperation between the United States and western Europe.

Both western Europe and the United States also face a common task in seeking effective solutions to the problems of the developing countries. We have viewed with considerable misgivings the increasing proliferation of the Community's preferential trading arrangements with those developing countries of Africa and the Mediterranean with whom they have maintained historically close ties. These arrangements may soon expand to include the Commonwealth countries of Africa and the Caribbean as well. We support the special relationships between the Community and these countries and agree that they foster stability and peace in the areas involved. However, we fail to see the justification for the discriminatory trade aspects of these relationships, particularly reverse preferences, which could lead to the creation of closed North-South trading blocs. In drawing up our own trade bill, we do not see how we can justify the extension of generalized preferences by the

United States to those developing countries which discriminate against us in favor of imports from other industrialized countries. Clearly we must seek a common solution to this problem which will work to the benefit of the developing countries. It is a matter which I have already discussed and which we will be discussing in some detail with the Community in the near future.

In all of these areas we must insure that adequate means exist for a full and frank dialogue with the European Community. A number of leading Europeans have talked about a more comprehensive and institutionalized mechanism for a dialogue between the United States and the European Community, but the Community has yet to agree on a formula. We have told the Europeans that we would consider seriously any suggestions they might advance and that our concern is with the substance of our dialogue rather than with its form.

My overall impression is that our relationships with the European Community are moving in the right direction but they need constant attention and effective collaboration on our great common interests in the political and security realms and on our common problems in energy, development, and the whole economic and financial realm. That problems exist between us is a consequence of our growing interdependence as well as the special circumstances surrounding the need to work out basic and overdue reforms in the trade and monetary fields which will take full account of the changed economic conditions. The new leaders of the Commission have impressed me very favorably, and we are conducting a frank and open dialogue with them. They recognize, as do we, that the common bonds between the United States and the Community far outweigh our differences and that we must maintain a sense of proportion in our relationship. With good will on both sides, I am confident that we will succeed in the common tasks which lie before us. As the President has stated, it is of the highest importance that the United States and Europe work closely together.

## Current Actions

### MULTILATERAL

#### Atomic Energy

Amendment of article VI of the statute of the International Atomic Energy Agency of October 26, 1956, as amended (TIAS 3873, 5284). Done at Vienna September 28, 1970.<sup>1</sup>

*Acceptance deposited:* Finland, April 12, 1973.

#### Aviation

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal September 23, 1971. Entered into force January 26, 1973. TIAS 7570.

*Ratifications deposited:* Jordan, February 13, 1973; Portugal, January 15, 1973.

#### Consular Relations

Vienna convention on consular relations. Done at Vienna April 24, 1963. Entered into force March 19, 1967; for the United States December 24, 1969. TIAS 6820.

*Accession deposited:* Guatemala, February 9, 1973.

*Ratification deposited:* Australia, February 12, 1973.

Optional protocol to the Vienna convention on consular relations concerning the compulsory settlement of disputes. Done at Vienna April 24, 1963. Entered into force March 19, 1967; for the United States December 24, 1969. TIAS 6820.

*Accession deposited:* Australia, February 12, 1973.

#### Containers

International convention for safe containers (CSC), with annexes. Done at Geneva December 2, 1972.<sup>1</sup>

*Signature:* Yugoslavia, March 20, 1973.

#### 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.

*Accession deposited:* Singapore, March 15, 1973.

#### Ocean Dumping

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington December 29, 1972.<sup>1</sup>

*Signature:* Netherlands, April 12, 1973.

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

**Patents**

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970.<sup>1</sup>  
*Accession deposited:* Cameroon, March 15, 1973.

**Postal Matters**

Constitution of the Universal Postal Union with final protocol signed at Vienna July 10, 1964 (TIAS 5881), as amended by additional protocol, general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Signed at Tokyo November 14, 1969. Entered into force July 1, 1971, except for article V of the additional protocol, which entered into force January 1, 1971. TIAS 7150.

*Accession deposited:* United Arab Emirates (with a declaration), March 2, 1973.

Additional protocol to the constitution of the Universal Postal Union with final protocol signed at Vienna July 10, 1964 (TIAS 5881), general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Signed at Tokyo November 14, 1969. Entered into force July 1, 1971, except for article V of the additional protocol, which entered into force January 1, 1971. TIAS 7150.  
*Ratifications deposited:* Brazil, January 19, 1972;<sup>2</sup> Jordan, January 3, 1973.

**Refugees**

Protocol relating to the status of refugees. Done at New York January 31, 1967. Entered into force October 4, 1967; for the United States November 1, 1968. TIAS 6577.  
*Accession deposited:* Mali, February 2, 1973.

**Space**

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow March 29, 1972. Entered into force September 1, 1972.<sup>3</sup>  
*Accession deposited:* Sri Lanka, April 9, 1973.

**White Slave Traffic**

Agreement for the suppression of the white slave traffic, as amended by the protocol of May 4, 1949 (TIAS 2332). Signed at Paris May 18, 1904. Entered into force July 18, 1905; for the United States June 6, 1908. 35 Stat. 1979.  
*Notification of succession:* Mali, February 2, 1973.

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

<sup>2</sup> Ratification of the general regulations of the Universal Postal Union deposited on February 21, 1973.

<sup>3</sup> Not in force for the United States.

**Brazil**

Agreement confirming the memorandum of understanding between the U.S. National Aeronautics and Space Administration and the Brazilian Instituto de Pesquisas Espaciais concerning cooperative research in remote sensing for earth surveys. Effected by exchange of notes at Washington April 6, 1973. Entered into force April 6, 1973.

**Federal Republic of Germany**

Agreement supplementing the agreement of November 20, 1962, as supplemented (TIAS 5518, 7386, 7507), for conducting certain educational exchange programs. Effected by exchange of notes at Bonn and Bonn-Bad Godesberg March 2 and 9, 1973. Entered into force March 9, 1973.

**Union of Soviet Socialist Republics**

Agreement extending the amendment of March 17, 1972 (TIAS 7287), to the civil air transport agreement of November 4, 1966, as amended (TIAS 6135, 6489). Effected by exchange of notes at Moscow January 11, 1973. Entered into force January 11, 1973.

## PUBLICATIONS

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**Radio Regulations, Geneva, 1971 Partial Revision—Space Telecommunications.** TIAS 7435. 922 pp. \$9.00.

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*106	4 10	Regional foreign policy conference, Riverside, Calif., May 5.
*107	4 10	U.S.-Canada fishery talks.
*108	4 11	Study group 6 of the U.S. National Committee for CUIR, Apr. 20.
*109	4 11	Program for official visit of Giulio Andreotti, President of the Council of Ministers of the Italian Republic.
110	4 11	Subcommittee on Code of Conduct for Liner Conferences, Shipping Coordinating Committee, Apr. 11.
*111	4 12	Farkas sworn in as Ambassador to Luxembourg (biographic data).

\* Not printed.

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# THE DEPARTMENT OF STATE BULLETIN

Volume LXVIII • No. 1767 • May 7, 1978

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# THE DEPARTMENT OF STATE **BULLETIN**

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*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 U.S. foreign relations and on the work of the Department and the Foreign Service.*

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# United States Foreign Policy 1972: A Report of the Secretary of State

*"United States Foreign Policy 1972: A Report of the Secretary of State" was transmitted to the Congress on April 19. Reprinted here are the letter of transmittal and introductory comment by the Secretary of State.<sup>1</sup>*

## LETTER OF TRANSMITTAL

APRIL 19, 1973.

DEAR MR. CHAIRMAN: Once again I am pleased to present to the Congress my annual report on United States Foreign Policy. This report provides a comprehensive record of the events and policies of 1972. In a brief introductory comment, I set forth nine major policy objectives for 1973 and a table of key indices showing the state of the world in statistics.

Previous reports have traced the development of new policies for resolving conflict and reducing world tension. The year 1972 marked a point of high achievement in our effort to free international relations from the rigidities of confrontation and the tensions of the past. 1973 will be a year of building, a year of intensive negotiations that will move us forward into the structure of peace which President Nixon has made our foremost national goal.

In my first foreign policy report I wrote that my greatest hope was to help create among Americans a new national unity and purpose in our foreign policy. Now with the major source of division within our country

behind us, there is every reason to believe we all can work together to restore that common purpose.

Sincerely yours,

WILLIAM P. ROGERS.

The Honorable  
J. WILLIAM FULBRIGHT, *Chairman,*  
*Committee on Foreign Relations,*  
*United States Senate,*

and

The Honorable  
THOMAS E. MORGAN, *Chairman,*  
*Committee on Foreign Affairs,*  
*House of Representatives.*

## INTRODUCTORY COMMENT BY THE SECRETARY OF STATE

### 1973—A YEAR OF BUILDING

1973 will be a year of building in American foreign policy—for in 1973 we will be initiating new negotiations and developing new relationships which could determine the political-economic structure of the world for the remainder of this century. As President Nixon stated in his second Inaugural Address: "We are embarking on an era that presents challenges as great as those any nation or any generation has ever faced."

We have reached this formative stage in international affairs as a result of the dramatic changes of the past year, changes due in substantial measure to innovations we began to introduce into American foreign policy four years ago.

We can take special pride in the four accomplishments of last year that are enabling

<sup>1</sup> Copies of the 743-page report are available from the Government Bookstore, Department of State, Washington, D.C. 20520 (Department of State publication 8699; stock no. 4400-01150; \$4.20 postpaid).

us to complete the transition from the concerns of the past to the construction of a new and more peaceful international environment.

—The profound transformation the United States brought about during 1972 in our relations with the People's Republic of China is opening new opportunities for an Asia at peace. A "new start" was the phrase Premier Chou En-lai used in his toast during President Nixon's first night in Peking. Today—as the first official Americans to reside in Peking since 1949 have already arrived—there is no question that a new start in our relations is being carried forward. We are particularly hopeful that progress in U.S.-Chinese relations will lead toward an improving international climate throughout Asia.

—Firm foundations for a new era of cooperative efforts between the world's two most powerful nations now exist in the aftermath of the Moscow Summit. A fabric of common interests and of instruments of cooperation is being created that will serve to perpetuate better relations. And agreements to limit offensive and defensive arms have been concluded that may well be viewed historically as the critical point when risks of nuclear conflict between us turned permanently downward.

—The flash point of Europe's dangers for 25 years, Berlin, has been defused, and the Quadripartite Agreement has proven to be a major stimulant to favorable evolution in the European situation. Not only has the inner German agreement followed, but movement toward conferences on European security and cooperation and on mutual and balanced force reductions has been hastened as a result.

—The Paris Agreement on Vietnam is bringing an end to this century's longest war. Though it is yet imperfectly observed a cease-fire has been established in Vietnam and Laos. And a framework for a peaceful environment in Indochina has been established.

\* \* \* \* \*

1972 was thus a year of achievement in our efforts to turn away from the rigidity of confrontation and the tensions of the cold war. 1973 will be a year during which we will concentrate on forging this progress into a durable structure of peace. In doing so we shall seek to accomplish nine objectives.

*First, we will cooperate with Europeans, eastern and western, in what we hope will be a decisive lowering of barriers to Europe's sense of unity—seeking to enhance mutual security through strategic arms limitations and mutual and balanced force reductions and to free the flow of people and ideas throughout the continent.*

Of the many significant developments taking place in U.S.-Soviet relations, negotiations this year on a permanent and comprehensive strategic offensive arms agreement will be the single most important. A successful conclusion of those negotiations will also be of importance to Europe as a whole, further stabilizing strategic relations under which Europe derives its basic protection.

On this as on so many other issues close cooperation between us and our allies in NATO continues to be of fundamental importance. We will consult closely with them throughout the course of these negotiations to ensure that their interests are taken fully into account.

The ABM Treaty we signed last year is a major contribution to strategic stability, but it must be accompanied by a permanent agreement on offensive strategic arms. The ABM Treaty could not have been achieved until the principle of equivalence had been met to the satisfaction of both sides. There should not be one standard for defensive and another for offensive arms. Essential equivalence must be achieved in this area as well—equivalence based on the principles of comparable security and no unilateral advantage to either side. An agreement based on this approach would contribute to the maintenance of a stable U.S.-Soviet strategic relationship and enhance the security of both countries and of the entire world.

Exploratory talks have begun on a mutual and balanced reduction of forces in central Europe. Full scale negotiations are expected to begin in the fall. Reductions in the forces that have so long faced each other in central Europe would further contribute to the strengthening of peace in Europe. Our own policies have been a motivating force in these negotiations. We will pursue them to a conclusion that reduces the confrontation of forces in central Europe.

In the meantime it is important that we do not unilaterally reduce our own forces, as some have advocated, and risk in consequence both the prospect of negotiating an agreed limitation on forces in central Europe and an unbalancing of the military relationship.

*Freer Relations Within Europe.* Just as we will seek to reduce the confrontation that impedes cooperation, so will we endeavor to help lower the political barriers that divide Europe. In the forthcoming Conference on Security and Cooperation in Europe we are well aware that the Soviet Union will be attaching considerable importance to the inviolability of present territorial boundaries. The Soviet Union must be equally aware of our determination that this issue not be used as a pretext for ratifying a political division of Europe.

Fortunately barriers are lessening and each state in eastern Europe is now officially seeking to improve its cooperation with western Europe. The Conference will provide an excellent opportunity to widen the framework of relationships which engage them with ourselves and their neighbors. It is of particular importance that the Conference achieve objectives agreed upon at the last meeting of NATO: closer, more open and freer relationships among all people in Europe, and a wider flow of information and ideas.

It would be erroneous to presume that widely divergent national perspectives on the range of these freedoms do not exist. But we accept General Secretary Brezhnev's recent statement that the possibilities here are

"quite broad" as an expression of a welcome intent to move toward us in an area of relations where we have such deep convictions.

*Relations With States of Eastern Europe.* We anticipate also that significant advances will be made this year in our bilateral relations with states in eastern Europe. Since the President's visit to Romania in 1969 concrete improvements have been achieved with Romania, Poland, and Hungary in trade, in consular protection and services, in scientific and technological cooperation, and in cultural contacts. Our relations with non-aligned Yugoslavia have continued to progress.

During 1973 we hope to achieve substantial improvements with Czechoslovakia and Bulgaria. The Foreign Ministers of both countries told me at the U.N. General Assembly session last fall their governments would welcome concrete improvements. We share that desire and are responding to it. As has been the case with other states in eastern Europe the conclusion of consular conventions will be the starting point.

In Moscow last spring President Nixon and General Secretary Brezhnev pledged our countries to recognize the sovereign equality of all states, to make no claim to any special rights or advantages in world affairs, and to seek to promote conditions in which no country will be subject to outside interference in its internal affairs. Full application of these principles is central to the détente so many now desire.

*Economic Relations.* Both the Soviet Union and eastern European nations place commercial issues high on their agenda of bilateral interests. We also give high priority to expanding our trade with eastern Europe. During 1973 as our relations with individual countries improve we will move to normalize trade and to initiate broader trade arrangements. We have submitted and are seeking approval of legislation which will authorize the President to extend most-favored-nation treatment to the Soviet Union and to those countries of eastern Europe and elsewhere who do not now have it. Such congressional

action would be consistent with the improvement in our political relations; it will be of central importance in our efforts to increase trade with the Soviet Union and eastern Europe.

The trade agreement we signed with the Soviet Union in October contemplates that U.S.-Soviet trade will triple over the 1969-71 level, rising to an aggregate amount of at least \$1.5 billion. And in eastern Europe we will endeavor to increase our exports significantly.

*Second, we are turning our energies to the task of helping to build what hopefully will be Asia's first period of peace in 40 years into a network of stability based on commitments to mutual noninterference, with the ultimate aim of bringing about cooperation among all of Asia's peoples.*

To solidify and perpetuate the peace that has now been achieved in most of Indochina is, of course, a pressing objective to which we are devoting a maximum effort. Although a certain unsettled period is to be expected in the immediate aftermath of a cease-fire, to date we are not satisfied with implementation of the Agreement. We are scrupulously carrying out the provisions of the settlement, and we expect others to do so as well. The International Conference on Vietnam held in Paris from February 26 to March 2, 1973, was an important step in this direction. The Conference participants endorsed the Vietnam Peace Agreement, pledged to observe its terms and support its full implementation, and to associate themselves with the peacekeeping process. They also agreed to respect the independence and sovereignty of Cambodia and Laos with a view to help bring durable peace to those countries as well.

Our wider objective and hope is that with this peace all Asians can be freed from the bitterness of past confrontation so that they may concentrate on building and renewing cooperative relationships throughout the area. The United States supports and will continue to support efforts of Asian and Pacific nations to develop and expand regional cooperation.

At the same time America's role in Asia must remain strong and active. Continued American engagement in Asia is mandated not only by the volume of our current economic and political interests (our total trade with Asia now equals 85 percent of our trade with western Europe), but by the need to prevent a recurrence of the conditions that brought America into warfare in Asia three times within one generation.

The growing rapprochement in Asia, including of course our own and Japan's with China, will contribute to achieving stability throughout the continent. We take seriously the mutual commitment which the People's Republic of China and we made in the Shanghai Communique that each of us would eschew and oppose attempts by anyone to impose hegemony in the Asia-Pacific region. Scrupulous adherence to this principle can be the building block from which more normal relations can be constructed throughout the area.

*U.S.-P.R.C. Relations.* In our bilateral relations with China we will work thoughtfully and energetically to ensure that last year's initial improvements prosper and expand during 1973. The establishment of liaison offices in our respective capitals, the agreement already reached on further cultural exchange, and the progress anticipated in economic relations will all contribute to further development of normal relations. In Paris last month I was able to reach agreement in principle on the issues of U.S. private claims against the P.R.C. and frozen Chinese assets in the United States. We expect our trade in 1973 to increase significantly. We will urge that larger numbers of Chinese be sent to the United States as well as encourage an increase in the number of Americans going to China.

*Reconstruction in Indochina.* 1973 must also be the year when the nations of Indochina shift decisively from the concerns of war to the tasks of reconciliation and reconstruction. A reconstruction program in Indochina will not only hold out hopes of a better life to the peoples of these nations; it

will be a major influence in ensuring the integrity of the peace we have agreed upon and even in altering the framework of relationships between us and North Vietnam. We look forward to a more constructive relationship with North Vietnam but neither this—nor economic assistance—will be possible unless the Vietnam Agreement is fully carried out.

We see such a reconstruction program as a fundamental aspect in our effort to extend the accomplishments of the peace agreement into broad stability throughout Southeast Asia and to Asia as a whole. We will be devoting particularly close attention this spring to ensuring that we have the means and capability of pursuing this policy to a successful completion. The program will and should be one in which other nations—notably Japan and members of the European Community—also make an important contribution. We will consult closely with Congress on this program.

*South Asia.* For historical and cultural reasons Americans—and many Asians—tend to think of Asia in far eastern and Pacific terms. But the continent-wide stability and cooperation we seek to bring about cannot be complete without the participation of the nations of South Asia.

The United States seeks a close relationship with each of the nations in South Asia. Pakistan, Bangladesh, and India will all have an important influence and effect upon Asian stability.

We will continue our strong support for the viability and cohesion of Pakistan because of our longstanding relationship and because of its importance to the stability of the entire region. Our support for the efforts of the new government of Bangladesh to place the nation on a firm foundation of stability and progress will continue. In recent months, India has expressed a desire to improve relations with the United States. We reciprocate that desire. We will look to India, as South Asia's largest nation, to play a leading role in building a climate for peace in South Asia which will contribute to peace throughout the continent.

*Third, in the Middle East, the only remaining area of chronic conflict in the world where no negotiations are in progress, we will actively encourage the parties to initiate, during 1973, a genuine negotiating process.*

Some people claim that the conflict between Israel and the Arabs, which has now lasted in chronic or acute stages for 25 years, is impossible to resolve.

—Yet it has already proven possible to make progress through negotiation in other areas of passionate differences: in South and North Korea, South and North Vietnam, Pakistan and India, West and East Germany.

—New prospects for an improved quality of life lie before all peoples of the Middle East which could bring about a national and human resurgence when a just peace releases energies from preoccupation with the past.

—And the relaxation of tensions between the major powers, the continuing quest for a peaceful settlement in many countries of the area, and the maintenance of military calm make 1973 a favorable time for the process to get underway.

We know of no other way to arrive at the mutual clarifications of national interests necessary for progress toward peace than to engage, whether directly or indirectly, in negotiation. Outside forces cannot impose a settlement. We see no prospect for any other external means of narrowing differences.

For many months we have sought in the Middle East to convey one fundamental point: that agreement to negotiation requires no change of objectives but only a thoughtful approach to the possibility of mutually advantageous accommodation. That is the process that has taken place to the common benefit of peoples elsewhere—a process we ourselves have benefited from in Vietnam. It is a process that would also benefit the peoples in the Middle East—Palestinian, Israeli, and the peoples in the Arab states concerned. It is in such a process, and not in nihilistic terrorism of the kind that took the lives of two of our finest diplomats in Khartoum, that hope for a better future lies.

If, as a first step, negotiations on an interim

Suez Canal agreement can be brought about and pursued to successful implementation, as we believe possible, the result would: reinforce the cease-fire, separate the military forces of the two sides, result in partial Israeli withdrawal, open the Suez Canal to international commerce, and, most importantly, create momentum toward a permanent settlement based on U.N. Resolution 242.

I have placed such emphasis upon an interim agreement (not as an end in itself but as a step toward final agreement) because of our continuing judgment that it is there where the issues are most susceptible to successful results. We continue, of course, to be open to any ideas the parties may suggest. We do not, however, view an interim agreement as an end in itself and recognize the relationship between any first step toward peace and the broader context of a final Arab-Israeli settlement. As recent visits to Washington by King Hussein, President Sadat's emissary Mr. Ismail, and Prime Minister Meir have emphasized, we remain in close consultation with the governments most intimately concerned.

*Fourth, we will work to deepen our community of interest with the states of Latin America on global as well as hemispheric issues, supporting in particular the expanding roles so many Latin American states are assuming in world affairs.*

The community which the two American continents have created is a community of broadly shared objectives, underlying mutual interests, geographic association, and significant intellectual, political, and security ties. It is, as well, a community of economic cooperation: some 38 percent of Latin America's total foreign trade is with the United States; Mexico is a trading partner of the United States on the level of France and Italy; and over half of U.S. private investment in the developing world is in Latin America.

At the same time we live in a period when isolation of the hemisphere has disappeared and when Latin America's involvement in an interdependent world is rapidly acceler-

ating. Its foreign trade with Europe and Japan is now slightly higher than that with the United States. Mexico's established role in international affairs has for many years been an outstanding one. More recently continental-sized Brazil has sought a global role commensurate with its rapidly expanding strength. Other states, small as well as large, have contributed to the success of multilateralism in the United Nations and elsewhere.

Both they and we are now looking upon our community in new ways—upon the collective contributions that can be made by the states of this hemisphere in world as well as hemispheric affairs. All of us will benefit from this wider role, for despite vicissitudes the contributions we individually make will largely complement one another. We intend, in fact, to work with the countries within this hemisphere in much the same pragmatic atmosphere of equality and cooperation and in the same global context as we do with those in the other community with which we are closely associated—western Europe.

But cooperation in global matters cannot be isolated from the health of our hemispheric association. I hope we will be able to bring about a franker and more useful exchange of views through instituting private consultations among Foreign Ministers at the start of OAS sessions. The opportunity to exchange opinions informally would be a valuable contribution to improving cooperation and understanding. It would, for example, give us an opportunity to share views on world political developments and to ascertain how we can work together on such matters as the forthcoming trade negotiations.

We do not expect to eliminate differences of opinion and approach. But if our association is to realize its potential for mutual benefit, indeed if it is to avoid becoming a format for sterile recrimination, we and our neighbors will have to build upon areas of mutual interest and to resolve those conflicts which exist.

I recently told the Foreign Ministers of the Organization of American States that with

the progress that has been made toward a more peaceful world we are now in a position to give our relations with Latin America more consistent attention. I will participate personally in this effort and will soon fulfill my longstanding desire to visit Latin America.

As part of our increased effort we are now seeking approval of the generalized preference legislation we felt it necessary to defer in 1972. And Latin America will continue to be the recipient of substantial assistance—aid which totaled \$1.2 billion in 1972. But it is through trade, private investment, and the normal course of international economic relations that the largest share of cooperation in development for the hemisphere has always come and always will come. That is one of the reasons why it is important for countries who desire investment to apply stable rules upon which investors can count. And that is why we are approaching all economic cooperation with the developing world from a comprehensive, not merely an assistance policy approach.

*Fifth, we will continue to broaden our natural cultural and political relationship with Africa by strengthening our economic ties, in particular by accelerating the growth in trade and investment already taking place under policies we adopted in 1970.*

In the last three years U.S. trade with Africa has risen by 30 percent and our investments by 50 percent. The still relatively modest dollar levels of these relations (\$3 billion in trade and \$1 billion in investment) can be significantly expanded.

Increased African production of raw materials and energy resources to meet the growing needs of industrialized societies will account for much of the increase of our imports and simultaneously provide opportunities for mutually beneficial investment. Nigeria and Libya, negligible oil producers in 1960, now rank seventh and ninth in world production. Natural gas from Algeria—whose reserves are among the highest in the world—has recently begun to arrive in U.S. ports. And Guinea ranks with Australia in

possessing bauxite reserves almost 100 times those of the United States.

For the first time in many years, and in spite of promotional efforts, U.S. exports to Africa declined in 1972. There are, nonetheless, good opportunities for expanding our exports to Africa's rapidly developing markets. We intend to pursue them.

As the first Secretary of State to visit Africa, I know from my own experience how highly African states are motivated to develop their economic resources and their standards of living. We will contribute to that process both through grant and loan assistance and through the expansion of our normal economic contacts, a process of increasing contact and cooperation we expect to lead to more soundly based political relations as well.

In Nigeria, American investments now total \$800 million. Dynamic and well on the way to recovery from its civil war, Nigeria is one of those leadership countries in Africa and in world affairs with which we anticipate continued increases in consultation and cooperation.

In focusing upon the growth of economic ties we imply no dilution of American support for self-determination in those parts of Africa which have not yet had the opportunity to choose their own future. We will continue to encourage productive diplomatic means—such as Secretary General Waldheim's initiatives of last year—to give the peoples of southern Africa the same choice as to their future that the bulk of the continent has already experienced.

*Sixth, we will endeavor both to restore our international economic position and to reach agreement on principles to govern an expanding international trade and monetary system.*

In both previous reports on foreign policy I emphasized our expectation that economic relations will assume major importance in our foreign policy over the rest of this century. Economic policy increasingly occupies our time at all levels of government at home and of our diplomacy abroad. With the cessa-

tion of the war in Southeast Asia and the improvement of relations with China and the Soviet Union, economic policy will be particularly prominent in 1973.

We will, as a matter of urgency, be seeking (1) to improve the ability of American workers and businessmen to compete in world markets and (2) to restructure the international economic system so that the unprecedented growth of the world economy of recent years can be extended into the future.

The American economy remains by far the largest and most productive economy in the world. We must not let our concern over current problems obscure that basic strength. But obstructive trade barriers continue to distort the smooth and equitable growth of world trade. The world economy will benefit by the removal of such obstacles, as will the United States.

The currency realignments of 1971 and 1973 will be major steps in making it possible to restore our trading position. But monetary steps must now be supplemented by elimination of previously tolerated trading practices and restrictions that put extra burdens upon the dollar or upon the American exporter or investor. Changes are particularly necessary to make our access to Japanese markets more equivalent to their access to ours. They also are needed in Europe, where in the course of enlargement of the Common Market some obstacles to U.S. exports have been extended more widely, especially in agriculture, and where our trade account went into deficit in 1972 for the first time.

Accordingly we will be negotiating compensation in the GATT for impairment of trade interests which resulted from the enlargement of the European Community and from its special arrangements with other European countries. We will continue to press the Community to ease its restrictions on agricultural trade and to eliminate reverse preferences for Community exports. We will work with Japan for an early reduction or elimination of import quotas and tariffs, improved access to the Japanese market for U.S. investors and businessmen, and in-

creased Japanese Government purchases of American products.

Our economic health is increasingly linked to that of the world's long-run economic health. Consequently we also will be pressing this year for basic reform of the international monetary and trade systems.

*Monetary Reform.* The broad principles of monetary reform which we wish to see adopted by the IMF Board of Governors this September were set forth by Secretary of the Treasury Shultz at the annual meeting of the International Monetary Fund last September. At the March 16 meeting of the Ministers of the Group of Ten countries and the European Community agreement was reached on measures to ensure maintenance of an orderly exchange rate system while the effort to reform the international monetary system is pressed ahead. This is a positive and encouraging result.

While considerable time is required before exchange rate changes can alter the balance of payments, we are satisfied that if acceptable trade arrangements can also be made we will soon move toward sustainable equilibrium in our payments position. But a sense of urgency in the current negotiations within the IMF's Committee of Twenty is now necessary so that the favorable effect of the devaluations of the dollar can be realized and a stable system created. We hope that the Committee would be able to report agreement on broad principles of reform by the time of the annual meeting of the IMF in Nairobi this fall.

*Trade Negotiations.* While the monetary talks proceed, the first session of related negotiations on trade will open this September under the General Agreement on Tariffs and Trade.

The Administration has submitted to the Congress a request for the comprehensive negotiating authority we consider necessary to attack agricultural as well as industrial restrictions and nontariff as well as tariff barriers. In these negotiations we will insist that American products be given fair and reasonable treatment.

The authority which the President is seek-



ing to raise tariffs in particular cases is designed to achieve that purpose, not to bring about increased barriers to trade. In fact our objective is quite the opposite. For the past quarter century international trade has increased at a more rapid rate than world production, providing an essential stimulus to the most rapid global economic growth in man's history. The reduction of barriers to trade made this contribution possible. It must be continued.

During the trade negotiations we will, in particular, seek approval on these principal approaches:

—That tariff barriers on both industrial and agricultural goods should be reciprocally reduced to the point where they form no appreciable impediment to the flow or direction of international trade.

—That nontariff restraints should be reduced over a moderate period of time and that remaining restrictions should be regulated under international agreement.

—That trade should continue to be organized on a global basis, not on the basis of trading blocs, and that reverse preferences favoring particular groups of developed countries should be removed:

—That particular account should be taken of the need to find solutions to the problems of developing countries.

—That an internationally supervised system of safeguards should be agreed upon to give industries adversely affected by shifting trade patterns time to adjust.

Neither the negotiations on trade nor on monetary matters will be completed in 1973. But success in establishing agreement on such basic principles will go far toward building tomorrow's economic system.

*Seventh, we intend to employ our economic policies more comprehensively than in the past to support the efforts of developing countries to accelerate their per capita rate of economic growth beyond current levels.*

If the forthcoming trade negotiations are successful, the poorer nations of the world will benefit fully as much as the developed world. But neither trade nor assistance, de-

veloped nor developing nations' policies, investment nor nationalization, nor other separate efforts will suffice for dealing with what may well be the most important but difficult requirement of the next quarter century—that of escalating the economic growth rate of the developing world.

Despite the high priority given to economic growth in most of the poorer nations, two decades of international assistance, and decisive breakthroughs in several states, the overall per capita growth rate in the developing world has only reached that of the industrialized countries in the past two years. Even with that accomplished, the fact remains that a 3 percent per capita growth rate in a country like India produces an annual income increase of only \$3 while in the United States it produces \$120. Thus no end is in sight in the increasing disparity between income levels of developing and developed nations. And within the developing countries, the benefits of modernization have been unevenly distributed, causing internal social and political problems.

We must collectively seek to narrow these disparities lest North-South dissension replace the receding East-West conflict. We therefore intend to pursue a comprehensive policy designed to help stimulate social and economic progress, particularly higher rates of per capita economic growth, in the developing world—a policy not of aid alone but employing a wide variety of economic relationships, a policy involving coordination with other developed countries and requiring principal efforts from the developing countries themselves. We will pursue it in recognition of the fact that just as the developing nations need access to the capital and cooperation of the developed countries, so will we increasingly need their cooperation and access to what they can produce. The rapidly burgeoning needs of the industrialized world for energy and raw material resources offer new trade possibilities that will both augment production and foreign exchange earnings in the developing world.

I have asked the new Under Secretary of State for Economic Affairs, William Casey,

to give special attention to this matter. Mr. Casey will be using the full resources of the Department and the government to coordinate the use of such elements as restraints on population growth, international investment, trade expansion, preferences, multilateral institutions, grant and loan assistance, and debt relief in support of this purpose.

*Eighth, we will seek during 1973 both to strengthen the economic and political relationship among the world's industrialized, democratic countries and to create associations among us which will be more global in scope and more regular in nature than has previously been the case.*

During 1973 we will be engaged in important separate consultations with the European Community, Japan, and other key friends. But bilateral approaches are no longer sufficient to handle the growing agenda of common political and economic concerns. A substantially higher level of worldwide coordination and cooperation is required among Japan, Canada, western Europe, Australia, New Zealand, and the United States if we are to solve common trade and monetary problems, continue the rapid expansion of the world's economy, and assist in the growth of the developing world. It is through wider cooperation also that we can best contribute our complementary strengths and common ideals toward building a politically sounder world.

We are one another's best trading partners and one another's most significant competitors. Our governments derive their authority from the freely expressed consent of their citizens. Our people share a common desire for an open and peaceful world. No longer can any of us satisfactorily think solely in Asian terms, in European terms, or in North American terms. For the health and strength of us all we must think and act in terms of us all.

One way in which this can be approached will be through enhanced cooperation in the Organization for Economic Cooperation and Development, the one organization whose membership is closely linked to these states.

Last year the Executive Committee of the OECD was transformed into a high-level policy forum for consultations on the entire spectrum of our economic relationships.

We would like the new high-level policy forum to address the interrelationship of all aspects of economic policies—domestic and international—and their impact upon the total economic system. We believe the OECD should be a center for coordination of the more comprehensive development policies we consider necessary. And we would like to see it continue to be involved in an area it has only recently begun to deal with—international investment, including the role of the multinational corporation.

At OECD Ministerial meetings we plan to continue our policy of including a senior State Department representative in our delegation. We hope that the OECD may increasingly become a forum for broad cooperation beyond the technical items on specific agendas.

The presence of Foreign Ministers at the United Nations General Assembly each year also provides a further opportunity for coordination at the policy level. I have found the various meetings I have each year with NATO Foreign Ministers, Australia, New Zealand and Japan to be highly useful. An occasional opportunity for Foreign Ministers from these countries to exchange views collectively should improve coordination on the many matters that now affect us all. I hope we will be able to find time for such an exchange this fall.

We will of course be consulting with our friends about these ideas, as they may have other suggestions for strengthening our relationship.

*European Community.* The enlargement of the European Community and the consequent strengthening of western Europe's economic capabilities assure that 1973 will be a year of special attention to relations between the European Community and the United States.

We hope to be able to build such lasting ties that our relations with the Community will in time become a solid pillar of U.S.—

European association such as we already have in NATO. To achieve this however we must overcome a number of economic differences arising out of the changes in Europe and out of our balance-of-payments situation. Western Europe as a whole now produces three-quarters as much as we do, and it has a greater share of world trade. We will accordingly be looking to them to assume a more equal share of common responsibilities.

*Japan.* We will also be engaged during 1973 in reinforcing our long-range political and economic association with Japan, an association as important to us across the Pacific as is our relationship with western Europe across the Atlantic.

Last September Prime Minister Tanaka and President Nixon concurred that strengthening of our close ties would be "an important factor for peace and stability in the evolving world situation." The solidity of these ties will be of particular importance as we each proceed to build closer relations with China and the Soviet Union.

A major correction in the trade imbalance between us (\$1.2 billion in 1972—two-thirds of our overall trade deficit) understandably has high priority. Japan has accepted this correction as being one of its top priority tasks. We welcome its intention to lower tariffs and to promote import and capital liberalization, its decision to permit the yen to appreciate in the exchange market, and its stated desire to achieve an external equilibrium within the next two or three years.

*Canada.* Our attention has understandably been drawn most recently to the changes in western Europe and to Japan's dramatic growth. But it is Canada which will remain our largest single trading partner and the major locus of private American investment. We hope to examine with Canada such areas as automotive trade and defense procurement to assure that benefits from our close trading ties are fully shared. And we intend to engage in more intense and varied cooperation with Canada to meet the environmental and energy problems of North America, in particular in carrying out the purposes of the Great

Lakes Water Quality Agreement of 1972.

The next few years will be a time of testing of our bonds with all the industrialized, democratic nations as we work toward new relationships based on current security, economic and political imperatives. The adjustment will be neither simple nor painless. But we approach this adjustment with the confidence that it can lead to an era of cooperation bountiful for all our peoples.

*Ninth, we will press forward toward building a world of multilateral cooperation and orderly relations under law, giving special attention in 1973 to preliminary agreement in the United Nations on a global law of the sea that will transform the oceans from an area of growing conflict into a source of growing wealth and cooperation.*

In many concrete ways we are seeking to strengthen the contribution of multilateral institutions—in particular of the United Nations agencies—in creating a more cooperative and better regulated international community. Of substantial importance in the extension of such cooperation will be the first session of the U.N. Conference on the Law of the Sea, which will open this fall in New York following two years of preparatory work. That meeting will set into process an international negotiation in whose success all nations have an important stake.

The international communication made possible by the freedom of the seas and the potential resources that the seas contain in energy, food and raw materials are too important to permit the oceans to become centers of conflict. Yet the varying interests of coastal states in security and of naval powers in freedom of navigation, of coastal states in their adjacent resources and of the world community in the resources of the deep sea will produce just such conflicts unless we all accommodate for our long-range advantage.

That is why we are striving to reach early agreement on a comprehensive legal regime for the seas. Negotiation of a treaty will require most of 1971, but we will urge that this fall's opening session concur upon the objectives of:

—A maximum breadth of 12 miles for the territorial sea;

—Free transit through and over straits used for international navigation;

—Broad coastal state economic jurisdiction over mineral and fisheries resources in areas adjacent to the territorial sea, tempered by international standards which will protect legitimate interests of other states;

—An international regime including machinery to authorize the exploration and exploitation of the deep seabed under agreed regulations;

—Standards and controls to protect the marine environment from pollution; and

—An agreed regime which would promote marine scientific research.

*Narcotics and Terrorism.* A deeper commitment to orderly relations under law is also urgently required in the campaign to outlaw hijackers and drug smugglers. As Chairman of the Cabinet Committees on International Terrorism and International Narcotics Control, I will continue during 1973 to pursue our war against these two threats to a more civilized world.

In 1972 we developed comprehensive anti-narcotics plans with each of the 59 nations involved in production, consumption or transshipment of illicit hard drugs. During 1973 we will translate these plans into action. With the movement toward eliminating Turkey as a source of opium well underway and with progress developing in Southeast Asia, we will especially concentrate upon interdiction of the drug traffic. Enforcement and improved intelligence are our two top priorities. We are obtaining increased cooperation from other countries in both areas. Our programs have already caused shortages of heroin within the United States, hindering the recruitment of new addicts, and hopefully driving many existing addicts into treatment. In 1973 we intend to intensify this pressure.

The international community's response to the narcotic issue has been gratifying. But its response to initiatives to suppress hijacking and terrorism has been disappointing, even shortsighted. An atmosphere not suf-

ficiently hostile to assaults upon civilized comity among nations, such as the recent slaughter of two American and a Belgian diplomat in the Sudan, must be changed. Although 63 airliners from 24 countries were hijacked and 245 passengers and crew killed or wounded in 1972, most nations of the world have so far been unwilling to take meaningful new action on hijacking or terrorism either at the United Nations or in the International Civil Aviation Organization.

On the bilateral front we have been more successful due to the agreement with Cuba on the extradition or punishment of hijackers. We hope to reach similar agreements with other countries, particularly in northern Africa.

We will also press again at the ICAO Conference this August for a new international convention to prevent safe havens for hijackers. At the very minimum we will expect the Assembly to establish international machinery to make investigations and recommendations in hijacking or sabotage cases.

If there was any doubt that international treaties should be adopted to provide for the protection of diplomats and for the extradition or punishment of persons who kill, seriously injure or kidnap innocent persons in a foreign state for political purposes, this year's outrages should terminate it. We will pursue the latter treaty vigorously in the U.N. *ad hoc* committee on terrorism scheduled to meet this summer. And we believe the United Nations should complete the treaty on protection of diplomats at this fall's General Assembly.

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This introduction can only hope to outline the most important of the Administration's foreign policy objectives. I have elaborated here upon those which collectively give 1973 the characteristic of a year of building—the building of relations and institutions that could determine the course of the rest of the century. Given the President's strong interest and leadership in this effort, we have every reason to expect that further substan-

tial progress toward lasting peace and cooperation will be made in the coming year.

It is now commonplace to hear that there are no more dramatic accomplishments possible in foreign affairs. I do not agree. 1973 can be a dramatic year—not in breaking old patterns but in building new ones, a year when we begin to erect the framework for a generation of peace.

But 1973 will be just beginning. The road ahead will be as difficult and dangerous as it will be promising. It will require the continued perseverance and engagement of this great nation. That is why our foreign policy must continue to be a policy of engagement—engagement with adversaries in building cooperation, engagement with allies on a basis of shared values and interests, engagement with developing nations in the effort to raise the living standards of their people.

For many years the economic and political health of the world has been heavily affected by the state of the American society. Now our condition increasingly is affected by the welfare of others. The degree of interdependence among nations and many of the principal trends of international affairs are succinctly evident in the statistical indicators of the state of the world I have appended to this introduction. In concise terms they illustrate both the necessity of our engagement in the world and the nature of many of the issues the world must still face.

In my first foreign policy report, I expressed the hope that we could fashion a foreign policy which would overcome the deep and destructive divisions within this country and restore a sense of common purpose in America's approach to world affairs. Today the obstacles to such a common purpose have been overcome, and we have found a new self-confidence, devoid both of arrogance and of destructive self-doubts. The foreign policy objectives we are setting forth are moderate and constructive ones. It will be my earnest

endeavor so to carry them out that the Administration and the Congress, the leadership of both parties, the government and the citizenry can again move forward harmoniously in their support. With such cooperation 1973 will be a year of substantial progress toward the more peaceful and prosperous world we all desire.

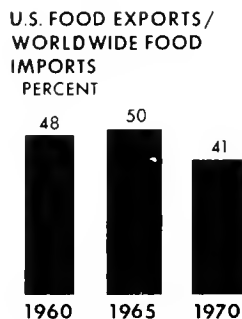
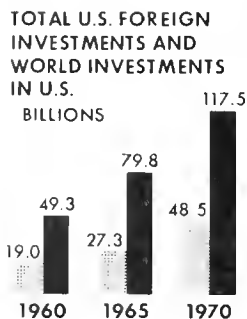
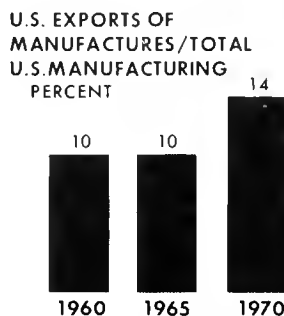
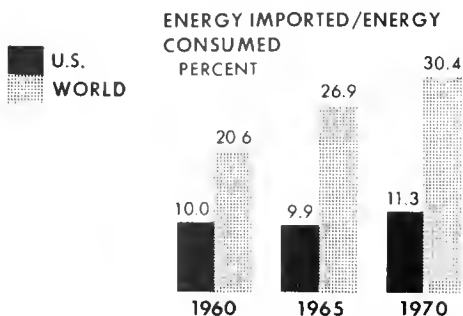
## THE STATE OF THE WORLD IN STATISTICS\*

	1960	1965	1970
<b>I. Human Welfare</b>			
Gross World Product (billions 1971\$)	2,214	2,852	3,673
World Product			
Per Capita (1971\$)	730	853	1,003
GWP Growth Rate (%)	4.9	5.2	5.2
Population (billions)	3	3.3	3.7
Population Growth Rate (%)	1.7	1.8	1.8
Infant Mortality (%)	11	10	9
Literacy (%)	48	56	64
<b>II. Interdependence</b>			
World Energy Imported (%)	21	27	30
World Product			
Exported (%)	8.7	8.9	9.7
Industrial Product			
Exported (%)	12.7	13.6	18.5
International Mail (billions of items)	4.5	7.1	13.0
International Travel (millions)	102	135	178
International Travel/World Population (%)	3.1	4.1	4.8
<b>III. Military</b>			
Men Under Arms (millions)	19	21	23
Men Under Arms Population (per thousand)	6.3	6.3	6.4
Military Expenditures GWP (%)	7.6	6.8	6.5

International statistics are sufficiently reliable to indicate trends. However, there are significant problems in comparability among national statistics that make up the data, as well as in collection of some items. All world figures must therefore be taken as the best available approximations.

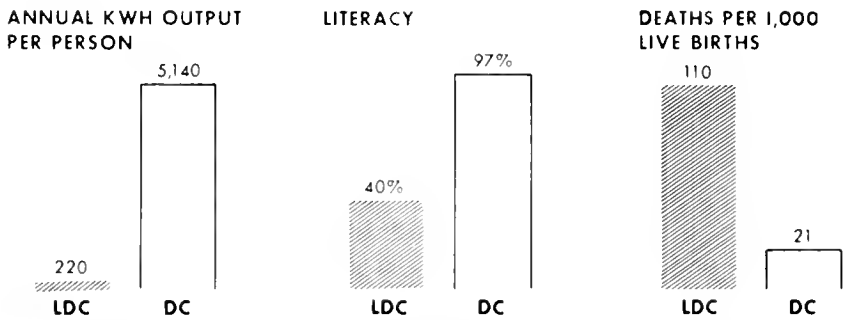
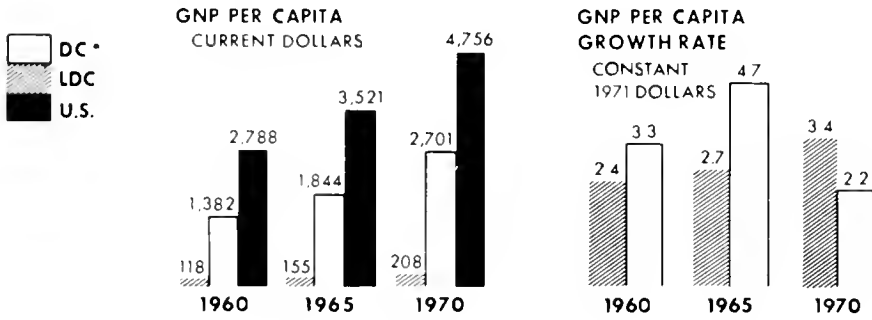
# THE STATE OF THE UNITED STATES AND THE WORLD

Like other nations, the United States is becoming more closely tied to and interdependent with the rest of the world.

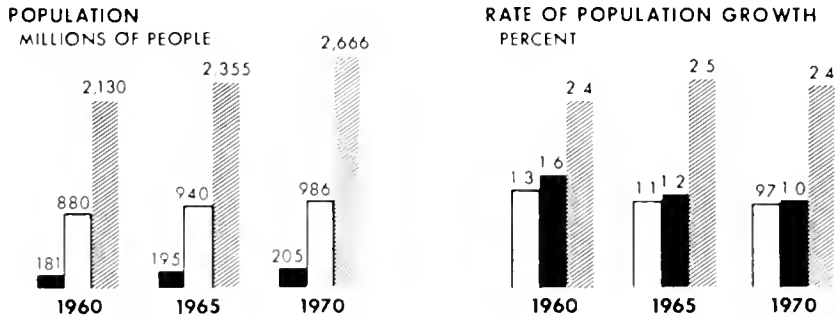


# THE STATE OF THE DEVELOPED AND DEVELOPING NATIONS

While the economies of both developed and developing nations grew substantially, the gap between them also grew and most of the world's people remained poor.



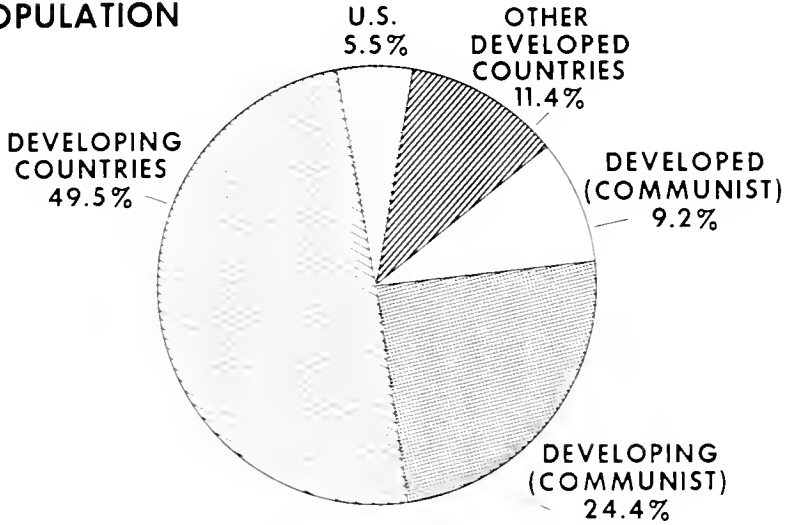
There are two and a half times as many people in the developing countries as in the developed and they are growing almost two and a half times as fast.



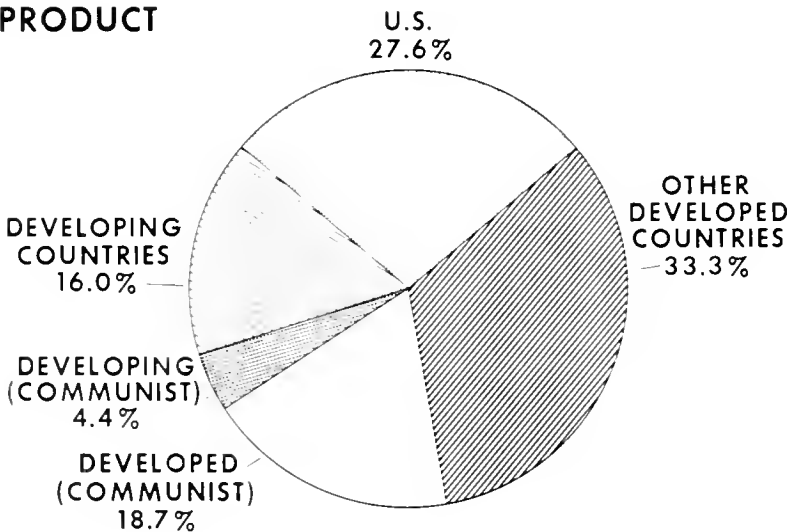
\* INCLUDES UNITED STATES

# THE STATE OF THE WORLD POPULATION AND PRODUCT

## POPULATION



## PRODUCT



\* INTERNATIONAL STATISTICS ARE SUFFICIENTLY RELIABLE TO INDICATE TRENDS. HOWEVER, THERE ARE SIGNIFICANT PROBLEMS IN COMPARABILITY AMONG NATIONAL STATISTICS THAT MAKE UP THE DATA AS WELL AS IN COLLECTION OF SOME ITEMS. ALL WORLD FIGURES MUST THEREFORE BE TAKEN AS THE BEST AVAILABLE APPROXIMATIONS.



## President Nixon's National Energy Policy

*President Nixon transmitted to the Congress on April 18 a message on energy policy. Following are a statement by President Nixon recorded that day for television and radio; excerpts from the message; the transcript of a news conference held at the White House that day by Secretary of the Treasury George P. Shultz; and the text of an Executive order establishing a Special Committee on Energy and a National Energy Office.*

### STATEMENT BY PRESIDENT NIXON

White House press release dated April 18

America's energy demands have grown so rapidly that they now outstrip our energy supplies. As a result, we face the possibility of temporary fuel shortages and some increases in fuel prices in America.

This is a serious challenge, but we have the ability to meet it. If our energy resources are properly developed, they can fulfill our energy requirements for centuries to come.

What is needed now is decisive and responsible action to increase our energy supplies—action which takes into account the needs of our economy, of our environment, and of our national security—and that is why I am moving forward today on several fronts.

I am ending quantitative controls on oil imports and establishing a National Energy Office.

I am ordering an acceleration in the leasing of oil lands on the outer continental shelf and increasing our ability to prevent oil spills.

I am also taking new steps to maintain our vital coal industry.

In addition, I am asking the Congress to act quickly on several proposals. One would remove government regulations which now discourage the growth of our domestic natural gas industry. Another would help us establish the research and technological

groundwork for developing new forms of energy with a long-range future. And still others would permit licensing of new deep-water ports in our oceans and would open the way for the long-delayed Alaska oil pipeline.

Each of these steps can help us meet our energy needs and meet those needs without sacrificing our environment or endangering our national security, so that we can continue to build a better life for all of our people in this country.

### EXCERPTS FROM MESSAGE TO THE CONGRESS<sup>1</sup>

*To the Congress of the United States:*

At home and abroad, America is in a time of transition. Old problems are yielding to new initiatives, but in their place new problems are arising which once again challenge our ingenuity and require vigorous action. Nowhere is this more clearly true than in the field of energy.

As America has become more prosperous and more heavily industrialized, our demands for energy have soared. Today, with 6 percent of the world's population, we consume almost a third of all the energy used in the world. Our energy demands have grown so rapidly that they now outstrip our available supplies, and at our present rate of growth, our energy needs a dozen years from now will be nearly double what they were in 1970.

In the years immediately ahead, we must face up to the possibility of occasional energy shortages and some increase in energy prices.

Clearly, we are facing a vitally important energy challenge. If present trends continue unchecked, we could face a genuine energy crisis. But that crisis can and should be

<sup>1</sup>For the complete text, see Weekly Compilation of Presidential Documents dated Apr. 23, p. 389.

averted, for we have the capacity and the resources to meet our energy needs if only we take the proper steps—and take them now.

More than half the world's total reserves of coal are located within the United States. This resource alone would be enough to provide for our energy needs for well over a century. We have potential resources of billions of barrels of recoverable oil, similar quantities of shale oil and more than 2,000 trillion cubic feet of natural gas. Properly managed, and with more attention on the part of consumers to the conservation of energy, these supplies can last for as long as our economy depends on conventional fuels.

In addition to natural fuels, we can draw upon hydroelectric plants and increasing numbers of nuclear powered facilities. Moreover, long before our present energy sources are exhausted, America's vast capabilities in research and development can provide us with new, clean and virtually unlimited sources of power.

Thus we should not be misled into pessimistic predictions of an energy disaster. But neither should we be lulled into a false sense of security. We must examine our circumstances realistically, carefully weigh the alternatives—and then move forward decisively.

#### **Weighing the Alternatives**

Over 90 percent of the energy we consume today in the United States comes from three sources: natural gas, coal and petroleum. Each source presents us with a different set of problems.

Natural gas is our cleanest fuel and is most preferred in order to protect our environment, but ill-considered regulations of natural gas prices by the Federal Government have produced a serious and increasing scarcity of this fuel.

We have vast quantities of coal, but the extraction and use of coal have presented such persistent environmental problems that, today, less than 20 percent of our energy needs are met by coal and the health of the entire coal industry is seriously threatened.

Our third conventional resource is oil, but domestic production of available oil is no longer able to keep pace with demands.

In determining how we should expand and develop these resources, along with others such as nuclear power, we must take into account not only our economic goals, but also our environmental goals and our national security goals. Each of these areas is profoundly affected by our decisions concerning energy.

If we are to maintain the vigor of our economy, the health of our environment, and the security of our energy resources, it is essential that we strike the right balance among these priorities.

The choices are difficult, but we cannot refuse to act because of this. We cannot stand still simply because it is difficult to go forward. That is the one choice Americans must never make.

The energy challenge is one of the great opportunities of our time. We have already begun to meet that challenge, and realize its opportunities.

#### **National Energy Policy**

In 1971, I sent to the Congress the first message on energy policies ever submitted by an American President. In that message I proposed a number of specific steps to meet our projected needs by increasing our supply of clean energy in America.

Those steps included expanded research and development to obtain more clean energy, increased availability of energy resources located on Federal lands, increased efforts in the development of nuclear power, and a new Federal organization to plan and manage our energy programs.

In the twenty-two months since I submitted that message, America's energy research and development efforts have been expanded by 50 percent.

In order to increase domestic production of conventional fuels, sales of oil and gas leases on the Outer Continental Shelf have been increased. Federal and State standards to protect the marine environment in which these leases are located are being tightened. We have developed a more rigorous surveil-

lance capability and an improved ability to prevent and clean up oil spills.

We are planning to proceed with the development of oil shale and geothermal energy sources on Federal lands, so long as an evaluation now underway shows that our environment can be adequately protected.

We have also taken new steps to expand our uranium enrichment capacity for the production of fuels for nuclear power plants, to standardize nuclear power plant designs, and to ensure the continuation of an already enviable safety record.

We have issued new standards and guidelines, and have taken other actions to increase and encourage better conservation of energy.

In short, we have made a strong beginning in our effort to ensure that America will always have the power needed to fuel its prosperity. But what we have accomplished is only a beginning.

Now we must build on our increased knowledge, and on the accomplishments of the past twenty-two months, to develop a more comprehensive, integrated national energy policy. To carry out this policy we must:

- increase domestic production of all forms of energy;

- act to conserve energy more effectively;

- strive to meet our energy needs at the lowest cost consistent with the protection of both our national security and our natural environment;

- reduce excessive regulatory and administrative impediments which have delayed or prevented construction of energy-producing facilities;

- act in concert with other nations to conduct research in the energy field and to find ways to prevent serious shortages; and

- apply our vast scientific and technological capacities—both public and private—so we can utilize our current energy resources more wisely and develop new sources and new forms of energy.

The actions I am announcing today and the proposals I am submitting to the Congress are designed to achieve these objectives. They reflect the fact that we are in a

period of transition, in which we must work to avoid or at least minimize short-term supply shortages, while we act to expand and develop our domestic supplies in order to meet long-term energy needs.

We should not suppose this transition period will be easy. The task ahead will require the concerted and cooperative efforts of consumers, industry, and government.

## Importing To Meet Our Energy Needs

### *Oil Imports*

In order to avert a short-term fuel shortage and to keep fuel costs as low as possible, it will be necessary for us to increase fuel imports. At the same time, in order to reduce our long-term reliance on imports, we must encourage the exploration and development of our domestic oil and the construction of refineries to process it.

The present quota system for oil imports—the Mandatory Oil Import Program—was established at a time when we could produce more oil at home than we were using. By imposing quantitative restrictions on imports, the quota system restricted imports of foreign oil. It also encouraged the development of our domestic petroleum industry in the interest of national security.

Today, however, we are not producing as much oil as we are using, and we must import ever larger amounts to meet our needs.

As a result, the current Mandatory Oil Import Program is of virtually no benefit any longer. Instead, it has the very real potential of aggravating our supply problems, and it denies us the flexibility we need to deal quickly and efficiently with our import requirements. General dissatisfaction with the program and the apparent need for change has led to uncertainty. Under these conditions, there can be little long-range investment planning for new drilling and refinery construction.

Effective today, I am removing by proclamation all existing tariffs on imported crude oil and products. Holders of import licenses

Executive Order of Proclamation No. 4210, see 38 *Fed. Reg.* 9417.

will be able to import petroleum duty free. This action will help hold down the cost of energy to the American consumer.

Effective today, I am also suspending direct control over the quantity of crude oil and refined products which can be imported. In place of these controls, I am substituting a license-fee quota system.

Under the new system, present holders of import licenses may import petroleum exempt from fees up to the level of their 1973 quota allocations. For imports in excess of the 1973 level, a fee must be paid by the importer.

This system should achieve several objectives.

First, it should help to meet our immediate energy needs by encouraging importation of foreign oil at the lowest cost to consumers, while also providing incentives for exploration and development of our domestic resources to meet our long-term needs. There will be little paid in fees this year, although all exemptions from fees will be phased out over several years. By gradually increasing fees over the next two and one-half years to a maximum level of one-half cent per gallon for crude oil and one and one-half cents per gallon for all refined products, we should continue to meet our energy needs while encouraging industry to increase its domestic production.

Second, this system should encourage refinery construction in the United States, because the fees are higher for refined products than for crude oil. As an added incentive, crude oil in amounts up to three-fourths of new refining capacity may be imported without being subject to any fees. This special allowance will be available to an oil company during the first five years after it builds or expands its refining capacity.

Third, this system should provide the flexibility we must have to meet short and long-term needs efficiently. We will review the fee level periodically to ensure that we are imposing the lowest fees consistent with our intention to increase domestic production while keeping costs to the consumer at the lowest possible level. We will also make full use of the Oil Import Appeals Board to ensure that the needs of all elements of the

petroleum industry are met, particularly those of independent operators who help to maintain market competition.

Fourth, the new system should contribute to our national security. Increased domestic production will leave us less dependent on foreign supplies. At the same time, we will adjust the fees in a manner designed to encourage, to the extent possible, the security of our foreign supplies. Finally, I am directing the Oil Policy Committee to examine incentives aimed at increasing our domestic storage capacity or shut-in production. In this way we will provide buffer stocks to insulate ourselves against a temporary loss of foreign supplies.

### *Deepwater Ports*

It is clear that in the foreseeable future, we will have to import oil in large quantities. We should do this as cheaply as we can with minimal damage to the environment. Unfortunately, our present capabilities are inadequate for these purposes.

The answer to this problem lies in deepwater ports which can accommodate those larger ships, providing important economic advantages while reducing the risks of collision and grounding. Recent studies by the Council on Environmental Quality demonstrate that we can expect considerably less pollution if we use fewer but larger tankers and deepwater facilities, as opposed to the many small tankers and conventional facilities which we would otherwise need.

If we do not enlarge our deepwater port capacity, it is clear that both American and foreign companies will expand oil transshipment terminals in the Bahamas and the Canadian Maritime Provinces. From these terminals, oil will be brought to our conventional ports by growing numbers of small and medium size transshipment vessels, thereby increasing the risks of pollution from shipping operations and accidents. At the same time, the United States will lose the jobs and capital that those foreign facilities provide.

Given these considerations, I believe we must move forward with an ambitious pro-

gram to create new deepwater ports for receiving petroleum imports.

The development of ports has usually been a responsibility of State and local governments and the private sector. However, States cannot issue licenses beyond the three-mile limit. I am therefore proposing legislation to permit the Department of the Interior to issue such licenses. Licensing would be contingent upon full and proper evaluation of environmental impact, and would provide for strict navigation and safety, as well as proper land use requirements. The proposed legislation specifically provides for Federal cooperation with State and local authorities.

### **International Cooperation**

The energy challenge confronts every nation. Where there is such a community of interest, there is both a cause and a basis for cooperative action.

Today, the United States is involved in a number of cooperative, international efforts. We have joined with the other 22 member-nations of the Organization for Economic Cooperation and Development to produce a comprehensive report on long-term problems and to develop an agreement for sharing oil in times of acute shortages. The European Economic Community has already discussed the need for cooperative efforts and is preparing recommendations for a Community energy policy. We have expressed a desire to work together with them in this effort.

We have also agreed with the Soviet Union to pursue joint research in magnetohydrodynamics (MHD), a highly efficient process for generating electricity, and to exchange information on fusion, fission, the generation of electricity, transmission and pollution control technology. These efforts should be a model for joint research efforts with other countries. Additionally, American companies are looking into the possibility of joint projects with the Soviet Union to develop natural resources for the benefit of both nations.

I have also instructed the Department of State, in coordination with the Atomic Energy Commission, other appropriate Govern-

ment agencies, and the Congress to move rapidly in developing a program of international cooperation in research and development on new forms of energy and in developing international mechanisms for dealing with energy questions in times of critical shortages.

I believe the energy challenge provides an important opportunity for nations to pursue vital objectives through peaceful cooperation. No chance should be lost to strengthen the structure of peace we are seeking to build in the world, and few issues provide us with as good an opportunity to demonstrate that there is more to be gained in pursuing our national interests through mutual cooperation than through destructive competition or dangerous confrontation.

### **Conclusion**

Nations succeed only as they are able to respond to challenge, and to change when circumstances and opportunities require change.

When the first settlers came to America, they found a land of untold natural wealth, and this became the cornerstone of the most prosperous nation in the world. As we have grown in population, in prosperity, in industrial capacity, in all those indices that reflect the constant upward thrust in the American standard of living, the demands on our natural resources have also grown.

Today, the energy resources which have fueled so much of our national growth are not sufficiently developed to meet the constantly increasing demands which have been placed upon them. The time has come to change the way we meet these demands. The challenge facing us represents one of the great opportunities of our time—an opportunity to create an even stronger domestic economy, a cleaner environment, and a better life for all our people.

The proposals I am submitting and the actions I will take can give us the tools to do this important job.

The need for action is urgent. I hope the Congress will act with dispatch on the proposals I am submitting. But in the final analy-

sis, the ultimate responsibility does not rest merely with the Congress or with this Administration. It rests with all of us—with government, with industry and with the individual citizen.

Whenever we have been confronted with great national challenges in the past, the American people have done their duty. I am confident we shall do so now.

RICHARD NIXON.

THE WHITE HOUSE, *April 18, 1973.*

## NEWS CONFERENCE OF SECRETARY SHULTZ

White House press release dated April 18

*Mr. Ziegler [Ronald L. Ziegler, Press Secretary to President Nixon]:* You have copies of the President's message to Congress on energy. The President met this morning for close to an hour with the bipartisan leadership to discuss the message. Secretary Shultz and Charles DiBona, the Special Consultant to the President on this subject, attended the leadership meeting and are here to take your questions, together with the Deputy Secretary of the Treasury, William E. Simon. We will begin with comments by Secretary Shultz, and they will all be prepared to take your questions.

*Secretary Shultz:* I have had the privilege of meeting in recent weeks quite a few times with the Finance Ministers around the world. It has been quite striking to me in those meetings that it is as though there are two agendas; that is, we have our formal meeting and discuss the exchange rate system and things of that kind, and then in the coffee breaks and at lunch and so on, everybody wants to talk about the energy problem.

Finance Ministers, of course, see it in terms of the flows of dollars and the problems that that suggests. But the fact that it is so much on everybody's mind, not only here but abroad, suggests that this is a problem that is of great magnitude and importance. It represents a potential crisis which we can avoid if we take the proper steps, and I think that the President's message and the actions that are suggested represent a set of policies that can help us avoid a possible crisis, and

these represent a set of policies that he is putting forward here today that we will build on as we move ahead.

Now, I think the strategy for the United States represented in this message is, in a sense, threefold: first, to build up our domestic energy resources in every way we can through an integrated set of policies involving incentives for prices, involving efforts to see how we can do the things we must do consistent with maintaining environmental standards that are important to us, and to see how best to use the great potential and abilities we have in research and development to achieve these ends. So this is part 1 of the strategy.

Part 2—we all know, as you can see if you analyze the figures involved, that we have great immediate needs that are going to mean a considerably increased flow of imports, largely imports of oil. So we see that we have that immediate need, and our problem is to use the devices we have at hand so that the manner in which we import helps us encourage domestic production and refining and producing capacity.

Therefore, third, in developing in these two manners, we work toward self-sufficiency; and thereby as we approach it, we have the impact of making imports more reasonable in price and making us less vulnerable to possible interruptions to them.

That is the overall strategy. There are a great many items in the energy message. You have had it and looked at it, and I won't attempt to go through it all, because it is lengthy and detailed and technical. Let me just mention a few items and then we will have questions.

First of all, on the Oil Import Program, this is a program that has gradually become obsolete. It has become the subject of annual realignments. It has had frequent alterations to meet immediate needs and has the character of something that by this time has a patchwork quality to it; and that fact has led to a lot of uncertainty in people's minds in government, industry, and elsewhere about its future course, and that uncertainty is bad from the standpoint of developing our own domestic resources.

Therefore the President has decided to make a very substantial change in the system, and this work was done under the chairmanship of William Simon, the Deputy Secretary of the Treasury, who is also Chairman of the Oil Policy Committee.

The change involves, first, the elimination of quantitative restrictions on imports of oil; second, a movement to a license-fee system for imports—and the structure of those fees is listed in the material that you have, a sort of two-tier structure which, on the one hand, is a transitional phasing that will protect consumer prices and at the same time help maintain the position of independent refiners and others who have developed in part in response to the current system, and with special arrangements for people such as those in the petrochemical industry who bring in feedstock and then export it out.

So that represents a major change in the oil import system; and the fact that we expect to see substantial imports suggests the importance, in the sense of integration of this package the President is presenting, of the material on deepwater ports, which also is listed in your material.

Second, by way of stimulating domestic production, we note that 40 percent of the estimated reserves of oil and gas of the United States are in the outer continental shelf, so the President is putting forward here an aggressive program designed to triple the annual leases by 1979 so that we put ourselves in the position of taking advantage of these great reserves and that we do so consistent, again, with environmental concerns.

We will see in the gulf coast expansion of leasing beyond the 200-meter water depth; in the Pacific we will resume leasing beyond the Channel Islands based on individual environmental assessment. This will always be present.

In the Atlantic and in the Alaska Gulf, we will have a study led by the Council on Environmental Quality (CEQ), which we expect to see completed in a year, and which will, we hope, enable us to move forward there.

I might say in connection with the desire to stimulate genuine exploration in this country, the President is also proposing the application of the principle of the investment tax credit to this area, and we would propose a tax credit for exploration, and we believe we can define exploration adequately on the basis of 7 percent for a dry hole and 12 percent for a wet hole. That is, we are going to pay off more highly for success. On the other hand, you must encourage risk taking; and that means when somebody takes a risk and it doesn't pan out, they also should be taken account of.

Beyond this, we have the Alaska pipeline. The identified reserves in Alaska, if turned into a flow, would be the equivalent of a third of our current imports, just to give an idea of the importance of what is in Alaska, and I believe myself that there are good grounds for thinking that these identified reserves do not represent the full amount that is there. And so I think this right-of-way legislation that is now up is of great importance, and the President strongly supports that and we must get this Alaska pipeline built.

In the field of natural gas we have another type of example. Here is a fuel that is our best fuel from the standpoint of the environment, and yet we have priced it at such a level that on the one hand we encourage relatively inefficient use and on the other hand we discourage the enlargement of our supply.

It is basically a price problem, and so the President is proposing competitive—as distinct from regulated—price treatment of new natural gas with a reservation that the Secretary of the Interior can impose a ceiling according to certain criteria if it looks as though it is necessary.

Now, I might just say, from the standpoint of the consumer, it is important to note, first, that it is better to have some gas at a higher, though reasonable, price than no gas at a low price. We are getting familiar with that kind of proposition. Beyond that, with the provision of this applying only to new gas and rolling it in, so to speak, to the distribution system, you have the price effect as far as the consumer is concerned, very

gradual. Furthermore, it is worth noting that the wellhead price is less than 20 percent of the delivered price. In other words, a very high proportion of this price is represented in transportation and distribution costs.

On the subject of research and development, I think here the important thing is our posture; that is, here we have an important problem. We are going to address it with an aggressive research and development program, and we must be willing, as it says in the message, to spend the money that can be effectively used in this area. And as we develop and find effective ways to use the money, then we will look around and we will find the money.

Now, there has been a very rapid buildup in R. & D. expenditures in the energy field on the part of the Federal Government, and no doubt that will continue. We must, however, not just simply throw a lot of money out there, but have a good idea of what that money is going to be spent for and have a sense that it is going to be spent effectively.

I would say also in connection with the R. & D. efforts that it is important for us to organize this in such a way that we have a balance between the private sector and the public sector as we address this problem. A billion dollars or so per year are spent by the private sector in this area, R. & D. in this field, and it is very important to keep that alive and keep a good interaction between public and private efforts and not have the Federal Government just come in and sort of preempt the field.

So, this research effort would apply, among other things, to other areas, the coal gasification and liquefaction areas, the problem with coal of taking this tremendously abundant source we have—we have plenty of coal to last us practically forever; if we can learn how to mine it consistent with our environmental concerns and if we can learn how to use it consistent with our environmental concerns. It is there. And the question is how do we exploit that resource effectively, and there are measures proposed here.

Or you take the field of atomic energy. There are many problems, strong research there. One of the problems we have is that

if you take the same company to build a plant and the same specifications for the plant and you tell that company to build the plant in Japan or western Europe, they can do it in half the time that they can do it here—the same company, the same plant. Why? Because we have a very complex set of administrative arrangements and appeals procedures and so forth that just delay everything and will even delay things when a plant is built and ready to go critical and there it sits held up.

So, we must take measures to allow ourselves to use the abilities that we have in this area, again consistent with the concerns that these procedures represent, but let's clean up the procedures so they can be gone through in a more rapid and decisive manner.

Well, these are a picking and choosing among a great many areas that are mentioned in the energy message. And as was suggested, I am surrounded here by Charles DiBona, who is our person heading the staff work on this in the Executive Office of the President, and William Simon, who is Chairman of the Oil Policy Committee, and if you will address your questions to one of them and let me off easy, I will appreciate it.

*Q. Mr. Secretary, we have a question which I think is appropriate for you. It has to do with taxes. What do you estimate the revenue cost of the investment credit exploration would be, and how do you feel in principle about diminishing the tax incentive for exploration abroad?*

*Secretary Shultz:* We talked about exploration abroad when we discussed the trade bill, and you see what we are doing here is in effect trying to shift the balance of incentives and say to our companies, "We are changing this, and we think it is better to give you an incentive to explore here than it is to explore abroad."

So, we are trying to shift that balance. These amounts are significant, although they are not overwhelming. I think the estimated impact of the investment tax credit application that I mentioned here this morning is on the order of \$60 million, I



believe, and I don't offhand have the impact of the other side of it.

*Q. Sixty million dollars next year, but in the future how much would it be?*

*Secretary Shultz:* Well, it is a little hard to tell, but that is our estimate based on 1973 income levels, but it is sort of a full-year basis, it isn't on the basis of some part year. But, at any rate, this is all part of a consistent pattern that we started unfolding with the trade bill, that we are continuing to unfold, to tie all these subjects together and go about this in an integrated manner, and we will have more to say in this general area as we bring forth our general tax proposals.

*Q. Secretary Shultz, recognizing the complexity of these proposals and the affected air quality and everything else, do you have any idea how this would affect the consumer if all of these proposals were adopted, would the energy crisis tend to rise or increase or stabilize?*

*Secretary Shultz:* From the standpoint of the consumer, if these proposals are adopted, he and she will have more energy at lower prices than they would if the proposals were not adopted.

Now, I think that we obviously will see, for instance, in the case of natural gas, higher prices. And the question is, What would happen if we didn't do this? We would not exploit the supply of resources that we have. We would continue to use it in an uneconomic way. Our reserves are going down pretty fast, and pretty soon we wouldn't have any.

So, I think that the interests of the consumer are very well served by these proposals, even though I think we all must face up to the fact that energy costs are going to rise, in part because those costs will reflect the thrust of the environmental concerns that are in effect imposed on the production and consumption of energy.

Secretary Peterson [former Secretary of Commerce Peter G. Peterson], I think, expressed this all very well in a clever phrase a few months ago. He said, "Popeye has run

out of cheap spinach." and that is about what it has come down to.

*Q. What effect will the President's actions today have on the current gasoline shortage, Mr. Secretary?*

*Secretary Shultz:* Well, they will help to meet any shortages that have developed or may develop by removing all quantitative restrictions on imports, by setting a structure for the industry to operate on with respect to imports, with respect to our intentions on the outer continental shelf, with respect to the investment tax credit, and so on. The industry will be encouraged to import, as it can, and to produce a balanced structure of supply. So, I think this will be helpful, although we do face some important potential problems there.

*Q. Mr. Secretary, on the subject of imports, what is the latest projection of imports by the end of this decade, taking into account the proposals here?*

*Secretary Shultz:* Well, the proposals here will affect that in important ways, and just quantitatively how much will depend of course on how rapidly we can move forward on the outer continental shelf, whether we can get the Alaska pipeline promptly, what happens to the supply response as far as natural gas is concerned, and our R. & D. efforts, and so on.

There are a lot of question marks here, and I think that the point is that if we do nothing, our need to import will rise very rapidly. It is going to rise anyway, and the thing to do is to get cracking on as many workable significant things as we can and reduce this dependence on imports as rapidly as we can.

I don't want to try to fix a precise number, in other words.

*Q. You talked about tradeoff of energy versus price, Mr. Secretary, but there is also a clear implication here of what seems to be another very important tradeoff—that is, energy versus environment—which seems to be implicit in the need for high-sulphur oil and expanded offshore drilling and so forth. What, in a nutshell, is the administration's philosophical position on this tradeoff in any*

*unresolvable crunch between energy and environment?*

*Secretary Shultz:* I think that the objective, of course, is to work with all of our ingenuity and research and so forth to see how we can do the things that we must do on the energy side, how we can do those things in a way that meets the environmental conditions that we must do everything we can to meet.

So, to a degree, we try to avoid the trade-off by solving the problem. On the other hand, there are certain things—for example, in the area of coal, we have primary standards and we have secondary standards. The primary standards reflect health and safety. Now, I think it is a fair question, and in the message the President puts it to the States on this, to postpone the impact of the secondary standards in the interest of using the coal that we have. Now, that does not bother anybody's health and safety.

So I think we have to face up to some of these tradeoffs and take them one by one and be concerned with the environment and also be concerned with the energy that we need and the prices that we can afford to pay and regard these things as a balanced proposition. We certainly have no intention whatever of letting up in the effort to improve the quality of the environment.

*Q. Mr. Secretary, did you consider making any stronger recommendations than you did to limit the consumption of energy, such as smaller cars, or less horsepower, rather than just these labeling proposals and insulation of homes?*

*Secretary Shultz:* There is a combination of ongoing things that are beefed up here. There is an Office of Energy Conservation proposed in the Department of the Interior, and I think what we are trying to give is a sense of an ongoing effort to address this problem. And no doubt there will be further things.

The question of the horsepower of cars is one that we have thought about and have been working on, and we do not have a pro-

posal on that at this point. I think this is an area, incidentally, where that saying that I think the environmental groups brought forward very effectively, is quite apt, "We have met the enemy and it is us." And to a certain extent this conservation effort is a question of everybody trying to do with a little less, and it is a voluntary proposition, basically.

For example, I understand that the average home in the United States is about five degrees warmer in the wintertime than it is in the summertime nowadays. That is an interesting little juxtaposition of people's preference on temperature. Far be it from me to suggest, and I am not suggesting in any way, that we should try to impose anything on anybody in that regard, but people might think it over and wonder if they couldn't keep their houses a little bit warmer in the summer and cooler in the winter.

*Q. Do you have a target date for Atlantic coast lease sale?*

*Secretary Shultz:* The CEQ lead study, we expect, can be completed within a year, and we expect out of that study to have reflected properly on all aspects of that problem including the environmental problem and then be ready to move forward.

*Q. Mr. Secretary, you said that we might have to rely on increased imports to handle the gasoline shortage this summer—*

*Secretary Shultz:* We will have to have increased imports as we go along. We know that.

*Q. My question is, Why are the initial fees so high for imported refined gasoline?*

*Secretary Shultz:* Well, they aren't, and I appreciate your question. I believe Secretary Simon is going to brief in detail on the oil import quota right after this, but there is now a tariff on imports, all imports. There are also lots of quota tickets outstanding. Imports with those quota tickets pay that tariff.

Now, what we are doing is eliminating the tariff and instituting the license-fee system.

The license fee applies to imports that do not take place in connection with a quota ticket. A quota ticket holder gets his import without paying the fee.

Now, there are a very large number of tickets outstanding right now, we believe enough to pretty much handle the imports that we will need this year.

Therefore in the way this is constructed, as it unfolds over time, we in effect are reducing the tariff on any import for the balance of 1973 to zero, or for all practical purposes that way, and then it will build up.

Now, we are balancing here longrun and shortrun considerations and we have tried to work that into the system, and I think Secretary Simon has done a very ingenious job of it, and his colleagues.

So, as this unfolds we will give encouragement to domestic exploration and production by the differential in the license fees, we will give encouragement to refinery production in the United States, in building, which is badly needed, by the two-tier fee system; that is, one on crude and the other on product. So that is the way that would unfold.

*Q. What are the prospects now for a major arrangement to import liquefied natural gas from the Soviet Union? It is not mentioned anywhere.*

*Secretary Shultz:* That is a long-term proposition that is being studied by officials of the Soviet Union and several of our companies; and it is, I think, promising, but there is a tremendous amount of work yet to be done to see whether it is really feasible.

What it comes down to is, we know the gas is there, so the question is how much is it going to cost to get it and get it out and get it here in comparison with other sources of fuel, including natural gas here; that is, what will happen to the supply of natural gas from domestic sources if the price increases significantly? We know that will bring in more supply.

We know there is supply there, but it cannot be brought out unless the costs that it takes to get that more costly gas are reflected

in the price. Now, how elastic the supply is you can find experts debating about very hotly, and it is probably well for us to make a conservative assumption and not expect the moon to arrive on the platter, but at any rate, these are some of the uncertainties involved. We are pursuing that and it is promising, but a lot of questions have to be answered.

*Q. Can you give us any feel for the initial reaction of the congressional leadership that was briefed today on the legislative proposals?*

*Secretary Shultz:* Many of the proposals are similar to proposals now being processed, and in that sense, of course, they are part of an ongoing process. People are taking positions on them. I think there is by this time almost a universal acknowledgment that we have a problem of serious proportions. We don't have a crisis, in the sense that we have a terrific supply of energy here, but we could work ourselves into one very easily unless we take some positive policy actions along the lines of the President's suggestions.

Of course, the individuals in the leadership who were here will speak for themselves. I thought, on the whole, it was a constructive meeting. A number of suggestions were made, and the President's mood, I would note, is that when he hears a suggestion of something that somehow we didn't seem to have included as prominently as we might, he says to me or he says to Mr. DiBona or Mr. Simon, "Let's get after that. Talk with the Senator, talk with the Congressman, and let's work on that and see what can be done."

In other words, there is a positive, aggressive thrust to solve a problem here, and it seemed to me that was the general tenor of everybody's stance.

*Q. Mr. Secretary, will the changed import program be sufficient to head off serious shortages in oil and gas over the next year to two years, this very crucial period?*

*Secretary Shultz:* It will be very helpful,

and I do not think anyone knows precisely what will happen. It is certainly going to be helpful to us, and we hope will resolve the problems. Prices will be higher, but we still have problems, and I don't want to say that there are none.

You always are operating with a certain amount of uncertainty on these things. I remember when we opened up on beef, everybody said, well, that was okay, but nothing would happen, and the fact is, we have 20 percent more imports so far this year than we had last year. So something happened.

I think these incentives and so on, if you will reflect on them, do work, and we hope that they do in this case.

*Q. Mr. Secretary, in regard to that, since you brought up meat, it is very appropriate. I was wondering—*

*Secretary Shultz:* Oh, dear; I am sorry I brought it up. [Laughter.] That is a source of energy, too, isn't it—a different kind?

*Q. Right, and in view of the administration's efforts to increase plantings by farmers, and the problems of shortages of diesel and gasoline in farm States, how is this program today going to help meet the shortrun, very immediate needs of those areas?*

*Secretary Shultz:* Well, it helps, and I think the thrust of bringing in imports, the way in which the new oil import control system is arranged in order to give the holders of quota tickets something of value that they can exchange for crude and bring that in to the independent refiners, which have served some of those markets—not exclusively by a long shot, but they have played an important part—all of this will help and provides an additional reason for getting going on this.

The effective date, incidentally, of the change in the Oil Import Program is May 1.

*Q. Mr. Secretary, would you outline the pieces that probably will go into the proposed legislation for the Department of*

*Energy and Natural Resources? There is no outline in the material about what would go where.*

*Mr. Ziegler:* Without trying to describe in detail something that hasn't been fully settled, I cannot. I would say that it will be broadly similar to the proposal the President made two years ago, except that there will be a greater emphasis on the energy problem, both in sort of explicit content and in spirit, than one saw there.

*Q. Mr. Secretary, what is your position on use of Federal authority to allocate supplies of gasoline or heating oil if there are shortages? There is nothing about that in this message, is there?*

*Secretary Shultz:* I believe that under the emergency preparedness legislation—do you want to respond to what authorities you have on this?

*Darrell Trent (Acting Director, Office of Emergency Preparedness):* The authorities are that it is necessary, first of all, to have a disruption in the needs for the defense sector of the economy to such an extent that it is necessary to allocate from the civilian side of the economy to the defense side. Only after this is satisfied in the Defense Reduction Act is it possible to move further with allocations in rationing on the civil side of the economy.

*Q. Is that adequate authority to deal with the impending situation? That is the question.*

*Secretary Shultz:* We think that we are all right. We have a rather perverse situation all the time. There is an effort to thrust authority upon the President in this area, and it may be that that will succeed. We hope that the measures taken will obviate the need for that, and we certainly will lean on people a little bit to get reasonable allocations, and we have done some of that, and there seems to be a response.

*Q. Mr. Secretary, how would you say this program differs from what the oil and the*

gas and the coal companies have been asking for?

*Secretary Shultz:* I think one of the interesting things is that the various industry groups ask for different things. The coal people will say, "You should place more emphasis on coal." and so on and so on. I believe what is happening, though, is a greater and greater sense, all around—in government, in the executive, in the Congress, among the industry groups, consumer groups, environmental groups—a recognition that there is a general problem, and that we have to work at it, both in the sense of taking fuel by fuel and working at that but also in the sense of examining all of the crosscurrents that exist among these different ones.

But as to listing all the proposals that people from the various industry groups have made, and then contrasting, I wouldn't be able to begin that. It would be such an exhaustive thing.

*The Press: Thank you, gentlemen.*

## TEXT OF EXECUTIVE ORDER 11712

### SPECIAL COMMITTEE ON ENERGY AND NATIONAL ENERGY OFFICE

This Administration is determined to continue to develop a more comprehensive, integrated national energy policy to meet the emerging energy challenge. Many steps have been taken toward that end, including measures to increase domestic production of all forms of energy without violating our natural environment, to conserve the energy we produce, to better utilize our current resources, and to use our vast scientific and technological capacities to develop new sources and new forms of energy. I have now determined that in order to protect and promote the interests of the people of the United States as energy users, and to coordinate the policies of the executive branch in this area, it is necessary to establish a Special Committee on Energy and a National Energy Office.

Now, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is hereby ordered as follows:

#### *Special Committee on Energy*

SECTION 1. Three Assistants to the President, John

D. Ehrlichman, Henry A. Kissinger, and George P. Shultz, shall constitute a Special Committee on Energy. The Director of the National Energy Office shall perform his functions under this order in accordance with policies and guidance provided him by the Special Committee.

#### *Establishment of the Office*

SEC. 2. There is hereby established in the Executive Office of the President a National Energy Office. The Office shall be under the immediate supervision and direction of a Director who shall be designated by the President. The Director shall report to the President through the Special Committee on Energy.

#### *Functions of the Director*

SEC. 3. (a). The Director shall advise the President, through the Special Committee on Energy, with respect to all Federal energy programs, activities, and related matters.

(b) The Director shall recommend policies and guidelines pertaining to energy matters for all energy related programs within the Executive Branch. To the maximum extent permitted by law, Federal officers and Federal departments and agencies shall cooperate with the Director in carrying out his functions under this Order.

(c) In addition, the Director shall—

(1) assure the development of comprehensive plans and programs to insure the availability of adequate and dependable supplies of energy;

(2) assure that Federal energy policy is properly coordinated;

(3) evaluate all such programs;

(4) advise the heads of departments and agencies of his findings and recommendations, when appropriate;

(5) make recommendations to the Director of the Office of Management and Budget concerning proposed funding of energy programs and activities;

(6) constitute a clearinghouse for the prompt consideration of energy problems brought to his attention by Federal departments and agencies and by other public and private entities, organizations, agencies, or individuals; and

(7) report, through the Special Committee on Energy, from time to time, to the President concerning the foregoing.



THE WHITEHOUSE, April 18, 1973.

38 Fed. Reg. 9657.

## Presidents Nixon and Thieu Hail "Land to the Tiller" Program

*Following is an exchange of letters between President Nixon and President Nguyen Van Thieu of the Republic of Viet-Nam.*

White House press release (San Clemente, Calif.) dated April 2

### LETTER FROM PRESIDENT NIXON

MARCH 24, 1973.

DEAR MR. PRESIDENT: I very much appreciate your warm message of March 20 which described the achievements of the "Land to the Tiller" program and expressed the gratitude of the Vietnamese people for our assistance in this great work of social reform and economic development.

With deep interest and satisfaction, I learned from your letter that on March 26 your country will celebrate the fulfillment of its three-year goal of redistributing titles for one million hectares of land to tenant farmers under the "Land to the Tiller" program. This program, I know, is one of the most ambitious and far-reaching land distribution programs undertaken by any country in recent times. It will ultimately benefit over one million rural families in South Vietnam and should virtually eliminate farm tenancy. The fact that this program has been completed under the difficult war-time conditions of the past three years makes the accomplishment that much more admirable. This program also represents tangible evidence of concern for and responsiveness to the needs of the people and encourages us to look with confidence to the future of your country as it pursues its goals of a lasting and fruitful peace.

On behalf of the American people, I congratulate the government and the people of the Republic of Vietnam on the success of this land reform endeavor. Americans are pleased to have cooperated with Vietnamese in this historic undertaking.

In the postwar period, we look forward with equal interest to joining your govern-

ment and people in the important task of reconstruction and long-term economic development.

Sincerely,

RICHARD NIXON.

### LETTER FROM PRESIDENT THIEU

MARCH 20, 1973.

DEAR MR. PRESIDENT: March 26th, 1973 marks the third anniversary of the signing of the "Land to the Tiller" law in the Republic of Vietnam. On this memorable occasion, I take pleasure in communicating to you the highlights of our land reform, one of the top priority programs for the welfare of the rural people. This also constitutes, in my view, an important aspect of the social and economic revolution, in the present ideological contest in Vietnam.

Upon the promulgation of the "Land to the Tiller" law in 1970, I pledged to distribute free of charge 1,000,000 hectares (approximately 2.5 million acres) of land in three years to 800,000 tenant farmers who actually tilled the land. To date, 1,003,353 hectares of land have been distributed to 858,821 former tenant farmers. Our planned goal has been achieved and surpassed.

The "Land to the Tiller" program has reduced farm tenancy from around 60 percent three years ago to almost the vanishing point. It has thus undercut the main theme of communist propaganda vis-a-vis the rural population.

Our farmers have not been merely passive recipients of government largesse but have enthusiastically participated in the program to improve their lives. They are using the additional income from the sale of crops formerly paid in rent to develop the rural economy, thus contributing to the growth of the nation. Our farmers have now a new sense of personal worth and dignity and have become masters of their destiny, free men with reasons to preserve their freedom.

These accomplishments are attributable, in no small measure, to the dedicated support and cooperation of Ambassador Ellsworth Bunker and the American AID Mission staff in Vietnam and to the financial assistance of the American people through your government.

For this, I would like to convey, on behalf of the Vietnamese people, our deep gratitude to you, and through you to the people of the United States of America.

I wish also to express the hope that the Government of the Republic of Vietnam will continue to have help and support from your government and people to not only complete the land reform pro-

gram but to help carry forward vigorously the implementation of the five-year rural economic development plan, which will solidify and build on the tremendous benefits of land distribution, and of our postwar reconstruction plan which is to heal the wounds of war and to promote development and growth in an era of peace.

Sincerely yours,

NGUYEN VAN THIEU.

## Prime Minister Lee of Singapore Visits Washington

*Prime Minister Lee Kuan Yew of Singapore met with President Nixon and other government officials at Washington during a private visit to the United States March 25–April 11. Following is an exchange of toasts between President Nixon and Prime Minister Lee at a dinner at the White House April 10.*

Weekly Compilation of Presidential Documents dated April 16

### PRESIDENT NIXON

Mr. Prime Minister, Mr. Vice President, ladies and gentlemen: We have welcomed many distinguished guests in this room, and I would say that none is more deserving of our respect and of being honored, as we honor him tonight, than the Prime Minister and, I may say, his wife.

I recall the occasions that we have met previously in his country and also here, and I recall also the enormous impression that the Prime Minister has made on various emissaries from the United States who have visited his country. The Vice President and Mrs. Agnew have had the opportunity to visit Singapore, Secretary Rogers and Mrs. Rogers. I have not, since coming into this office.

I think perhaps the best summary of the attitude of all of those who have visited Singapore during the past three to four years, since I have been having rather regular reports on the situation, was when Secretary

Connally returned from his trip around the world when he was Secretary of the Treasury. He came into my office and said, "Singapore is the best run country in the world." And here is the man who runs it.

I would add to that, however, by saying that the best run country in the world could mean a country that was run very well without freedom, because I suppose that if you look at countries around the world those that have the least obvious problems are those that have no freedom and therefore it would be the best run.

And the Prime Minister tonight deserves our honor and our respect because in this relatively new country, with a very old history and a very able people, he has been able to run it well, but run it with respect for the great traditions of freedom which our two countries both adhere to, and for this we all of course hold him in very high regard.

On the two previous occasions he has been here since I have been in this office, he came alone, and consequently on one occasion we had a stag dinner. This time, fortunately, he brought Mrs. Lee with him. Now, I had read something about their courtship. I knew that, like Secretary Rogers and Mrs. Rogers, they had gone to school together, they had both graduated from law school in the same class, and so tonight, very early in the evening, when you saw me turning to Mrs. Lee, I said, "Mrs. Lee, tell me, is it true that you were number one in the class at Cambridge Law School and your husband was number two?" And she said, "Mr. President, do you think he would have married me if that were the case?"

But I probed further, and I found that, as a matter of fact, Mrs. Lee, our distinguished guest, did receive a first at Cambridge Law School. Her husband did also, but like a very loyal wife, she said, "He had a first with a star after his name, and that is something very special."

But the purpose of that is simply to say that we are very happy here to welcome our

distinguished guests because of their personal qualities, because of their great ability, and because of the leadership they have given to their own country.

I would only add this: In the talks that I have had with the Prime Minister, in 1967 when we first met—at a time that neither he nor I had any idea that we would be meeting again today in this place—but in any event, in 1967 when we first met, on the other two occasions, what has impressed me enormously has been his profound understanding not just of his own country and not just of Southeast Asia, of which his own country is a very important part, but of the entire world scene. In other words, we honor tonight and we welcome here a world statesman of the first rank who has contributed, with his intelligence, with his understanding, to all of us in helping us to develop the kinds of policies that will maintain a world in which freedom can survive for larger countries like the United States and for smaller countries like Singapore.

There is no more articulate and intelligent spokesman for what I would call free societies in the world than the Prime Minister of Singapore, and for that reason I know all of you will want to join me in raising your glasses to Prime Minister Lee: Prime Minister Lee.

#### PRIME MINISTER LEE

Mr. President, Mr. Vice President, ladies and gentlemen: It is always a mild embarrassment when I receive such lavish praise. They say I run Singapore well. Well, it makes me worried because I am away so long and it is still running. It disproves the thesis that I am the man that makes it run.

It is a great pleasure and a privilege, as you have mentioned, Mr. President, to have shared several occasions we have had together, particularly that memorable one when you were just an American citizen and not the President of the United States.

My wife and I would like to thank Mrs. Nixon and you for the great warmth and

friendship with which we are being received and for this dinner which you have arranged in our honor.

Perhaps it may be appropriate if I were to mention that when you were just an American citizen, we could speak more candidly, even brusquely, and now the courtesies of office sometimes have to muffle some of the rougher edges.

But few, I think, could have dared to predict the tenacity with which you have pursued your declared policies of negotiations with the great Communist powers instead of confrontation. Even fewer have dared predict the hopeful results that have emerged. But none could have dared to hope that even once you carried on these negotiations with both Peking and Moscow, you steadily, systematically, disengaged American troops from Viet-Nam in such an orderly fashion that instead of a rout which so many people predicted would happen when there were too few to defend themselves, they ceremoniously furled up their flags and departed, leaving not chaos out of which a revolutionary movement would have seized power, but the South Vietnamese Government very much in charge.

As one who has not been in America in recent months, I had expected to meet a President of the United States who had become remote and a recluse. [Laughter.] I must say I was greatly relieved to find that I did not have such a forbidding figure to meet. [Laughter.]

Well, it was Southeast Asia's good fortune that there was a President in America who considered it his primary purpose to discharge his onerous responsibilities to America and to the world, and this fortune could be turned to permanent gains if, after the thumping majority that you obtained last November, Mr. President, you could complete your second term, complete the hopeful beginnings that you initiated in your first.

In the last few days in this country, I have discovered that any statement, any argument, however dispassionate, however blandly



couched, which can be faintly directly or indirectly construed as in support of or in sympathy with any of the hopes, policies, or aspirations of this administration finds very scant space in the mass media. [Laughter.] So I was sorely tempted to couch my arguments in querulous, tendentious terms in order to get that scant space.

But perhaps there is more benefit in following your example, Mr. President, of the detached—the cultivated detachment of mind which enables you to pursue what is right in the long run, never mind what it is in the short run, whether it wins rapturous applause or otherwise.

I was privileged this morning to hear your frank overview of America's position vis-a-vis Asia, not just Southeast Asia, and placed in the context of the whole world, a global perspective. You were kind enough to make a reference to my outlook on these matters. Well, I have to.

We are a very small country placed strategically at the southernmost tip of Asia, and when the elephants are on the rampage, if you are a mouse there and you don't know the habits of the elephants, it can be a very painful business. [Laughter.]

I was encouraged that you believed that this new balance, new world order in which there is greater peace, greater prosperity, could be achieved not by America in isolation, but with the participation of America's allies, in particular western Europe and Japan, and of course particularly that there should be fairer and more equal terms of trade.

Now, if this negotiating package can be settled, and if that can be matched in negotiations with both the Soviet Union and the People's Republic of China for a steady and a stable continuing détente, then peace and prosperity without war is not just an American dream but a world vision of the future, reassuring for all mankind who have to live in this ever smaller, more interrelated, and more interdependent world.

I believe I now understand you better, what you meant when you stated over television, if I may paraphrase you, that you had

to have a strong America if you were going to get concessions, for only a strong America can make concessions in return.

May I express this hope that in your second term you will be able to complete the new chapter which you have started in your first term through the policies which you initiated with great promise.

And now, ladies and gentlemen, may I ask you to drink with me to the health of the President of the United States: Mr. President.

## Letters of Credence

### *Costa Rica*

The newly appointed Ambassador of the Republic of Costa Rica, Marco Antonio Lopez Aguero, presented his credentials to President Nixon on April 9. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated April 9.

### *Dahomey*

The newly appointed Ambassador of the Republic of Dahomey, Tiamiou Adjibade, presented his credentials to President Nixon on April 9. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated April 9.

### *Iran*

The newly appointed Ambassador of Iran, Ardeshir Zahedi, presented his credentials to President Nixon on April 9. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated April 9.

### *Israel*

The newly appointed Ambassador of Israel, Simcha Dinitz, presented his credentials to President Nixon on April 9. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated April 9.

## Department Reports to Congress on Aspects of U.S. Policy Toward Southern Africa

*Following are statements by David D. Newsom, Assistant Secretary for African Affairs, made before the Subcommittee on Africa of the House Committee on Foreign Affairs on March 27 and April 6.<sup>1</sup>*

### STATEMENT OF MARCH 27

I welcome this opportunity, as always, to meet with this committee to discuss aspects of our foreign policy relating to Africa.

It is my understanding that the committee seeks this week to examine U.S. business involvement in South Africa, Namibia, and the Portuguese territories in Africa. Prior commitments involving official visitors from Africa will not make it possible for me to meet with the committee on the two subsequent days. I would like today, therefore, to make some general comments on our official policies and actions with respect to the involvement of U.S. private enterprise in these areas of southern Africa. Mr. [Robert S.] Smith, our highly qualified Deputy Assistant Secretary for African Affairs, who has followed these matters particularly closely, will be on hand for each of the sessions.

I am assuming that the primary interest of the committee in this set of hearings is in the extent of U.S. business involvement in each of these areas and our official policies relating to that involvement. At the base of the committee's inquiry, I am certain, is the question of whether this involvement supports or

serves to perpetuate institutions or policies of racial discrimination or the continuation of white-minority rule in southern Africa. Conversely, I would assume there is also the question of whether there are feasible actions which could restrict or curtail this involvement as a means of influencing change in that region.

Basic to a review of the U.S. Government's relationship to this issue are an understanding of the economic programs which fall within the scope of current governmental authority and a comparison of these programs as they are applied in southern Africa to how they may be applied in other areas.

Specifically, these are the activities in which there is governmental authority to engage in economic programs:

1. Under voluntary direct investment controls administered by the Department of Commerce, varying schedules of investment are permitted in different countries according to their level of development. Schedule A is the most liberal in this connection, schedule C the most restrictive. (This program was initiated, of course, to protect the U.S. balance of payments rather than to restrict investment per se.)

2. The Export-Import Bank can assist U.S. exporters in various ways by direct loans, by guaranteeing bank loans, by discounting bank loans, and by extending credit to foreign banks to enable the latter to finance imports from the United States.

3. The Department of Commerce in consultation with the Department of State can govern the degree of official activity on be-

<sup>1</sup> The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

half of U.S. exporters and U.S. products; this involves trade promotion, trade missions, participation in fairs, and the facilitation of direct contacts between U.S. businessmen and prospective foreign customers.

4. The Overseas Private Investment Corporation can offer guarantees and insurance to firms operating in developing areas of the world. With respect to Angola and Mozambique, OPIC does consider applications for insurance against the political risks of currency inconvertibility and expropriation. These applications are referred to the Department of State for foreign policy guidance. Otherwise OPIC is not involved throughout the remainder of white-dominated southern Africa.

Now, before dealing with each of these areas in turn in connection with southern Africa, let me briefly put U.S. investment in, and trade with, South Africa into perspective.

The United States today has approximately \$1 billion in investments in South Africa, represented by about 300 firms. Trade with South Africa amounted in 1972 to \$597.1 million in exports; \$324.7 million in imports.

To put the investment into perspective, this represents approximately 15 percent of total foreign investment in South Africa. For the United States, this represents 25 percent of our total investment on the African Continent. During recent years (1968-71), our total investment in other parts of the continent has been rising at a rate of 15 percent annually, in contrast to an annual increase in investment in South Africa of 12.8 percent.

Our trade with South Africa, similarly, has been rising at a lower rate than our trade with the rest of the continent. Further, it has been rising at a substantially lower rate than South Africa's trade with other developed countries. Japan's trade with South Africa, for example, rose 174.5 percent from 1966 to 1971.

South Africa is, with its growing market, sophisticated infrastructure, and generally favorable climate for investment, particu-

larly attractive to much of the U.S. private sector. Nevertheless, consistent with its declared policy of opposition to the apartheid system in South Africa, the United States has exercised official restraint in the promotion of both investment and trade.

The agencies of the U.S. Government responsible refrain from any promotion of either investment or trade of the type carried out in other countries. We counsel with prospective investors on the situation in South Africa to be sure they understand the economic as well as the political and social conditions in that country. We neither encourage them nor discourage them. We extend neither guarantees nor insurance on investment nor any official financing. South Africa, by the advanced nature of its economy, is under schedule C, the most restrictive schedule of the foreign direct investment program.

Despite the fact that we have a major balance of payments problem and that South Africa is a major and economically attractive market, we limit our commercial activities in South Africa to low-key facilitative services. We do not participate in special promotions, in trade missions, or trade fairs. The Export-Import Bank restricts its facilities to discount loans through private banks, with a limit of \$2 million per transaction. It extends insurance and guarantees but no credits. We have been particularly conscious of the implications of involvement in any major South African Government enterprises.

As the subcommittee is aware, we adopt a much more restrictive policy with respect to Namibia, particularly because of our position that South Africa's presence in the territory is illegal since the termination of its mandate in 1966. (The legal soundness of this position has subsequently been established authoritatively by the International Court of Justice advisory opinion of June 21, 1971.) Since May 1970, we have followed a policy of discouraging further American investment in the territory and have advised potential investors that we will not intercede

to protect their investment against claims of a future legitimate government in the territory. The Export-Import Bank and OPIC provide no facilities for activities in Namibia. Any American firms which have decided to invest there since 1970 can be presumed to have done so in spite of their awareness of U.S. policy. In this connection, I am aware of the subcommittee's concerns that we might not have reached all potential investors to advise them of our policy. I believe we have. We are checking the files to confirm this and will provide the facts for the record.

We do not have complete figures on the total American investment in Namibia. The bulk of it, some \$45-\$50 million in the Tsumeb Corporation, predates the termination of South Africa's mandate for the territory and the announcement of our policy on discouraging investment there.

U.S. investment in the Portuguese territories amounts to about \$220 million. Most of this is represented by the operations of the Cabinda Gulf Oil Corporation in Angola. We do not formally discourage trade and investment with the Portuguese territories, but neither do we make an effort to encourage it. Despite the obvious losses to U.S. exporters, we have not encouraged involvement in major projects in these territories.

Mr. Chairman, I know how important this issue is to members of this committee and to many in this country concerned with the situation in southern Africa. I am keenly aware that there are two sincere points of view toward the relationship between our business involvement and change, particularly in South Africa. One calls for withdrawal of U.S. investment. This point of view believes that this would encourage change; some who hold this view believe that, even if it did not, it would at least register the moral indignation of this country at the continued existence of racial discrimination in South Africa and would withdraw us from involvement in it. The other point of view suggests that, if U.S. firms are to re-

main in South Africa, they should then seek to have an impact through improving their own labor practices and their own attention to the social and educational needs of their non-white employees.

While sharing the view that we should contribute to peaceful change in southern Africa, we in the Department do not look upon either withdrawal of investment or trade embargoes as feasible courses of action. Our investment in southern Africa is, in many cases, closely tied to South African corporate structures. There is a real question whether U.S. capital as a practical matter could be withdrawn from South Africa. There is little to suggest that other major investing countries would follow suit; some would be inclined, rather, to fill the gap. Our experience with trade embargoes against even smaller countries has not been salutary. Also, there is a genuine question regarding the opinion of non-white South Africans on this question. We are impressed by the many with whom we have talked who wish U.S. investment to stay, provided it can positively promote better conditions. Finally I must again point out the positive balance of payments this country enjoys through its trade and investment in South Africa.

Officially, therefore, we have seen the more feasible exercise of influence to be through those U.S. firms willing actively to upgrade the practices and policies toward their non-white employees. We have been prepared to counsel with them generally on how this may be done, both in Washington and in South Africa. We can furnish to the committee for the record examples of our presentations on this subject. We have, further, in our consultations with other major investing countries encouraged their attention to this issue, since we cannot be blind to the competitive aspects of extra expenditures in these areas.

U.S. private interests are involved in a complex and controversial area in southern Africa. The U.S. Government recognizes this and, within the limits of its authority, seeks to make that involvement constructive.

**Opening Statement**

Press release 101 dated April 6

I am pleased to appear before the subcommittee today as it continues its hearings on the U.S. arms embargoes against South Africa and the Portuguese territories in Africa.

Mr. Chairman, over the period of a decade we have maintained strict arms embargoes toward both South Africa and the Portuguese territories. We have done so as a tangible demonstration of our support for self-determination and our desire to avoid any support for the imposition of apartheid. Our desire is to avoid giving encouragement to any side to rely on military solutions to the complex of southern African problems. The arms embargo policy has been reaffirmed and enforced by succeeding administrations since the early 1960's. To put the significance of the embargoes into perspective, I would like to emphasize that although the maintenance of an arms embargo may sound like a passive act, it is not. It requires constant attention to commerce with the area. It means considerable sacrifice on the part of U.S. exporters who have seen substantial sales in southern Africa go to countries less conscientious about the embargo and less criticized by the Africans.

In the case of Portugal, it has been U.S. policy since 1961, following the uprisings in Angola, to embargo the sale or supply of arms and military equipment for use in the Portuguese territories in Africa. The embargo against arms for use in the Portuguese territories in Africa is implemented by asking the Portuguese Government for formal assurances that any embargoed equipment supplied to that country shall be used only within the NATO area as defined in the North Atlantic Treaty. There has been no change in this practice since the embargo was announced in 1961. No supportable evidence has ever been presented to us that such assurances have not been adhered to.

The embargo on arms for South Africa has

been in effect in its present form since 1963. Prior to that time the United States had applied a more limited embargo on arms which could be used by South Africa to enforce apartheid. In announcing our embargo against South Africa on August 2, 1963, Ambassador Stevenson stated before the United Nations that we would cease the sale of all military equipment to the Government of South Africa by the end of that year. He noted two exceptions to this general policy which we would be obliged to observe: We would have to continue to honor contracts which were already in existence, and we would reserve the right to interpret the policy in the light of requirements for assuring the maintenance of international peace and security. We have not been faced with the necessity of invoking the latter exception. With regard to preexisting contracts we have made two exceptions to the arms embargo: We have permitted the continued supply of spare parts, maintenance information, and services for seven aircraft which were sold to the South African Air Force prior to the embargo, and we have permitted two small shipments of equipment to the South African Navy in connection with a sale of torpedoes which also predated the embargo. We are in the process of compiling a report on these transactions and will supply it for the record.

In the enforcement of the South African embargo, the United States does not make distinctions with regard to whether arms are intended for external defense, internal defense, or the enforcement of apartheid. All sales of military equipment for such purposes are prohibited. There has been no change in this regard since 1963.

In addition to arms, our embargoes include restrictions on the export of communications equipment, military vehicles, and radar equipment as well as a variety of other military equipment. Applications for the export of U.S.-manufactured components for military aircraft produced in third countries are also examined under the terms of the arms embargoes. We do not have any pending ap-

plications for the export of such components to third countries for inclusion in aircraft destined for South Africa.

With these policy considerations in mind, Mr. Chairman, I would like to turn to the specific questions you raised in your letter to the Department of State of March 19, 1973, requesting our attendance at these hearings.

You asked about the sale of light aircraft to Mozambique. I understand the Department of Commerce has undertaken to supply information on these transactions for the record, but I would like to mention here that the United States has licensed a variety of civil aircraft for sale to Mozambique, including the types you inquired about. In most cases these exports involved Export-Import Bank support. These exports are in conformity with U.S. Government policy which permits the sale of civilian aircraft for civilian use in the Portuguese territories. Prior to approving the issuance of licenses in such transactions, we satisfy ourselves in each case that aircraft are destined for legitimate civilian use and are not likely to be diverted for military purposes. Some of the purposes for which we have licensed aircraft are telephone line repair, harbor supervision, and ambulance service.

You also inquired about what guidance has been furnished to interested U.S. aircraft manufacturers in light of my announcement in September 1970 that we would consider applications for the export of limited numbers of executive-type aircraft, not readily adaptable for combat or security purposes, for VIP transport by the South African military. Interested aircraft manufacturers are advised by the Department of Commerce that the export of light aircraft for possible military use would not be approved but that favorable consideration would likely be given to export license applications for a reasonable number of executive-type transport aircraft to the South African defense forces if the end use is assured to be for executive transport only. To date, no such applications have been filed. I understand that the Department of Commerce has sent to the chairman a letter in reply to this question.

Your letter also asked what decisions have come before the State Department in "gray areas" in the last six years. Since this involves obtaining files from past years, we will undertake to supply a reply for the record. With regard to your request for information on any training of the South African and Portuguese military and on the distribution of Department of Defense films to South Africa or Portugal, I do not believe we can add to the information supplied by the Department of Defense. In brief, we do not provide military training to South Africa, and that given to Portugal is in fields related to its NATO responsibilities.

You have raised a number of questions regarding U.S. exports of herbicides. The Department of Commerce has replied to some of your questions and is, I believe, undertaking to supply export statistics of these substances for the record. However, I would like to comment on some aspects of this question at this time. The United States maintains two types of controls over the export of herbicides. Those substances which are preferred for defoliant use in military operations are under the licensing control of the Office of Munitions Control of the Department of State. In addition, two substances commonly called 2, 4-D and 2, 4, 5-T are on the validated license list maintained by the Department of Commerce. Applications for licenses to export these substances would be subjected to scrutiny under the terms of the arms embargoes. There has been no export of these substances to southern Africa for military purposes. There are a wide variety of agricultural herbicides which are not under specific controls. These are substances which are manufactured by a large number of countries, are available from diverse sources, and are in common agricultural use throughout the world. Portugal itself, for instance, manufactures a wide range of herbicides including 2, 4-D.

We have noted Mr. Agostinho Neto's letter to the U.N. Secretary General charging that Portugal is using herbicides for defoliant use in military operations in Africa. We cannot say whether those charges are true. However,

there is no evidence or even allegations in the letter to the effect that herbicides under the control of the United States are being used for such purposes.

### Supplemental Statement

Since the preparation of my formal statement, I have read the transcripts of the previous committee sessions on this subject. I should like to make some supplemental comments.

I think it is important to define precisely what we are discussing. In my view there is a tendency to suggest that major changes in U.S. policies have taken place with respect to the arms embargo and to suggest a level of support to the military efforts of South Africa and Portugal in Africa which is not substantiated by the facts.

I believe it is clear from the statements of witnesses to date that the United States has not supplied, since the imposition of these embargoes, any arms or equipment of a strictly military character not covered by previously stated exceptions to either of these areas. I believe it is also pertinent to point out that the arms and military equipment on which these areas depend are supplied from Europe or are manufactured by the countries themselves.

What we are discussing is that area of items of essentially a civilian character which conceivably could be adapted for use in the support of military operations. We are discussing civilian aircraft, computers, agricultural defoliants, and civilian electronic equipment. I do not argue that these are unimportant to a country's ability to wage war or to maintain internal security. I do argue that, in the face of problems in our own aerospace industry, in the light of balance of payments problems, and in the face of severe competition from others, the question of whether restraints shall be put on the sale of civilian items because of their possible use in support of a military effort is not an easy one. I do stress also that, in presenting the problems and the decisions, we are talking about restraints which we place on our own

commerce more strict than those being applied by any other country. Finally, I stress that we are not talking about those basic sinews of war—guns, ammunition, fighters and bombers, tanks, armored cars, et cetera—all of which, since the embargoes went into effect, have been supplied from non-American sources.

There has been much discussion about how we can be sure that items we have sold are not being used improperly. Our means, admittedly, are not perfect. The representative of the Department of Defense described how we make use of our diplomatic missions, our consulates, our MAAG's [Military Assistance Advisory Groups], and our attachés for these purposes. I should add that we have on many occasions said to the African nations that we are prepared at any time to examine any evidence they can produce that items are being used in Africa in violation of our arms embargoes. I have done so several times publicly in Africa. The companies which manufacture civilian items in this country are also interested in seeing that they are not misused. I wish to repeat, further, that we are prepared to examine any evidence which any of the previous witnesses before this committee may wish to bring forward. To date we have not seen any conclusive evidence of violations of the embargoes as we administer them.

I must confess, also, Mr. Chairman, to a certain disquiet at allegations regarding our policies toward southern Africa set forth by those who have an interest in portraying those policies in a certain light and at the repetition of such statements suggesting that these are in fact our policies. I refer to the extensive statement by South Africa's Admiral Biermann [Adm. H. H. Biermann, Chief, South African Defense Forces] quoted by one witness. I would suggest that the appropriate statements of policies should come from those who make them and that there are not, as some have suggested before this committee, hidden areas of policy toward southern Africa.

There are continuing references to NATO weapons. There are no NATO weapons—in

Europe, in Africa, or anywhere else. There are weapons manufactured by individual countries to agreed NATO specifications, but they are national weapons and the nations of manufacture are responsible for their disposition. The United States therefore has neither control nor a role in the disposition of weapons manufactured by other nations not containing our components or made under our license, whatever the relationship to NATO standardization.

As one who has had a major share in the administration of the arms embargoes over the past three-and-a-half years, I believe we have conscientiously and positively followed the meaning and the letter of the U.S. actions and of our official statements at that time. There have been decisions—both affirmative and negative—in the difficult gray area, but these in sum have represented a continuation of our basic and declared policies. While these policies involve other agencies, I shall be prepared in my discussions with you to admit to the key role of the Department of State in many of the decisions and to assume the responsibility for them.

## **U.S.-U.S.S.R. Scientific and Technical Commission Holds First Meeting**

National Science Foundation press release 73-131 dated March 21

The U.S.-U.S.S.R. Joint Commission on Scientific and Technical Cooperation on March 21 announced approval of over 25 action programs of direct cooperation in six general areas of strong mutual interest and benefit to both countries. The Joint Commission also considered six additional areas for possible cooperation which were judged to offer promise of balanced and effective programs.

The announcement came after the first meeting of the Joint Commission, established under the U.S.-U.S.S.R. Agreement on Cooperation in the Fields of Science and Technology; the agreement was signed during President Nixon's visit to Moscow in May 1972.<sup>1</sup> The cooperative effort also is expected

to help strengthen relations between the two countries.

The Commission's first meeting, held in Washington, D.C., lasted three days and covered a wide range of topics in addition to the six areas which had been originally identified as showing promise for direct cooperation.<sup>2</sup> The six areas are energy, computer applications to management, agricultural research, microbiological synthesis, chemical catalysis, and water resources.

U.S. Chairman of the Joint Commission is Dr. H. Guyford Stever, Director of the National Science Foundation. The Soviet Chairman for this meeting was Academician V. A. Trapeznikov, First Deputy Chairman of the U.S.S.R. State Committee for Science and Technology (SCST). He replaced Academician V. A. Kirillin, Chairman of the U.S.S.R. State Committee for Science and Technology and Deputy Chairman of the Council of Ministers of the Soviet Union, who was ill and unable to attend.

The Joint Commission, which reviewed reports and recommendations of joint working groups, selected five areas for priority implementation in the field of energy research and development. The five areas are: electric power systems, transmission lines, magneto-hydrodynamics, solar energy, and geothermal energy. Additional topics for cooperation will be selected after work is effectively underway in the five priority topics.

In the field of application of computers to management, the Commission decided that work should be started on all five projects recommended by the joint working group. The projects are: theory of systems analysis applied to economics and management; computer applications and software for creating system solutions for large general-purpose problems in the field of management; econometric modeling (development of forecasting models for analysis of various branches of the economy); the use of computers for

<sup>1</sup> For text of the agreement, see BULLETIN of June 26, 1972, p. 925.

<sup>2</sup> For text of a record of discussions signed at Washington and Moscow on July 28, 1972, see BULLETIN of Aug. 21, 1972, p. 216.



management of large cities; and theoretical foundation for the design, development, and production of software.

Three areas of agricultural research were declared ready for priority implementation by the Joint Commission. The three areas are: research in the field of breeding, growing, and protection of farm crops; research on methods to increase production of farm animals and poultry; and mechanization of agricultural production.

In the field of microbiological synthesis, it was decided that the U.S. side of the joint working group should visit the U.S.S.R. for further discussions with the Soviets before defining priority projects for cooperative work.

Four projects in the area of water resources were selected by the Commission for priority implementation. The projects include: planning, utilization, and management of water resources; cold-weather construction techniques; methods and means of automation and remote control in water resource systems; and plastics in construction.

In the field of chemical catalysis, the Commission decided that work should proceed on five projects recommended by the joint working group. A catalyst is a substance which can change the course of a chemical reaction but which can be reclaimed at the end of the reaction. The five projects are: catalysis by coordination complexes and organometallic compounds; catalytic reactor modeling; an in-depth study of selected catalytic systems; application of catalysis to life support systems for possible use in future space exploration; and catalysis in environmental control.

The Commission also considered additional specific activities which had been previously discussed between the two sides. These include the Deep Sea Drilling Project (DSDP), a symposium on scientific and technical information, and science policy. The Commission reaffirmed its approval of the proposals made in October 1972 by representatives of the U.S. National Science Foundation and the U.S.S.R. Academy of Sciences that the Soviet Union will join the Deep Sea Drilling

Project. The agreement provides that the Institute of Oceanology of the U.S.S.R. Academy of Sciences will become a member of the Joint Oceanographic Institutions for Deep Earth Sampling, the advisory body for the DSDP.

In addition, the Joint Commission considered the following areas for possible cooperation: forestry, standards and standardization, oceanographic research, transportation, physics, and electrometallurgy.

The second meeting of the Joint Commission is scheduled to take place in the U.S.S.R. toward the end of 1973 at a mutually agreed date.

Under the Scientific and Technical Cooperation Agreement, forms of cooperation may include: exchange of scientists and specialists; exchange of scientific and technical information; joint research, development, and testing, and exchange of research results and experience between scientific research institutions and organizations; organization of joint courses, conferences, and symposia; rendering of help, as appropriate, on both sides in establishing contacts and arrangements between United States firms and Soviet enterprises where a mutual interest develops; and other forms of scientific and technical cooperation as may be mutually agreed.

Other American members of the Joint Commission are Dr. James B. Fisk, chairman of the board, Bell Telephone Laboratories; Dr. Harvey Brooks, National Academy of Sciences and Harvard University; Herman Pollack, Director of the State Department's Bureau of International Scientific and Technological Affairs; Dr. Eugene Fubini, E. G. Fubini Consultants, Ltd.; Dr. Clarence Larson, Commissioner, Atomic Energy Commission; and William Letson, General Counsel, Department of Commerce.

Other Soviet members of the Commission are N. M. Zhavoronkov, representing the U.S.S.R. Academy of Sciences; N. F. Krasnov, First Deputy Minister of Higher and Secondary Specialized Education; and D.N. Pronskiy, Director of the SCST Department of Foreign Relations.

## U.S.-Canada Interparliamentary Conference Held at Washington

*Remarks by Deputy Secretary Kenneth Rush<sup>1</sup>*

I greatly appreciate your kind invitation to be with you at the opening session of this 15th United States-Canada Interparliamentary Conference. It is a particular pleasure to welcome to Washington our distinguished visitors from the Senate and House of Commons of Canada, who represent the 22 million people of our great neighbor to the north.

It is most fitting that the representatives of the people, from both sides of the border, should come together from time to time to discuss issues of mutual concern. Some of these issues are global in nature; others are of concern primarily to our two nations. Our examination together of these issues inevitably reflects the long history of our unique relationship. I know that many words have been devoted to semantic discussions of "the special relationship" between us—what it is, whether it exists, and so forth. I do not propose to add to the debate on this question. I would merely assert that it is abundantly clear that geography has placed us next to each other, that through decades of history we have lived side by side in peace and friendship, and that we share a common set of basic values.

The relationship is both complex and intimate. The 49th parallel is crossed every day of the week by more goods and more people than any other international border. We both recognize that immense benefits flow to both countries from this relationship. We should never blind ourselves, however, to the fact that there are many opportunities for friction as well. It should surprise no one that we have problems. The surprising thing is that we do not have more of them.

I am conscious that particular problems may be very much on your minds at the moment. We have unresolved trade issues

between us. I know that there is genuine and widespread concern in Canada over the role of private American investment there. It will not be easy to find equitable and mutually satisfactory solutions to cross-border energy problems. We have both recognized belatedly that we share serious environmental problems.

As we approach discussions of these issues, however, I trust none of us will lose sight of the long and remarkable record we have of together finding solutions. Some of them have become routine and are taken for granted. Some have required patient negotiation and imaginative genius. Many were unprecedented in their time.

It was over a century and a half ago, for example, that we concluded the Rush-Bagot Treaty, the world's first significant disarmament agreement. It took some years to work out the problems, but we have joined together in the St. Lawrence Seaway to the immense benefit not only ourselves but indeed of world commerce in general. Together we have successfully collaborated in the defense of this continent.

Indeed, our collaboration has gone far beyond North America, and we find ourselves allies in NATO and active associates in the solution of vexing and frustrating problems elsewhere in the world, each of our governments contributing in its own fashion in the light of its own best judgment. In this regard, I would be remiss if I did not mention specifically the respect and admiration we in the United States feel for Canada's assumption of an important but often frustrating task in the wake of the recent settlement in Viet-Nam.

It seems to me the key to solution of our common problems is the spirit in which we approach them. Let us be mindful of the benefits our proximity brings us both; let us never forget that we are sovereign and independent nations; let us be patient when necessary; let us be respectful of our unsurpassed record of resolving differences; and let us never cease to attempt to understand each other's viewpoint.

I know this is the spirit with which you

<sup>1</sup> Made before the opening session of the conference at Washington on Apr. 5 (press release 99).

approach your deliberations over the next two days. I wish you well, and I reiterate to our Canadian guests a most cordial welcome. We are pleased and honored by your presence. The consultative process which brings you here has now become a high tradition and will surely remain a vital element in the relationship between Canada and the United States.

## **IMF Committee of Twenty Discusses International Monetary Reform**

*Following is the text of a communique which was issued on March 27 at the conclusion of the meeting of the IMF Committee of Twenty.*

1. The Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues (the Committee of Twenty) held its second meeting in Washington on March 26 and 27, 1973, under the chairmanship of Mr. Ali Wardhana, Minister of Finance for Indonesia. By the courtesy of the Organisation of American States the meeting was held in the Pan American Union Building. Mr. Pierre-Paul Schweitzer, Managing Director of the International Monetary Fund, took part in the meeting which was also attended by Mr. Wilhelm Haferkamp, Vice-President of the E.E.C. [European Economic Community], Mr. René Larre, General Manager of the B.I.S. [Bank for International Settlements], Mr. Olivier Long, Director-General of the G.A.T.T. [General Agreement on Tariffs and Trade], Mr. Manuel Pérez-Guerrero, Secretary-General of the U.N.C.T.A.D. [United Nations Conference on Trade and Development], Sir Denis Rickett, Vice-President of the I.B.R.D. [International Bank for Reconstruction and Development], and Mr. Emile van Lennep, Secretary-General of the O.E.C.D. [Organization for Economic Cooperation and Development].

2. The Committee received a report in which the Chairman of their Deputies, Mr. Jeremy Morse, summarised the Deputies' discussions to date on the adjustment process and exchange rate mechanism, reserve assets and convertibility, and capital flows.

3. The Members of the Committee reaffirmed the need for a world monetary order, based on cooperation and consultation within the framework of a strengthened International Monetary Fund, that will encourage growth of world trade and employment as well as economic development and will support the domestic efforts of monetary authorities throughout the world to counteract inflation.

4. The Members of the Committee exchanged views on the substance of international monetary reform in the light of recent developments in exchange markets and of countries' policy reactions to these developments, and instructed their Deputies to take account of these events and their implications in their continuing work. The Members of the Committee recognised that the various elements of reform are inter-linked. Their discussion of a reformed system centered on the following points:

(a) There should be a better working of the adjustment process, in which adequate methods to assure timely and effective balance of payments adjustment by both surplus and deficit countries would be assisted by improved international consultation in the Fund including the use of objective indicators. It was noted that the Deputies are establishing a technical group on indicators. The importance of effective domestic policies for balance of payments adjustment was underlined. Members of the Committee recognised that exchange rates must be a matter for international concern and consultation and that in the reformed system the exchange rate regime should remain based on stable but adjustable par values. It was also recognised that floating rates could provide a useful technique in particular situations. There was also general agreement on the need for exchange market stability and on the importance of Fund surveillance of exchange rate policies.

(b) There should be better international management of global liquidity. The role of reserve currencies should be reduced and the S.D.R. [special drawing rights] should become the principal reserve asset of the reformed system. The Deputies were asked to study further the conditions for a resumption of general convertibility, including questions relating to consolidation of excess reserve currency balances and to methods of settlement.

(c) An intensive study should be made of effective means to deal with the problem of disequilibrating capital flows by a variety of measures, including controls, to influence them and by arrangements to finance and offset them. It was noted that the Deputies are establishing a technical group on disequilibrating capital flows, including those associated with Euro-currency markets.

(d) There should be a strong presumption against the use of trade controls for balance of payments purposes. Developing countries would, however, be exempt wherever possible from trade and capital controls imposed by other countries and their particular circumstances would be taken into account in assessing controls that they themselves felt it necessary to apply.

5. The Members of the Committee recognised the concerns of developing countries under current conditions and their interests in a reformed system. They affirmed the desirability on the occasion of the reform of promoting economic development and

the flow of real resources from developed to developing countries.

6. The Committee approved their Deputies' program of future work. In directing the attention of the Deputies to those aspects of reform which have an important bearing on the current situation, they recognized that procedures are already established for coordinating the work of the Executive Directors of the Fund with that of the Deputies. They noted that the Deputies plan to expand their meeting schedule and to intensify their work between meetings, and they instructed the Deputies to proceed urgently with the preparation of a draft outline of the reform, in which the major issues would be presented to the Committee for decision.

7. The Committee will meet again at a time to be proposed by the Chairman in the light of the progress of the Deputies' work.

## 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.

*Ratification deposited:* Sudan, April 9, 1973.

##### Fisheries

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), relat-

ing to amendments to the convention. Done at Washington October 6, 1970.<sup>1</sup>

*Ratification deposited:* Spain, April 16, 1973.

#### Telecommunications

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

*Accession deposited:* Qatar, March 27, 1973.

#### BILATERAL

##### Canada

Agreement relating to an interpretation of article IV of the treaty of February 27, 1950 (TIAS 2130), relating to uses of the waters of the Niagara River. Effected by exchange of notes at Washington April 17, 1973. Entered into force April 17, 1973.

Agreement modifying and extending the agreement of April 24, 1970, as extended (TIAS 6879, 7323), on reciprocal fishing privileges in certain areas off the coasts of the United States and Canada. Effected by exchange of notes at Washington April 19, 1973. Entered into force April 19, 1973.

##### Malaysia

Agreement amending the agreement of September 8, 1970 (TIAS 6954), relating to trade in wool and man-made fiber textile products. Effected by exchange of notes at Kuala Lumpur December 1, 1972, and February 9, 1973. Entered into force February 9, 1973.

##### Pakistan

Agreement excluding "Pakistan items" from the purview of the agreement of May 6, 1970, as extended and amended (TIAS 6882, 7369), relating to trade in cotton textiles, with annex. Effected by exchange of notes at Washington April 11, 1973. Entered into force April 11, 1973.

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

**Africa**  
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 United States Foreign Policy 1972: A Report of the Secretary of State (letter of transmittal and introductory comment) . . . . . 515

**Asia.** United States Foreign Policy 1972: A Report of the Secretary of State (letter of transmittal and introductory comment) . . . . . 515

**Canada.** U.S. Canada Interparliamentary Conference Held at Washington (Rush) . . . . . 586

**Congress**  
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**Costa Rica.** Letters of Credence (Lopez Aguero) . . . . . 577

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**Economic Affairs**  
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**Europe.** United States Foreign Policy 1972: A Report of the Secretary of State (letter of transmittal and introductory comment) . . . . . 515

**Iran.** Letters of Credence (Zahedi) . . . . . 577

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†113	4 16	U.S. and Germany reach understanding on air charters (rewrite).
114	4 20	U.S. Advisory Commission on International Educational and Cultural Affairs to meet May 4.
†115	4 20	Appointment of Advisory Committee on Science and Foreign Affairs.

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# THE DEPARTMENT OF STATE BULLETIN

Volume LXVIII • No. 1768 • May 14, 1973

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# THE DEPARTMENT OF STATE BULLETIN

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## The Necessity for Strength in an Era of Negotiations

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

It is a privilege to join you this evening in honoring the United States Committee of the International Committee To Free Journalists in Southeast Asia. We have followed their efforts with great sympathy and respect. We share the hope of the U.S. committee—the hope of people everywhere—that your colleagues missing or captured in Indochina will be returned. If there is anything that we in the State Department can do to assist, you can count on my complete support.

Few periods are as decisive for a nation's history as the period when the transition is made from war to peace. War does not provide solutions. However, the course we take this year as we move from war to peace is of the utmost importance and undoubtedly will influence our foreign policy for the rest of this century.

There is, I believe, a clear agreement in this country that a substantially changed international situation requires reassessment of our policies and programs. Both the administration and Congress are engaged in this process. But this does not mean that we should alter fundamentally the policies which have been pursued with such success during recent years.

You know the broad outlines of these policies. We will continue to improve our relations with the People's Republic of China on a steady and expanding basis. As contacts increase, friendship and understanding between the Chinese people and American people will increase. It is our hope—and

theirs, too, I am convinced—that the developing political, social, and commercial relations with the People's Republic of China will contribute to future stability in the Pacific.

We will seek to improve our relations with the Soviet Union, both in the political field and in trade, science, and technology. We are now engaged in Phase Two of the SALT talks [Strategic Arms Limitation Talks]. This summer we will participate in the Conference on Security and Cooperation in Europe and in a manner and with a determination not to weaken our alliances with western Europe, with Japan, or with other nations in the free world that have come to rely on us as a result of treaty obligations.

In Indochina we will pursue every diplomatic path, use every diplomatic device, to bring about full implementation of the Paris agreement. It is not surprising that many serious problems remain. However, the convergence of interests and influences that brought about the agreement still remains in play. Thus I believe that with renewed efforts on the part of all concerned the Paris agreement still holds out the best promise—and I believe a realistic hope—for peace and stability in Indochina.

The Middle East continues to be a matter of major concern where emotion and hatred at times seem to make meaningful dialogue an impossibility. However, it has been almost three years now since the initiative by the United States resulted in a cease-fire between Egypt and Israel. Our major immediate objective will be to strive to maintain the fragile cease-fire while attempting to get negotiations started among the nations concerned. If there could now be a cease-fire

<sup>1</sup> Made before the Overseas Press Club at New York, N.Y., on Apr. 23 (press release 116).

on inflammatory rhetoric, a cease-fire on belligerent statements of ultimate and rigid positions, and a cease-fire from violence of all kinds from whatever source, I am convinced that progress toward a permanent solution could be achieved. The principal parties concerned have said they want to keep the doors of diplomacy open. We intend of course to take them at their word.

I am heartened and I know you are by the progress that has been made in international affairs in the past few years in many areas of the world. And I feel confident that war among major nations may be averted during our lifetime if present trends continue.

But this will not be easy. Neglect and isolation are apt to flourish in the pleasant climate of *détente*.

So in addition to pursuing the policies of the President which have proved so successful in foreign affairs we will have to fight the attitudes which develop as a corollary to success. For example, we cannot accept recent proposals:

—To substantially reduce U.S. troops stationed overseas in the next 18 months;

—To reduce to the maximum extent the U.S. role in furnishing defense articles and defense services to foreign countries and eliminate all grant military assistance by 1975; and

—To reverse the direction of our foreign policy over the past quarter century by turning inward, radically reducing our active role in world affairs, and erecting barriers to imports.

#### **Continuing U.S. Engagement in the World**

However tempting these approaches may seem superficially, to pursue them would be folly.

First, to remain prosperous the United States must remain economically engaged with the rest of the world. An increasing portion of our economy is dependent upon exports for growth—31 percent of all our crops and 14 percent of our manufactured goods are now exported. We depend upon imports for 30 percent of our petroleum needs, and this share is growing.

The proposed trade legislation which President Nixon submitted to the Congress this month is designed to keep the United States engaged. We will insist upon fairer treatment for American exports and a less burdensome role for the dollar during this fall's trade and monetary negotiations. However, our major objective in economic policy this year is not merely to protect the American economy at current levels of productivity but to stimulate it to expand as part of an expanding world economy.

Second, to build the stable and peaceful world we all want, the United States must maintain its political and defense commitments.

In recent years we have succeeded in sharing the burdens of leadership and security more equitably with our allies. But of course there continues to be a central role only the United States can play. While we will strive to engage our adversaries in a widening network of negotiations, fundamental differences remain. The dramatic progress that has been made in recent years is not irreversible.

With this firmly in mind, the administration is determined not to upset the developing balance by unilaterally reducing our strength.

Over the past decade the Soviet Union increased its military manpower by 30 percent, doubled its published military budget, and vastly increased its nuclear forces.

The People's Republic of China maintained over the decade the world's largest army, increased its air and naval forces, and has developed a nuclear missile delivery system.

We on the other hand have reduced our defense capabilities by about one-third. In Asia we have already reduced the number of our armed forces by 70 percent over the past four years. In addition to the withdrawal of more than half a million men from Viet-Nam, we have reduced our military presence by 70,000 men in Korea, Japan, the Philippines, and elsewhere.

Further substantial force reductions now could lead to miscalculation and even upset the new and still-delicate relationships that have been so carefully developed.

For example, we believe that the maintenance of our defense capability is particularly important to reassure Japan about the continuing validity of our security arrangements. American withdrawal from Asia could well lead Japan to consider new security arrangements, major rearmament, and even nuclearization—a course it prefers not to pursue.

The new and essential emphasis in our policy of building a new Asian structure of peace, however, is to increase the responsibility of Asian nations, small as well as large, to defend themselves. All our allies have accepted this approach as the correct one. Our security assistance program is designed to achieve it. Therefore we are opposed to substantial cuts in American security assistance. They would undermine our effort to transfer greater shares of responsibility to our allies and could induce costly overreaction by them to find new guarantees for their security. Not only would they see their own bargaining leverage in negotiations reduced, their economic development would be hindered by the requirement to spend more for defense.

### **Maintaining U.S. Forces in Europe**

It is important, too, for the United States to maintain its strength in Europe, and we fully intend to do so. In the early part of this century Europe was an area typified by gross instability which proved to be the incubator for two massively destructive wars within a generation. The United States learned to its sorrow that however much we wanted to, we could not in fact remain aloof from those wars. As a result, following World War II we were the leaders in constructing a peacetime edifice in which our voice and our interests would be permanently represented.

Pursuant to this concord the United States and its allies have erected a significant defensive structure. What is perhaps more important, our involvement in European security affairs is not provocative to our adversaries but is essential to our allies. To risk this major accomplishment of diplo-

macy, a risk we would surely run if we began a unilateral reduction of our forces in Europe, is both unnecessary and dangerous.

If there was ever a time not to withdraw our forces unilaterally from Europe surely it is now—at a time when we are beginning negotiations with the Warsaw Pact nations on mutual reduction of forces. If we unilaterally cut in half our own troop strength or made any other significant reduction it would destroy all prospects for a successful negotiation on mutual reduction. Such a step would also seriously undermine the Western position at this summer's Conference on Security and Cooperation in Europe.

Despite these facts, there may be serious efforts in Congress to substantially cut American forces in Europe.

There are sound military reasons for maintaining our forces in Europe. The military forces posing a potential threat to NATO have not been reduced. However remote we may regard the possibilities of direct Soviet military aggression in Europe, the fact is that Soviet forces are stronger today than they have ever been. They are well equipped, well trained, and well deployed. Over 600,000 Soviet troops are stationed in eastern Europe. These forces are backed up by over 9,000 tanks and 3,000 tactical aircraft.

In these circumstances American and NATO forces must be a serious military effort and not just a "tripwire." NATO today is in fact a formidable defensive force. In central Europe, for example, NATO has available roughly the same number of forces as the Warsaw Pact.

### **Defense Costs and Basic U.S. Interests**

We are all concerned about the costs of our defense. But there is another and greater concern—that our defense programs support this country's basic interests. The issue is whether we are maintaining a larger defense than the protection of these interests requires, I believe not.

What are the facts? In 1968, the defense budget was 9 percent of GNP. Next year it will be 6 percent. This is not an unacceptable burden for a country with a GNP of over

\$1 trillion. In terms of the Federal budget, defense will claim less than one-third of the total Federal spending, as compared with one-half of the Federal budget that will be spent on social welfare and human resources. This exactly reverses the proportions of four years ago.

The defense budget for next year in terms of purchasing power will be less than that of any defense budget in the last 10 years. It will pay fewer people, buy less hardware, involve fewer industries, and maintain fewer bases than any defense budget since 1950.

Since 1968 the Nixon administration has reduced the size of our armed forces from 3.5 million to 2.3 million. Thus 1.2 million men and women in the armed forces have been demobilized. In terms of divisions, naval vessels, and aircraft, our military forces are at their lowest level since 1951.

Fortunately there now seems to be little controversy over the need to maintain our nuclear strength as we enter the second round of strategic nuclear arms talks. Instead, recent suggestions for basic changes in defense policy primarily focus on a major reduction in conventional forces.

Those who advocate substantial reductions in our general purpose forces seem to believe that we can adequately protect U.S. security interests by relying more heavily on our strategic nuclear power. This is an extremely dangerous line of thinking in today's world.

The time is long past when we could or should rely primarily on the threat of nuclear retaliation to deter aggression against another nation. We must have diverse options to fit diverse threats if potential aggressors are to respect America's commitments to our friends and allies.

While we have made substantial progress

in the past four years in reducing international tensions and in transferring the responsibility for local defense to our allies, the main continuing fact of international life is the competitive nature of nations. We still have many differences with other nations which could bring us into sharp confrontation in the future. Should the United States be faced with such a confrontation, the President must have a range of responses, including conventional responses which are credible, available to him. This will insure that our response could be on as limited a scale as possible and yet still be effective.

We have been able to make substantial reductions in the size of our military establishment not by wishful thinking about our adversaries nor by abandoning commitments to our allies. On the contrary, we have done it by making concrete progress toward a more stable world, by building the strength of our allies and reducing tensions among the major powers, and by reducing our military strength in a manner commensurate with these reduced tensions.

For the first time in our lifetime there are realistic prospects for a world in which nations adopt higher standards of acceptable international behavior. There are realistic prospects for a world in which negotiated resolution of international issues takes a clearer precedence over unilateral threats or resort to force.

On every major question of national defense for the past quarter century Congress has supported the President. When the Congress gives full and thoughtful consideration to the consequences of major cuts in our defense or to unilateral reduction in our troop strength in Europe, I am confident that it will again act responsibly.

## The Year of Europe

*Address by Henry A. Kissinger*

*Assistant to the President for National Security Affairs<sup>1</sup>*

This year has been called the year of Europe, but not because Europe was less important in 1972 or in 1969. The alliance between the United States and Europe has been the cornerstone of all postwar foreign policy. It provided the political framework for American engagements in Europe and marked the definitive end of U.S. isolationism. It insured the sense of security that allowed Europe to recover from the devastation of the war. It reconciled former enemies. It was the stimulus for an unprecedented endeavor in European unity and the principal means to forge the common policies that safeguarded Western security in an era of prolonged tension and confrontation. Our values, our goals, and our basic interests are most closely identified with those of Europe.

Nineteen seventy-three is the year of Europe because the era that was shaped by decisions of a generation ago is ending. The success of those policies has produced new realities that require new approaches:

—The revival of western Europe is an established fact, as is the historic success of its movement toward economic unification.

—The East-West strategic military balance has shifted from American preponderance to near-equality, bringing with it the necessity for a new understanding of the requirements of our common security.

—Other areas of the world have grown in importance. Japan has emerged as a major power center. In many fields, "Atlantic" solutions to be viable must include Japan.

—We are in a period of relaxation of

tensions. But as the rigid divisions of the past two decades diminish, new assertions of national identity and national rivalry emerge.

—Problems have arisen, unforeseen a generation ago, which require new types of cooperative action. Insuring the supply of energy for industrialized nations is an example.

These factors have produced a dramatic transformation of the psychological climate in the West—a change which is the most profound current challenge to Western statesmanship. In Europe, a new generation to whom war and its dislocations are not personal experiences takes stability for granted. But it is less committed to the unity that made peace possible and to the effort required to maintain it. In the United States, decades of global burdens have fostered, and the frustrations of the war in Southeast Asia have accentuated, a reluctance to sustain global involvements on the basis of preponderant American responsibility.

Inevitably this period of transition will have its strains. There have been complaints in America that Europe ignores its wider responsibilities in pursuing economic self-interest too one-sidedly and that Europe is not carrying its fair share of the burden of the common defense. There have been complaints in Europe that America is out to divide Europe economically, or to desert Europe militarily, or to bypass Europe diplomatically. Europeans appeal to the United States to accept their independence and their occasionally severe criticism of us in the name of Atlantic unity, while at the same

<sup>1</sup> Made before the annual meeting of the Associated Press editors at New York, N.Y., on Apr. 23.

time they ask for a veto on our independent policies—also in the name of Atlantic unity.

Our challenge is whether a unity forged by a common perception of danger can draw new purpose from shared positive aspirations.

If we permit the Atlantic partnership to atrophy, or to erode through neglect, carelessness, or mistrust, we risk what has been achieved and we shall miss our historic opportunity for even greater achievement.

In the forties and fifties the task was economic reconstruction and security against the danger of attack; the West responded with courage and imagination. Today the need is to make the Atlantic relationship as dynamic a force in building a new structure of peace, less geared to crisis and more conscious of opportunities, drawing its inspirations from its goals rather than its fears. The Atlantic nations must join in a fresh act of creation equal to that undertaken by the postwar generation of leaders of Europe and America.

This is why the President is embarking on a personal and direct approach to the leaders of western Europe. In his discussions with the heads of government of Britain, Italy, the Federal Republic of Germany, and France, the Secretary General of NATO, and other European leaders, it is the President's purpose to lay the basis for a new era of creativity in the West.

His approach will be to deal with Atlantic problems comprehensively. The political, military, and economic issues in Atlantic relations are linked by reality, not by our choice nor for the tactical purpose of trading one off against the other. The solutions will not be worthy of the opportunity if left to technicians. They must be addressed at the highest level.

In 1972 the President transformed relations with our adversaries to lighten the burdens of fear and suspicion.

In 1973 we can gain the same sense of historical achievement by reinvigorating shared ideals and common purposes with our friends.

The United States proposes to its Atlantic partners that by the time the President

travels to Europe toward the end of the year we will have worked out a new Atlantic charter setting the goals for the future, a blueprint that:

—Builds on the past without becoming its prisoner.

—Deals with the problems our success has created.

—Creates for the Atlantic nations a new relationship in whose progress Japan can share.

We ask our friends in Europe, Canada, and ultimately Japan to join us in this effort.

This is what we mean by the year of Europe.

### **Problems in Atlantic Relationships**

The problems in Atlantic relationships are real. They have arisen in part because during the fifties and sixties the Atlantic community organized itself in different ways in the many different dimensions of its common enterprise.

—In economic relations the European Community has increasingly stressed its regional personality; the United States at the same time must act as part of, and be responsible for, a wider international trade and monetary system. We must reconcile these two perspectives.

—In our collective defense we are still organized on the principle of unity and integration, but in radically different strategic conditions. The full implications of this change have yet to be faced.

—Diplomacy is the subject of frequent consultations but is essentially being conducted by traditional nation-states. The United States has global interests and responsibilities. Our European allies have regional interests. These are not necessarily in conflict, but in the new era neither are they automatically identical.

In short, we deal with each other regionally and even competitively on an integrated basis in defense, and as nation-states in diplomacy. When the various collective institutions were rudimentary, the potential inconsistency in their modes of

operation was not a problem. But after a generation of evolution and with the new weight and strength of our allies, the various parts of the construction are not always in harmony and sometimes obstruct each other.

If we want to foster unity we can no longer ignore these problems. The Atlantic nations must find a solution for the management of their diversity to serve the common objectives which underlie their unity. We can no longer afford to pursue national or regional self-interest without a unifying framework. We cannot hold together if each country or region asserts its autonomy whenever it is to its benefit and invokes unity to curtail the independence of others.

We must strike a new balance between self-interest and the common interest. We must identify interests and positive values beyond security in order to engage once again the commitment of peoples and parliaments. We need a shared view of the world we seek to build.

## **Agenda for the Future**

### *Economic*

No element of American postwar policy has been more consistent than our support of European unity. We encouraged it at every turn. We knew that a united Europe would be a more independent partner. But we assumed, perhaps too uncritically, that our common interests would be assured by our long history of cooperation. We expected that political unity would follow economic integration and that a unified Europe working cooperatively with us in an Atlantic partnership would ease many of our international burdens.

It is clear that many of these expectations are not being fulfilled.

We and Europe have benefited from European economic integration. Increased trade within Europe has stimulated the growth of European economies and the expansion of trade in both directions across the Atlantic.

But we cannot ignore the fact that Europe's economic success and its transformation from a recipient of our aid to a strong competitor has produced a certain amount

of friction. There have been turbulence and a sense of rivalry in international monetary relations.

In trade, the natural economic weight of a market of 250 million people has pressed other states to seek special arrangements to protect their access to it. The prospect of a closed trading system embracing the European Community and a growing number of other nations in Europe, the Mediterranean, and Africa appears to be at the expense of the United States and other nations which are excluded. In agriculture, where the United States has a comparative advantage, we are particularly concerned that Community protective policies may restrict access for our products.

This divergence comes at a time when we are experiencing a chronic and growing deficit in our balance of payments and protectionist pressures of our own. Europeans in turn question our investment policies and doubt our continued commitment to their economic unity.

The gradual accumulation of sometimes petty, sometimes major, economic disputes must be ended and be replaced by a determined commitment on both sides of the Atlantic to find cooperative solutions.

The United States will continue to support the unification of Europe. We have no intention of destroying what we worked so hard to help build. For us, European unity is what it has always been: not an end in itself but a means to the strengthening of the West. We shall continue to support European unity as a component of a larger Atlantic partnership.

This year we begin comprehensive trade negotiations with Europe as well as with Japan. We shall also continue to press the effort to reform the monetary system so that it promotes stability rather than constant disruptions. A new equilibrium must be achieved in trade and monetary relations.

We see these negotiations as a historic opportunity for positive achievement. They must engage the top political leaders, for they require above all a commitment of political will. If they are left solely to the experts the inevitable competitiveness of eco-

conomic interests will dominate the debate. The influence of pressure groups and special interests will become pervasive. There will be no overriding sense of direction. There will be no framework for the generous solutions or mutual concessions essential to preserve a vital Atlantic partnership.

It is the responsibility of national leaders to insure that economic negotiations serve larger political purposes. They must recognize that economic rivalry, if carried on without restraint, will in the end damage other relationships.

The United States intends to adopt a broad political approach that does justice to our overriding political interest in an open and balanced trading order with both Europe and Japan. This is the spirit of the President's trade bill and of his speech to the International Monetary Fund last year. It will guide our strategy in the trade and monetary talks. We see these negotiations not as a test of strength, but as a test of joint statesmanship.

### *Defense*

Atlantic unity has always come most naturally in the field of defense. For many years the military threats to Europe were unambiguous, the requirements to meet them were generally agreed on both sides of the Atlantic, and America's responsibility was preeminent and obvious. Today we remain united on the objective of collective defense, but we face the new challenge of maintaining it under radically changed strategic conditions and with the new opportunity of enhancing our security through negotiated reductions of forces.

The West no longer holds the nuclear predominance that permitted it in the fifties and sixties to rely almost solely on a strategy of massive nuclear retaliation. Because under conditions of nuclear parity such a strategy invites mutual suicide, the alliance must have other choices. The collective ability to resist attack in western Europe by means of flexible responses has become central to a rational strategy and crucial to the maintenance of peace. For this reason, the United States has maintained substantial conven-

tional forces in Europe and our NATO allies have embarked on a significant effort to modernize and improve their own military establishments.

While the Atlantic alliance is committed to a strategy of flexible response in principle, the requirements of flexibility are complex and expensive. Flexibility by its nature requires sensitivity to new conditions and continual consultation among the allies to respond to changing circumstances. And we must give substance to the defense posture that our strategy defines. Flexible response cannot be simply a slogan wrapped around the defense structure that emerges from lowest-common-denominator compromises driven by domestic considerations. It must be seen by ourselves and by potential adversaries as a credible, substantial, and rational posture of defense.

A great deal remains to be accomplished to give reality to the goal of flexible response:

—There are deficiencies in important areas of our conventional defense.

—There are still unresolved issues in our doctrine; for example, on the crucial question of the role of tactical nuclear weapons.

—There are anomalies in NATO deployments as well as in its logistics structure.

To maintain the military balance that has insured stability in Europe for 25 years, the alliance has no choice but to address these needs and to reach an agreement on our defense requirements. This task is all the more difficult because the lessening of tensions has given new impetus to arguments that it is safe to begin reducing forces unilaterally. And unbridled economic competition can sap the impulse for common defense. All governments of the Western alliance face a major challenge in educating their peoples to the realities of security in the 1970's.

The President has asked me to state that America remains committed to doing its fair share in Atlantic defense. He is adamantly opposed to unilateral withdrawals of U.S. forces from Europe. But we owe to our peoples a rational defense posture, at the safest minimum size and cost, with burdens



equitably shared. This is what the President believes must result from the dialogue with our allies in 1973.

When this is achieved, the necessary American forces will be maintained in Europe, not simply as a hostage to trigger our nuclear weapons but as an essential contribution to an agreed and intelligible structure of Western defense. This, too, will enable us to engage our adversaries intelligently in negotiations for mutual balanced reductions.

In the next few weeks the United States will present to NATO the product of our own preparations for the negotiations on mutual balanced force reductions which will begin this year. We hope that it will be a contribution to a broader dialogue on security. Our approach is designed not from the point of view of special American interests, but of general alliance interests. Our position will reflect the President's view that these negotiations are not a subterfuge to withdraw U.S. forces regardless of consequences. No formula for reductions is defensible, whatever its domestic appeal or political rationale, if it undermines security.

Our objective in the dialogue on defense is a new consensus on security, addressed to new conditions and to the hopeful new possibilities of effective arms limitations.

### *Diplomacy*

We have entered a truly remarkable period of East-West diplomacy. The last two years have produced an agreement on Berlin, a treaty between West Germany and the U.S.S.R., a strategic arms limitation agreement, the beginning of negotiations on a European Security Conference and on mutual balanced force reductions, and a series of significant practical bilateral agreements between Western and Eastern countries, including a dramatic change in bilateral relations between the United States and the U.S.S.R. These were not isolated actions, but steps on a course charted in 1969 and carried forward as a collective effort. Our approach to détente stressed that negotiations had to be concrete, not atmospheric, and that concessions should be reciprocal. We expect to

carry forward the policy of relaxation of tensions on this basis.

Yet this very success has created its own problems. There is an increasing uneasiness—all the more insidious for rarely being made explicit—that superpower diplomacy might sacrifice the interests of traditional allies and other friends. Where our allies' interests have been affected by our bilateral negotiations, as in the talks on the limitation of strategic arms, we have been scrupulous in consulting them; where our allies are directly involved, as in the negotiations on mutual balanced force reductions, our approach is to proceed jointly on the basis of agreed positions. Yet some of our friends in Europe have seemed unwilling to accord America the same trust in our motives as they received from us or to grant us the same tactical flexibility that they employed in pursuit of their own policies. The United States is now often taken to task for flexibility where we used to be criticized for rigidity.

All of this underlines the necessity to articulate a clear set of common objectives together with our allies. Once that is accomplished, it will be quite feasible, indeed desirable, for the several allies to pursue these goals with considerable tactical flexibility. If we agree on common objectives it will become a technical question whether a particular measure is pursued in a particular forum or whether to proceed bilaterally or multilaterally. Then those allies who seek reassurances of America's commitment will find it not in verbal reaffirmations of loyalty, but in an agreed framework of purpose.

We do not need to agree on all policies. In many areas of the world our approaches will differ, especially outside of Europe. But we do require an understanding of what should be done jointly and of the limits we should impose on the scope of our autonomy.

We have no intention of buying an illusory tranquillity at the expense of our friends. The United States will never knowingly sacrifice the interests of others. But the perception of common interests is not automatic; it requires constant redefinition. The relaxation of tensions to which we are committed

makes allied cohesion indispensable yet more difficult. We must insure that the momentum of détente is maintained by common objectives rather than by drift, escapism, or complacency.

### **America's Contribution**

The agenda I have outlined here is not an American prescription, but an appeal for a joint effort of creativity. The historic opportunity for this generation is to build a new structure of international relations for the decades ahead. A revitalized Atlantic partnership is indispensable for it. The United States is prepared to make its contribution:

—We will continue to support European unity. Based on the principles of partnership, we will make concessions to its further growth. We will expect to be met in a spirit of reciprocity.

—We will not disengage from our solemn commitments to our allies. We will maintain our forces and not withdraw from Europe unilaterally. In turn, we expect from each ally a fair share of the common effort for the common defense.

—We shall continue to pursue the relaxation of tensions with our adversaries on the basis of concrete negotiations in the common interest. We welcome the participation of our friends in a constructive East-West dialogue.

—We will never consciously injure the interests of our friends in Europe or in Asia. We expect in return that their policies will take seriously our interests and our responsibilities.

—We are prepared to work cooperatively on new common problems we face. Energy, for example, raises the challenging issues of assurance of supply, impact of oil revenues on international currency stability, the nature of common political and strategic interests, and long-range relations of oil-consuming to oil-producing countries. This could be an area of competition; it should be an area of collaboration.

—Just as Europe's autonomy is not an end in itself, so the Atlantic community cannot be an exclusive club. Japan must be a principal partner in our common enterprise.

We hope that our friends in Europe will meet us in this spirit. We have before us the example of the great accomplishments of the past decades and the opportunity to match and dwarf them. This is the task ahead. This is how, in the 1970's, the Atlantic nations can truly serve our peoples and the cause of peace.

### **Dr. Samuelson Tours East Asia Under Lincoln Lectureships**

The Department of State announced on April 2 (press release 95) that Paul A. Samuelson, Nobel Prize-winning professor of economics at the Massachusetts Institute of Technology, had visited five Asian and Pacific countries in March as a U.S. Government Lincoln Lecturer. Dr. Samuelson addressed audiences in Japan, Hong Kong, Indonesia, Australia, and New Zealand. (For biographic data, see press release 95.)

The Lincoln Lectureships were announced by President Nixon August 1, 1972, in a letter to Dr. James H. Billington, Chairman of the Presidentially appointed Board of Foreign Scholarships.<sup>1</sup> That date marked the completion of 25 years of educational exchange under the Fulbright-Hays Act.

Dr. Samuelson is one of four Americans selected by the Board of Foreign Scholarships as Lincoln Lecturers during the 1972-73 academic year. The others are: John Hope Franklin, professor of history at the University of Chicago; Charles H. Townes, Nobel Prize physicist and professor at the University of California at Berkeley; and John H. Updike, author, Ipswich, Mass.

<sup>1</sup> For text of the letter, see BULLETIN of Sept. 4, 1972, p. 252.

## U.S. Replies to D.R.V. Charges of Violations of Viet-Nam Cease-Fire

*Following is a note verbale transmitted to U.S. Missions on April 20 for delivery to participants in the International Conference on Viet-Nam.*

Press release 117 dated April 24

1. The Department of State of the United States of America presents its compliments to the Ministry of Foreign Affairs Ministry of External Affairs of [Union of Soviet Socialist Republics, People's Republic of China, Great Britain, France, Republic of Vietnam, Democratic Republic of Vietnam, Hungary, Poland, Indonesia, Canada; and Secretary General of the U.N. Kurt Waldheim] and has the honor to refer to a note dated April 16, 1973, transmitted by the Government of the Democratic Republic of Vietnam to the Government of the United States and, it is assumed, also to the other signatories of the Act of the International Conference on Vietnam.<sup>1</sup>

2. In its Note, the Government of the Democratic Republic of Vietnam, on its own behalf and occasionally also in the name of the "Provisional Revolutionary Government", purports to describe the situation in South Vietnam and lodges charges against the Government of the United States and the Government of the Republic of Vietnam.

3. The United States rejects as utterly groundless the accusations of the Democratic Republic of Vietnam, and views this note as an ill-disguised attempt by the Democratic Republic of Vietnam to divert attention away from its own numerous and extremely serious violations of the ceasefire.

4. Contrary to the contentions listed in the note, it is abundantly clear that the main obstruction to peace consists of the military

activities carried out by the Democratic Republic of Vietnam and forces under its control in South Vietnam, Laos and Cambodia in direct and inexcusable contravention of the Agreement on Ending the War and Restoring Peace in Vietnam and of the Agreement on the Restoration of Peace and Reconciliation in Laos.

5. Of extreme concern is the vast quantity of military equipment shipped clandestinely since January 28 from North Vietnam into South Vietnam without the least effort to observe Articles 7 and 20 of the Peace Agreement of January 27.<sup>2</sup> Evidence is overwhelming of continued illegal movement of equipment and supplies out of North Vietnam into or through Laos and Cambodia and into South Vietnam for the use of the military forces opposing the legitimate governments of those countries. Included in the supplies reaching South Vietnam are over 400 tanks and armored vehicles, 300 artillery pieces of various types and vast quantities of ammunition, vehicles, etc. For example, from the time of the Vietnam ceasefire through April 18, 1973, over 27,000 short tons of military supplies have been moved through the demilitarized zone into South Vietnam. In the same period, over 26,000 short tons were moved from North Vietnam into Laos. Also during this period, we have detected over 17,000 military truck movements from North Vietnam into Laos and over 7,000 crossing the demilitarized zone into South Vietnam. None of the peace-keeping organs established by the Peace Agreement has been given the opportunity to monitor these shipments.

6. Evidence of an intention to persist in violations of Article 20 of the Agreement is

<sup>1</sup> For text of the Act of the International Conference on Viet-Nam signed at Paris on Mar. 2, see BULLETIN of Mar. 26, 1973, p. 345.

<sup>2</sup> For text of the Agreement on Ending the War and Restoring Peace in Viet-Nam signed at Paris on Jan. 27, see BULLETIN of Feb. 12, 1973, p. 169.

the substantial effort being made to upgrade the road system within Laos and adjoining parts of South Vietnam. Bridge and drainage ditch construction have been observed on Route 7, the primary route into the Plain of Jars from North Vietnam and on Routes 4 and 4/7 which transit the northern plain in an east-west direction. Furthermore, there is evidence of continuing North Vietnamese efforts to construct a road from southern Laos into Quang Tri and Quang Ngai Provinces. This cross-border route is not close to any of the designated entry points and its only logical use could be as a clandestine supply highway into the central coastal regions of South Vietnam.

7. The Democratic Republic of Vietnam also has moved military personnel and military equipment in and through the demilitarized zone in direct violation of Articles 7 and 15(B) of the Peace Agreement and of Article 7 of the Ceasefire Protocol.

8. In most serious violation of the Agreement, more than 30,000 North Vietnamese army personnel are known to have continued moving through Laos and Cambodia into South Vietnam after the ceasefire on January 28. These combat replacements have greatly increased the capability of North Vietnamese army units in the south. In addition there is evidence that new North Vietnamese army organizations, such as anti-aircraft artillery units, entered South Vietnam after January 28. For example, the Khe Sanh airfield complex has recently been ringed with SA-2 missiles, which clearly were not present prior to the ceasefire.

9. Not content with illegally building up its military potential, the Democratic Republic of Vietnam has since the ceasefire actually employed these and other forces under its command to launch attacks on hamlets, villages and Republic of Vietnam military positions throughout the country in unequivocal violation of the fundamental purpose of the Peace Agreement as embodied in Articles 2 and 3. The assaults have generally consisted of mortarings and shellings, frequently followed by ground attacks in an obvious effort

to expand the area controlled by forces under North Vietnamese command. In some cases the assaults were of such intensity as to require withdrawal of government defending forces, for example, from positions at Hoang Hau near Hue, on the Cambodian border in Chau Duc Province and in Bac Lieu Province. Other beleaguered outposts long occupied by the Republic of Vietnam armed forces continue to hold out despite persistent harassment, such as at Tonle Cham in Tay Ninh, at Rach Bap in Binh Duong and in the Hong Ngu and Cai Cai districts of Kien Phong Province.

10. North Vietnamese forces, moreover, continue larger military offensives aimed at opening up new supply routes and expanding their control, such as in the Sa Huynh area of southern Quang Ngai Province.

11. Troops under the control of the Democratic Republic of Vietnam also have placed many mines in violation of Article 5 of the Ceasefire Protocol and have tried to interfere with resumed train service. Earlier this month, in Phu Yen Province, a mine was set under a train and a ground attack was launched on a track repair crew.

12. These forces, moreover, have fired mortars and artillery indiscriminately into many cities, refugee camps and other centers of population, for example in Tan Chau and Phan Thiet, causing heavy civilian casualties. They have even mortared the team locations of the International Commission of Control and Supervision at Tri Ton and Hong Ngu.

13. In addition to widespread attacks on Republic of Vietnam territorial security forces, agents of the Democratic Republic of Vietnam have continued their acts of terrorism including assassinations, tossing grenades in public places, minings of public thoroughfares and widespread abductions.

14. Another serious impediment to peace is the record of the Democratic Republic of Vietnam and the "Provisional Revolutionary Government" of clear and calculated obstructionism in the Four Party Joint Military Commission. Both consistently refused to participate meaningfully in any Four

Party Joint Military Commission investigation which would not benefit their cause. Accordingly, they blocked or prevented investigation of the downing of a CH-17 helicopter, of the Sa Huynh attack and the Khe Sanh missile installation, to cite only three representative examples.

15. The tactic to stall and obstruct was also clearly evident in the refusal to deploy fully to the field. The North Vietnamese deployed to only five of the seven regional headquarters, and their associates of the "Provisional Revolutionary Government" to only one. Deployment to sub-regional teams was minimal. The "Provisional Revolutionary Government" had less than one quarter of its authorized contingent functional at any one time.

16. Thus the Democratic Republic of Vietnam and the "Provisional Revolutionary Government" must bear the responsibility for failure of the Four Party Joint Military Commission to fulfill its assigned functions.

17. Of particular concern to the United States is the failure to date of the Democratic Republic of Vietnam to provide information about Americans missing in action in Indochina or those known to have died there, as required by Article 8 (B) of the Paris Agreement.

18. The charges levied against the United States by the Democratic Republic of Vietnam in its note, include the allegation that the United States gave "backing" to the Government of the Republic of Vietnam in failing to observe the ceasefire and thereby seriously violated Articles 2 and 3 of the Agreement on Ending the War and Restoring Peace in Vietnam. The entire charge is without foundation. The United States concentrated instead after January 28 on observing the terms of the Agreement scrupulously by withdrawing its own military forces from Vietnam and refraining from participating in any hostilities in Vietnam. Any arms and military equipment provided to the Republic of Vietnam have been strictly in accordance with Article 7 of the Paris Agreement and Article 7 of the Ceasefire Protocol.

19. The Democratic Republic of Vietnam

also alleges that the withdrawal of United States forces has been concluded in a manner at variance with Articles 5 and 6 of the Paris Agreement and accuses the United States of failing to withdraw its armaments and dismantle its bases as required by those Articles. Article 5, however, required withdrawal only of those armaments, munitions, and war material which the United States (or allies of the United States and the Republic of Vietnam) may have owned in South Vietnam at the date of or subsequent to the date of entry into force of the Agreement. It did not require the withdrawal from South Vietnam of any armaments which the United States, prior to the entry into force of the Agreement, no longer owned because of prior transfer. This was the meaning of the phrase "of the United States" in Article 5. The same phrase with the same meaning was used in Article 6 with respect to military bases to be dismantled. The United States has fully complied with these provisions. All military equipment and military base facilities formerly owned by the United States forces in South Vietnam which remained there after March 28, had been transferred to the Government of the Republic of Vietnam prior to January 27.

20. The referenced note makes the further charge that the United States has supplied arms, munitions, and war materials to the Republic of Vietnam in violation of the Agreement and its Ceasefire Protocol. This charge is simply without merit. Article 7 of the Agreement permits the South Vietnamese parties to replace, on a piece-for-piece basis, destroyed, damaged, worn out or used up armaments, munitions and war material. The United States and the Republic of Vietnam have established procedures for monitoring arms shipments, to ensure compliance with these restrictions, and records are being maintained which verify this compliance. Introduction of these replacements, as well as these records and procedures, are always open to inspection and observation of the International Commission of Control and Supervision and the Two Party Joint Military Commission. Introduc-

tion of these replacements has been restricted to those three points of entry that have been designated by the Republic of Vietnam under the terms of the Agreement.

21. The contention in the note of the Democratic Republic of Vietnam that the United States has left behind over 10,000 military personnel disguised as civilian advisers has no basis in fact and is undoubtedly an attempt to draw attention from the large numbers of North Vietnamese armed forces in the South. The United States, in accordance with Article 5 of the Peace Agreement, has withdrawn its troops and its military and police advisers. There remain in South Vietnam only about 200 American military personnel, belonging to the Defense Attache Office, the Embassy Marine Security Guard and the team attempting to resolve the status of the missing in action. There are no military persons disguised as civilians. As publicly stated, the total number of official American personnel in South Vietnam is less than 9,000, the large majority of whom are filling logistics and maintenance functions which are soon to be taken over by the South Vietnamese.

22. Other Americans are performing the kinds of functions conducted by diplomatic, consular and AID missions throughout the world. The purposes and functions of the personnel of the United States remaining in South Vietnam are fully known to the Government of the Democratic Republic of Vietnam and are completely in keeping with the January 27 Agreement.

23. The United States also is accused of violating Article 8 of the Act of Paris by virtue of its military activities in Laos immediately after the conclusion of the ceasefire agreement between the Lao parties. United States military activities since the ceasefire have been very limited. They were conducted at the request of Prime Minister Souvanna Phouma. They were made necessary by, and were in direct response to, major and flagrant violations of that agreement by the North Vietnamese and Pathet Lao forces, specifically the post-ceasefire attacks at Pak Song on February 23 and Tha Vieng on April 13.

24. The Democratic Republic of Vietnam further alleges United States violation of the "independence, sovereignty, unity, territorial integrity and neutrality" of Cambodia by continuing to conduct military activities in that country. In fact, these activities are limited to air support operations in response to the continued military operations in Cambodia by the Democratic Republic of Vietnam, and were requested by the Khmer Republic itself. In late January, the Government of the Khmer Republic suspended all offensive operations and the United States likewise halted offensive air operations. However the reaction of the Democratic Republic of Vietnam and Cambodian forces under its control was a total military offensive, despite obligations assumed by the Democratic Republic of Vietnam in Article 20 of the Agreement and Article 8 of the Act of Paris. In order to induce compliance with those essential provisions, without which the entire Vietnam Agreement would be endangered, the United States is giving air support to the Khmer forces.

25. With respect to allegations by the Democratic Republic of Vietnam concerning the continued detention of South Vietnamese civilians, the Government of the Republic of Vietnam will doubtless wish to rebut them, but the Government of the United States wishes to point out that the "Provisional Revolutionary Government" has offered to release only several hundred civilian prisoners despite the fact it has captured many thousands. This is an issue where reciprocity is clearly essential.

26. The allegation that the United States Government was deliberately delaying mine-clearing operations is patently false. The United States mine-clearing operation has progressed as rapidly as safety, available forces, weather and restrictions imposed by the Democratic Republic of Vietnam would allow. We have been able to adhere to our agreed schedule despite the loss of two helicopters. Every available United States mine counter-measures unit has been marshalled for this operation. In fact, a force significantly greater than that originally proposed by the United States and accepted by the

Democratic Republic of Vietnam has been employed.

27. The fact that only a few mines have been observed to explode is completely understandable and not at all surprising. As has been carefully explained to the Democratic Republic of Vietnam representatives on numerous occasions, the mines have a variable neutralization capability that can be programmed and which has resulted in the neutralization of most of them by now. Nevertheless, adequate safety cannot be guaranteed unless all affected areas are methodically swept with proper equipment by highly trained personnel.

28. However, in view of the many serious violations of other provisions of the Agreement by the Democratic Republic of Vietnam, which have been discussed above, the United States has decided to suspend its mine clearance operations. This suspension is justified as a response to the numerous material breaches of the Agreement by the Democratic Republic of Vietnam in accordance with the rule of international law that a material breach of an international agreement by one party entitles the other party to suspend operation of the Agreement in whole or in part. This rule of customary international law is set forth in Article 60 of the 1969 Convention on the Law of Treaties. The United States is, of course, prepared to resume mine clearance operations as soon as the Democratic Republic of Vietnam begins to act in compliance with its obligations under the Agreement.

29. The Government of the United States thus categorically rejects the general and the specific charges that it has violated the terms of the Agreement on Ending the War and Restoring Peace in Vietnam. For its part, except as noted above, the Government of the United States again affirms its intention to adhere to the terms of the Agreement of January 27 and will exert its best efforts to help bring about a lasting peace in Indochina. It calls on the Democratic Republic of Vietnam and all other parties to the Final Act of the International Conference on Vietnam to lend their support to this endeavor.

## Prime Minister Andreotti of Italy Visits the United States

*Giulio Andreotti, President of the Council of Ministers of the Italian Republic, made an official visit to the United States April 16-22. He met with President Nixon and other government officials at Washington April 17-19. Following are an exchange of greetings between President Nixon and Prime Minister Andreotti at a welcoming ceremony on the South Lawn of the White House on April 17 and their exchange of toasts at a dinner at the White House that evening.*

### EXCHANGE OF GREETINGS

Weekly Compilation of Presidential Documents dated April 23

#### President Nixon

Mr. Prime Minister and ladies and gentlemen: There are many reasons why we are very honored to welcome the Prime Minister to Washington on this occasion. One of them is that we think of the great debt that we in America owe to Italy, and particularly to those of Italian descent. We think of the debt we owe in the field of art, music, religion, but most of all, in terms just of people, the millions of people who are proud of their Italian background but who are also proud to be Americans.

We have, of course, an example of what those of Italian background have contributed to our Nation in our Ambassador to Italy—businessman, Governor, Cabinet officer, now Ambassador. This indicates how in field after field those of Italian background have enriched America, have added to our leadership, and have helped to make us a great people and a great country.

Mr. Prime Minister, we are also honored to welcome you because of your position of leadership, strong leadership, of one of America's strongest friends and best allies in the world. We have stood together since the end of World War II. We shall stand together in peace in the years ahead; and as I

think of the subjects that we will be discussing today, the subjects of security, of trade, areas that will contribute to peace, not only in Europe and the Mediterranean but in the world, but will also contribute to prosperity, a better life for the people of Italy and the people of America, the people of the world, I realize how much our talks can contribute to those goals.

As we meet during these two days, I am sure it will someday be recorded that Italy and the United States on this occasion not only renewed an old friendship and reasserted it, but we began the structure of a new relationship, not only between the United States and Italy but between the United States and the new Europe, a new relationship which can bring a better life to all of our people on both sides of the Atlantic.

So, Mr. Prime Minister, for these and many other reasons, as you come here to the White House, you receive not only a warm welcome here; but every place you go in America, the hearts of America will go out to you and the people you represent.

#### **Prime Minister Andreotti**

Mr. President: I am very grateful for the warm welcome which you just gave me and for the repeated invitation which you sent me to come to the United States.

I share with you this deep sense of connection and of ties which we have between our two countries, and I must say that these feelings were strengthened when we received in Rome the new American Ambassador a few weeks ago. That was really a historic moment for us, and it was a kind of moral victory for those millions of Italians who came to America for more than one century to find a job here. Most of them found this job, and thus they contributed to the development of this second homeland. Others were less successful; and we were thinking especially of these latter Italians and Italo-Americans when we received with great joy your new Ambassador, John Volpe, in Rome.

Mr. President, when you were reelected a

few months ago for a second term with a great number of votes, we rejoiced on the other side of the Atlantic for your reelection. We are very much convinced by what one of your closest collaborators once said, that is to say, that the union between the United States and Europe is the cornerstone of the peace structure in the world. And when you dedicated this year as the year of peace and the year of Europe, we felt that your political commitment was being met in a faithful manner.

For 25 years now the United States and Europe have defended the peace against the war, against new wars, and they have thus laid the foundations for a world of détente.

Your great prestige, Mr. President, has contributed greatly to this fact, and the great prestige which you have not only in Western countries but also many Socialist countries is not in contradiction with the Atlantic security policy. On the contrary, this is the logical development of this policy toward peace in the whole world.

Today we are confronted by new problems, as you mentioned, and we are going to discuss these problems during these two days. But these problems should be seen in this prospect: We want to create a great era in the world, an era of peace and prosperity where the peoples of Europe and of the United States may raise even more their quality of life—and not against the rest of the world but as pioneers of a universal and integral democracy.

#### **EXCHANGE OF TOASTS**

Weekly Compilation of Presidential Documents dated April 23

#### **President Nixon**

Mr. Prime Minister and Mrs. Andreotti, Mr. Vice President and Mrs. Agnew, and all of our distinguished guests: Mr. Prime Minister, it is my privilege to tell you something about this audience here in the State Dining Room and their presence in honoring you. It is only coincidental that included in the



audience are people like Mayor Rizzo from the City of Philadelphia; Mr. Peter Fosco, a major labor leader of this country; a U.S. Congressman, Silvio Conte; a Senator by the name of Pastore and another by the name of Domenici; and an Ambassador to the United Nations by the name of Scali—only coincidental—and that the red wine we had tonight is Louis Martini from California.

I am simply trying to say, Mr. Prime Minister, that in America, as you know so well, we are very grateful for the contribution that has been made to this Nation by the sons and daughters of Italian background. We would like to have all of them here tonight to honor you, but the room will not seat 10 million.

And now to those who are here, I would like to present the Prime Minister. When I was a freshman Congressman in 1947, I took my first trip to Europe. I spent three weeks in Italy, studying the needs of Italy for reconstruction, which eventually ended in the Marshall plan. I met many outstanding leaders on that trip, but I was fortunate to meet and know one of the giants.

We think back to that period, 27 years ago—Churchill, Eisenhower, Adenauer, De Gaulle. But a name not forgotten by any who knew him, but perhaps not well remembered by people who did not live through that period, one of the true giants of the postwar period, one of the men who helped to build the free Atlantic community that we presently enjoy, was Alcide de Gasperi.

I remember how I, as a freshman Congressman, was impressed by this eloquent, sincere, intelligent, and very strong man. And it is interesting to me that the man whom we honor tonight has written a book about De Gasperi and that many in his country and in the world say that Prime Minister Andreotti is in the tradition of De Gasperi.

I have talked to him today; I know his background. I can only say that our honored guest is in that great tradition. He leads a strong nation and a strong people, and like De Gasperi, he is a strong man—the kind of

a man that his nation, his people, and the free world needs at this time.

And for that reason, and many others, I know all of you will want to join me in a toast to Prime Minister Andreotti and Mrs. Andreotti. To the Prime Minister: *Salute*.

#### **Prime Minister Andreotti**

Mr. President: I wish to thank you, first of all—to repeat my warm thanks to you and to Mrs. Nixon for your very kind hospitality and reception. And I would like to continue in what you just said, and to the figure of De Gasperi whom you just remembered, by saying that De Gasperi taught us two things: First, there are no problems of one nation; there are only problems of the entire world. And secondly, he taught us that one should never be afraid of things even when something is very difficult and in fact he was not afraid of forming a government without Communists and without Socialists at a time when this seemed impossible.

The third thing which De Gasperi taught us was to initiate the creation of a united Europe and at the same time to maintain the solidarity and friendship between Europe and the United States.

I think that in the few words which I would like to say tonight, I may quote a sentence of Thomas Jefferson, who said in 1801, "Peace, trade, honorable friendship with all, and close alliances with few."

So this should be our star, the star which should always guide us and inspire us in our policy.

This morning at the lunch offered by the Secretary of State, I said that history teaches us one thing: that every time that Italy and Europe went in the same direction as the United States, things went well for the entire world, and the opposite was true when there was disagreement or a lack of friendship between Europe or Italy and the United States. And this should inspire us; this should serve us as inspiration for the future and for our political action.

You invited here tonight, Mr. President,

some representatives of those people who do not lose their Italian characteristics, although being very deeply American, and who transmit to their children those which are the best characteristics, which make the healthiest and best Italians; that is to say, the sentiment of family and of work.

These characteristics of Italo-Americans insure forever a very deep friendship between Italians and Americans; and I might quote as an example of this, the fact that when President Lincoln died, the citizens of Rome sent to the United States a stone which had been taken from the tomb of Servius Tullius, one of the ancient Roman kings, who was the first king who liberated the poorer classes of Rome and who gave some hope to the humble layers of the population.

So in the past, the United States was a kind of road to expectations for these Italians. Some of them had a very brilliant career and life in the United States. Some others were less successful. But we wish to unite all of them and to remember here their joys, their successes, their victories, or their failures.

There are so many Italians in every State of the United States that this morning at lunch when I met with Mr. Molisani [Howard Molisani, president, United Italian-American Labor Council] and astronaut [Michael] Collins, I told him, "At least you are not Italian," and he told me, "No, I am not Italian but I was born in Rome."

Mr. President, I am not going to talk politics. The political orientations which inspire you and which are based on a very moral conception of public life, however, are something for which all free men and the entire world should be grateful to you. And in the difficult road which leads us to peace and to a better standard of living for all the humble people in all nations, your leadership is certainly a decisive factor in order to achieve victories in this very hard struggle.

I would like to say two small things. First of all, I would like to present my respects to Mrs. [Clare Boothe] Luce, who was the Ambassador of your country in Rome. She was

very much respected and loved and she was very good at understanding our country, and she had much affection for Italy and, I must say, this affection is still today very largely reciprocated.

Then, Mr. President, I am very grateful to you and to Mrs. Nixon for inviting Frank Sinatra. I am going to be able to listen to him singing here. This is something which will give much prestige to me with my children. [Laughter.]

And lastly, let me use one symbol which was offered to me. The prophet Isaiah said that you should change your swords into plows. Now Secretary Rogers changed swords into harps, since at lunch I saw an Army sergeant playing the harp. President Nixon changes swords into violins and cellos, because we saw military men playing violins and cellos. So let me hold this as a symbol for a better future in which we will have better men and peace.

And in this spirit, Mr. President, may I raise my glass to your health, to the well-being of Mrs. Nixon, and to the greatness and prosperity of the American people.

## **United States and Canada Discuss Fisheries Problems**

Press release 112 dated April 16

Delegations of the United States and Canada met at Washington from April 10 to 14 and considered a wide range of fisheries problems of mutual concern to the two countries. The meeting had as a primary purpose the review of the provisions of the agreement of April 1970 on fishing within reciprocal fishing areas off the coasts of the two countries and consideration of future such arrangements. The U.S. delegation was led by Ambassador Donald L. McKernan, Coordinator of Ocean Affairs and Special Assistant for Fisheries and Wildlife to the Secretary of State; and the Canadian delegation was headed by C. R. Levelton, Director General

(Operations) of the Fisheries and Marine Service, Department of the Environment.

The two delegations found broad areas of potential agreement in most of the issues confronting them with respect to both the Atlantic and Pacific coasts. A major subject of discussion was the provision of the 1970 agreement regarding fishing for Pacific salmon within the reciprocal fishing areas off Vancouver Island and the State of Washington. Certain serious differences had arisen as to whether this provision should be deleted or be retained or be modified in some way. The U.S. delegation proposed that the salmon-fishing privilege be deleted, whereas the Canadian delegation considered that it should be retained as part of the overall agreement. In view of this difference, various solutions were considered which would involve varying degrees of reduction of the salmon fishery in the reciprocal areas.

In considering the salmon question, however, a major difficulty was that discussions are scheduled for early May concerning a much broader range of matters of mutual concern regarding the Pacific salmon fisheries of the two countries. In light of this and of other difficulties the delegations agreed to recommend to governments that the immediate question be held in abeyance for a brief period pending the outcome of the talks in May and that, in effect, the agreement be extended for a short time to effect this purpose.

This decision left unsettled, of course, various other issues of importance regarding the fisheries on both the Atlantic and Pacific.

Though prospects appeared good for satisfactory solution of many of these problems, final decisions could not be reached at this time and must await the outcome of possible future discussions.

### **Mr. Pollner Named U.S. Candidate for U.N. Narcotics Control Board**

Secretary Rogers announced on April 20 (unnumbered press release) the nomination of Martin R. Pollner, Deputy Assistant Secretary of the Treasury for Enforcement and Director, Office of Law Enforcement, as the U.S. candidate for election to the International Narcotics Control Board (INCB) for a three-year term to begin March 2, 1974. (For biographic data, see unnumbered press release dated April 20.)

The International Narcotics Control Board, established by the 1961 Single Convention on Narcotic Drugs, is the U.N. body which reviews and monitors the licit drug requirements of all nations and is empowered to take semijudicial measures and call upon governments for remedial action of treaty violations involving diversion of drugs into illicit channels. Election to the INCB is by vote of the U.N. Economic and Social Council, which was to take place in mid-May. The 11 members of INCB are elected for three-year terms from among candidates proposed by member governments and the World Health Organization.

## International Conference Concludes Convention on Trade in Endangered Species of Wildlife

*A Plenipotentiary Conference To Conclude an International Convention on Trade in Certain Species of Wildlife was held at Washington February 12–March 2. Following are remarks made by Secretary of the Interior Rogers C. B. Morton on February 12, a message from President Nixon read by Secretary Morton that day, and statements made on February 12 and March 2 by Russell E. Train, Chairman, Council on Environmental Quality, who was head of the U.S. delegation, together with the report of the U.S. delegation, excerpts from the final act of the conference, and the text of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.*

### REMARKS BY SECRETARY OF THE INTERIOR ROGERS C. B. MORTON, FEBRUARY 12

It is a great pleasure for me to welcome the delegates to this important conference. You are here today not merely as the representatives of individual nations but in a true sense as the representatives of mankind in a meeting with his own conscience. In our molding the world to fit human needs, we have taken upon our conscience the responsibility for the other species that we threaten, yet are privileged to share the bounties of this planet. Their evolution down the centuries has not equipped them to contest man's supremacy; if they are to survive it must be owing to man's self-control.

Today all men share the bond of concern for the future of our planet. That bond is impervious to geographic, cultural, or ideological influences. Last year at the Stockholm Conference, we crossed the threshold of

an era where all nations and all men agree to work together to save our natural heritage and protect our environment. What you do at this conference is an important part of that new international endeavor. For the threat to the wildlife of our earth—the leopards of the Serengeti, the polar bear of the Arctic, the whales under the sea—is in a sense a part of the threat to mankind from the degradation of his environment.

It is ironic that men can move so rapidly in doing harm to the environment and so slowly in protecting it. This conference had a long incubation period, going back at least a decade to the original efforts of the International Union for the Conservation of Nature and Natural Resources (IUCN) in 1963.

But time is moving on, and for many species it is moving against the future of our wildlife. The rate of extinction has been on the rise dramatically. Of the recorded extinctions of mammals over the last 2,000 years, fully half have met their final fate within the last 60 years. It is sad to acknowledge to ourselves that during the 10 years we have been preparing for this meeting, perhaps 8 percent of all recorded mammal extinctions have taken place. My fellow citizens of the world, our task is urgent.

Our task is by its very nature a truly international endeavor. In the final analysis, each country must carry the burden of protecting its own wildlife. But we have found that so long as international trade in wildlife is not controlled, the individual country acting alone is not able to act effectively to protect its native species which are threatened or endangered. If the demand is not controlled, the supplier nation cannot move

effectively to protect itself. And even if one country acts to control its own demands—as the United States has in its Endangered Species Protection Act of 1969 and the Lacey Act—the demand will merely move from that country to another, and the market still creates the same insoluble problem for the supplier country. Experience makes it clear: Unless we all act together to control trade in the endangered species, none of us will be able to act as effectively as we must to protect what is precious and is our own.

Therefore, you do have a vital and urgent task before you at this conference. In concluding this convention, you are performing an honorable duty before future generations. You are showing man's responsibility in safeguarding the fragile legacy of the wild species of our world.

In welcoming you on behalf of the U.S. Government, I assure you that the people of this country—and truly all the peoples of the world—salute you in what you are doing.

#### **MESSAGE FROM PRESIDENT NIXON, FEBRUARY 12**

On behalf of my fellow citizens I extend a warm welcome to the delegates from around the world who have come to the United States to participate in this Endangered Species Conference. I continue to be hopeful about the prospects of international cooperation in the environmental field. It is encouraging that the common search for a better environment can be one of those activities which serves to unify nations, and the United States remains firmly committed to furthering the development of such cooperation.

The rate of extinction of wildlife species is increasing alarmingly around the world. At least one of every ten species of wildlife is subject to serious threat. In the United States alone we consider fifteen percent of the forms of our wildlife to be endangered.

We have taken many important steps to reverse this trend. So have the nations which you represent. But all of us have found that ongoing international trade involving the endangered species is a major threat to these efforts. And all of us are determined to deal

with this problem directly through a strong convention backed by vigorous national interest and action. I applaud you for the constructive partnership you have formed to meet a challenge that is everywhere recognized as the responsibility of all nations. You have a historic opportunity to work together for the common good, and I wish you every success in your deliberations.

RICHARD NIXON.

#### **STATEMENT BY MR. TRAIN, FEBRUARY 12**

As chairman of the host country delegation, let me first add my sincere welcome to that of President Nixon and Secretary Morton.

This conference represents another milestone in the history of international environmental cooperation. The need to protect endangered species of life is a global need, one that is of legitimate concern to all peoples and all nations. It is a matter of urgency that we proceed now with expedition to develop a convention which can come into force at an early date. I am confident that we shall achieve this goal.

We are demonstrating here that nations of diverse interests, in differing stages of development, and with differing national priorities, can work together cooperatively and effectively for the protection of our global environment. We bring different perspectives to bear on these problems, but we have in common an overriding self-interest in maintaining the health of the natural systems of the earth. We hold these in trust for the future.

This conference is of particular personal significance to me. My own career in environmental activities came about through an initial strong interest in African wildlife. Concern for its survival led first to my participating in the founding of the African Wildlife Leadership Foundation in 1959, which I then headed. The foundation's programs emphasized education to help the newly independent countries of Africa develop the capacity to manage their own wild-

life and national park resources. My subsequent broadening concern with wildlife and environmental problems on a worldwide basis led to executive board membership on the International Union for Conservation of Nature and Natural Resources and vice presidency of the U.S. World Wildlife Fund, of which I was a founder. Thus I followed with great interest the IUCN conservation conference in Arusha, Tanzania, in 1961, where my colleague and fellow delegate, Dr. Lee Talbot, chaired a group which proposed an international convention on trade in endangered species. Two years later, I participated in the IUCN general assembly in Nairobi when it was decided that IUCN would take steps to initiate the convention we are meeting here to conclude. In 1969, as Under Secretary of the Interior, I testified in strong support of the Endangered Species Protection Act, which called for this conference. Consequently, I view the occasion of this conference with very great personal satisfaction.

Secretary Morton in his opening remarks clearly presented the need for international action to protect endangered species through control of trade. He spoke of the need for urgency. This point can hardly be overemphasized. The pace of bureaucracies is slow and deliberate, but the pace of exterminations is rapid and accelerating. The rate of extermination of mammals has increased 55-fold during the past century and a half. Our records of mammal exterminations extend back about 2,000 years; yet about half of these losses have taken place during the past 60 years. Think of it—50 percent of the total exterminations in only the last 3 percent of this period—and we have been deliberating this convention for over 10 of these years. The longer we continue to delay action the more losses of our irreplaceable plants and animals we assure.

Recognizing this real urgency, and in response to the specific recommendation of the Stockholm Conference as well as our own Endangered Species Act of 1969, our government has convened this as a plenipotentiary conference. It is our hope that the resulting

convention, so long under consideration already, can be signed without delay.

Also recognizing the real urgency involved, we have accepted and endorsed the proposals that the convention come into force following ratification by 10 nations rather than a larger number, which would almost certainly involve further delay.

I would emphasize that the basic objective of this proposed convention is conservation—to help assure that presently endangered species do not become extinct and that species presently safe do not become endangered.

The convention would seek to accomplish this through an effective system of control over trade in threatened species. We all recognize that trade is not the only factor operating to endanger species, but it is a very important factor in a number of cases. Trade involves movements both of live specimens and of their parts and products. To be effective, this convention absolutely must cover both.

Trade in products of animals has been a major factor in past exterminations and present endangerment. Some species of little importance in the live-animal trade are endangered almost solely because of the demand for their products. This is as true today for the great trade in crocodile hides as it was during the last century for trade in bird feathers.

Consider, for example, three endangered species which have been proposed for protection under this convention. The figures speak for themselves. In 1969, prior to enforcement of specific national controls, the United States imported the whole raw hides of 7,934 leopards, 1,885 cheetahs, and 113,069 ocelots. These incredible figures are a shocking indictment of man's greed—and woman's vanity. The figures, with the present status of these species, testify eloquently to the need for this convention and to the absolutely essential requirement that the convention cover products as well as live specimens.

But control of the trade in live specimens is no less imperative. Few people are aware of the tremendous volume of trade in live animals for the pet trade, zoos, and medical

research. In 1971 the United States imported 103,500 live mammals, 995,000 live birds, 391,000 live amphibians, 1,404,200 live reptiles, and 98,971,000 live fish. It should be clear to all that the stocks of many wild species simply cannot continue to meet this enormous demand, and it has already led to the near-extinction of many species. In 1970 over 550 cats of species now proposed for appendix I of this convention were imported live into the United States. These included cheetahs, snow leopards, tiger cats, margays, and ocelots. In the same year 2,397 primates representing eight species on the proposed appendix I were imported, including 150 golden lion marmosets—a total roughly equal to the present estimated total wild population. One can only feel a sense of outrage at such statistics. They represent a truly black page in mankind's history. And while I have made reference to figures for my country, proportional volumes of such imports can be found for most other consumer countries.

In the light of such figures, there simply cannot be any serious question of the need for control of this trade. When the United States initiated national controls, serious questions were raised about their practicality and workability. We have now had seven years' experience with such controls over both live animals and all products of listed species. We have found that such a system can work. In the opinion of our specialists who operate our system, the import and export permit system proposed in the working paper would be more easily implemented than the one which we presently operate. In the discussions in the coming days, our specialists will be available to share our experience in practical implementation. We recognize, of course, that any system of controls presents problems, but we are convinced that they are not insoluble. In fact enforcement of the proposed convention should offer far less problems than the enforcement of controls on currency, drugs, and gems, which nearly all nations currently operate.

Since the basic objective of the convention is conservation of the world's endangered wildlife, it is clear to us that the controls

must apply to all endangered wildlife, regardless of whether or not they originated within a nation's sovereign territory. In part, the trade controls proposed by this convention operate when endangered species, or their products, are transported across international borders. From the standpoint of the species, and consequently of this convention, it makes no difference whether the trade involves movement into a state of a specimen which originated within another state or which originated outside of any such state. Consequently, we regard the inclusion under this convention of specimens admitted from the sea, from outside any state of origin, as absolutely essential.

Many endangered species, such as the blue whale, hawksbill turtle, monk seals, and some sea birds, are found in, on, or over international waters all or part of each year. Some such species which are involved in trade are completely unprotected. Others have some protection by other international agreements, such as the International Whaling Convention. However, in such cases, the existing agreement for the most part only involves those nations immediately involved in or interested in exploitation of the species in question—and sometimes not all such nations, as in the case of the whaling convention—and they deal primarily with methods and levels of exploitation, but not trade. The proposed convention potentially would cover all nations and would deal with trade, not actual exploitation. Consequently, it would be complementary to and supportive of those few existing other agreements.

It should also be noted that article 12 of the working paper specifically precludes this convention from infringing upon other international agreements.

The world's endangered wildlife, including both animals and plants, is not uniformly threatened. Some species are in critical danger. Other species are not yet critically threatened but are likely to become so unless adequate control is enforced over their trade. Consequently we support the concept of an appendix I, listing the critical cases, and an appendix II, for the potentially endangered

ones. Appendix I species are in such short supply that no trade at all should be allowed except for purposes of propagation where such trade will not further endanger the species and where the objective is to increase its numbers for ultimate reintroduction into the wild. These specimens would require both export and import permits, since such a dual system is deemed essential to protect those few highly vulnerable species. For the less vulnerable appendix II species, trade would be controlled, not prohibited, and an export permit only would be required.

We have endorsed the proposal by the Government of Kenya that the convention should include an appendix III. This allows a nation to list species which it wishes to protect because it considers the species endangered within its borders, even though it may not be endangered elsewhere. In essence, the provision of appendix III means that the signatory nations agree to respect the conservation laws of the other countries by refusing to import certain species which have been taken illegally in the country of origin. This is an international extension of the Lacey Act, an American law prohibiting import of specimens taken illegally in their country of origin. We have found this system workable; and the provision of uniform export permits, called for by the convention, would make the system considerably more easily enforced than it is at present.

I wish to emphasize here that the appendices cannot be static things. As our knowledge increases and as the status of various species changes, we will need to amend and re-amend the lists. Further, as we come to know more about the status of the other living things with which we share the earth, we may need to include more types of plants and animals. The appendices which we decide upon at this conference therefore really represent only starting points. At the same time, we believe that the appendices should only contain species which are affected, or are likely to be affected, by trade. They are not to be a catalogue of all endangered species.

We are breaking new ground with this

convention. We should not underestimate the difficulty of our work during these next three weeks; yet we must not overestimate it either. In the working paper we have the results of nearly 10 years of consideration and revisions representing contributions from many national governments and individuals. It is not perfect; and my delegation, among others, will suggest some minor changes. However, the paper provides a thorough and well-thought-out basis for our deliberations.

I am confident that we will bear in mind the urgency of the problem that faces us and that we will produce an agreed convention of which we can be proud and for which those who follow us can be grateful. We have a historic opportunity.

#### **STATEMENT BY MR. TRAIN, MARCH 2**

Today over 80 nations have signed the final act of an international conference to provide protection for endangered wildlife. The United States is highly gratified with the agreement reached. All the major objectives of the conference have been achieved after intense and fruitful negotiation. Delegates of all nations have worked together in a spirit of harmony and dedication, and all have shown a willingness to compromise in order to achieve our overall objectives. On behalf of the host nation, I warmly congratulate all delegations on this spirit which has contributed so much to today's historic event.

Today, however, we should also add a note of caution to our elation and optimism.

It will probably be some months before this convention is ratified by the 10 nations required for it to come into force. In addition, it will be considerably longer before the 80 nations present today have all ratified the convention.

During this period all nations must be especially protective of their endangered wildlife. The appendices to this convention could, in the hands of unscrupulous persons, be used as a "shopping list" of plants and animals. The knowledge that these species



are to be controlled, together with the grandfather clause exempting hides and goods taken prior to the convention coming into force, could create high demand and prices for these goods.

Therefore, before the strict controls instituted by this convention become effective, a special and destructive demand could be created for those very species the convention is designed to protect. For our part, the United States will do everything in its power to guard against this threat, and I warn those who would seek to profit from this situation that they will be running very high risks indeed. I also point out that only this past month President Nixon submitted to the Congress new legislation strengthening our own controls over the trade in rare and endangered species.

We urge all nations to redouble their present efforts in enforcement, provide implementing legislation for this convention, and ratify the convention as rapidly as possible.

## REPORT OF THE U.S. DELEGATION<sup>1</sup>

### I. SUMMARY

The Government of the United States invited States members of the United Nations, or of any of the Specialized Agencies of the United Nations, or of the International Atomic Energy Agency, or parties to the Statute of the International Court of Justice, to participate in a Plenipotentiary Conference to Conclude an International Convention on Trade in Certain Species of Wildlife, which was held at Washington, D.C., from February 12 through March 2, 1973. Both the Peoples Republic of China and the Republic of China declined. Both the Federal Republic of Germany and the German Democratic Republic attended. The convening of this Conference had been called for in the Endangered Species Conservation Act of 1969, in a Recommendation of the United Nations Conference on the Human Environment held at Stockholm in June, 1972, and in a Resolution of the 11th General Assembly of the Inter-

national Union for the Conservation of Nature and Natural Resources (IUCN) at Banff in September, 1972.

Representatives of eighty Governments participated in the meeting. Also attending were Observer Delegations from eight Governments and seven international organizations (Attachment A) [final act of the conference]. The Conference resolved to open the Convention for signature at Washington until 30 April 1973 and, thereafter, at Berne until 31 December 1974. Twenty-nine nations have so far signed the Convention.

The title of the treaty became the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Attachment B). The text of the Convention is consonant with the Endangered Species Act of 1969 and the Marine Mammal Protection Act of 1972. Implementing legislation could be provided by modification of the proposed Endangered Species Conservation Act of 1973 that the Administration has submitted to the Congress.

### II. BACKGROUND

#### (A) *Earlier International Conservation Conventions*

Of all the species of wild animals and plants found throughout the world, at least one of ten is believed to be threatened with extinction. The primary threat to some is in the destruction of their natural habitat, but to many the greatest danger is extermination due to the commercial demand of international trade. This trade involves dead animals as trophies or as skins, such as those of spotted cats and crocodilians, as well as live animals for the pet trade, public display, or medical research. In many cases, the demand is great because the price offered in "consuming nations" is so high that the "producing nations" are unable to control their exploitation. In the case of mammals alone, nearly 60 percent of recorded exterminations have occurred in the 20th century—in less than 4 percent of the 2,000 years of record. In earlier years, the extermination of many species of wildlife caused little international concern. This situation has now

<sup>1</sup> Submitted to the Secretary of State by Mr. Train on Apr. 13.

changed dramatically, and the number and scope of international agreements for the preservation of wildlife is mounting rapidly.

Most of the many treaties for the conservation of wildlife to which the United States has become a party are primarily catch-oriented. Their membership comprises nations with a common interest—past or present—as harvesters of high-seas species; their motivation is commercial; their method of implementation consists of agreed management measures to achieve the maximum sustainable production of given species. Such treaties are exemplified by the International Whaling Convention (IWC), the International Convention for the Northwest Atlantic Fisheries, and the Convention on the Conservation of North Pacific Fur Seals. These regulate techniques, seasons, quotas, and areas of harvesting and sometimes provide an agreed basis for sharing the annual catch.

The United States has also become party to a few treaties for the conservation of wildlife that are primarily preservation-oriented. Their membership consists of nations in a common area within whose jurisdiction—acknowledged or claimed—migratory species may be found. Their motivation is ecological, and their method of implementation consists of undefined national commitments to preserve natural habitats, protect given species and regulate their take, importation, exportation, and transit. Examples of such treaties are the Conventions for the Protection of Migratory Birds with Canada and Mexico and the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere.

Like the above United States agreements, the London Convention of 1933, relating to the conservation of African flora and fauna in their natural state, relied primarily on undefined national conservation measures such as the creation of nature reserves, the enforcement of hunting laws, the protection of threatened species, and the regulation of trade in trophies. The London Convention was largely replaced in 1968 when thirty-eight African nations, using a working paper that had been principally drafted by the

IUCN with assistance from the FAO and the UNESCO [Food and Agriculture Organization; United Nations Educational, Scientific and Cultural Organization], signed the African Convention for the Conservation of Nature and Natural Resources. This Convention also relied upon undefined national measures. It emphasized the need for the wise use of faunal resources and accorded special protection to animal and plant species “that are threatened with extinction, or which may become so.” It divided threatened species into two classes in accordance with the degree of protection needed and, for those most threatened, made the export subject to an authorization indicating destination and that the specimens or trophies had been obtained legally.

#### (B) *Development of the Convention*

Pursuant to Resolution V of its Eighth General Assembly at Nairobi in 1963, the IUCN took the initiative toward a treaty to protect endangered species against international trade. It circulated two successive drafts for comments by Governments and international agencies in 1967 and 1969. Congress, in the Endangered Species Conservation Act of 1969, instructed the Secretary of the Interior, through the Secretary of State, to seek the convening of an international ministerial meeting prior to June 30, 1971, to achieve a convention on the conservation of endangered species. The IUCN sent its third draft for comment to all nations of the United Nations system in March, 1971, and inquired whether they preferred to sign the Convention in that form or to attend a formal conference to conclude a Convention. Although enough nations had indicated a readiness to sign to bring the Convention into force, it was believed that a conference would be preferable. In its response, the United States expressed the same view. It noted that it had a congressional mandate to convene a ministerial conference and proposed that the IUCN collaborate with it both in the organization and conduct of such a conference.

From the United States' point of view, the

IUCN draft held much promise but omitted certain important features. It failed, for example, to apply the convention to endangered species in the high seas. Neither did it provide import controls to assure that specimens subject to protection in the State of export had been obtained legally. In preparing its position, the United States began to develop its own draft, which it discussed at various stages with interested private groups both directly and under the auspices of the Secretary of State's Advisory Committee on the United Nations Conference on the Human Environment.

In April, 1972, Kenya circulated its own proposed draft. The United States, aware of its coming responsibility as host Government to offer a Working Paper to the Conference and recognizing that the Conference would be severely impeded should it be faced with three competing drafts, sent an informal mission to the IUCN and to Nairobi which achieved the unified Working Paper subsequently used by the Conference.

The Stockholm Conference recommended (Recommendation No. 99.3) that a plenipotentiary conference be convened as soon as possible to adopt a Convention on the export, import and transit of certain species of wild animals and plants. The Eleventh General Assembly of the IUCN, meeting at Banff in September, 1972, followed up with a recommendation urging all Governments to participate in the proposed meeting to be held in Washington, D.C., with target date of February, 1973. On November 14, 1972, the United States instructed its Embassies to issue invitations and to distribute the Working Paper.

### III. CURRENT CONVENTION

The just-concluded Convention on International Trade in Endangered Species of Wild Fauna and Flora is a treaty for the conservation of wildlife that, like the second group of treaties above, is preservation-oriented. It has, however, several distinctive features unprecedented in conservation agreements. Its scope is world-wide both as to membership and as to species. Its membership is open

to nations, whether interested primarily as producers or consumers of wildlife, that wish to reduce the impact of international trade on endangered species. It covers only those species that participating States agree are (Appendix I) or may be (Appendix II) threatened with extinction and are or may be affected by international trade, or that are listed by a participating State as subject to protection against exploitation within its jurisdiction (Appendix III). It covers listed species whether they are removed from the wild within national boundaries or on the high seas. Its method of implementation is the application of an agreed system of not only export, but also import, licenses to international trade in the listed species. This system is to be administered by each participating State through a Management Authority with the advice of a Scientific Authority, thereby bringing scientific criteria into the process of making decisions on international trade in endangered species. The Conference invited the United Nations Environmental Programme to assume secretariat responsibilities, and it is expected that the Programme will agree to do so.

The Convention consists of two interdependent parts: the text, which establishes basic principles, operating procedures and organizational implementation; and Appendices I, II, and III, which list the species to the specimens of which the text applies. Appendix IV sets forth a model export permit and the information it should contain. A summary of the Convention is contained in the attached copy of the Secretary's Report to the President (Attachment C).<sup>2</sup>

Recognizing that, in the eyes of many nations, the subject matter of the Conference tended to be important but not urgent, the United States held a series of preparatory meetings in the State Department with Washington representatives of foreign nations, under the auspices of the Bureaus of African, Inter-American, European, and Near Eastern and South Asian Affairs. At these meetings, a State Department officer

<sup>2</sup> See p. 628.

sketched the background and purpose of the proposed Convention, and a scientist outlined man's interest in preserving endangered species. Comments and questions were encouraged, and reports of these meetings were cabled to American Ambassadors in the field to support their efforts to have foreign Governments participate in the Conference and, to the extent possible, include technically qualified experts in their Delegations.

#### IV. MAJOR ISSUES OF NEGOTIATION

##### (A) *Definition of Specimen (Article I(b))*

Trade in products made from some endangered species is a great part of the threat to their survival. The question of defining "specimen," for purposes of treaty application, produced a confrontation between nations whose primary objective was preservation of the endangered species and nations determined to adopt only Customs procedures that could be fully implemented. Several Delegations did not wish the concept of "product" to go beyond primary products such as skins; if the concept were to be more inclusive, they advocated that the affected parts of products (such as fur coats or alligator-skin hand bags) consist only of those specifically listed in the Appendices. They also urged strongly that parts and products should not be subject to re-export controls. The United States advocated that the definition of "specimen" include as broad a definition of "product" as possible. The opposing view eventually gained partial acceptance with regard to Appendix III, in that the definition of "specimen" for its purposes includes only those recognizable parts or derivatives listed specifically in Appendix III. The more comprehensive view prevailed, however, in the case of animals on Appendix I and II: here the definition of "specimen" includes "any readily recognizable part or derivative thereof."

##### (B) *Introduction from the Sea (Article I(e))*

As noted above, the concept of applying the treaty to endangered species taken in the

marine environment not under the jurisdiction of any State was not included in any IUCN draft, and appeared for the first time in the Working Paper distributed shortly before the Conference. In the minds of many Delegations, this concept raised very serious questions as to practicality (would a member nation have to police catches by its own fishing vessels?), and as to its effect on their positions relative to the territorial sea and to other conservation agreements (such as the IWC) dealing with species that the current Convention might list. One strong Delegation proposed an amendment to delete all provisions relating to "introduction from the sea," and, as the Conference progressed, several Delegations had repeatedly to seek instructions from their Governments on this matter.

The United States argued strongly (a) that endangered species in the high seas have particular need of international protection against trade because they enjoy no such national protection, (b) that the Convention should not disregard endangered species in 70 percent of the world's area, (c) that the Convention could extend them protection with no prejudice to the participating State's positions relative to the extent of the territorial sea and other conventions such as the IWC, and (d) that this protection could be administered easily since it would involve only a limited number of readily identifiable marine species. After intensive negotiations in the *Ad Hoc* Committee on Introduction from the Sea, the concept was adopted, and the Conference agreed to include in Appendix I the five species of whales not subject to a moratorium against harvesting under the IWC. The United States, while reaffirming its position that there should be a moratorium on the commercial taking of all whales, as well as its right to pursue this objective in other organizations such as the IWC, declared that it would not, at this time, press for the inclusion of "non-moratorium" whales in the Appendices. It offered this assurance as a compromise, in order not to jeopardize the current Convention that could offer protection to the hundreds of other en-

dangered species of the world. As part of the same compromise, Article XIV(4) relieves the IWC nations of obligations of the current Convention relative to trade in specimens of marine species in Appendix II that are taken by that State in accordance with the IWC provisions. There is no such exclusion, however, regarding marine species in Appendix I.

Article XIV(6) is a disclaimer against any prejudice by the current Convention relative to the development of the law of the sea by the coming United Nations Conference and relative to any States' claims concerning the nature and extent of their jurisdiction.

### (C) *Appendix III*

Appendices I and II include threatened species by the Parties' common, explicit agreement. For inclusion in Appendix III, however, any one party may propose a species that it identifies as subject to conservation regulation within its jurisdiction and as needing the cooperation of other Parties in the control of trade. This concept was advanced by Kenya. It was advocated by the United States because it promised support by importing nations for the efforts of producer nations to preserve species in their own territory that might not be candidates for Appendices I or II, and because Appendix III regulations would bolster enforcement procedures under the Lacey Act.

The Appendix III concept met wide resistance because as set forth in the Working Paper it would have enabled any one Party unilaterally to obligate other Parties in relation to its Appendix III species. This objection was obviated through a special amendment procedure permitting Parties to enter reservations to specific Appendix III specimens at any time.

The Appendix III concept was opposed vigorously by major importing nations on the grounds of Customs impracticability. This objection was met by tailoring the definition of "specimen" so as to reduce Customs obligations for Appendix III species.

### (D) *Procedures for Amending Appendices (Articles XV and XVI)*

The question of determining the procedure for amending the Appendices—for the purpose of adding or subtracting or transferring species—posed a conflict between sovereign will of the Parties to have the fullest possible voice in the procedure, and the need for all possible flexibility to permit rapid adjustment to the changing conditions of various species. The importing nations initially favored amendment only by the active response of the majority of the Parties. Citing the example of the IMCO [Intergovernmental Maritime Consultative Organization] Convention, which had recently shifted from the active to the passive procedure because the active had produced no decisions on proposed amendments in fourteen years of IMCO's existence, the United States advocated greater use of the passive procedure that permits changes to be adopted in the absence of explicit objection. A compromise was reached whereby the procedure would commence with the passive system and fall back on the active in the event that a Party were to object to the proposed amendment.

### V. THE UNITED STATES DELEGATION

The United States Delegation included Alternate Representatives and Advisers from several branches of the Government, highly competent in the varied problems that the Conference presented. The Delegation's efforts were greatly enhanced by the active participation of members of private conservation groups, and by the Congress' expressed interest in the achievement of an international Convention for the protection of wildlife.

### VI. NEED FOR EARLY RATIFICATION

This Convention has generated much optimism because, for the first time, it provides a potential means of protecting wildlife against unregulated exploitation through international trade. Some months will probably pass, however, before this convention is ratified by ten nations so that it may come into force. Possibly many additional months will

lapse before sufficient nations have ratified it to make it widely effective. During this period the Appendices to this Convention could, in the hands of unscrupulous persons, be used as "shopping lists" of endangered animals and plants. The knowledge that these species are to be controlled, together with the grandfather clause exempting specimens taken before the Convention comes into force, could create dangerously high prices. To meet the Convention's objectives of conserving endangered species, it is important that the United States and other nations ratify the Convention as soon as possible.

## FINAL ACT OF THE CONFERENCE (EXCERPTS), MARCH 2

### FINAL ACT

of the Plenipotentiary Conference to Conclude an International Convention on Trade in Certain Species of Wildlife, Washington, D.C.

The Representatives of the Governments of the Plenipotentiary Conference to Conclude an International Convention on Trade in Certain Species of Wildlife met at Washington, D.C. from February 12 to March 2, 1973, for the purpose of preparing and adopting a convention on export, import and transit of certain species of wild fauna and flora. The Conference met in fulfillment of the recommendations stated in Resolution 99.3 of the United Nations Conference on the Human Environment held in Stockholm, June of 1972, which state as follows: "It is recommended that a plenipotentiary conference be convened as soon as possible, under appropriate governmental or intergovernmental auspices, to prepare and adopt a convention on export, import and transit of certain species of wild animals and plants."

The Conference was convened by the Government of the United States of America. Governments of the following States were represented at the Conference:

Afghanistan, Algeria, Argentina, Australia, Austria, Bangladesh, Belgium, Bolivia, Botswana, Brazil, Burundi, Cameroon, Canada, Central African Republic, Colombia, Costa Rica, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Egypt, El Salvador, Finland, France, German Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Guatemala, Guyana, Honduras, India, Indonesia, Iran, Israel, Italy, Japan, Jordan, Kenya, Khmer Republic, Korea, Republic of, Lebanon, Luxembourg, Malagasy Republic, Malawi, Mauritius, Mexico, Mongolia, Morocco, Netherlands, Niger, Nigeria, Pakistan, Paraguay, Panama, Peru, Philip-

pires, Poland, Portugal, Rwanda, Senegal, Sierra Leone, South Africa, Spain, Sudan, Swaziland, Sweden, Switzerland, Tanzania, Thailand, Togo, Tunisia, Turkey, Union of Soviet Socialist Republics, United Kingdom, United States, Upper Volta, Venezuela, Vietnam, Republic of, and Zambia.

The Governments of Chad, Chile, Ecuador, Hungary, Ivory Coast, Jamaica, Kuwait and Norway were represented by Observers.

The following international organizations were represented by Observers:

Customs Cooperation Council, European Communities, Food and Agriculture Organization, International Council for Bird Preservation, International Union for Conservation of Nature and Natural Resources, United Nations Educational, Scientific and Cultural Organization.

The Conference elected as Chairman, Mr. Christian A. Herter, Jr. (United States) and as Vice Chairmen, Dr. Francisco Vizcaino Murray (Mexico), Prof. Dr. Drs. h.c. Hans Karl Oskar Stubbe (German Democratic Republic), H.E. Ambassador S. T. Msindazwe Sukati (Swaziland), Dr. Donald F. McMichael (Australia) and Minister Abdul Habir (Indonesia). Dr. Donald F. McMichael (Australia) was appointed Rapporteur.

The Secretary General of the Conference was Mr. Francis J. Seidner, U.S. Department of State, and Mr. Frank Nicholls, International Union for Conservation of Nature and Natural Resources (IUCN), and Mr. John K. Mutinda (Kenya) were Assistant Secretaries General. Technical Secretaries were Sir Hugh Elliott (IUCN), Mr. Harry A. Goodwin (IUCN), Mr. John W. Grandy IV (National Parks and Conservation Association) and Mr. Collin Holloway (IUCN).

The Conference established the following committees:<sup>3</sup>

#### *Credentials Committee*

Swaziland—Chairman  
Mexico—Vice Chairman

#### *Drafting Committee*

Dr. Duncan Poore (United Kingdom)—Chairman  
Mr. Andres Rozental (Mexico)—Vice Chairman

#### *Steering Committee*

United States—Chairman  
Secretary General (ex officio)

#### *Committee I (Appendices—Animals)*

Prof. Jorge Ibarra (Guatemala)—Chairman  
Mr. Perez Olindo (Kenya)—Vice Chairman

#### *Committee II (Appendices—Plants)*

Mr. William Hartley (Australia)—Chairman

<sup>3</sup> The final act included lists of the countries represented on each committee, which are not printed here.

Mr. Romeo A. Arguelles (Philippines)—Vice Chairman

*Committee III (Customs Matters)*

Dr. D.L. O'Connor (Australia)—Mr. Atsushi Tokinoya (Japan)—Chairmen

Mr. Andrej Florin (German Democratic Republic)—Vice Chairman

A number of *ad hoc* committees were appointed to deal with special problems as the need arose.

The Conference convened in twenty-three Plenary Sessions.

Following its deliberations, the Conference adopted the text of a Convention on International Trade in Endangered Species of Wild Fauna and Flora. The Conference accepted the offer of the Government of the Swiss Confederation to act as Depository Government.

The Executive Director of the United Nations Environment Programme has indicated he will be able to provide Secretariat services for the Convention. To the extent and in the manner he considers appropriate, he may be assisted by suitable inter-governmental or non-governmental, international and national agencies and bodies technically qualified in protection, conservation and management of wild fauna and flora.

The Convention has been opened for signature by the States participating in the Conference in Washington, this day until April 30, 1973, and thereafter shall be open for signature at Berne until December 31, 1974.

In addition to adopting a Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Conference adopted the following resolutions which are annexed to this Final Act:<sup>4</sup>

Resolution to Include the Chinese Language;

Resolution to Include the Russian Language;

Resolution on Article XII.

The original of this Final Act, the Chinese, English, French, Russian and Spanish texts of which are equally authentic, shall be deposited with the Government of the Swiss Confederation which shall transmit certified copies thereof to all States which participated in the present Conference.

IN WITNESS WHEREOF the Representatives have signed this Final Act.

DONE in Washington, on the second day of March of the year One Thousand Nine Hundred and Seventy-three.

RESOLUTION ON ARTICLE XII

THE CONFERENCE,

NOTING that Article XII of the Convention on International Trade in Endangered Species of Wild Fauna and Flora contemplates that the United

<sup>4</sup>The resolutions to include the Chinese and Russian languages are not printed here.

Nations Environment Programme shall assume Secretariat responsibilities upon entry into force of the Convention;

AWARE of the fact that this assumption of responsibilities could be considered and determined at the June 1973 meeting of the Governing Council of the United Nations Environment Programme;

RECOGNIZING that adequate preparations must be made to ensure that the Contracting States may make an informed and well-considered choice in the event the United Nations Environment Programme is unable to assume those responsibilities;

1. *Expresses* the hope that the Governing Council will approve the undertaking of Secretariat functions by the United Nations Environment Programme;

2. *Decides*, in the event the United Nations Environment Programme has not assumed Secretariat functions by September 1, 1973, to invite any Parties to the Convention to communicate to the Depository Government proposals concerning the possibility of another existing agency assuming the responsibilities of the Secretariat for consideration at the first Conference of the Contracting States;

3. *Requests* the Depository Government to transmit to the Contracting States such proposals as are received at least ninety days in advance of the first Conference;

4. *Invites* the Depository Government to assume Secretariat responsibilities on an interim basis pending consideration of this matter at the first Conference of Contracting States if the United Nations Environment Programme has not done so when the Convention enters into force. The Depository Government may request the assistance of intergovernmental or non-governmental, international or national agencies and bodies technically qualified in protection, conservation and management of wild fauna and flora.

TEXT OF THE CONVENTION<sup>5</sup>

CONVENTION ON INTERNATIONAL TRADE  
IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA  
The Contracting States,

RECOGNIZING that wild fauna and flora in their many beautiful and varied forms are an irreplaceable part of the natural systems of the earth which must be protected for this and the generations to come;

CONSCIOUS of the ever-growing value of wild fauna and flora from aesthetic, scientific, cultural, recreational and economic points of view;

RECOGNIZING that peoples and States are and should be the best protectors of their own wild fauna and flora;

<sup>5</sup>The appendices to the convention are not printed here.

RECOGNIZING, in addition, that international cooperation is essential for the protection of certain species of wild fauna and flora against over-exploitation through international trade;

CONVINCED of the urgency of taking appropriate measures to this end;

HAVE AGREED as follows:

## ARTICLE I

### *Definitions*

For the purpose of the present Convention, unless the context otherwise requires:

(a) "Species" means any species, subspecies, or geographically separate population thereof;

(b) "Specimen" means:

(i) any animal or plant, whether alive or dead;

(ii) in the case of an animal: for species included in Appendices I and II, any readily recognizable part or derivative thereof; and for species included in Appendix III, any readily recognizable part or derivative thereof specified in Appendix III in relation to the species; and

(iii) in the case of a plant: for species included in Appendix I, any readily recognizable part or derivative thereof; and for species included in Appendices II and III, any readily recognizable part or derivative thereof specified in Appendices II and III in relation to the species;

(c) "Trade" means export, re-export, import and introduction from the sea;

(d) "Re-export" means export of any specimen that has previously been imported;

(e) "Introduction from the sea" means transportation into a State of specimens of any species which were taken in the marine environment not under the jurisdiction of any State;

(f) "Scientific Authority" means a national scientific authority designated in accordance with Article IX;

(g) "Management Authority" means a national management authority designated in accordance with Article IX;

(h) "Party" means a State for which the present Convention has entered into force.

## ARTICLE II

### *Fundamental Principles*

1. Appendix I shall include all species threatened with extinction which are or may be affected by trade. Trade in specimens of these species must be subject to particularly strict regulation in order not to endanger further their survival and must only be authorized in exceptional circumstances.

2. Appendix II shall include:

(a) all species which although not necessarily now threatened with extinction may become so unless trade in specimens of such species is subject to strict regulation in order to avoid utilization incompatible with their survival; and

(b) other species which must be subject to regulation in order that trade in specimens of certain species referred to in sub-paragraph (a) of this paragraph may be brought under effective control.

3. Appendix III shall include all species which any Party identifies as being subject to regulation within its jurisdiction for the purpose of preventing or restricting exploitation, and as needing the cooperation of other parties in the control of trade.

4. The Parties shall not allow trade in specimens of species included in Appendices I, II and III except in accordance with the provisions of the present Convention.

## ARTICLE III

### *Regulation of Trade in Specimens of Species included in Appendix I*

1. All trade in specimens of species included in Appendix I shall be in accordance with the provisions of this Article.

2. The export of any specimen of a species included in Appendix I shall require the prior grant and presentation of an export permit. An export permit shall only be granted when the following conditions have been met:

(a) a Scientific Authority of the State of export has advised that such export will not be detrimental to the survival of that species;

(b) a Management Authority of the State of export is satisfied that the specimen was not obtained in contravention of the laws of that State for the protection of fauna and flora;

(c) a Management Authority of the State of export is satisfied that any living specimen will be so prepared and shipped as to minimize the risk of injury, damage to health or cruel treatment; and

(d) a Management Authority of the State of export is satisfied that an import permit has been granted for the specimen.

3. The import of any specimen of a species included in Appendix I shall require the prior grant and presentation of an import permit and either an export permit or a re-export certificate. An import permit shall only be granted when the following conditions have been met:

(a) a Scientific Authority of the State of import has advised that the import will be for purposes which are not detrimental to the survival of the species involved;

(b) a Scientific Authority of the State of import is satisfied that the proposed recipient of a living specimen is suitably equipped to house and care for it; and

(c) a Management Authority of the State of import is satisfied that the specimen is not to be used for primarily commercial purposes.

4. The re-export of any specimen of a species included in Appendix I shall require the prior grant and presentation of a re-export certificate. A re-



export certificate shall only be granted when the following conditions have been met:

(a) a Management Authority of the State of re-export is satisfied that the specimen was imported into that State in accordance with the provisions of the present Convention;

(b) a Management Authority of the State of re-export is satisfied that any living specimen will be so prepared and shipped as to minimize the risk of injury, damage to health or cruel treatment; and

(c) a Management Authority of the State of re-export is satisfied that an import permit has been granted for any living specimen.

5. The introduction from the sea of any specimen of a species included in Appendix I shall require the prior grant of a certificate from a Management Authority of the State of introduction. A certificate shall only be granted when the following conditions have been met:

(a) a Scientific Authority of the State of introduction advises that the introduction will not be detrimental to the survival of the species involved;

(b) a Management Authority of the State of introduction is satisfied that the proposed recipient of a living specimen is suitably equipped to house and care for it; and

(c) a Management Authority of the State of introduction is satisfied that the specimen is not to be used for primarily commercial purposes.

#### ARTICLE IV

##### *Regulation of Trade in Specimens of Species included in Appendix II*

1. All trade in specimens of species included in Appendix II shall be in accordance with the provisions of this Article.

2. The export of any specimen of a species included in Appendix II shall require the prior grant and presentation of an export permit. An export permit shall only be granted when the following conditions have been met:

(a) a Scientific Authority of the State of export has advised that such export will not be detrimental to the survival of that species;

(b) a Management Authority of the State of export is satisfied that the specimen was not obtained in contravention of the laws of that State for the protection of fauna and flora; and

(c) a Management Authority of the State of export is satisfied that any living specimen will be so prepared and shipped as to minimize the risk of injury, damage to health or cruel treatment.

3. A Scientific Authority in each Party shall monitor both the export permits granted by that State for specimens of species included in Appendix II and the actual exports of such specimens. Whenever a Scientific Authority determines that the export of specimens of any such species should be limited in order to maintain that species throughout

its range at a level consistent with its role in the ecosystems in which it occurs and well above the level at which that species might become eligible for inclusion in Appendix I, the Scientific Authority shall advise the appropriate Management Authority of suitable measures to be taken to limit the grant of export permits for specimens of that species.

4. The import of any specimen of a species included in Appendix II shall require the prior presentation of either an export permit or a re-export certificate.

5. The re-export of any specimen of a species included in Appendix II shall require the prior grant and presentation of a re-export certificate. A re-export certificate shall only be granted when the following conditions have been met:

(a) a Management Authority of the State of re-export is satisfied that the specimen was imported into that State in accordance with the provisions of the present Convention; and

(b) a Management Authority of the State of re-export is satisfied that any living specimen will be so prepared and shipped as to minimize the risk of injury, damage to health or cruel treatment.

6. The introduction from the sea of any specimen of a species included in Appendix II shall require the prior grant of a certificate from a Management Authority of the State of introduction. A certificate shall only be granted when the following conditions have been met:

(a) a Scientific Authority of the State of introduction advises that the introduction will not be detrimental to the survival of the species involved; and

(b) a Management Authority of the State of introduction is satisfied that any living specimen will be so handled as to minimize the risk of injury, damage to health or cruel treatment.

7. Certificates referred to in paragraph 6 of this Article may be granted on the advice of a Scientific Authority, in consultation with other national scientific authorities or, when appropriate, international scientific authorities, in respect of periods not exceeding one year for total numbers of specimens to be introduced in such periods.

#### ARTICLE V

##### *Regulation of Trade in Specimens of Species included in Appendix III*

1. All trade in specimens of species included in Appendix III shall be in accordance with the provisions of this Article.

2. The export of any specimen of a species included in Appendix III from any State which has included that species in Appendix III shall require the prior grant and presentation of an export permit. An export permit shall only be granted when the following conditions have been met:

(a) a Management Authority of the State of export is satisfied that the specimen was not obtained

in contravention of the laws of that State for the protection of fauna and flora; and

(b) a Management Authority of the State of export is satisfied that any living specimen will be so prepared and shipped as to minimize the risk of injury, damage to health or cruel treatment.

3. The import of any specimen of a species included in Appendix III shall require, except in circumstances to which paragraph 4 of this Article applies, the prior presentation of a certificate of origin and, where the import is from a State which has included that species in Appendix III, an export permit.

4. In the case of re-export, a certificate granted by the Management Authority of the State of re-export that the specimen was processed in that State or is being re-exported shall be accepted by the State of import as evidence that the provisions of the present Convention have been complied with in respect of the specimen concerned.

#### ARTICLE VI

##### *Permits and Certificates*

1. Permits and certificates granted under the provisions of Articles III, IV, and V shall be in accordance with the provisions of this Article.

2. An export permit shall contain the information specified in the model set forth in Appendix IV, and may only be used for export within a period of six months from the date on which it was granted.

3. Each permit or certificate shall contain the title of the present Convention, the name and any identifying stamp of the Management Authority granting it and a control number assigned by the Management Authority.

4. Any copies of a permit or certificate issued by a Management Authority shall be clearly marked as copies only and no such copy may be used in place of the original, except to the extent endorsed thereon.

5. A separate permit or certificate shall be required for each consignment of specimens.

6. A Management Authority of the State of import of any specimen shall cancel and retain the export permit or re-export certificate and any corresponding import permit presented in respect of the import of that specimen.

7. Where appropriate and feasible a Management Authority may affix a mark upon any specimen to assist in identifying the specimen. For these purposes "mark" means any indelible imprint, lead seal or other suitable means of identifying a specimen, designed in such a way as to render its imitation by unauthorized persons as difficult as possible.

#### ARTICLE VII

##### *Exemptions and Other Special Provisions Relating to Trade*

1. The provisions of Articles III, IV and V shall not apply to the transit or trans-shipment of speci-

mens through or in the territory of a Party while the specimens remain in Customs control.

2. Where a Management Authority of the State of export or re-export is satisfied that a specimen was acquired before the provisions of the present Convention applied to that specimen, the provisions of Articles III, IV and V shall not apply to that specimen where the Management Authority issues a certificate to that effect.

3. The provisions of Articles III, IV and V shall not apply to specimens that are personal or household effects. This exemption shall not apply where:

(a) in the case of specimens of a species included in Appendix I, they were acquired by the owner outside his State of usual residence, and are being imported into that State; or

(b) in the case of specimens of species included in Appendix II:

(i) they were acquired by the owner outside his State of usual residence and in a State where removal from the wild occurred;

(ii) they are being imported into the owner's State of usual residence; and

(iii) the State where removal from the wild occurred requires the prior grant of export permits before any export of such specimens;

unless a Management Authority is satisfied that the specimens were acquired before the provisions of the present Convention applied to such specimens.

4. Specimens of an animal species included in Appendix I bred in captivity for commercial purposes, or of a plant species included in Appendix I artificially propagated for commercial purposes, shall be deemed to be specimens of species included in Appendix II.

5. Where a Management Authority of the State of export is satisfied that any specimen of an animal species was bred in captivity or any specimen of a plant species was artificially propagated, or is a part of such an animal or plant or was derived therefrom, a certificate by that Management Authority to that effect shall be accepted in lieu of any of the permits or certificates required under the provisions of Articles III, IV or V.

6. The provisions of Articles III, IV and V shall not apply to the non-commercial loan, donation or exchange between scientists or scientific institutions registered by a Management Authority of their State, of herbarium specimens, other preserved, dried or embedded museum specimens, and live plant material which carry a label issued or approved by a Management Authority.

7. A Management Authority of any State may waive the requirements of Articles III, IV and V and allow the movement without permits or certificates of specimens which form part of a travelling zoo, circus, menagerie, plant exhibition or other travelling exhibition provided that:

(a) the exporter or importer registers full de-

tails of such specimens with that Management Authority;

(b) the specimens are in either of the categories specified in paragraphs 2 or 5 of this Article; and

(c) the Management Authority is satisfied that any living specimen will be so transported and cared for as to minimize the risk of injury, damage to health or cruel treatment.

#### ARTICLE VIII

##### *Measures to be Taken by the Parties*

1. The Parties shall take appropriate measures to enforce the provisions of the present Convention and to prohibit trade in specimens in violation thereof. These shall include measures:

(a) to penalize trade in, or possession of, such specimens, or both; and

(b) to provide for the confiscation or return to the State of export of such specimens.

2. In addition to the measures taken under paragraph 1 of this Article, a Party may, when it deems it necessary, provide for any method of internal reimbursement for expenses incurred as a result of the confiscation of a specimen traded in violation of the measures taken in the application of the provisions of the present Convention.

3. As far as possible, the Parties shall ensure that specimens shall pass through any formalities required for trade with a minimum of delay. To facilitate such passage, a Party may designate ports of exit and ports of entry at which specimens must be presented for clearance. The Parties shall ensure further that all living specimens, during any period of transit, holding or shipment, are properly cared for so as to minimize the risk of injury, damage to health or cruel treatment.

4. Where a living specimen is confiscated as a result of measures referred to in paragraph 1 of this Article:

(a) the specimen shall be entrusted to a Management Authority of the State of confiscation;

(b) the Management Authority shall, after consultation with the State of export, return the specimen to that State at the expense of that State, or to a rescue centre or such other place as the Management Authority deems appropriate and consistent with the purposes of the present Convention; and

(c) the Management Authority may obtain the advice of a Scientific Authority, or may, whenever it considers it desirable, consult the Secretariat in order to facilitate the decision under subparagraph (b) of this paragraph, including the choice of a rescue centre or other place.

5. A rescue centre as referred to in paragraph 4 of this Article means an institution designated by a Management Authority to look after the welfare of living specimens, particularly those that have been confiscated.

6. Each Party shall maintain records of trade in

specimens of species included in Appendices I, II and III which shall cover:

(a) the names and addresses of exporters and importers; and

(b) the number and type of permits and certificates granted; the States with which such trade occurred; the numbers or quantities and types of specimens, names of species as included in Appendices I, II and III and, where applicable, the size and sex of the specimens in question.

7. Each Party shall prepare periodic reports on its implementation of the present Convention and shall transmit to the Secretariat:

(a) an annual report containing a summary of the information specified in sub-paragraph (b) of paragraph 6 of this Article; and

(b) a biennial report on legislative, regulatory and administrative measures taken to enforce the provisions of the present Convention.

8. The information referred to in paragraph 7 of this Article shall be available to the public where this is not inconsistent with the law of the Party concerned.

#### ARTICLE IX

##### *Management and Scientific Authorities*

1. Each Party shall designate for the purposes of the present Convention:

(a) one or more Management Authorities competent to grant permits or certificates on behalf of that Party; and

(b) one or more Scientific Authorities.

2. A State depositing an instrument of ratification, acceptance, approval or accession shall at that time inform the Depositary Government of the name and address of the Management Authority authorized to communicate with other Parties and with the Secretariat.

3. Any changes in the designations or authorizations under the provisions of this Article shall be communicated by the Party concerned to the Secretariat for transmission to all other Parties.

4. Any Management Authority referred to in paragraph 2 of this Article shall if so requested by the Secretariat or the Management Authority of another Party, communicate to it impression of stamps, seals or other devices used to authenticate permits or certificates.

#### ARTICLE X

##### *Trade with States not Party to the Convention*

Where export or re-export is to, or import is from, a State not a party to the present Convention, comparable documentation issued by the competent authorities in that State which substantially conforms with the requirements of the present Convention for permits and certificates may be accepted in lieu thereof by any Party.

## ARTICLE XI

### *Conference of the Parties*

1. The Secretariat shall call a meeting of the Conference of the Parties not later than two years after the entry into force of the present Convention.

2. Thereafter the Secretariat shall convene regular meetings at least once every two years, unless the Conference decides otherwise, and extraordinary meetings at any time on the written request of at least one-third of the Parties.

3. At meetings, whether regular or extraordinary, the Parties shall review the implementation of the present Convention and may:

(a) make such provision as may be necessary to enable the Secretariat to carry out its duties;

(b) consider and adopt amendments to Appendices I and II in accordance with Article XV;

(c) review the progress made towards the restoration and conservation of the species included in Appendices I, II and III;

(d) receive and consider any reports presented by the Secretariat or by any Party; and

(e) where appropriate, make recommendations for improving the effectiveness of the present Convention.

4. At each regular meeting, the Parties may determine the time and venue of the next regular meeting to be held in accordance with the provisions of paragraph 2 of this Article.

5. At any meeting, the Parties may determine and adopt rules of procedure for the meeting.

6. The United Nations, its Specialized Agencies and the International Atomic Energy Agency, as well as any State not a Party to the present Convention, may be represented at meetings of the Conference by observers, who shall have the right to participate but not to vote.

7. Any body or agency technically qualified in protection, conservation or management of wild fauna and flora, in the following categories, which has informed the Secretariat of its desire to be represented at meetings of the Conference by observers, shall be admitted unless at least one-third of the Parties present object:

(a) international agencies or bodies, either governmental or non-governmental, and national governmental agencies and bodies; and

(b) national non-governmental agencies or bodies which have been approved for this purpose by the State in which they are located. Once admitted, these observers shall have the right to participate but not to vote.

## ARTICLE XII

### *The Secretariat*

1. Upon entry into force of the present Convention, a Secretariat shall be provided by the Executive Director of the United Nations Environment Pro-

gramme. To the extent and in the manner he considers appropriate, he may be assisted by suitable inter-governmental or non-governmental international or national agencies and bodies technically qualified in protection, conservation and management of wild fauna and flora.

2. The functions of the Secretariat shall be:

(a) to arrange for and service meetings of the Parties;

(b) to perform the functions entrusted to it under the provisions of Articles XV and XVI of the present Convention;

(c) to undertake scientific and technical studies in accordance with programmes authorized by the Conference of the Parties as will contribute to the implementation of the present Convention, including studies concerning standards for appropriate preparation and shipment of living specimens and the means of identifying specimens;

(d) to study the reports of Parties and to request from Parties such further information with respect thereto as it deems necessary to ensure implementation of the present Convention;

(e) to invite the attention of the Parties to any matter pertaining to the aims of the present Convention;

(f) to publish periodically and distribute to the Parties current editions of Appendices I, II and III together with any information which will facilitate identification of specimens of species included in those Appendices.

(g) to prepare annual reports to the Parties on its work and on the implementation of the present Convention and such other reports as meetings of the Parties may request;

(h) to make recommendations for the implementation of the aims and provisions of the present Convention, including the exchange of information of a scientific or technical nature;

(i) to perform any other function as may be entrusted to it by the Parties.

## ARTICLE XIII

### *International Measures*

1. When the Secretariat in the light of information received is satisfied that any species included in Appendices I or II is being affected adversely by trade in specimens of that species or that the provisions of the present Convention are not being effectively implemented, it shall communicate such information to the authorized Management Authority of the Party or Parties concerned.

2. When any Party receives a communication as indicated in paragraph 1 of this Article, it shall, as soon as possible, inform the Secretariat of any relevant facts insofar as its laws permit and, where appropriate, propose remedial action. Where the Party considers that an inquiry is desirable, such inquiry may be carried out by one or more persons expressly authorized by the Party.

3. The information provided by the Party or resulting from any inquiry as specified in paragraph 2 of this Article shall be reviewed by the next Conference of the Parties which may make whatever recommendations it deems appropriate.

#### ARTICLE XIV

##### *Effect on Domestic Legislation and International Conventions*

1. The provisions of the present Convention shall in no way affect the right of Parties to adopt:

(a) stricter domestic measures regarding the conditions for trade, taking possession or transport of specimens of species included in Appendices I, II and III, or the complete prohibition thereof; or

(b) domestic measures restricting or prohibiting trade, taking possession, or transport of species not included in Appendices I, II or III.

2. The provisions of the present Convention shall in no way affect the provisions of any domestic measures or the obligations of Parties deriving from any treaty, convention, or international agreement relating to other aspects of trade, taking, possession, or transport of specimens which is in force or subsequently may enter into force for any Party including any measure pertaining to the Customs, public health, veterinary or plant quarantine fields.

3. The provisions of the present Convention shall in no way affect the provisions of, or the obligations deriving from, any treaty, convention or international agreement concluded or which may be concluded between States creating a union or regional trade agreement establishing or maintaining a common external customs control and removing customs control between the parties thereto insofar as they relate to trade among the States members of that union or agreement.

4. A State party to the present Convention, which is also a party to any other treaty, convention or international agreement which is in force at the time of the coming into force of the present Convention and under the provisions of which protection is afforded to marine species included in Appendix II, shall be relieved of the obligations imposed on it under the provisions of the present Convention with respect to trade in specimens of species included in Appendix II that are taken by ships registered in that State and in accordance with the provisions of such other treaty, convention or international agreement.

5. Notwithstanding the provisions of Articles III, IV and V, any export of a specimen taken in accordance with paragraph 4 of this Article shall only require a certificate from a Management Authority of the State of introduction to the effect that the specimen was taken in accordance with the provisions of the other treaty, convention or international agreement in question.

6. Nothing in the present Convention shall preju-

dice the codification and development of the law of the sea by the United Nations Conference on the Law of the Sea convened pursuant to Resolution 2750 C (XXV) of the General Assembly of the United Nations nor the present or future claims and legal views of any State concerning the law of the sea and the nature and extent of coastal and flag State jurisdiction.

#### ARTICLE XV

##### *Amendments to Appendices I and II*

1. The following provisions shall apply in relation to amendments to Appendices I and II at meetings of the Conference of the Parties:

(a) Any Party may propose an amendment to Appendix I or II for consideration at the next meeting. The text of the proposed amendment shall be communicated to the Secretariat at least 150 days before the meeting. The Secretariat shall consult the other Parties and interested bodies on the amendment in accordance with the provisions of sub-paragraphs (b) and (c) of paragraph 2 of this Article and shall communicate the response to all Parties not later than 30 days before the meeting.

(b) Amendments shall be adopted by a two-thirds majority of Parties present and voting. For these purposes "Parties present and voting" means Parties present and casting an affirmative or negative vote. Parties abstaining from voting shall not be counted among the two-thirds required for adopting an amendment.

(c) Amendments adopted at a meeting shall enter into force 90 days after that meeting for all Parties except those which make a reservation in accordance with paragraph 3 of this Article.

2. The following provisions shall apply in relation to amendments to Appendices I and II between meetings of the Conference of the Parties:

(a) Any Party may propose an amendment to Appendix I or II for consideration between meetings by the postal procedures set forth in this paragraph.

(b) For marine species, the Secretariat shall, upon receiving the text of the proposed amendment, immediately communicate it to the Parties. It shall also consult inter-governmental bodies having a function in relation to those species especially with a view to obtaining scientific data these bodies may be able to provide and to ensuring coordination with any conservation measures enforced by such bodies. The Secretariat shall communicate the views expressed and data provided by these bodies and its own findings and recommendations to the Parties as soon as possible.

(c) For species other than marine species, the Secretariat shall, upon receiving the text of the proposed amendment, immediately communicate it to the Parties, and, as soon as possible thereafter, its own recommendations.

(d) Any Party may, within 60 days of the date

on which the Secretariat communicated its recommendations to the Parties under sub-paragraphs (b) or (c) of this paragraph, transmit to the Secretariat any comments on the proposed amendment together with any relevant scientific data and information.

(e) The Secretariat shall communicate the replies received together with its own recommendations to the Parties as soon as possible.

(f) If no objection to the proposed amendment is received by the Secretariat within 30 days of the date the replies and recommendations were communicated under the provisions of sub-paragraph (e) of this paragraph, the amendment shall enter into force 90 days later for all Parties except those which make a reservation in accordance with paragraph 3 of this Article.

(g) If an objection by any Party is received by the Secretariat, the proposed amendment shall be submitted to a postal vote in accordance with the provisions of sub-paragraphs (h), (i) and (j) of this paragraph.

(h) The Secretariat shall notify the Parties that notification of objection has been received.

(i) Unless the Secretariat receives the votes for, against or in abstention from at least one-half of the Parties within 60 days of the date of notification under sub-paragraph (h) of this paragraph, the proposed amendment shall be referred to the next meeting of the Conference for further consideration.

(j) Provided that votes are received from one-half of the Parties, the amendment shall be adopted by a two-thirds majority of Parties casting an affirmative or negative vote.

(k) The Secretariat shall notify all Parties of the result of the vote.

(l) If the proposed amendment is adopted it shall enter into force 90 days after the date of the notification by the Secretariat of its acceptance for all Parties except those which make a reservation in accordance with paragraph 3 of this Article.

3. During the period of 90 days provided for by sub-paragraph (c) of paragraph 1 or sub-paragraph (l) of paragraph 2 of this Article any Party may by notification in writing to the Depository Government make a reservation with respect to the amendment. Until such reservation is withdrawn the Party shall be treated as a State not a party to the present Convention with respect to trade in the species concerned.

#### ARTICLE XVI

##### *Appendix III and Amendments thereto*

1. Any party may at any time submit to the Secretariat a list of species which it identifies as being subject to regulation within its jurisdiction for the purpose mentioned in paragraph 3 of Article II. Appendix III shall include the names of the Parties submitting the species for inclusion therein, the scientific names of the species so submitted, and

any parts or derivatives of the animals or plants concerned that are specified in relation to the species for the purposes of sub-paragraph (b) of Article I.

2. Each list submitted under the provisions of paragraph 1 of this Article shall be communicated to the Parties by the Secretariat as soon as possible after receiving it. The list shall take effect as part of Appendix III 90 days after the date of such communication. At any time after the communication of such list, any Party may by notification in writing to the Depository Government enter a reservation with respect to any species or any parts or derivatives, and until such reservation is withdrawn, the State shall be treated as a State not a Party to the present Convention with respect to trade in the species or part or derivative concerned.

3. A Party which has submitted a species for inclusion in Appendix III may withdraw it at any time by notification to the Secretariat which shall communicate the withdrawal to all Parties. The withdrawal shall take effect 30 days after the date of such communication.

4. Any Party submitting a list under the provisions of paragraph 1 of this Article shall submit to the Secretariat a copy of all domestic laws and regulations applicable to the protection of such species, together with any interpretations which the Party may deem appropriate or the Secretariat may request. The Party shall, for as long as the species in question is included in Appendix III, submit any amendments of such laws and regulations or any new interpretations as they are adopted.

#### ARTICLE XVII

##### *Amendment of the Convention*

1. An extraordinary meeting of the Conference of the Parties shall be convened by the Secretariat on the written request of at least one-third of the Parties to consider and adopt amendments to the present Convention. Such amendments shall be adopted by a two-thirds majority of Parties present and voting. For these purposes "Parties present and voting" means Parties present and casting an affirmative or negative vote. Parties abstaining from voting shall not be counted among the two-thirds required for adopting an amendment.

2. The text of any proposed amendment shall be communicated by the Secretariat to all Parties at least 90 days before the meeting.

3. An amendment shall enter into force for the Parties which have accepted it 60 days after two-thirds of the Parties have deposited an instrument of acceptance of the amendment with the Depository Government. Thereafter, the amendment shall enter into force for any other Party 60 days after that Party deposits its instrument of acceptance of the amendment.

#### ARTICLE XVIII

##### *Resolution of Disputes*

1. Any dispute which may arise between two or

more Parties with respect to the interpretation or application of the provisions of the present Convention shall be subject to negotiation between the Parties involved in the dispute.

2. If the dispute cannot be resolved in accordance with paragraph 1 of this Article, the Parties may, by mutual consent, submit the dispute to arbitration, in particular that of the Permanent Court of Arbitration at The Hague, and the Parties submitting the dispute shall be bound by the arbitral decision.

#### ARTICLE XIX

##### *Signature*

The present Convention shall be open for signature at Washington until 30th April 1973 and thereafter at Berne until 31st December 1974.

#### ARTICLE XX

##### *Ratification, Acceptance, Approval*

The present Convention shall be subject to ratification, acceptance or approval. Instruments of ratification, acceptance or approval shall be deposited with the Government of the Swiss Confederation which shall be the Depositary Government.

#### ARTICLE XXI

##### *Accession*

The present Convention shall be open indefinitely for accession. Instruments of accession shall be deposited with the Depositary Government.

#### ARTICLE XXII

##### *Entry into Force*

1. The present Convention shall enter into force 90 days after the date of deposit of the tenth instrument of ratification, acceptance, approval or accession, with the Depositary Government.

2. For each State which ratifies, accepts or approves the present Convention or accedes thereto after the deposit of the tenth instrument of ratification, acceptance, approval or accession, the present Convention shall enter into force 90 days after the deposit by such State of its instrument of ratification, acceptance, approval or accession.

#### ARTICLE XXIII

##### *Reservations*

1. The provisions of the present Convention shall not be subject to general reservations. Specific reservations may be entered in accordance with the provisions of this Article and Articles XV and XVI.

2. Any State may, on depositing its instrument of ratification, acceptance, approval or accession, enter a specific reservation with regard to:

(a) any species included in Appendix I, II or III; or

(b) any parts or derivatives specified in relation to a species included in Appendix III.

3. Until a Party withdraws its reservation entered under the provisions of this Article, it shall be treated as a State not a party to the present Convention with respect to trade in the particular species or parts or derivatives specified in such reservation.

#### ARTICLE XXIV

##### *Denunciation*

Any Party may denounce the present Convention by written notification to the Depositary Government at any time. The denunciation shall take effect twelve months after the Depositary Government has received the notification.

#### ARTICLE XXV

##### *Depositary*

1. The original of the present Convention, in the Chinese, English, French, Russian and Spanish languages, each version being equally authentic, shall be deposited with the Depositary Government, which shall transmit certified copies thereof to all States that have signed it or deposited instruments of accession to it.

2. The Depositary Government shall inform all signatory and acceding States and the Secretariat of signatures, deposit of instruments of ratification, acceptance, approval or accession, entry into force of the present Convention, amendments thereto, entry and withdrawal of reservations and notifications of denunciation.

3. As soon as the present Convention enters into force, a certified copy thereof shall be transmitted by the Depositary Government to the Secretariat of the United Nations for registration and publication in accordance with Article 102 of the Charter of the United Nations.

IN WITNESS WHEREOF the undersigned Plenipotentiaries, being duly authorized to that effect, have signed the present Convention.

DONE at Washington this third day of March, One Thousand Nine Hundred and Seventy-three.

## Senate Asked To Approve Convention on Trade in Endangered Species

### MESSAGE FROM PRESIDENT NIXON<sup>1</sup>

*To the Senate of the United States:*

I transmit herewith, for the advice and consent of the Senate to ratification, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, signed at Washington on March 3, 1973. The report of the Department of State is enclosed for the information of the Senate. This Convention is designed to establish a system by which States may strictly control the international trade in specimens of species in danger of becoming extinct and monitor the trade in specimens of species which, because of present or potential trade in them, might be expected to become endangered.

The international community has realized that steps must be taken to halt the rapid depletion of wildlife. The present Convention constitutes a major step in this direction. I strongly recommend that the Senate give prompt consideration to this Convention and consent to its ratification.

RICHARD NIXON.

THE WHITE HOUSE, *April 13, 1973.*

### REPORT OF THE DEPARTMENT OF STATE<sup>2</sup>

DEPARTMENT OF STATE,  
*Washington, April 5, 1973.*

THE PRESIDENT,  
*The White House.*

THE PRESIDENT: I have the honor to submit to you the Convention on International Trade in Endangered Species of Wild Fauna and Flora. I recommend that the Convention be transmitted to the Senate for its advice and consent to ratification.

The Convention was adopted by the Plenipotentiary Conference to Conclude an International Con-

vention on Trade in Certain Species of Wildlife, which met at Washington February 12–March 2, 1973. The United States Congress in 1969 had called for the convening of a Conference (Public Law 91–135, Sec. 5(b), (c)), with the intention that a convention such as this be concluded. Eighty countries participated in the Conference. On March 3, 1973 the Convention was opened for signature at Washington. After remaining open for signature at Washington until April 30, 1973, the Convention will be open for signature at Bern by the Depository Government until December 31, 1974 and thereafter will be open for accession indefinitely. The Convention will enter into force ninety days after the date of deposit of the tenth instrument of ratification or accession.

The objective of the Convention is to establish an effective system for regulating the international trade in specimens of species which are or may be in danger of becoming extinct as a result of that trade.

As used in this Convention, the term “specimen” includes plants or animals, whether dead or alive, and readily recognizable or listed parts or derivatives thereof, and “species” means any species, subspecies, or geographically separate population thereof.

This Convention is a culmination of efforts beginning with United States initiatives in 1961 and consequently such a convention was proposed at the Eighth General Assembly of the International Union for the Conservation of Nature and Natural Resources (IUCN) in 1963. Formal drafts were circulated by IUCN beginning in 1967. At Stockholm in June 1972 the United Nations Conference on the Human Environment recommended that a plenipotentiary conference be held as soon as possible to prepare and adopt a convention on export, import and transit of certain species of wild animals and plants. After preliminary discussions in July 1972 involving the United States, IUCN and Kenya, all of which were authors of proposed drafts of this Convention, a working paper was developed and circulated along with invitations from the United States Government to attend a Plenipotentiary Conference to Conclude an International Convention on Trade of Certain Species of Wildlife to be held in Washington.

The protection of an endangered species of plants or animals commences under the present Convention when it is listed in one of the Appendices of the Convention. Only species which are or may be affected by international trade are within the purview of this Convention. By agreement of the parties species are included in Appendix I or II depending on the extent to which the species is endangered or whether, though the species not necessarily now threatened, some regulation is required in order to

<sup>1</sup> Transmitted on Apr. 13 (White House press release); also printed as S. Ex. H, 93d Cong., 1st sess.

<sup>2</sup> S. Ex. H, 93d Cong., 1st sess.



achieve the objectives of this Convention. In addition, any State party to this Convention may include in Appendix III any species which that State identifies as being subject to regulation within its jurisdiction for the purposes of preventing or restricting exploitation and as needing the cooperation of other parties in the control of trade. Any State party to this Convention may reserve specifically with respect to any species included in Appendix I, II or III and until such reservation is withdrawn, be treated as a non-party to this Convention with respect to trade in specimens of that species.

Article III sets out the procedures for regulation of trade in specimens of species included in Appendix I, such trade being authorized only in exceptional circumstances. A permit system, utilizing both export and import licenses, set out in this Article requires for such trade that the exporting State and the importing State each certify that specified criteria have been met in order to assure that survival of these species is not further endangered. There are also permit requirements for re-export of specimens of species included in Appendix I.

Article IV sets out a permit system utilizing export licenses for specimens of species included in Appendix II. This allows the States where such species are found to monitor exports from their territories and, if necessary, take measures to limit these exports. Re-exports are also covered in this Article.

The trade in specimens of species included in Appendix III requires export permits from the State which has included the species in Appendix III. The import of specimens of these species from States other than the State that includes the species in Appendix III requires prior presentation of a certificate of origin or, in the case of re-export, a certificate from the State of re-export.

This Convention also controls trade in specimens of endangered species introduced from the sea. The introduction from the sea is itself treated as importation for the purposes of this Convention and can occur only after certification by the State of introduction that certain specified criteria have been met. There is an exception for a State party to this Convention which is also party to any other treaty, convention or international agreement, in force at the time of the coming into force of the present Convention and under the provisions of which protection is afforded to marine species included in Appendix II. With respect to Appendix II species so protected, such State is relieved of the obligations imposed on it by this Convention insofar as specimens of those species are taken by ships registered in that State and in accordance with the provisions of such other treaty, convention or international agreement.

Provision is made for amendment of the Appendices by a mail vote or a meeting of a Conference of the Parties, which meeting will occur at least

once every two years after entry into force of the present Convention. Provision is also made for amendment of the Convention itself at an extraordinary meeting of the Conference called for that purpose.

The Conference invited the United Nations Environmental Programme to assume Secretariat responsibilities and it is expected that the Programme will agree to do so. If the Programme declines, the Depository Government will be responsible for performance of the functions until the Contracting Parties can agree upon a different arrangement.

During the preparatory work on this Convention, the Department of the Interior prepared a preliminary draft environmental impact statement in January 1973 which addressed itself to the Convention as represented in the working paper. In compliance with the implementing guidelines under Section 102(2)(3) of PL 91 190, The National Environmental Policy Act, the Department of the Interior is revising the preliminary draft to take into account the provisions which finally evolved into the present Convention. Comments are being solicited from all concerned Federal agencies.

The convention has been welcomed by conservation organizations, and its ratification is favored by all interested agencies of the Executive Branch.

It is hoped that the Senate at an early date will give its advice and consent to ratification of the Convention.

Respectfully submitted.

WILLIAM P. ROGERS.

## World Heritage Convention Transmitted to the Senate

### MESSAGE FROM PRESIDENT NIXON<sup>1</sup>

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Convention concerning the Protection of the World Cultural and Natural Heritage, done at Paris on November 23, 1972. I transmit also, for the information of the Senate, the report from the Department of State with respect to the Convention.

This Convention creates international machinery for the identification and protection of natural and cultural areas of outstanding

<sup>1</sup>Transmitted on Mar. 28 (White House press release); also printed as S. Ex. F, 93d Cong., 1st sess., which includes the text of the convention.

universal value which constitute the common heritage of mankind. For this purpose, the Convention establishes a World Heritage Committee to develop and maintain lists of areas of outstanding importance and a World Heritage Fund to provide international assistance for the protection and conservation of these areas.

While the Convention places basic reliance on the resources and efforts of the States within whose territory these natural and cultural sites are located, it would also provide a means of assisting States which have insufficient resources or expertise in the protection of areas for the benefit of all mankind.

I therefore recommend that the Senate give early and favorable consideration to the Convention submitted herewith and give its advice and consent subject to a declaration for which provision is made under Article 16(2), as explained in the report from the Department of State.

RICHARD NIXON.

THE WHITE HOUSE, *March 28, 1973*

## REPORT OF THE DEPARTMENT OF STATE<sup>2</sup>

DEPARTMENT OF STATE,  
*Washington, March 20, 1973.*

The PRESIDENT,  
*The White House.*

THE PRESIDENT: I have the honor to submit to you, with a recommendation for transmission to the Senate for advice and consent to ratification, the Convention concerning the Protection of the World Cultural and Natural Heritage, done at Paris, November 23, 1972. The Secretary of the Interior and the Chairman of the Council on Environmental Quality concur in this recommendation.

In its final form, the Convention represents the fulfillment of a proposal contained in your message of February 8, 1971, in which you directed "the Secretary of the Interior, in coordination with the Council on Environmental Quality, and under the foreign policy guidance of the Secretary of State, to develop initiatives for presentation in appropriate international forums to further the objective of a World Heritage Trust."<sup>3</sup>

The Convention was negotiated under the auspices of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Sixteenth

Session of the UNESCO General Conference in 1970 entrusted the Director-General of UNESCO with the task of drafting a convention for the protection of monuments and cultural sites of universal value. Pursuant to this decision, the UNESCO Secretariat produced and circulated to UNESCO Member States a draft convention for this purpose, and, after receiving comments from a number of States, circulated a revised draft for consideration by a Special Committee of Experts in April 1972.

From the point of view of the United States these drafts were not entirely satisfactory, particularly with regard to their failure to make adequate provision for the protection of natural areas of universal value. Accordingly, prior to the meeting of the Special Committee of Experts, the United States delegation tabled a new draft. This draft, among other things, provided that both natural and cultural areas be covered on an equal basis, that a World Heritage Register be established to give recognition to such cultural sites and natural areas of outstanding universal value, that a World Heritage Board be created to draw up the Register and to administer international assistance for sites and areas on the Register, that the expertise of non-governmental organizations such as the International Council on Monuments and Sites (ICOMOS) and the International Union for the Conservation of Nature and Natural Resources (IUCN), be utilized by the Committee and that a World Heritage Fund be created from voluntary contributions to provide international assistance for the protection of the natural and cultural areas in the Register, whether or not in immediate danger.

The Special Committee of Experts adopted a revised Draft Convention which in almost all important respects accommodated these United States positions. This Draft Convention was referred to the UNESCO General Conference which met from October 17 to November 21, 1972. In the interim, it was overwhelmingly endorsed by the U.N. Conference on the Human Environment held in Stockholm in June 1972. On November 16, the UNESCO General Conference adopted the Convention.

The Convention places with the Parties the primary responsibility of taking appropriate actions to restore and preserve cultural sites and natural areas within their own territories which may have universal significance to mankind, and to develop the scientific and financial resources necessary to protect them from dangers of any sort. The Convention further provides for a World Heritage Committee to be established within the UNESCO framework, to be composed of representatives of a number of the Parties, which would develop criteria and compile a World Heritage List of cultural and

<sup>2</sup> S. Ex. F, 93d Cong., 1st sess.

<sup>3</sup> For excerpts from President Nixon's message to the Congress on Feb. 8, 1971, see BULLETIN of Mar. 1, 1971, p. 253.

natural sites of universal value, drawn from inventories submitted by Parties, and a List of World Heritage in Danger of those sites which require major assistance to avert immediate man-made or natural threats.

The Convention establishes a World Heritage Fund to be utilized by the World Heritage Committee to provide international assistance for the protection or rehabilitation of sites on the World Heritage List. Article 16 of the Convention provides for both voluntary and compulsory contributions by Parties to the Fund, but permits each Party, at the time of ratification, to declare whether it will accept any obligation to make compulsory contributions.

The World Heritage Committee would be assisted in its work by a secretariat appointed by the Director-General of UNESCO, and by such non-governmental expert bodies as the International Centre for the Study of the Preservation and the Restoration of Cultural Property (the Rome Centre), the International Council of Monuments and Sites (ICOMOS) and the International Union for Conservation of Nature and Natural Resources (IUCN).

The Convention thus establishes a regular mechanism for identifying and protecting areas of universal importance to the heritage of mankind, and a source of funding for assistance in the work which must be done to protect and conserve these areas. The Convention should prove particularly critical with regard to those States which do not have the resources and expertise necessary to protect sites within their territories, or which have not become sufficiently aware of the importance of these sites or the character of natural or man-made threats to them.

An article-by-article analysis setting forth the details of the Convention is enclosed.

I recommend that the Senate give advice and consent to ratification of the Convention subject to a declaration under Article 16(2) that the United States shall not be bound by the provisions of Article 16(1), which require compulsory contributions to the World Heritage Fund in amounts determined by the Parties meeting in general assembly. Such compulsory contributions, as limited by Article 16, are unlikely to provide anything more than a small portion of the funds necessary to carry out this work, and it is better to rely on voluntary contributions from States and private bodies and individuals for this purpose.

This Convention is of great importance to the United States and the world community, and represents an important step forward in the identification, protection, conservation and transmission to future generations of the natural and cultural heritage of mankind. I hope that the Senate will consider and approve the Convention at an early date.

Respectfully submitted,

WILLIAM P. ROGERS.

## Current Actions

### MULTILATERAL

#### Atomic Energy

Amendment of article VI of the statute of the International Atomic Energy Agency of October 26, 1956, as amended (TIAS 3873, 5284). Done at Vienna September 28, 1970.<sup>1</sup>

*Acceptance deposited:* El Salvador, April 24, 1973.

#### Coffee

International coffee agreement, 1968, with annexes.

Open for signature at United Nations Headquarters, New York, March 18 through March 31, 1968.

Entered into force December 30, 1968. TIAS 6584.

*Ratification deposited:* Italy, March 21, 1973.

#### Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendixes.

Done at Washington March 3, 1973.<sup>1</sup>

*Signatures:* Republic of China, Sudan, April 27, 1973.

#### Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna April 18, 1961. Entered into force April 24, 1964; for the United States December 13, 1972. TIAS 7502.

*Ratifications deposited:* Central African Republic, March 19, 1973; Colombia, April 5, 1973.

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; for the United States December 13, 1972.

*Ratification deposited:* Central African Republic, March 19, 1973.

#### Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London October 12, 1971.<sup>1</sup>

*Acceptance deposited:* Tunisia, April 3, 1973.

#### Safety at Sea

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London November 30, 1966.<sup>1</sup>

*Acceptance deposited:* Czechoslovakia, March 28, 1973.

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London October 25, 1967.<sup>1</sup>

*Acceptance deposited:* Czechoslovakia, March 28, 1973.

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

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London November 26, 1968.<sup>1</sup>

*Acceptance deposited:* Czechoslovakia, March 28, 1973.

Amendments to the international convention for the safety of life at sea, 1960 (TIAS 5780). Adopted at London October 21, 1969.<sup>1</sup>

*Acceptances deposited:* Czechoslovakia, March 28, 1973; Viet-Nam, March 22, 1973.

### Slave Trade

Convention to suppress the slave trade and slavery, as amended. Done at Geneva September 25, 1926.

Entered into force March 9, 1927; for the United States March 21, 1929. 46 Stat. 2183; TIAS 3532.

*Notification of succession:* Zambia, March 26, 1973.

### Wheat

International wheat agreement, 1971. Done at Washington March 29, 1971. Entered into force June 18, 1971, with respect to certain provisions, July 1, 1971, with respect to other provisions; for the United States July 24, 1971. TIAS 7144.

*Ratification of the Wheat Trade Convention deposited:* Belgium, April 27, 1973; Luxembourg, April 25, 1973.

*Ratification of the Food Aid Convention deposited:* Belgium, April 27, 1973; Luxembourg, April 25, 1973.

## BILATERAL

### Federal Republic of Germany

Agreement relating to travel group charters and advance booking charters, with memorandum of understanding. Effected by exchange of letters at Bonn and Bonn-Bad Godesberg April 13, 1973. Entered into force April 13, 1973.

### Korea

Agreement for sales of agricultural commodities, relating to the agreement of March 25, 1967 (TIAS 6272). Signed at Seoul April 12, 1973. Entered into force April 12, 1973.

### United Kingdom

Agreement relating to the expanded use of Ascension Island. Effected by exchange of notes at London March 30, 1973. Entered into force March 30, 1973.

### Check List of Department of State Press Releases: April 23-29

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

Releases issued prior to April 23 which appear in this issue of the BULLETIN are Nos. 95 of April 2 and 112 of April 16.

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116	4/23	Rogers: Overseas Press Club, New York.
117	4/24	Note verbale circulated to members of the International Conference on Viet-Nam.
*118	4/25	Study Group 6 of the U.S. National Committee for the International Radio Consultative Committee (CCIR), May 11.
*119	4/25	Study Group 4 of the U.S. National Committee for CCIR, May 16.
*120	4/25	Study Group CMTT of the U.S. National Committee for CCIR, May 23.
*121	4/26	Program for official visit to Washington of Willy Brandt, Chancellor of the Federal Republic of Germany.
*121A	4/27	Addendum to itinerary of Chancellor Brandt.
†122	4/27	Casey: East-West Trade Conference, University of Georgia Law School.
†123	4/28	Brower: Regional Conference of American Society of International Law, Denver.

\* Not printed.

† Held for a later issue of the BULLETIN.

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

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## Secretary Rogers Discusses Six Concerns of American Foreign Policy

*Statement by Secretary Rogers<sup>1</sup>*

Under Secretary [Curtis W.] Tarr and my other colleagues in the Department have already provided you with our detailed views on our budget. As you know, the Department of State has the smallest total budgetary requirements of any Cabinet-level Department. Over the past decade, in the face of ever-increasing demands upon our diplomatic resources, we have reduced the number of our personnel by over 10 percent. For this coming fiscal year we are requesting authorization to hire an additional 151 personnel. Ninety of these are to meet the growing workload in such areas covered by statutory requirements as consular services to our citizens overseas. Most of the rest are required for the major trade negotiations beginning this fall.

We are requesting authorization for appropriations of \$578 million. This increase of \$47 million over the current fiscal year is primarily to meet statutory and mandatory cost appreciation such as overseas wages and prices, contributions to the assessed budgets of international organizations, salary adjustments, and increased passport and consular workloads. These items comprise over 80 percent of the requested increase. I believe that both our personnel and budgetary requests are the minimum necessary to adequately support our diplomatic establishment and foreign policy goals.

These policies are comprehensively set forth in my third annual report to the Congress, which you recently received.<sup>2</sup> In that report I discuss the major progress we have made in the past year toward President Nixon's goal of moving the world from confrontation to negotiation. We substantially transformed our relations with our adversaries, we signed a historic arms limitation agreement with the Soviet Union, we concluded an agreement on access to Berlin, and we negotiated a peace agreement in Viet-Nam.

The foundation for the generation of peace President Nixon is seeking has been laid. Nineteen seventy-three therefore will be a year of building on that foundation. I have outlined in my report the concrete objectives we will be pursuing in 1973 as we seek to build the framework of international relations for the rest of the century.

Let me focus this morning on six areas of current concern to both the Congress and the administration.

### **Developments in Southeast Asia**

In Southeast Asia developments have been disappointing in the last few weeks. We are greatly concerned over the repeated and serious violations of the Viet-Nam peace agreement by the Communist side, and we

<sup>1</sup> Made before the Senate Committee on Foreign Relations on Apr. 30 (press release 124). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

<sup>2</sup> *United States Foreign Policy 1972: A Report of the Secretary of State* (Department of State publication 8699); for Secretary Rogers' letter of transmittal and introductory comment, see BULLETIN of May 7, 1973, p. 545.

have communicated these concerns very clearly to the authorities in Hanoi. Earlier this month, President Nixon and President Thieu issued a joint communique at San Clemente expressing these concerns. Further, we have been explicit in informing the North Vietnamese that any reconstruction assistance that we might provide depends on their observing the terms of the agreement. Most recently we have taken additional steps to emphasize our concerns to Hanoi—for example, the Department's note of April 20 citing violations of the agreement, the suspension of mine-clearing operations, and the return to Washington of our chief delegate to the Joint Economic Commission meetings in Paris.

The North Vietnamese are violating article 20 of the Viet-Nam agreement by continuing to station large numbers of troops in Laos and Cambodia and by conducting military operations in these countries—including large-scale logistics movements. The situation in Laos, nevertheless, has been more encouraging. Despite Communist stalling, negotiations continue between the Laotian Government and the Pathet Lao on the formation of a provisional government and on the cease-fire protocols. However, on two brief occasions and at the request of the Laotian Government, we did reinstate air combat support in response to North Vietnamese attacks. The Cambodian situation has been the most difficult. Here we have had to intensify our air combat support, at the request of the Cambodian Government, due to heightened military offensives by Communist forces. As you know, the Cambodian Government unilaterally suspended offensive operations following the Viet-Nam cease-fire, and the United States halted its air operations. These activities were resumed only when the Communist forces launched a countrywide offensive and repeated their "total victory," no-compromise position on negotiations.

In this connection, Mr. Chairman, in reply to your query regarding Presidential authority for bombing in Cambodia, I have with me today a more detailed discussion

which, if agreeable to you, I can place in the record.<sup>3</sup> An encouraging factor in the Cambodian situation has been the formation of the new High Political Council. This Council will run Cambodian affairs on an emergency basis for the next six months, and one of its primary tasks is to find a solution to the present conflict.

We obviously would prefer that steps such as the combat air support in Cambodia were unnecessary. However, we did not sign the Viet-Nam agreement with the thought that North Viet-Nam could act in clear violation of the agreement once our troops were withdrawn. The agreement was intended to end military warfare in favor of political action. We seek full implementation of the agreement—including the provisions on withdrawal of foreign forces from Laos and Cambodia and the cessation of infiltration activities. Continued North Vietnamese violation of article 20, we firmly believe, threatens to vitiate the premise of the Viet-Nam agreement and thereby imperils an important element of the emerging structure of peace in Asia and elsewhere.

Despite these troubling events of recent weeks, we continue to be hopeful that a real peace can be achieved in Indochina. Ambassador Sullivan [William H. Sullivan, Deputy Assistant Secretary for East Asian Affairs] is now meeting with his North Vietnamese counterpart in Paris to prepare to review the implementation of the agreement, preparatory, if the meetings go well, to a meeting at a later date between Dr. Kissinger [Henry A. Kissinger, Assistant to the President for National Security Affairs] and Le Duc Tho. We remain convinced that the Viet-Nam agreement provides the framework upon which a lasting peace can be accomplished in Indochina. We will continue to do everything we can to bring this about.

#### **Positive Elements in Middle East Situation**

In the Middle East the cycle of violence continues. Each new outbreak adds to the heavy burden of suspicion, distrust, and

<sup>3</sup> See p. 652.

hatred that has frustrated all efforts to get a meaningful dialogue started. The obstacles to progress toward an Arab-Israeli settlement are familiar to all of us. But there are positive elements in the situation as well:

—The cease-fire between Egypt and Israel resulting from our initiative almost three years ago is still holding.

—The principal parties to the Arab-Israeli conflict still adhere to Security Council Resolution 242, the only commonly accepted framework for a settlement, and say that they want to keep the doors of diplomacy open.

—The risks of major-power confrontation in the area have been sharply reduced over the past year.

—Largely due to our firm stand, the Security Council on April 21 passed a resolution incorporating language that all concerned recognize as a condemnation of international terrorism. While we abstained because the resolution was not sufficiently balanced, we nevertheless recognize it as a small step forward in getting the international community to face up to this serious problem.

—There is an encouraging measure of stability in many countries of the area, Jordan being a prime example. On the whole, there has been an orderly and stabilizing evolution of the situation in the important Arabian Peninsula-Persian Gulf area. Most of the states of that region, with our encouragement and support, are themselves assuming increasing responsibilities for their development and security.

As I have said before, if there could now be a cease-fire on inflammatory rhetoric, a cease-fire on belligerent statements of ultimate and rigid positions, and a cease-fire from violence of all kinds from whatever source, I am convinced that progress toward a permanent solution could be achieved.

Despite the positive elements I have noted, we find no grounds for complacency in the present situation and will continue to work actively for an honorable negotiating process to bring peace to the Middle East. Realisti-

cally, we continue to think that such a process should be based on a step-by-step approach—an approach that could begin, for example, with an interim agreement between Israel and Egypt for some Israeli withdrawal from the Suez Canal and a reopening of the canal by Egypt, as the first steps in a negotiating process dedicated to a final settlement implementing Resolution 242 in all its parts.

A word is needed to put in perspective recent speculation about the relationship between our Middle East policy and our projected need for increasing quantities of Middle Eastern oil. We of course, and certainly not for reasons of oil alone, seek good relations with the Arab countries. We also seek stable conditions in the area in which mutually beneficial producer-consumer relations can continue to thrive. These goals, far from indicating a change in our policy as some have suggested, only highlight the importance of pursuing our longstanding policy of working actively for a Middle East peace settlement, a settlement which will bring security and justice to the states and peoples of the area—the Palestinians, the other Arabs, and the Israelis alike.

#### **Worldwide Political and Economic Cooperation**

In my foreign policy report to you, I stressed that we will be seeking this year to strengthen economic and political relationships among all the world's industrialized democratic countries. It is no longer satisfactory to think solely in Asian terms, in European terms, or in North American terms. A substantially higher level of worldwide cooperation is required among us all—Japan, Canada, western Europe, Australia, New Zealand, and the United States. We will be seeking to bring such cooperation about in various ways. One will be through more intensive cooperation in the OECD [Organization for Economic Cooperation and Development], the one organization whose membership is closely linked to these states. Another will be through augmented cooperation at the policy level, including the possibility of a collective consultation by Foreign

Ministers from all these countries during the U.N. General Assembly in the fall.

And last week we proposed to our Atlantic partners a new relationship designed to reinvigorate shared ideals and common purposes. In this proposal, President Nixon is urging a joint effort of creativity with our allies and not an American blueprint for action. We have set forth some of the goals which we believe the alliance should set for itself in the future. But our hope is that the allies will work with us to develop more specific concepts and principles before the President's trip to Europe later this year.

In 1973 we will also be devoting more attention to Latin America. I will depart soon on a major visit to a number of Latin American states in support of closer cooperation among us. As the President said in his message to the OAS, the days of paternalism are gone. What we are now trying to do is to bring about cooperative practices which will be as pragmatic, as equal, and as global in concept as those we maintain with western Europe. Thus we will be seeking this year to strengthen our community of interest with the states of Latin America on global as well as hemispheric issues, particularly supporting the increasing role so many of them are playing in world affairs.

### **A More Open World Trading Order**

Earlier this month President Nixon requested the Congress to give him the tools necessary to deal with international trade problems.<sup>4</sup> We need congressional action so that we can negotiate on an equal basis with our major trading partners and competitors—Canada, Japan, and the European Community—toward a more open world trading order and an improved trading system. The proposed Trade Reform Act of 1973 contains provisions that would protect our industries and workers from sudden, massive, or unfair disruption by foreign goods. It would give the President authority to take counteraction when other

states discriminate against us. These provisions are essential to a successful negotiation and we will apply them if necessary.

But in the words of President Nixon, what we are seeking is "to set in place an economic structure that will help and not hinder the world's historic move toward peace." There are voices in this country who feel reform should take the form of retreat, retreat through an attempt to wall us off from the world economy. I know that I do not have to tell the members of this committee that such a course would be unwise, unwise because it would inevitably lead to a reduction in our own exports—and we now send 31 percent of our crops and 14 percent of our industrial production abroad—unwise because it would raise costs at home and damage our economy as well as that of other nations, and most importantly, unwise because pursuit of economic autarky would jeopardize possibilities for a more peaceful and secure world order.

Developing economic ties with the Communist nations provide a particularly important incentive for peace. Thus we propose in the Trade Reform Act to normalize our economic relations with the Soviet Union by granting them MFN [most-favored-nation] status.

I am aware of the continued active interest by the Congress in Soviet emigration practices. I share your deep concern about this matter both officially and personally. But I believe it would be unwise to attempt to link through legislation these two separate, unrelated issues. It is not an appropriate or effective way to pursue our goals in regard either to trade or emigration.

We have already witnessed in the past four years a significant and favorable evolution in Soviet emigration policy. For Soviet Jews, it has meant that an unprecedented 60,000 of them have been able to emigrate. For over a year the average monthly level has exceeded 2,500. I know some of you are genuinely apprehensive over the firmness of present Soviet emigration policy, particularly in regard to the decision to waive totally collection of the education tax. However, as you already

<sup>4</sup> For President Nixon's message to the Congress on Apr. 10, see BULLETIN of Apr. 30, 1973, p. 513.

know, the President has been assured by the Soviet Government that the policy on total waivers is to be continued indefinitely. He has also been assured that present Soviet emigration policy, which has permitted the current level of emigration, will also be continued indefinitely. I am not in a position to place into the public record the texts of confidential communications on this subject, but those assurances are firm.

#### **Maintaining Adequate Defense Programs**

Just as there are voices calling for American retreat from the world's economic system, there are also voices calling for retreat from our defense commitments abroad. For most of the postwar period, international political and economic stability has been primarily based upon the U.S. contribution, upon an acceptance by the United States of an unequal burden. The whole thrust of our foreign policy over the past four years has been to create a stable international system which is less dependent upon this American contribution.

We have already gone a long way down the road toward such a new international system. But we are not there yet. Given the tools by this Congress, we are confident that we can succeed in creating a system that is stable without being primarily dependent upon American leadership and sacrifice. But this must be done without sacrificing stability, and stability in the world requires an adequate defense posture on the part of the United States.

We are all concerned about the costs of our defense. But there is another and greater concern—that our defense programs are adequate and appropriate to support this country's basic interests as we build a more stable world. The issue is whether

we are maintaining a larger defense than the protection of these interests requires. I believe not.

Two years ago, in my first foreign policy report to the Congress, I expressed the hope that we could fashion a foreign policy which would restore a sense of common purpose in America's approach to world affairs. I believe that this is now possible. Clearly we are all seeking a more prosperous and peaceful world. But it is equally clear that such a world cannot be achieved through retreat. Twice before in this century we thought we could find refuge from our world role and responsibilities—with tragic results. Only continued involvement in international affairs will move us closer to a stable and productive peace. The support and contribution of the Congress will be essential for our hopes to become achievements.

#### **Letters of Credence**

##### *Burundi*

The newly appointed Ambassador of the Republic of Burundi, Joseph Ndabaniwe, presented his credentials to President Nixon on May 1. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated May 1.

##### *Federal Republic of Germany*

The newly appointed Ambassador of the Federal Republic of Germany, Berndt von Staden, presented his credentials to President Nixon on May 1. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated May 1.

## Prospects and Policy on East-West Trade

*Address by William J. Casey  
Under Secretary for Economic Affairs<sup>1</sup>*

U.S. economic relations with the Soviet Union, the countries of eastern Europe, and mainland China are on the threshold of intense and rapid change. After years of cold war stagnation during which strategic considerations and ideology frustrated the pursuit of common economic interest, President Nixon, in a dramatic series of interrelated initiatives, set a new environment in which U.S. economic policies toward Communist countries can operate to support broader policies toward these countries and the rest of the world.

This is a good time to review how far we have come and what we expect from our economic relations with the Communist nations.

The United States seeks a normalization of economic relations with Communist countries.

We are seeking to build and expand East-West trade as a pivotal element in a structure of peace. We see economic interdependence as a great force for peace. We seek rising economic collaboration to scale down military competition. We see the building of living standards bringing into play an economic equation which will require scaling down the commitment to arms as it becomes necessary to expand the commitment to trade and development. We see trade and all the other strands of economic relationships as threads with which a structure of peace can be woven.

In East-West trade, a trade curtain has existed between China and Russia for 10

<sup>1</sup> Made before an East-West Trade Conference at the University of Georgia Law School at Athens, Ga., on Apr. 27 (press release 122).

years. Japan has had over 10 years of fairly active experience in trading with China. Western Europe is far ahead of us in experience in trading with the state-controlled economies of eastern Europe and the Soviet Union. The European Community is doing about five times as much trade as we are doing with the state-controlled economies. The differential would be far greater if it were not for the wheat deal. Thus, in trade in manufactured goods we are far, far behind the European Community. One of our primary aims in trade policy is to put ourselves on an even competitive keel with western Europe and with Japan in dealing with state-controlled economies. One of the major objectives in our economic policy is to go as far as possible, with due regard to our security interests, to eliminate the disadvantages American business has been under in selling to the Soviet Union, the eastern European countries, and mainland China.

Let me speculate a little on the shape East-West trade will take. The Chinese take the view that nobody will be permitted to exploit or develop their resources, but they are prepared to sell their raw materials. They are not now prepared to go into debt. This places severe limitations on our ability to buy their goods and on their ability to go into the kind of development projects that the Soviets seem prepared to entertain in their discussion with Japanese and U.S. interests on natural gas and in the Occidental-type fertilizer deal. The Soviets take a broader view. General Secretary [Leonid I.] Brezhnev recently stated there are virtually unlimited possibilities for economic cooperation. But it appears likely that these possi-

bilities will be outside the traditional patterns of trade. The Soviets take the view that buying and selling, the traditional forms of trade, are becoming increasingly less important. They point out that textiles, clothing, and other consumer goods make up a smaller percentage of trade and that price and other advantages which one country or another may have in these consumer goods are fleeting in character. All developed countries have some access to new techniques. Different countries have different needs and different types of natural resources to develop. This presents the opportunity for development projects along cooperative lines. Examples are gas companies going in to build pipelines and liquefaction and shipping facilities. We see French and Italian companies operating a production line, chemical companies going in with technology and equipment to utilize local resources in the production of fertilizer for U.S. and world markets outside the Soviet Union as well as inside the Soviet Union. The Soviet Union points to its natural resources and large cadres of scientific workers. U.S. firms with technology, equipment, and markets have the opportunity to work on large aggregations of ores, oil and gas deposits, and great forest resources. Projects of this kind can contribute to Soviet needs and bring out products that satisfy outside energy and raw material requirements to the extent necessary to pay for the equipment, the technology, the managerial skills, and the risks. The Soviets seem to be seeking this kind of economic and commercial cooperation under long-term arrangements, from 10 to 30 years. The output of these projects can not only amortize the capital investment in kind along with a return on capital but also either satisfy Soviet needs for the product or earn the foreign exchange in world trade which the Soviet Union will need to meet its other economic targets. To play in this league U.S. companies will have to get together on major development projects or learn how to barter their goods for Soviet goods and find ways to convert the goods in order to eat on world markets.

Under our system, private business carries the ball in developing actual transactions with the state-controlled economies. Let me spell out the broad policies which this government seeks to develop to facilitate the operation of development of business in East-West trade.

#### **Normalization of Economic Relations**

Political and economic relations are inextricably intertwined. Recognizing this basic fact early in his administration, President Nixon set out first to assure a substantial degree of stability in political affairs. From the outset, the guiding principle behind the normalization of economic relations with Communist countries has been that economic normalization is linked with progress toward the improvement of political relations. The pace of advancement in the economic sphere thus has been regulated by the pace of advancement in the political sphere.

I cannot emphasize enough the importance of this principle. It means that the United States will initiate and reciprocate along the entire spectrum of our relations in the interest of building a lasting interdependence of interests. We will not force the pace in one area, such as trade relations, in the mere hope that this will bring on subsequent progress on political, cultural, or military matters. We are satisfied with the less dramatic but more certain step-by-step construction of a balanced structure of relationships.

An objective of our policy is to change the world view of Communist nations from one of conflicting forces hopelessly locked into a struggle for survival to one of competing forces compromising where interests conflict and cooperating where they coincide. The economic area is where interests are most sharply perceived as being mutually beneficial by many Communist leaders at this point in time. The impressive number of agreements at and since the Peking and Moscow summits and the prospects for additional agreements indicate that the trend toward negotiation rather than confrontation can become an established pattern.

I wish to clarify what I mean by economic normalization, as the concept has such importance for U.S. policy in this era of East-West trade negotiations. Normalization is the process of elimination of the barriers to economic interchange which were constructed in the period just after World War II and during the Korean war. Roughly speaking, we will have normalized our economic relations when our trading relations are on the same basis now existing between Communist countries and the rest of the developed world.

This is a general and imperfect, yet useful, guide. It means the reciprocal extension of most-favored-nation tariff treatment and export credit facilities, and the lowering of the unique U.S. embargo on the export of certain strategic commodities toward internationally agreed levels. It also means the establishment of diplomatic relations and consular arrangements, the settlement of public and private claims for defaulted debts and nationalized property, and the establishment of procedures for the arbitration of business disputes and for the avoidance of market disruption. It entails maritime and civil aviation agreements and business facilitation arrangements insuring that U.S. businessmen have access to Socialist markets. It can mean cooperation in the fields of science and technology. It can encompass environmental protection. Instruments such as trade agreements and joint commissions which are commonly used as devices to coordinate economic policies in the East-West trade context will be utilized when it is clear they will contribute to better economic relations.

By these standards, we have essentially normalized relations with Yugoslavia and, most recently, Poland. We have made great progress toward this goal over several years with Romania and, in a whirlwind package negotiation of issues this year and last, with the U.S.S.R. Progress toward normalization with other countries—Hungary, Czechoslovakia, Bulgaria, Albania, East Germany, and Mongolia—is somewhere ahead, not too far we hope.

## Changes in World Economic Institutions

Normalization as I have just described it is a useful guide for policy up to a point, but what then? We are too accustomed to thinking in terms of separate Communist and capitalist economic worlds bridged tenuously by bilateral arrangements between individual states. This is a perceptual problem shared also by most Communist nations. They have been reluctant to realize that their policies of economic autarky as individual states and as the CEMA [Council for Economic Mutual Assistance (COMECON)] trading bloc were counterproductive to their own economic interests. There is a world economic system to which all nations must accommodate to prosper. An increasingly important objective of U.S. policy, as our economic relations with Communist states are normalized, is the encouragement of stable consumer-oriented societies more fully integrated into the international trade and payments system.

The international system itself is undergoing basic change. There is urgent need for trade and monetary reform in order to preserve and nurture the historic movement on a global scale away from confrontation and toward negotiations in resolving international differences. Thus, the President is seeking broad new legislative authority vital to the United States maintaining the leadership role in the construction of a new international economic order which reflects current economic realities.

Only certain Communist countries have sought active participation in this process through membership in the foundation institutions of the international system, the GATT and the IMF-IBRD [General Agreement on Tariffs and Trade; International Monetary Fund; International Bank for Reconstruction and Development]. There is no reason to expect this situation will alter in the near future.

In spite of the passive role Communist nations will play in the construction of the new international economic order, it is important that we keep in view the effect new



institutional relationships will have on East-West trade. The United States will seek to expand the multilateral economic dialogue with Communist nations in such established fora as the economic Council of Europe and in new ones such as the European Security Conference.

As relations normalize with Communist states, increasingly we should be able to integrate our policies toward them into our global economic strategy. As a nation we are committed to reducing barriers which interfere with trade. These obstacles to trade, in other countries and in the United States, annually cost us billions of dollars in the inefficient use of resources.

The touchstone of our international economic policy has been the free trade model. Increasingly, we will apply the same economic policy criteria to Communist countries as we do to the rest of the world. Acting in a nondiscriminatory manner to Communist traders, of course we will expect them to reciprocate in kind.

### **Bridging the Structural Problems**

Structural problems to East-West trade exist which are absent between market economies. There is a role for the U.S. Government in bridging them. Private enterprises face obvious problems in doing business with state trading monopolies, and the U.S. Government will act to lessen unfair advantage.

A good current example is the borrowing practices of Communist state banks. By dealing from a monopolistic position and suppressing vital creditworthiness information such as the magnitude, dispersion, and structure of existing foreign debt, Communist state bankers are often able to obtain private credit at terms which probably would not be forthcoming in a normal market situation. I predict, therefore, that the U.S. Government will increasingly share its knowledge of Communist state borrowing practices with private enterprise. In the long run, disclosure of financial information will insure stable and orderly financial markets

and work to the common advantage of state and private business.

How far have we come toward normalizing economic relations? One measure of this is the agreements struck which surmount previous obstacles to trade. The impressive negotiating achievements in the past year are summarized in the International Economic Report of the President released this March,<sup>2</sup> and I will not repeat them here. In the longer term, success in normalization will be measured by the quantity and structure of trade and financial flows. A major objective of our East-West trade policy is to substantially increase trade.

Looking backward, the United States in 1928 directed over 2 percent of its total exports to the U.S.S.R. and to other eastern European countries excluding East Germany. About one-third of this was machinery and transportation equipment. Under normal circumstances it is reasonable to assume that the United States would maintain its relative position in the area, yet the share fell to 0.6 percent in 1969. Our position only moderately improved by 1971 when the trade turnover of the area with our free-world competitors totaled about \$20 billion, more than 30 times our own. In 1972 only 1 percent of total U.S. foreign trade was with Communist countries whereas most West European countries conduct 4-5 percent of their trade in this area.

These indications suggest that with a removal of trade barriers there is a substantial potential for trade expansion.

It is noteworthy that our exports to the U.S.S.R. more than tripled, from \$162 million in 1971 to \$547 million in 1972. The \$451 million trade surplus that year with the U.S.S.R. was the largest for any country. The end of a 21-year-old embargo on China trade saw commerce spring to life—in 1972 ex-

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<sup>2</sup>*International Economic Report of the President Together With the Annual Report of the Council on International Economic Policy*; for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 4115-00028; \$2.25 postpaid).

ports totaling about \$60 million, with a promise of more than doubling in 1973.

With early normalization of trade conditions, U.S. exports to the countries under consideration could approach the \$2 billion figure in five years. We would expect to continue to run an export surplus to the area.

Over half of U.S. exports have been in agricultural goods, and the market for these is expected to expand, given policies in these countries to improve consumer welfare. Dramatic future gains in exports, however, should come in machinery and equipment sectors. This trade will produce jobs and contribute to the prosperity of important U.S. industries.

### **Specific Aspects of Trade Policy**

I have discussed policy in general terms and trade prospects. Now I would like to deal with specific aspects of trade, financial, and investment policy that are currently interesting.

Our Ambassadors have been instructed to put trade promotion at the top of their list of priorities. Shortly we will have doubled the number of State Department employees serving in commercial positions in the U.S.S.R., eastern Europe, and China. The Department of Commerce in Washington has increased its East-West trade support staff in the past year by several multiples, and the State Department is also undergoing reorganization at home to simultaneously meet the needs of a substantial negotiating load and business assistance. In order to anticipate and more efficiently deal with policy questions as they arise, President Nixon has created an East-West Trade Policy Committee under the chairmanship of his principal economic adviser, George Shultz.

Recent negotiations are indicative of those we expect to undertake in the area of trade policy: the reciprocal extension of most-favored-nation tariff treatment, Congress willing; safeguards when necessary to prevent market disruption; the opening of consular relations, exchange of government and private commercial offices, patent and

copyright agreements, arbitration arrangements, maritime and commercial aviation agreements, and other arrangements to improve reciprocal commercial access.

There is one important area of trade policy which is not negotiable at this time, however: our policy on strategic trade controls. The United States subscribes to the embargo list maintained and periodically revised by the international Coordinating Committee—COCOM, as it is usually called—whose members are the NATO countries plus Japan. This strategic control system is a significant part of our mutual defense policy. It is designed to restrict the flow of goods and technology which would make a significant contribution to the military potential of any other nation which would prove detrimental to the national security of the United States.

It is common sense that we continue these arrangements but that we be flexible in adjusting them to reflect changing conditions. We are cooperating with other nations in annual reviews which recently have had the overall effect of greatly reducing the COCOM list. In addition, the unilateral U.S. export control list is being substantially reduced to bring it much more closely in line with the COCOM embargo.

### **Financial and Investment Policy**

Financial policy is a key to further East-West trade expansion. Communist nations as a group will be net importers of financial resources in the next decade to support ambitious development plans. The United States, as a prospective leading trading partner and the greatest world financial power, clearly will play an important East-West financial role.

With many countries we have already made good progress in clearing away the debris of defaulted debts, claims, and other outstanding financial obligations which naturally have restrained U.S. Government interest in new financing arrangements. The \$800 million lend-lease settlement with the U.S.S.R. facilitated the opening of Export-

Import Bank financing of important Soviet-American development projects. Poland's interim arrangements with U.S. private bondholders have influenced the recent extension of Export-Import Bank credit to that country.

As of mid-March 1973, Eximbank had an actual exposure of \$547 million to four Communist countries: Yugoslavia, U.S.S.R., Romania, and Poland. Preliminary commitments for future lending were even greater.

Export-Import Bank rates and terms are competitive with those of other Western industrial country export credit institutions.

U.S. agricultural exports have been assisted for a longer period of time by the Commodity Credit Corporation. Outstanding loans in March were \$454 million to the same group of countries that are eligible for Eximbank financing. The \$750 million CCC credit arrangement with the Soviet Union over a three-year period enabled a quantum jump in U.S. agricultural exports.

The administration is seeking the repeal of the Johnson Debt Default Act of 1934, which needlessly restricts private lending to most Communist nations. One of the President's earliest steps to encourage China trade was to eliminate the prohibition on dollar transactions. In these and in other ways, such as I mentioned earlier, we hope to strengthen the competitiveness of U.S. private financial institutions in East-West trade.

It is understood that U.S. Government and private export credit institutions will operate on a businesslike basis. Economic criteria must predominate in credit decisions.

The Treasury Department is prepared to negotiate taxation agreements which will facilitate licensing arrangements for the exchange of technology and otherwise encourage East-West business.

We can learn much from the Japanese and the Europeans about investment policy. There are over 500 joint business ventures in Communist countries with Western participants. Very few of them are American.

Japan was one of the first countries to explore natural resource development projects in the Soviet Union. In a typical agreement, Japan has provided equipment and technology for the development of Siberia's wealth of forest resources and takes payment in the form of wood chips and pulp. Japan is discussing vast new projects in the energy field and in mining.

U.S. firms, as well, are now discussing large oil and gas development projects with the Soviets. If one or more is concluded, U.S.-Soviet trade will move surely toward the multibillion-dollar level.

A perceived mutuality of interest conceivably could develop between U.S. firms and the People's Republic of China in the development of natural resources. This is a field in which U.S. firms have a comparative advantage.

Several eastern European countries with long and satisfactory experience with joint ventures in production and marketing are now permitting equity investment as a further enticement to Western business.

The Overseas Private Investment Corporation is operating now in Romania and Yugoslavia in support of U.S. investment activity. It is unlikely that OPIC programs, which are geared to investment in less developed countries, need to be extended to the more developed northern-tier eastern European countries and the Soviet Union.

In conclusion, I would simply like to reiterate that it is U.S. policy to facilitate and encourage trade with Communist countries in a broad and comprehensive manner designed to weave a fabric of peace.

## International Law as an Instrument of National Policy

*Address by Charles N. Brower  
Acting Legal Adviser<sup>1</sup>*

I am disturbed by the pronounced tendency of our international law fraternity to bemoan the moribund state of international law. There appears to be a widespread presumption that in practice international rules of law are largely irrelevant to high-level decisionmaking in governments around the world and therefore that we have failed. Since our historical puritan ethic at least by implication equates failure with sinfulness, analysis quickly becomes apologia and our discussions assume the character of an expiatory ritual.

I for one, however, believe that our profession need not act like a timid supplicant whose very demeanor defies confidence in his creed. I suggest that international law today, rather than falling into disuse, is becoming a more vital force than ever before in the development of our international relations. In order better to explain the basis for this positive outlook, I think it necessary first to expose the false assumptions on which our self-deprecating tendencies have been premised.

In decrying the inefficacy of international law we have concentrated too much on its adjudicatory aspect and, finding an absence of effective international machinery, have concluded that international law must be in sad straits. Speaking conceptually, however, institutionalized adjudicatory machinery has a quite different place in international law than it does in municipal law.

Nations, more so than private litigants within a single country, have informal, non-judicial means of enforcement by virtue of the fact that their bilateral and multilateral relations with one another provide a dynamic process for the adjustment of their respective interests, including the satisfaction of legal rights. As our experience of some hundreds of years has proven, the absence of a comprehensive and dispositive system of adjudication does not necessarily lead to international anarchy. States comply with law, among other reasons, because it is politic to do so. Furthermore, domestic enforcement is heavily devoted to adjustment of legal disputes between the sovereign and the governed rather than between private litigants, and it is precisely these adjustments of legal relations which encompass a vast majority of the decisions of the U.S. Supreme Court. There being no international sovereign, however, there is no international need of corresponding magnitude for formalized means of redress.

I might say parenthetically that a factor which tends to compound the gloomy view of international law is the high rate of unemployment in our chosen field. Very few of those who style themselves as international lawyers ever have more than a modest if even a fleeting chance to practice public international law. The American Society of International Law, under whose cosponsorship we are assembled today, has over 5,500 members; yet I doubt that there are even 550 lawyers in the country today substantially engaged in the practice of public international law, and the vast majority of

<sup>1</sup> Made before a regional conference of the American Society of International Law at the University of Denver College of Law at Denver, Colo., on Apr. 28 (press release 123).

them are employees of government or international organizations. It is precisely the lack of a widespread system of adjudication in this field which accounts in large part for the dearth of opportunity, particularly private practice opportunity; fewer lawsuits require fewer lawyers. It is natural that a profession high in numbers relative to opportunities should exhibit signs of dissatisfaction. If the priesthood consistently exceeded by tenfold the number of parishes available to be served, one would be inclined to conclude that religion was out of style.

Lest there be misunderstanding, I wish to emphasize that we at the Department of State shall always be among the first to promote wider acceptance for the impartial adjudication of international disputes. Secretary of State Rogers clearly expressed our support for the International Court of Justice (ICJ) in his address three years ago this week on "The Rule of Law and the Settlement of International Disputes" before the American Society of International Law, and we continue to pursue with vigor the policies outlined in that address.<sup>2</sup> We reject the thesis recently advanced by two notable Canadian authorities (67 A.J.I.L. 229, 235 [1973], "National Jurisdiction and International Responsibility: New Canadian Approaches to International Law," Allan Gottlieb and Charles Dalfen) to the effect that the absence of any prospect of international adjudication actually aids the development of international law. I only make the point that we must consider adjudication in perspective and not conclude from its relative absence that international law itself is dead or even suffering reduced vitality.

It is worth remarking also that utilization of international litigation and the situation of the World Court in particular have in some ways improved during the last few years. The Court's advisory opinion in the Namibia case has restored some of its previous luster, and it appears that judges of the Court are about to be involved simultaneously in a total of five cases. The fact

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<sup>2</sup> For Secretary Rogers' address on Apr. 25, 1970, see BULLETIN of May 18, 1970, p. 623.

that two such disputants as India and Pakistan can engage in successive litigation, first the Rann of Kutch arbitration, then the ICJ appeal relating to the jurisdiction of the ICAO [International Civil Aviation Organization] Council, is encouraging. The action of Belgium, France, Switzerland, the United Kingdom, and the United States in submitting to the Arbitral Tribunal for German External Debts disputes with the Federal Republic of Germany concerning the amounts of payments due on the Young Loan—a matter that has been estimated to involve up to \$14 million for the dollar tranche alone—is another hopeful sign. Only time will tell, of course, whether these straws in the wind foreshadow a greater harvest.

### Expansion of the Role of International Law

If we indeed can turn away from our historical preoccupation with the question of adjudication, we see that in recent years the role of international law itself has been changing and its importance in international events has swelled. It has graduated from being a somewhat esoteric discipline incident to the conduct of international affairs to become an important instrument of national policy, in the United States and around the world. This worldwide expansion is abetted by a growing realization within most governments that many of the common problems affecting states can only be solved by international cooperation. In a number of fields we in the State Department have found that the development of international law can be one of the primary weapons used to develop an international climate favorable to the accomplishment of our national aims, and we are happily participating in this considerable expansion of the role of international law.

For example, as your program reflects, the seriousness of drug abuse is well recognized as one of the most critical national social problems we are facing at the present time. Because of the international character of drug production and commerce, it is clearly impossible to end such abuse through national measures alone. We have attempted

to deal with this national crisis, at least in part, through a substantial effort to broaden and strengthen international legal provisions regulating production and traffic in those drugs. We have proceeded on the multilateral level, for example, through amendments to the 1961 Single Convention on Narcotic Drugs and the Convention on Psychotropic Substances and on the bilateral level through a series of specific agreements particularly with states which have been the sources of raw materials for drugs. We have been able to conclude these agreements, embodied in solemn legal documents, because other states, too, are increasingly aware of the dangers which spreading drug abuse poses to all countries. These international legal arrangements have already proved valuable and, hopefully, will be of continuing significance in reducing the supply of drugs reaching this country.

Your program also includes a discussion on terrorism, and I should emphasize here two projects which are in the forefront of the international legal struggle against terrorism; namely, the draft Articles on the Prevention and Punishment of Crimes Against Diplomatic Agents and Other Internationally Protected Persons prepared by the International Law Commission under the leadership of its American President, Mr. Richard D. Kearney, and the draft Convention for the Prevention and Punishment of Certain Acts of International Terrorism prepared by the U.S. Government and introduced at the 27th General Assembly of the United Nations by Secretary of State Rogers. The forerunner of both of these of course was the convention on this subject prepared by the Organization of American States, which represents a regional approach to this universal problem.

#### **Legal Steps To Protect the Environment**

Several other examples are, I think, pertinent to drive home the point that international law is thriving and active as a national policy instrument. A problem of profound national as well as international concern is that of environmental protection.

For example, during the past four years we have responded to the serious problem of marine pollution with a series of multilateral agreements, including: (1) the 1969 International Convention on Civil Liability for Oil Pollution and the 1971 Convention for the Establishment of an International Fund for Compensation, which together provide an international system for compensating victims of damage from vessel oil spills; (2) the 1969 Convention Relating to Intervention on the High Seas, which provides for actions on the high seas by coastal states to protect their coastlines from grave oil pollution damage resulting from serious maritime accidents; (3) several amendments in 1969 and 1971 to the 1954 International Convention for the Prevention of Pollution of the Sea by Oil designed to strengthen controls over vessel oil discharges and oil tanker construction; and (4) the 1972 Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, which regulates the disposal at sea of toxic land-generated wastes. We hope that this work will be advanced further through the adoption later this year of a comprehensive International Convention for the Prevention of Pollution from Ships, which will regulate the intentional or accidental discharge of all types of harmful substances from ships, including oil, toxic chemicals, sewage, and garbage.

Outside of the marine pollution area a number of other important legal steps have been taken to protect the world environment following the 1972 Stockholm Conference, including: (1) the 1972 World Heritage Convention, which provided international funding and machinery to assist governments in the restoration and protection of areas of cultural and natural significance; (2) the 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora, which established controls on trade in endangered species and their products; and (3) a series of bilateral environmental agreements, including the agreement with Canada for the protection of the Great Lakes from pollution and with the Soviet

Union for cooperation and exchange of information on environmental questions.

We have been able to conclude these agreements largely because we and other states have realized that our common interests are far better served by restricting certain of our own activities, and persuading others to do likewise, than by continuing to behave in the free but costly manner with regard to our environment that we had been pursuing. States increasingly realize that broad international problems can be solved at least in part by broadly based legal agreements. We have every reason to believe that even though the operation of these various agreements may not solve all of our problems completely, they will make a most significant contribution to their reduction.

### **Hijacking and Aircraft Sabotage**

In the field of hijacking and aircraft sabotage the United States, together with other countries, has spearheaded strenuous efforts within the International Civil Aviation Organization which over the past 10 years have resulted in the conclusion of the Tokyo Convention on Offenses and Certain Other Acts Committed on Board Aircraft, the Hague Convention for the Suppression of Unlawful Seizure of Aircraft (Hijacking Convention), and the Montreal Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation (Sabotage Convention). I had the pleasure of serving as chairman of the U.S. delegation at the diplomatic conference which approved the third of these conventions, and I can testify to the fact that in this very important field the development of international law has been a major instrument for the realization of our own national policy as well as the shared interests of many other states. The bilateral agreement has a role to play here also, as illustrated by the recent hijacking agreement with Cuba, which undoubtedly has been an important factor in the recent total absence of hijackings to that country. At the present time strong efforts are concentrated on the hoped-for conclusion of an Air Security Enforcement Convention, which

together with related instruments will be the subject of a combined diplomatic conference and Extraordinary Assembly of ICAO to be held this summer in Rome. In this field even the mere existence of strong and widely publicized international law serves to help eliminate the scourge which for so long has threatened the safety of international civil aviation.

As many of you are aware, for several years the United States and 90 other nations have been engaged at the United Nations Seabed Committee in an effort to achieve international agreement on a comprehensive new legal regime for the oceans. This is one of the most extensive and ambitious international law making projects ever undertaken. It proposes nothing less than a new legal regime for the 70 percent of our world covered by oceans. In doing so it addresses questions of the breadth of the territorial sea, international straits, scientific research, pollution, and exploitation of the living and nonliving resources of the oceans. Hopefully, these efforts will produce results at the diplomatic conference which is scheduled to convene in New York late this year. While this effort is motivated in part by the traditional needs for international regulation, there is no doubt that now, as compared to the Geneva Conferences of 1958 and 1960, the nations involved regard development of the law of the sea as an important way of implementing their national policies with respect to fundamental economic and defense interests.

### **Reducing International Conflict**

Perhaps the most striking proof of the new political importance of international law was presented by the Moscow summit of last May, where my indefatigable colleague, the Assistant Legal Adviser for Treaty Affairs, Mr. Charles I. Bevans, presided over the execution of nine documents in six days including agreements on strategic arms limitation, prevention of naval incidents, scientific cooperation, environmental matters, and joint space ventures, signed by President Nixon, General Secretary [Leonid I.] Brezh-

nev. Secretary of State Rogers, and other senior officials. Those of you who have had international legal experience in the government will know that the bulk of such work is created by relationships with friendly countries. Countries with whom relations are not so friendly, and with which we therefore do not have substantial dealings, present comparatively few legal problems. Many governments, including ours, feel increasingly that the development of a complex array of legal relationships should be conducive to a general atmosphere in which military conflict is less likely. As this theory is applied, an ever-increasing wealth of international legal relationships results. The result is a deeper and broader network of structured communications among states, an expanded range of institutional bases for cooperation leading to greater reliability and predictability of state action, a greater number of formalized standards and channels for cooperation among states, and in time, hopefully, a greater tendency to try to solve problems through international cooperation rather than conflict.

A special word regarding international conflict is appropriate at this point. As a profession we have tended to believe that international lawyers are too little consulted in connection with the great crises of war and peace. Naturally this is the area in which the most difficulties will be confronted. Here, too, however, we may rightfully take heart from recent experience. As is abundantly clear from the documents and correspondence printed in recent issues of the *American Journal of International Law* (66 A.J.I.L. 836-40 [1972]; 67 A.J.I.L. 325-27 [1973]), the Legal Adviser was consulted in a timely fashion with respect to the mining of North Vietnamese ports announced by the President on May 8, 1972, and the President's speech on that occasion clearly bore the imprint of those consultations. The various protocols to the Agreement on Ending the War and Restoring Peace in Viet-Nam signed January 27, 1973, as well as the succeeding Act of Paris, were negotiated with the constant personal assist-

ance of my principal deputy, Mr. George H. Aldrich, and we continue to be very much involved in decisions related to lingering conflict in that area. In recent years personnel of my office have contributed significantly not only in this area but in contentious matters involving Berlin, the Middle East, and indeed every region of the world. The broader concern of the government for the role of international law in armed conflicts is evidenced by our heavy commitment to ongoing efforts to revise the humanitarian international laws related to war. Quite clearly the role of the international lawyer as action adviser to his government in times of conflict is growing along with his role in building the structure of laws and agreements designed to reduce conflict.

As might be expected, the forces which have expanded the role of international law tend to bring change to the profession as well. In the past, the traditional international lawyer has been a government employee functioning primarily as a professional specialist or technician of a high order. Legal committees of international organizations have regarded themselves as technical bodies into which politics should not intrude. As international law has begun to play an increasingly important role as an instrument of national policy, however, those responsible for its creation and application have become more politically astute. While government representatives in international legal meetings still for the most part are highly competent jurists, they increasingly manifest political sensitivity and talents as well. This is a development which doubtless will prove troubling to some who have grown to professional manhood in a more traditionalist environment, and one which should give us all pause for thought. We must take care that the process of making international law not become too politicized, that we do not through political overexposure impair the essential character of our chosen instrument.

With this single caveat I believe we may view the future with justifiable optimism. International law and its practitioners now occupy an increasingly significant role in the



formulation and application of national policy, and each day brings new opportunities. Private practice lawyers, too, benefit from this expansion, reducing the problem of our professional underemployment. Of the specific fields previously mentioned at least three—environmental control, law of the sea, and civil aviation security—impact directly on commercial interests, which increasingly will look to their legal counsel for advice on international law. Just as the growth of domestic law has been the hallmark of American internal political development over the past decades, so may international law development be a dominant characteristic of our foreign policy in this and future decades.

## President Receives Progress Report of Classification Review Committee

*Following is the text of a memorandum submitted to President Nixon by the Interagency Classification Review Committee on April 24.*

White House press release (Key Biscayne, Fla.) dated April 24

### MEMORANDUM FOR THE PRESIDENT

FROM: THE INTERAGENCY CLASSIFICATION REVIEW COMMITTEE

On the occasion of Ambassador John S. D. Eisenhower's resignation as our Chairman, the Interagency Classification Review Committee herewith submits a progress report on the Committee's accomplishments since its establishment.<sup>1</sup>

On March 8, 1972 you signed Executive Order 11652, establishing a new, more progressive system for classification and declassification of government documents relating to national security. That Order became effective on June 1, 1972, and since that date there has been significant progress in building this framework for a workable classification system.

Executive Order 11652 established the In-

teragency Classification Review Committee to oversee compliance with and implementation of its provisions and the programs established thereunder by each Department. The Progress Report transmitted to you today describes the activities of this Committee in (1) reducing the number of classified documents and giving them better protection during the period of their classification, (2) applying automatic declassification schedules to speed declassification of documents originated after the effective date of the Order, and (3) expediting the declassification of historical government documents.

In particular, we note the following areas of progress which are covered in more detail in the enclosed report:

1. 63% reduction in all authorized classifiers (exclusive of CIA)—Top Secret, Secret and Confidential—from 48,814 to 17,883.

2. 71% reduction in authorized Top Secret classifiers (exclusive of CIA which reduced Top Secret classifiers by 81%) from 3,634 to 1,056.

3. Current lists of authorized classifiers by name and position or title and organization are maintained by all Departments and submitted to the Interagency Committee on a quarterly basis.

4. By December 31, 1972 the National Archives and Records Service had declassified approximately 29 million of the 160 million pages from the World War II period. It is still anticipated that this project will be completed by 1975.

5. Eleven volumes of the Foreign Relations Series were published this year, the largest number ever published by the State Department in a single year and for the first time moving toward the goal of reducing the lag in publication for 26 to 20 years as you have directed.

6. 252 mandatory declassification review requests were received from June 1 to December 31, 1972. 136 were granted in full; 12 in part, 62 were denied in full and 12 were pending at the time of the report.

7. The Interagency Committee has reviewed and approved the implementing reg-

<sup>1</sup> Not printed here.

ulations of all 34 Departments affected by the Order.

8. All Departments whose regulations have been approved have published appropriate portions in the *Federal Register*. Ultimately they will appear in the Code of Federal Regulations.

9. A series of five quarterly reports with forms and instructions have been prepared to assist the Interagency Committee in monitoring the classification program.

10. Detailed instructions have been issued to guide Departments in implementing the data index requirement of the National Security Council Directive. The data index will permit retrieval of any document indexed. It will assist the Departments and the Interagency Committee in monitoring implementation of the Executive Order. It will facilitate with respect to documents indexed automatic declassification, systematic reviews, and public access after declassification.

11. All Departments will begin in phases implementing the data index for selected categories of classified documents originated after December 31, 1972.

The Committee emphasizes its satisfaction with the achievements realized to date and its optimism regarding the prospects for the long term success of the classification reform which you initiated a year ago.

## **Dr. Rhoads Named Acting Chairman of Classification Review Committee**

The White House announced on April 24 (White House press release) that President Nixon had that day designated Dr. James B. Rhoads, the Archivist of the United States, as Acting Chairman of the Interagency Classification Review Committee which was established to assist the National Security Council in implementing Executive Order 11652 on classification and declassification.

(For biographic data, see White House press release dated April 24.) He will succeed Ambassador John Eisenhower, who held the position from May 17, 1972, until April 1, 1973.

## **Members of Advisory Committee on Science and Foreign Affairs**

Press release 115 (corr.) dated April 20

The Department of State announced on April 20 that Secretary Rogers has appointed the following as members of a Department of State Advisory Committee on Science and Foreign Affairs:

- LEWIS BRANSCOMB, chief scientist, IBM Corporation; former Director, National Bureau of Standards.
- W. KENNETH DAVIS, vice president, Bechtel Corporation.
- JOHN HIGHTOWER, associate professor of journalism, University of New Mexico; former Associated Press correspondent, Department of State.
- JOHN LEDDY, retired State Department career officer; former Assistant Secretary of State for European Affairs.
- GORDON MACDONALD, director, Environmental Studies Program, Dartmouth College; former member of President's Council on Environmental Quality.
- SIMON RAMO, vice chairman of the board, Thompson-Ramo-Wooldridge, Inc.
- DEAN RUSK, professor of international law, University of Georgia; former Secretary of State.
- EUGENE SKOLNIKOFF, chairman, Political Science Department, Massachusetts Institute of Technology.
- HERMAN POLLACK (ex officio), Director, Bureau of International Scientific and Technological Affairs, Department of State.

The Committee exists to provide the Department of State with a new source of outside expertise and counsel on the wide range of foreign policy problems and opportunities created by or involving scientific and technological developments.

The impact of science and technology on foreign affairs has grown enormously in recent years. The resulting foreign policy problems, such as those in the nuclear

energy, space, and technology transfer fields, are now of priority importance.

It is anticipated that the Committee's advice will be of major assistance to the Department of State in its handling of science- and technology-related foreign policy issues.

## **President Nixon Increases Quotas for Import of Cheese**

*Following is a Cost of Living Council press release issued April 25.*

In response to a request made by the Cost of Living Council, President Nixon today signed a proclamation aimed at expanding cheese supplies and preventing further increases in cheese prices.<sup>1</sup>

Cost of Living Council Director John T. Dunlop said: "Intensified demand for cheese, meat, and all protein foods by American consumers has been pushing prices upward in 1973. We are hopeful, by expanding the supply of imported cheese in the next few months, that rising cheese prices will at least level off. This step is the latest of several actions by the Economic Stabilization Program to increase food supplies and restrain food price inflation."

The action is designed to increase cheese imports by 50 percent and bring 64 million pounds of cheese into the United States before August. Cheese imports account for 61½ percent of domestic cheese consumption. The import quotas cover 11 different cheese categories.

<sup>1</sup> For text of Proclamation No. 4213, see 38 *Fed. Reg.* 10241.

This increase in cheese import quotas was prompted by expanding consumer demand reflected by 5-to-10-percent increases in retail and wholesale cheese prices in the last half of 1972 and in early 1973. Per capita consumption of cheese by Americans rose 9 percent in 1972, or an average of 1.5 pounds per person. Consumption has risen from an average of 11 pounds per person in 1953 to 18.4 pounds a person last year.

The Council announced on March 8 that the President asked the U.S. Tariff Commission to investigate the need to increase the quotas. The Commission conducted hearings in March, and testimony was submitted by the Cost of Living Council, Department of Agriculture, industry representatives, and importers. A report was submitted to the President by the Commission recommending that quotas be increased 50 percent for each supplying country during the period ending July 31 this year.

The necessary steps have been taken to increase the probability that the additional 64-million-pound quota can be reached by July 31. Specifically, foreign countries will be allowed to ship a higher proportion of low-priced cheese exports to the United States during this temporary period. This means that an additional 64 million pounds over the annual import quota of 128 million pounds should be entering the U.S. markets in the next three months.

Current domestic cheese prices appreciably exceed present government purchase prices under the legislatively mandated dairy support program and are expected to remain above the support price until well into the summer, when increased domestic cheese production is expected to be available to meet the growing demand for protein-rich food items.

## Department Discusses Presidential Authority To Continue U.S. Air Combat Operations in Cambodia

*Following is a statement submitted to the Senate Committee on Foreign Relations by Secretary Rogers on April 30.*

Press release 125 dated April 30

The purpose of this memorandum is to discuss the President's legal authority to continue United States air combat operations in Cambodia since the conclusion of the Agreement on Ending the War and Restoring Peace in Viet-Nam on January 27, 1973, and the completion on March 28, 1973, of the withdrawal of United States armed forces from Viet-Nam and the return of American citizens held prisoner in Indochina. The memorandum also discusses the background of the Agreement of January 27 and the purposes of various United States actions in order to clarify the legal issues.

For many years the United States has pursued a combination of diplomatic and military efforts to bring about a just peace in Viet-Nam. These efforts were successful in strengthening the self-defense capabilities of the armed forces of the Republic of Viet-Nam and in bringing about serious negotiations which culminated in the Agreement on Ending the War and Restoring Peace in Viet-Nam, signed at Paris on January 27, 1973.<sup>1</sup> This Agreement provided for a cease-fire in Viet-Nam, the return of prisoners, and the withdrawal of United States and allied armed forces from South Viet-Nam within sixty days. The Agreement (in Article 20)<sup>2</sup> also required the withdrawal of all foreign armed forces from Laos and Cambodia and obligated the parties to refrain from using the territory of Cambodia and Laos to encroach on the sovereignty and

security of other countries, to respect the neutrality of Cambodia and Laos, and to avoid any interference in the internal affairs of those two countries. This Article is of central importance as it has long been apparent that the conflicts in Laos and Cambodia are closely related to the conflict in Viet-Nam and, in fact, are so inter-related as to be considered parts of a single conflict.

At the time the Viet-Nam Agreement was concluded, the United States made clear to the North Vietnamese that the armed forces of the Khmer Government would suspend all offensive operations and that the United States aircraft supporting them would do

<sup>1</sup> BULLETIN of Feb. 12, 1973, p. 169 [Footnotes in original].

<sup>2</sup> "(a) The parties participating in the Paris Conference on Viet-Nam shall strictly respect the 1954 Geneva Agreements on Cambodia and the 1962 Geneva Agreements on Laos, which recognized the Cambodian and the Lao peoples' fundamental national rights, i.e., the independence, sovereignty, unity, and territorial integrity of these countries. The parties shall respect the neutrality of Cambodia and Laos.

"The parties participating in the Paris Conference on Viet-Nam undertake to refrain from using the territory of Cambodia and the territory of Laos to encroach on the sovereignty and security of one another and of other countries.

"(b) Foreign countries shall put an end to all military activities in Cambodia and Laos, totally withdraw from and refrain from reintroducing into these two countries troops, military advisers and military personnel, armaments, munitions and war material.

"(c) The internal affairs of Cambodia and Laos shall be settled by the people of each of these countries without foreign interference.

"(d) The problems existing between the Indochinese countries shall be settled by the Indochinese parties on the basis of respect for each other's independence, sovereignty, and territorial integrity, and non-interference in each other's internal affairs."

likewise. We stated that, if the other side reciprocated, a *de facto* cease-fire would thereby be brought into force in Cambodia. However, we also stated that, if the communist forces carried out attacks, government forces and United States air forces would have to take necessary counter measures and that, in that event, we would continue to carry out air strikes in Cambodia as necessary until such time as a cease-fire could be brought into effect. These statements were based on our conviction that it was essential for Hanoi to understand that continuance of the hostilities in Cambodia and Laos would not be in its interest or in our interest and that compliance with Article 20 of the Agreement would have to be reciprocal.

It has recently been suggested that the withdrawal of all U.S. armed forces from South Viet-Nam and the return of all U.S. prisoners has created a fundamentally new situation in which new authority must be sought by the President from the Congress to carry out air strikes in Cambodia. The issue more accurately stated is whether the constitutional authority of the President to continue doing in Cambodia what the United States has lawfully been doing there expires with the withdrawal of U.S. armed forces from Viet-Nam and the return of American prisoners despite the fact that a cease-fire has not been achieved in Cambodia and North Vietnamese troops remain in Cambodia contrary to clear provisions of the Agreement. In other words, the issue is not whether the President may do something new, but rather whether what he has been doing must automatically stop, without regard to the consequences even though the Agreement is not being implemented by the other side.

The purposes of the United States in Southeast Asia have always included seeking a settlement to the Vietnamese war that would permit the people of South Viet-Nam to exercise their right to self-determination. The President has made this clear on many occasions. For example, on May 8, 1972, when he made the proposals that formed the basis for the ultimately successful ne-

gotiations with North Viet-Nam, he said there were three purposes to our military actions against Viet-Nam: first, to prevent the forceful imposition of a communist government in South Viet-Nam; second, to protect our remaining forces in South Viet-Nam; and third, to obtain the release of our prisoners.<sup>3</sup> The joint communique issued by the President and Mr. Brezhnev in Moscow on May 29, 1972,<sup>4</sup> in which the view of the United States was expressed, said that negotiations on the basis of the President's May 8 proposals would be the quickest and most effective way to obtain the objectives of bringing the military conflict to an end as soon as possible and ensuring that the political future of South Viet-Nam should be left for the South Vietnamese people to decide for themselves, free from outside interference. The recent opinion of the United States Court of Appeals for the District of Columbia Circuit in *Mitchell v. Laird* makes it clear that the President has the constitutional power to pursue all of these purposes. In the words of Judge [Charles] Wyzanski the President properly acted "with a profound concern for the durable interests of the nation—its defense, its honor, its morality."

The Agreement signed on January 27, 1973, represented a settlement consistent with these objectives. An important element in that Agreement is Article 20 which recognizes the underlying connections among the hostilities in all the countries of Indochina and required the cessation of foreign armed intervention in Laos and Cambodia. The importance of this article cannot be overestimated, because the continuation of hostilities in Laos and Cambodia and the presence there of North Vietnamese troops threatens the right of self-determination of the South Vietnamese people, which is guaranteed by the Agreement.

The United States is gratified that a cease-fire agreement has been reached in Laos. It must be respected by all the parties and result in the prompt withdrawal of foreign

<sup>3</sup> BULLETIN of May 29, 1972, p. 747.

<sup>4</sup> BULLETIN of June 26, 1972, p. 899.

forces. In Cambodia it has not yet been possible to bring about a cease-fire, and North Vietnamese forces have not withdrawn from that country. Under present circumstances, United States air support and material assistance are needed to support the armed forces of the Khmer Republic and thereby to render more likely the early conclusion of a cease-fire and implementation of Article 20 of the Agreement. Thus, U.S. air strikes in Cambodia do not represent a commitment by the United States to the defense of Cambodia as such but instead represent a meaningful interim action to bring about compliance with this critical provision in the Viet-Nam Agreement.

To stop these air strikes automatically at a fixed date would be as self-defeating as it would have been for the United States to withdraw its armed forces prematurely from South Viet-Nam while it was still trying to negotiate an agreement with North Viet-Nam. Had that been done in Viet-Nam, the Agreement of January 27 would never have been achieved; if it were done in Cambodia, there is no reason to believe that a cease-fire could be brought about in Cambodia or that the withdrawal of North Vietnamese forces from Cambodia could be obtained. It can be seen from this analysis that unilateral cessation of our United States air combat activity in Cambodia without the removal of North Vietnamese forces from that country would undermine the central achievement of the January Agreement as surely as would have a failure by the United States to insist on the inclusion in the Agreement of Article 20 requiring North Vietnamese withdrawal from Laos and Cambodia. The President's powers under Article II of the Constitution are adequate to prevent such a self-defeating result. It is worth noting that in reaching a similar conclusion, the report entitled "Congress and the Termination of the Viet-Nam War" recently prepared for your Committee by the Foreign Affairs Division of the Congressional Research Service, arrived at the same general conclusion as to the President's constitutional power.

One must recognize that the scope and application of the President's powers under

Article II of the Constitution are rarely free from dispute. Under the Constitution, the war powers are shared between the Executive and Legislative branches of the Government. The Congress is granted the powers "to provide for the common defense," "to declare war, grant letters of marque and reprisal, and make rules concerning captures on land and water," "to raise and support armies," "to provide and maintain a navy," "to make rules for the government and regulation of the land and naval forces," and "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers . . ." <sup>5</sup> On the other hand, the Constitution provides that "the executive power shall be vested in a President," that he "shall be Commander-in-Chief of the army and navy of the United States," and that "he shall take care that the laws be faithfully executed." <sup>6</sup> The President is also given the authority to make treaties with the advice and consent of two thirds of the Senate, to appoint ambassadors with the advice and consent of the Senate, and to receive ambassadors and other public ministers.

The proceedings of the Federal Constitutional Convention in 1787 suggest that the ambiguities of this division of power between the President and the Congress were deliberately left unresolved with the understanding that they were to be defined by practice. There may be those who wish the framers of the Constitution would have been more precise, but it is submitted that there was great wisdom in realizing the impossibility of foreseeing all contingencies and in leaving considerable flexibility for the future play of political forces. The Constitution is a framework for democratic decision and action, not a source of ready-made answers to all questions, and that is one of its great strengths.

There is no question but that Congress should play an important role in decisions involving the use of armed forces abroad. With respect to the continuation of U.S. air combat activity in Cambodia, what is that

<sup>5</sup> U.S. Constitution, Article I, Section 8.

<sup>6</sup> U.S. Constitution, Article II, Sections 1 and 2.

role? The Congress has cooperated with the President in establishing the policy of firmness coupled with an openness to negotiation which has succeeded in bringing about the Agreement of January 27 and which can succeed in securing its implementation. This cooperation has been shown through consultations and through the authorization and appropriation process. The Congress has consistently rejected proposals by some members to withdraw this congressional participation and authority by cutting off appropriations for necessary military expenditures and foreign assistance. The Congress has also enacted several provisions with specific reference to Cambodia.<sup>7</sup> The President's policy in Cambodia has been and continues to be fully consistent with these provisions.

It was, of course, hoped that the Agreement signed at Paris on January 27 would be strictly implemented according to its terms, including the prompt conclusion of cease-fires in Laos and Cambodia and the withdrawal of foreign troops from those two countries. What has happened instead is that, in Laos, the cease-fire has been followed by continuing communist stalling in forming the new government and, in Cambodia, the communists responded to the efforts of the Khmer Government to bring about a *de facto* cease-fire with a fierce, general offensive. North Vietnamese forces remain in Laos and Cambodia and continue to infiltrate men and war material through these countries to the Republic of Viet-Nam. North Vietnamese forces in Cambodia continue to participate in and to support communist offensive operations.

United States air strikes in Laos were an important element in the decision by North Viet-Nam and its Laotian allies to negotiate a cease-fire in Laos. If United States air strikes were stopped in Cambodia despite

the communist offensive, there would be little, if any, incentive for the communists to seek a cease-fire in that country, and the temptation would doubtless be great for North Viet-Nam to leave its troops and supply lines indefinitely in Laos and Cambodia. Such a situation would be the opposite of that prescribed by Article 20 of the Viet-Nam Agreement and would so threaten the viability of the settlement in Viet-Nam and the right to self-determination of the South Vietnamese people as to be totally unacceptable to the Republic of Viet-Nam and to the United States. In light of these facts, it seems clear that the argument that the Constitution requires immediate cessation of U.S. air strikes in Cambodia because of the Paris Agreement is, in reality, an argument that the Constitution which has permitted the United States to negotiate a peace agreement—a peace that guarantees the right of self-determination to the South Vietnamese people as well as the return of United States prisoners and withdrawal of United States armed forces from Viet-Nam—is a Constitution that contains an automatic self-destruct mechanism designed to destroy what has been so painfully achieved. We are now in the process of having further discussions with the North Vietnamese with regard to the implementation of the Paris Agreement. We hope these discussions will be successful and will lead to a cease-fire in Cambodia.

## Congressional Documents Relating to Foreign Policy

### 93d Congress, 1st Session

Exchange of Notes with Ethiopia concerning the Administration of Justice. Message from the President of the United States transmitting the exchange of notes. S. Ex. B; January 26, 1973; 6 pp. Report to accompany Ex. B, 93-1. S. Ex. Rept. 93-7; March 21, 1973; 3 pp.

A Bill To Amend the Federal Aviation Act of 1958 To Provide a More Effective Program to Prevent Aircraft Piracy, and for Other Purposes. Report to accompany S. 39. Rept. 98-13. February 2, 1973. 76 pp.

<sup>7</sup> For example, Section 7 of the Special Foreign Assistance Act of 1971 (Pub. L. 91-652, Jan. 5, 1971, 84 Stat. 1942) and Sections 655 and 656 of the Foreign Assistance Act of 1961, as amended (added by Section 304(b) of Pub. L. 92-226, Feb. 7, 1972, 86 Stat. 29).

## U.S. Opposes Middle East Violence and Terrorism

*Following are statements made in the U.N. Security Council by U.S. Representative John Scali on April 12, 17, and 21, together with the text of a resolution adopted by the Council on April 21.*

### STATEMENTS BY AMBASSADOR SCALI

#### Statement of April 12

USUN press release 35 dated April 12

I have taken the unusual action of asking to speak at this time because of a development of grave concern to my government, and to all those who seek to calm tempers and restore conditions in which the search for peace in the Middle East can go forward.

The tragic events in Lebanon have been followed by an attempt to spread a big lie around the world; namely, a charge that my government connived, colluded, and in some way participated in the Lebanon events and the allegation that the American Embassy in Beirut is harboring persons who were involved.

This qualifies, by any definition conceivable, as a massive untruth—a big lie. The big lie became a standard weapon of psychological warfare before and during World War II. It is an art form of the totalitarian mentality. It seeks to deceive the unwary public by resorting to a falsehood of gigantic dimensions. By its enormity it succeeds in deluding the innocent because no one would believe that such a massive untruth could be invented. The monstrous accusation that the United States somehow helped carry out the events in Lebanon and is acting as a shield for those involved originated with those who oppose at all costs and by any means a peaceful settlement, who preach and

practice wanton terrorism, and who, for their own purposes, seek to place the blame on others—the blame for their failures and crimes. It is being spread not only by clandestine means and by rumor-mongering; it is being repeated in recognized information media in several countries which in many cases have inexplicably failed to make known our firm, categorical denials.

This charge, Mr. President, is totally without foundation. It is complete fabrication from beginning to end. I would hope that reasonable people everywhere would recognize how defamatory and irresponsible on its very face such a charge is. Even worse, it can encourage new violence, more destruction, and more deaths of innocent people. And if this big lie succeeds in inflaming new violence, the responsibility will rest on the shoulders of those who listened impassively to the big lie and did nothing to speak the truth.

Yet another tragic aspect is that many, when emotions rule over reason, become the victims of such a bold and monstrous lie—just as many became victims of the false charge of American participation in the 1967 Arab-Israeli war, a charge they later came to recognize and acknowledge as false but which at the time led to consequences that are still with us today.

The views of my government on the broad principles are well known. They have been stated on many occasions by my predecessors—most recently in this Council on September 10, 1972.<sup>1</sup> We deplore violence wherever it occurs and from whatever source it comes. We deeply regret the mounting toll

<sup>1</sup> For background, see BULLETIN of Oct. 2, 1972, p. 365.



in innocent lives. I will reserve further comment on these aspects of the matter for later in the debate.

Today, however, I want to make it categorically clear that neither the U.S. Government nor any representative thereof had any part whatsoever in or knowledge of the Israeli raid on Lebanon on April 10. All governments concerned have a responsibility to disassociate themselves from this outrageous lie and to take steps to prevent the spread of such slander, whose consequences, if it is not checked, can do grave harm to the cause of peace and incite new destruction and more deaths of innocent people.

### Statement of April 17

USUN press release 36 dated April 17

As we are meeting here today, I think it is important that we recognize we are confronting a new and more dangerous turn in the long and frustrating search for peace in the Middle East.

The cycle of violence in this part of the world is not only continuing but has taken on newer and uglier dimensions. To the shame of all mankind, acts of violence and terror, often striking down innocent people, are on the verge of becoming a routine footnote to the tragic and unresolved Arab-Israeli conflict.

In focusing attention on violence, I am not asking that we lose sight of the human and political problems that have already defied solution for a generation. Rather, I wish to place in perspective a phenomenon that is both inherently important and important as a barrier to further efforts to bring real peace and security to the Middle East.

In the past few months hundreds have been killed—innocent men, women, and children, diplomats, tourists, and bystanders alike.

If we are to do anything about this, it is important that we understand that this new turn may be more than a temporary phenomenon in the history of mankind. It can become an accepted way of life.

We are living today at a time when a knock on the door may signal the visit of an assassin armed with a machinegun or firebomb. It

is intolerable that our fears have now reached the stage that at a thousand airports around the world innocent civilians must submit to complex security searches before boarding their planes—and pray that their flights will be safe. It is intolerable that innocent civilians cannot enter their automobiles without fear that they have been converted into instruments of death.

It is intolerable that opening the morning mail may trigger an explosion. It is intolerable that the innocent cannot regard even the family apartment, the social gathering, the Olympic sporting field, or the quiet streets as an abode of peace.

And it is intolerable that diplomats must conduct their tasks with concern for what may happen to them or their families in the future and with grief over what has already transpired.

Everywhere life, the life of the innocent bystander, has been made tragically cheap.

Are these acts of terror and counterterror to become accepted as the new rules of engagement in a tragic unresolved war? Are these acts, which demonstrate a grisly contempt for life, to become normal—deeds to be emulated more and more throughout the world?

Is this the heritage we, the members of a civilized society, wish to leave behind?

In the Declaration of Human Rights, the United Nations affirmed the right of every human being to life, liberty, and the security of person. Is this declaration now to be forgotten?

So that there will be no misunderstanding, let me make it emphatically clear that the United States opposes violence and terror from whatever source and of whatever kind,

We do not, and will not, condone violations of the sovereignty of one state by another state. Neither, however, do we condone murders in violation of basic human rights by individuals or groups. Such individuals and groups depend on the support, or on the acquiescence, of governments on whose territory they exist and from which they plan and direct their operations. That support and acquiescence is clearly contrary to the General

Assembly's Declaration on Friendly Relations as well as general principles of international law.

While we are aware of the political realities which are usually cited to excuse the action or inaction of certain governments, it is the duty of each state not to condone or abet or close its eyes to these acts of terrorism. Indeed, it is the duty of every state actively to prevent the organization or instigation of such acts on its territory, whether they are directed against its own citizens or against the citizens of other countries.

The question now in the Middle East is not who started what, but how this vicious cycle is to be broken. This is our real problem. States must not export violence. Private groups must not export violence. At this moment, assessing blame is secondary to the purpose of ending the misery and suffering on both sides. The overriding task of this Council is to seize the present opportunity and move to put an end to violence so that the political processes will have a chance to operate.

The meaning of the Declaration on Friendly Relations is clear. It reads:<sup>2</sup>

Every State has the duty to refrain from organizing, instigating, assisting or participating in acts of civil strife or terrorist acts in another State or acquiescing in organized activities within its territory directed towards the commission of such acts, when the acts referred to in the present paragraph involve a threat or use of force.

The cycle of violence will not be broken by drawing distinctions between violence by conventional forces and violence by individuals and groups. Violence by conventional forces and violence by terrorists are to be condemned equally. One is as ugly as the other. The time has come to recognize that we must be equally stern in dealing with all forms of international violence.

The United Nations must leave no doubt as to the disapproval of the international community of unwarranted and unnecessary

loss of innocent lives from acts of international terrorism and military responses to it. Action and cooperation by all states is required. No member state should attack another. Any such action only breeds further violence. Neither should any state allow its territory to be used for the launching of terrorist attacks outside its territory. No state should harbor elements which attack other states or nationals of that state, wherever they may be.

We have heard many speeches here condemning one side or the other, trying to assess blame. We believe this is an essentially sterile approach to the problem. These arguments will not lead to an end to the present agony, for it is in the nature of a vicious circle that cause and effect become impossible to distinguish.

The time has come, indeed it is already overdue, when there must be a halt to all acts of terror by all sides. Even as there is a truce on the ground which has stopped the major hostilities for 32 months, so, too, must there be an end to this grisly exchange of violence and counterviolence which extends the battlefield to areas where innocent people inevitably become its victims. All of us, regardless of our sympathies, have a duty to act now—and not by one-sided condemnations or by demands for unequal punishment which ignores the real world.

Instead, let us move carefully, avoiding the temptation for the short-term propaganda advantage which inflames rather than heals. Let us not vie with one another in cataloguing our grievances and sufferings. It is not enough to look backward. It is time to look forward. My government is prepared to do so as we continue our search for better understanding among these temporary foes—who one day must be friends.

Let us facilitate the turn from violence to peace. An instrument for this lies at hand. Let us use it; let us use the framework for an overall settlement that already exists. I refer to Resolution 242, which points the way to the goal of a lasting peace through which all the peoples of the Middle East can achieve security and justice. Resolution 242

<sup>2</sup>For text of the Declaration of Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, see BULLETIN of Nov. 16, 1970, p. 627.

calls for a just settlement of the refugee problem. The United States recognizes that peace in the Middle East can only be achieved by taking into full account the legitimate aspirations of the Palestinians.

Unless the Council can move from recrimination to evenhanded condemnation of all forms of violence, there will be no progress toward peace. Therefore we ask for an end to both cross-border attacks and individual acts of violence. If the Council will call for this, it will create an atmosphere in which we can move from the assessment of blame to the making of peace. Let us move ahead urgently to encourage negotiations for a peaceful settlement. I appeal to the members of this Council to act in such a way that this meeting can contribute to the goal of a lasting peace in the Middle East.

#### Statement of April 21

USUN press release 39 dated April 21

In my remarks before this chamber on April 17, I asserted the deeply felt view that the overriding task of this Council is to seize the present opportunity and move to put an end to violence in the Middle East so that the political processes will have a chance to operate.

I also stated what I believe my delegation has made emphatically clear on many occasions—that the United States as a matter of firm principle opposes international violence and terrorism from whatever source and of whatever kind. States must not export violence and terrorism. Private groups must not export violence and terrorism. Assessing blame is secondary to the purpose of ending the misery and suffering on both sides. My delegation has called for a move away from recrimination to evenhanded condemnation of all forms of violence. We do not accept the counsel of despair of those who witness it, deplore it, and then conclude that the violence cannot be controlled. Even less do we accept the view that violence should be encouraged and supported, regardless of its motivation.

We must reject terrorism as equally as we reject violence now, before humanity is

forced to endure so much of it that it becomes accepted as normal, as the ugly new rules of engagement that nations and groups can follow to settle their differences.

My delegation believes that the present resolution falls short of fully meeting these principles, these criteria. However, through the Security Council, the international community for the first time in the history of this world organization has rejected the cycle of violence and counterviolence, a deadly cycle in which innocent people inevitably become victims. In our view, the resolution condemns both violence and terrorism. These are positive elements. My delegation is pleased that by its reference in preambular paragraph 6 to "recent acts" the resolution takes note of the tragedy of Khartoum in violation of Sudanese sovereignty, incidents in Nicosia violating Cypriot jurisdiction, and other vicious acts in many places, particularly in Europe. In many other places, Mr. President, horrors have been averted only through the timely precautions of local authorities. To bring the matter home to this table, I would also make the point that except for the vigilance of the New York police, the recent placing of massive explosives in three crowded locations in this great city could have caused indiscriminate casualties in enormous numbers. Do we here believe that we and our families are immune to this kind of blind terrorism unless the international community awakens to the need for urgent action?

My delegation withheld its positive vote for two principal reasons. In our view, the resolution focuses too much on the meaningless exercise of trying to parcel out blame. It falls short of meeting the full dimensions of the challenge facing the Security Council.

Until this very hour, I and my delegation have been applying every ounce of our energies to achieving by quiet diplomacy an agreed draft that could command the unanimous support of this Council. We came close to succeeding in this, and we are disappointed that we did not achieve this outcome.

Even so, all of us can derive some satisfaction from the fact that the Security Council has grappled vigorously with one of the

great issues of the time. We should not lose sight of this fact, even if the result does not reach our highest aspirations.

No resolution, no legislative act, is perfect. Each of those who voted for the resolution, as we have heard, has expressed views of how it could have been improved by adding or subtracting some additional element or by some different emphasis.

But more importantly, no resolution of this Council can be an end to itself. A resolution's worth is judged by its effects, and its effects depend on the actions of the international community that flow or do not flow from the resolution.

Mr. President, before I close, I think it important for the sake of the record to make some comments on the matter of arms supplies to the Middle East area. In that connection, in the course of this debate we have heard several distorted and one-sided references to U.S. assistance in meeting Israel's legitimate defense needs. I have sensed an effort to depict this as a flow of arms through one pipeline from a single source to a single destination. There has been no reference to the fact that even as we sit in this chamber major deliveries of war material have been made by certain powers to several other countries in the area.

Mr. President, the United States has no intention of taking steps that would alter the arms balance in the Middle East or otherwise contribute to instability. However, I would emphasize that the United States does not propose to sit idly by while others pour arms into the Middle East for one side, thus inevitably tempting some governments to believe that with these new arms they can risk another round in the Middle East war.

My government has in the past six years sought insistently an agreement among major arms suppliers to limit weapons shipments to this part of the world. The United States stands ready at this instant to participate in such an arrangement if others are willing to put aside their special political objectives and work with us toward the goal of a reduced military confrontation.

In concluding, I want to affirm that de-

spite the imperfections of the present resolution my government is determined to do all in its power to encourage mutual respect of sovereignty among nations in the Middle East and to seek to further the international campaign to protect the innocent against violence and terror from all sources. Despite its imperfections, my government will regard the resolution's positive elements as points of departure for efforts to seek a new era in the Middle East—an era in which all the peoples of the Middle East will live in peace and security, an era in which the hands of friendship will reach across secure and recognized borders. Let us all dedicate ourselves to the achievement of that era.

#### TEXT OF RESOLUTION<sup>4</sup>

*The Security Council,*

*Having considered* the agenda contained in document S/Agenda/1705,

*Having noted* the contents of the letter of the Permanent Representative of Lebanon (S/10913),

*Having heard* the statements of the representatives of Lebanon and Israel,

*Grieved* at the tragic loss of civilian life,

*Gravely concerned* about the deteriorating situation resulting from the violation of Security Council resolutions,

*Deeply deploring* all recent acts of violence resulting in the loss of life of innocent individuals and the endangering of international civil aviation,

*Recalling* the General Armistice Agreement between Israel and Lebanon of 23 March 1949 and the cease-fire established pursuant to resolutions 233 (1967) and 234 (1967),

*Recalling* its resolutions 262 (1968) of 31 December 1968, 270 (1969) of 26 August 1969, 280 (1970) of 19 May 1970 and 316 (1972) of 26 June 1972,

1. *Expresses deep concern* over and condemns all acts of violence which endanger or take innocent human lives;

2. *Condemns* the repeated military attacks conducted by Israel against Lebanon and Israel's violation of Lebanon's territorial integrity and sovereignty in contravention of the Charter of the United Nations, of the Israel-Lebanon Armistice Agreement and of the Council's cease-fire resolutions;

3. *Calls upon* Israel to desist forthwith from all military attacks on Lebanon.

<sup>4</sup>U.N. doc. S/RES/332; adopted by the Security Council on Apr. 21 by a vote of 11 to 0, with 4 abstentions (U.S., China, Guinea, U.S.S.R.).

## United States Urges Practical Approach in Applying Science and Technology to Development

*The United States Economic and Social Council Committee on Science and Technology for Development met at New York March 12-30. Following are statements made in the committee by U.S. Representative Frederiek Seitz on March 15 and by U.S. Alternate Representative Robert W. Kitchen, Jr., on March 23.*

### STATEMENT BY DR. SEITZ, MARCH 15

USUN press release 18 dated March 15

I am pleased to be here representing my government at this first session of the Committee on Science and Technology for Development. Having served for seven years as President of our National Academy of Sciences in Washington, I feel very much at home in our discussions concerning the sciences, the technologies, and the related national and international policies needed to nurture development throughout the world. I am confident that many productive results and plans will emerge from our work.

My present post as president of the Rockefeller University in New York City carries with it deep involvement in international science and technology. The university has undertaken successful international collaborations since its creation at the beginning of this century.

What should be the role of our committee in developing a strategy for stimulating more widespread and increasingly effective applications of science and technology? This very important decision must rest on a consensus reached by all of us in the days ahead. As our initial contribution, I would

like to share some thoughts which have emerged from past U.S. experience.

The strengths of science clearly go beyond intellectual enlightenment and adventures of inquiry. Scientific truths are universal and belong to all of us. They extend across national boundaries. They are genuinely international, the possession of all nations. Also, the applications of science to the needs of mankind through technology are enormously varied, essentially infinite in scope. Science can provide all people with useful tools, profitable products, and beneficial services.

When the transistor was invented 25 years ago, the concept quickly became the property of all mankind. Those nations which were already organized to exploit this new concept rapidly developed revolutionary new industries. Other nations which were as far advanced technically and which had an adequate manpower base did not seize this opportunity, mainly because they lacked effective national organizations. It is hardly necessary to add here that a very large share of the world's electronic products based on the transistor, including many products sold in the United States, is now manufactured in other countries.

### Planning, Manpower, and Resources

Three important conditions must be satisfied at the national level, particularly in countries that have not reached the highest state of technological development, if science and technology are to serve the needs of the people. These conditions relate to planning, to manpower, and to critical levels of effort. Permit me to outline our view on each of these.

First, each nation must have a planning structure which works out detailed requirements and goals. Such planning may be centralized when the issues are sharply focused and urgent. But in any case there must be at least a minimum level of central and long-range coordination within each country so that indispensable resources are initially made available, distributed rationally, and used efficiently. The planning process must of course reflect the critical economic and social factors related to each major application of science and technology. The major objective of planning must be to help create and sustain a total national environment which is conducive to translating science and technology into productive channels.

Secondly, there must be an adequate manpower base—highly motivated and appropriately trained planners, scientists, engineers, and technicians. They must grasp and integrate technologies generated both at home and abroad. They must be linked to the institutions responsible for implementing actions. It is unfortunate when scientists and engineers carry on their research and development without understanding overall national resources and needs. But it is even more unfortunate when planners generate plans which greatly outrun the manpower capabilities and resources of their countries.

For example, in the United States and in many other countries there has long been a good match between agricultural research and development activities and the farmer's day-to-day needs; in this field there has been a good combination of centralized and decentralized planning involving participation of versatile agricultural scientists. On the other hand, in the United States we have not been as successful as we would like in applying technological innovations in the field of housing. We have not yet devised optimum patterns for introducing new construction techniques, new materials, and new organizational models into our existing social and economic structure. This appears to be another case where even relatively small modifications of old technology cannot be successfully introduced until many institutional

changes have been made and a new cadre of technically sophisticated entrepreneurs has emerged.

In this connection it is worth emphasizing that a developing country may do well to downgrade exotic forms of basic research while it is striving to pass through the takeoff point in evolving its technical strength. The United States did not begin to create a significant capability for basic research until about 1900, when international industrial competition required that we move in this direction. Up to that time we imported much of our science and technology. The same pattern has been followed by several countries which crossed the takeoff point in recent decades.

The third condition relates to the appropriate resources that must be made available to both the planners and those who execute programs. Studies in the technically advanced countries show that eventually up to about 3 percent of the gross national product can be used effectively in the support of research and development if careful programs and shrewd priorities are derived. Of this, perhaps 10 percent can be invested profitably in the most basic work. Practical realities, however, often determine that the percentage of GNP devoted to research and development in developing countries may be less than in the most advanced countries because of the need to satisfy public demands for other uses of scarce resources. In such cases the national planners should use vigorously their limited resources to adapt technology generated elsewhere.

### **Impact of Shared Technology**

Perhaps the most important role which the technically advanced countries can play is to collaborate with all countries in sharing relevant experiences—the failures along with the successes. This is not a new concept, but it is certainly an underutilized concept. The Green Revolution now sweeping so many areas of the world provides an ideal example of the way in which a form of technology which started in the more advanced lands is having a truly dramatic impact upon other

nations. This impact involves not only great increases in production levels but also significant changes in employment and income patterns.

Our committee's tasks are to focus on the need for action at the national level and to pool our understanding of the principles and the mechanisms which make science and technology effective. To do this, we should identify specific topics having significant technical content as well as great common interest to member countries and establish groups to explore them in depth and to stimulate forceful national and international action. The planning and management of R. & D. is an example of a far-reaching topic which might be pursued beneficially by a working group between sessions. In particular, such a group should carefully examine the ingredients of success of the international agricultural research networks in the fields of rice, wheat, and corn and then attempt to extend the lessons that have been learned to other research areas of worldwide importance. Of special interest is the role of the national, regional, and international institutes comprising these networks.

It is sometimes thought that the developing countries, when importing technology, can benefit only from special forms of science particularly designed to match their problems. This is certainly not always the case. We might cite many well-known examples in the fields of health, agriculture, and transportation. Another currently emerging example concerns the transistor and the earth satellite—reflecting very sophisticated technology—which undoubtedly enable many countries to catch up in their communications networks without passing through cumbersome and expensive intermediate stages. In general, then, the most advanced countries often serve the less advanced simply by carrying out their own technical activities and offering their products to the world.

As was mentioned in the opening session, most of the technically advanced nations, while recognizing the crucial need for more science-based technology to maintain or improve their well-being, are also becoming increasingly conscious of the need to assess

the consequences of new technological developments in a constructive way from more wide-ranging economic, social, and environmental perspectives. This field of analysis, now designated "technological assessment," is by no means new; however, it is rapidly gaining recognition as a still highly complex and uncertain, but vitally important, input to national and international policies. We should help disseminate knowledge of such studies and encourage the evolution of this new discipline.

If we do our work seriously and with vision, the creation of our committee could be one of the most important acts of the United Nations. Let us respond to our challenge with energy and imagination, recognizing that we can be of most help to one another by trading ideas on concrete cases and workable plans.

#### **Applying the Potential of the U.N. System**

With regard to specific agenda items for this session, we are increasingly concerned about the preoccupation of our committee with overall expenditure targets for research and development. This is unfortunate because the principal constraints on more effective use of science and technology are not now financial in most countries. They are rooted in organizational, institutional, and manpower weaknesses which, unless corrected, will continue to prevent efficient use of increased funding for science and technology. The constraints on using modern science in most countries include internal difficulties in providing access to technical and credit assistance for manufacturers and farmers, and particularly for small entrepreneurs. Fiscal and monetary policies often tilt technological choices toward inappropriate processes and products. Lack of a competitive climate frequently inhibits innovations. In addition, when markets are limited in size and depth, nations cannot gain the full benefits from long production runs and other economies of scale based on modern technology. Readily available and relatively inexpensive innovations are frequently ignored in the search for more dramatic breakthroughs. Too often, underutilized laboratories and equipment,

poorly matched manpower training with job opportunities, and irrelevant research results are grim reminders that science undertaken in isolation from the total development environment can be both costly and wasteful.

How can the U.N. system help the developing countries address these limitations and insure that additional financial resources are used wisely? This is the challenge that faces our committee.

We welcome the opportunity to review the ways in which science and technology are contributing to progress during the Second Development Decade, and, more importantly, how this contribution can be heightened during the years to come. At the same time, we do not believe that any useful purpose would be served in devoting the time and energy of this committee in attempting to modify certain paragraphs of the Second Development Decade Strategy.<sup>1</sup> A long and tedious process was involved in developing the strategy, and conditions have not changed sufficiently to reopen this process. The strategy is broad enough to accommodate the interest of every member of this committee. Our job is to begin to fill in this conceptual framework with specific ideas as to how science and technology can significantly accelerate particular components of the developmental process.

Turning to the World Plan of Action, we join with other delegations in applauding the extensive efforts of ACASTD [Advisory Committee on the Application of Science and Technology to Development] and of the specialized agencies in preparing this monumental document.<sup>2</sup> The world plan is indeed a landmark reference book for both theoreticians and practitioners in development. All governments and U.N. bodies should critically examine the concepts set forth in the plan and should adapt specific recommendations to their carefully considered interests and needs.

Finally, with regard to the agenda item on the role of modern science and technology

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<sup>1</sup>For text of the International Development Strategy adopted by the U.N. General Assembly on Oct. 24, 1970 (A/RES/2626 (XXV)), see BULLETIN of Nov. 16, 1970, p. 612.

<sup>2</sup>U.N. doc. E/4962 and addenda.

in the development of nations, I commend the Secretary General's incisive report on the opportunities for upgrading the quality and effectiveness of programs within the U.N. system involving the application of science and technology.<sup>3</sup> He has also correctly pointed out the substantial lack of involvement on the part of the world scientific community with the work of the United Nations system. This committee should face these two issues squarely, with practical suggestions for addressing these problems. Indeed, improving the performance of the U.N. system in bringing science and technology to the service of development should be central to all debates of the committee. While we will of course be considering specific technologies and narrowly defined problems, the thrust of our efforts should remain on clarifying practical steps to improve the overall quality of U.N. efforts.

Of particular importance to the success of this committee will be the relationships developed for working with and influencing the activities of member governments, UNDP [United Nations Development Program], the U.N. Economic Commissions, the specialized agencies, and other U.N. bodies. On the one hand, we must have an impact on their policies and programs if our work is to be meaningful. But we should be sensitive to the operational responsibilities of these organizations to insure that our recommendations are realistic. Our terms of reference enable us to take a broad view and choose specific areas for stimulating action. As we select these areas, we should aim for fully applying the potential of the U.N. system and steadily extending the impact of the committee's recommendations.

In closing we wish to stress three major points.

First, we will use most effectively the time at these first meetings and in fact the next few sessions of this committee by concentrating on the steps which each one of our nations must take to encourage the growth of the sciences and technologies relevant to national goals.

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<sup>3</sup>U.N. doc. E/5238 and add. 1.



Second, we must encourage our governments to include scientists, engineers, and economists who are deeply involved in planning the uses of technology at the national level among those sent to the meetings of this committee. With these professionals involved, exchanges of ideas and subsequent recommendations will be specific and compatible with the resources actually available in each nation.

Finally, let us recognize forthrightly that we share many scientific problems and opportunities. The United Nations is in a unique position to assist in mobilizing the wealth of the world's scientific talent into networks of knowledge and collaboration. Let us rise to this challenge; if we do, our collective endeavors will far exceed past expectations for our individual efforts.

#### **STATEMENT BY MR. KITCHEN, MARCH 23**

USUN press release 27 dated March 23

We are pleased to elaborate the U.S. views on assisting the developing countries in using modern science and technology in their developmental activities.

We wish to discuss two broad points this afternoon: first, the current overall research and development program in the United States and how that effort relates to any discussion of financial targets; and second, some of the particular new programs that the United States is undertaking and is prepared to expand in the developing countries and how these new efforts demonstrate, we believe, our willingness to participate even more vigorously and at higher levels of activity in the future.

We would like to summarize our overall position and then amplify a number of specific points.

As is well known, U.S. governmental and nongovernmental organizations support a large and diverse range of science and technology programs in the United States and worldwide which produce many benefits for developing countries. Even by the crudest calculations, the financial resources being

devoted to such activities probably exceed the financial targets proposed by some delegations. Thus, we are not opposed to the concept of targets out of concern that we are not doing our share or that we will suffer embarrassment. On the contrary, we are proud of the effort we are making in this regard. However, we are convinced that the concept of abstract targets diverts attention from the real issues, causes endless confusion in trying to determine what is meant, and sets an unhealthy precedent in placing finances ahead of programmatic considerations.

Experience has repeatedly shown that when there are sound programs, which reflect technological reality and take into account the critical issues of the socioeconomic environment, funding is available from a number of sources. Thus, programs should be the first order of business of this committee. Therefore we are prepared to discuss in detail what we are doing, what we are planning, and what else must be done.

Now, with this summary in mind, permit us to explain in more detail the reasons and facts involved.

As we stated in our previous intervention, the United States is currently the source of about one-half of the world's R. & D. effort. Our current annual R. & D. expenditures are approximately \$30 billion—about \$17 billion funded by the Federal Government and \$12 billion by the private sector including industry, foundations, and universities. During the past several years the level of government support has been about constant while the support by the private sector has been growing.

This level of funding supports several hundred thousand scientists and engineers engaged in research and development. More than half of these are employed in industry, and of course there are several million additional technical workers engaged in industrial manufacturing operations that require considerable technological skill. In short, the money and the manpower involved in the U.S. R. & D. program are substantial.

We do not mention this simply to praise ourselves. Rather, we want to point out that,

for example, a 1 percent shift in our R. & D. program—equivalent to \$300 million annually—would mean a shift of 5,000 scientists and engineers, requiring new laboratory facilities costing several hundred million dollars and supporting staffs of several thousand technicians and administrators. To what specific programs and in what regions would these resources be assigned? Do we want biologists or mechanical engineers? Would work be performed in marine areas or industrial centers? It makes little sense to talk about large sums of money until specific programs are defined. Given the magnitude of our R. & D. base, my government believes it is unwise to consider even very small percentage adjustments until we have a far better idea of what we are doing.

### **U.S. Research and Development Activities**

Now we would like to illustrate what is already being done in our R. & D. programs.

Any estimate of our expenditures that benefit developing countries depends on a variety of judgments concerning the nature and purpose of R. & D. Mentioning a few programs may indicate the complexity of such judgments and at the same time highlight the types of activities of particular interest:

—Most of the \$1.5 billion program of the National Institutes of Health directly or indirectly benefits people throughout the world.

—Many of the seed, pesticide, and fertilizer programs of the Department of Agriculture are obviously of immediate value to many agricultural countries. And in one sense our entire \$350 billion R. & D. program in agriculture is pertinent to worldwide concerns.

—Research of broad international interest permeates the entire program of the National Oceanographic and Atmospheric Administration. This effort is in the range of \$100 million.

—Geophysical prospecting techniques developed and currently being refined by the U.S. Geological Survey are in use throughout the world. This technology rests upon liter-

ally billions of dollars of R. & D. sponsored by several U.S. agencies over the past 20 years.

—The U.S. Government's energy R. & D. programs total about \$700 million. We are investing in technologies which will make energy more plentiful, less costly, and less polluting for all nations, both in the near term and in the more distant future.

—Our \$200 million governmental R. & D. effort on education is of course tailored largely to our own needs at home. But the focus of much of this work is on achieving a deeper understanding of how children learn, and the knowledge gained can in time provide direct benefits for school systems throughout the world.

—Expenditures of our foreign aid agency involving some aspect of science and technology total in the hundreds of millions of dollars annually.

—U.S. foundations provide more than \$40 million annually in support of R. & D. in developing countries. And this does not include the major research programs in several fields, such as reproductive biology, which are obviously relevant to development goals.

—More than 100,000 foreign students are currently being trained in the United States. This alone represents a U.S. contribution of more than \$100 million.

—The R. & D. efforts of U.S. petroleum companies have resulted in many large offshore discoveries now being exploited by developing countries.

—United Fruit, General Motors, and Firestone are among the U.S. firms with research laboratories in developing countries.

—Gillette and Standard Oil are among the U.S. firms supporting small research and education foundations in developing countries.

Any effort to tally up the dollar total of these and related efforts is plagued with confusion. Are health delivery systems, agricultural extension activities, highway construction, and economic research considered science and technology? Is all teacher training included? What types of equipment are included?

An attempt to define what is meant by the proposed targets will involve endless debates and can at best result only in arbitrary and meaningless categorizations. But of more serious concern is that debating targets diverts the attention of development practitioners and of this committee away from the key issues of how science and technology can be effectively applied. These issues relate largely to institutional and manpower capacity and to an economic environment that encourages innovation. In short, the country must be genuinely ready for science and technology investments if they are to have an impact on development. It makes little sense to earmark a percentage for science and technology in many countries, especially in the least developed countries. And perhaps most importantly, there must be specific program approaches that can be judged in competition with other claims on scarce resources.

Now in line with our views about the importance of concentrating on specific new programs, we wish to illustrate our actions.

New opportunities range from very dramatic possibilities being opened by recent developments in remote geophysical sensing from satellites and aircraft—reflected in collaborative programs in many countries including, for example, the Philippines, Indonesia, and Brazil—to technological breakthroughs for overcoming problems that have long plagued development, such as eradication of the vampire bat in Latin America and genetic control of mosquitoes in east Africa.

As the interests of developing countries in science and technology have risen, the United States has turned its attention to practical approaches for employing science and technology as perhaps the most promising tool for reducing the development gap. We are convinced that a wide range of practical steps can be taken. Therefore we are prepared to make as firm a commitment as any nation—in programmatic terms—to harnessing the power of science and technology to development. What specifically are we now

prepared to do in accelerating our efforts in science and technology?

#### **Priorities in U.S. Foreign Aid Program**

In our foreign aid program, first priority has been given to reinforcing the efforts of developing countries to establish and strengthen their agricultural capabilities and particularly their research capabilities. In addition to our support for the World Bank's Consultative Group, we now participate in bilateral agricultural research activities in more than 30 countries. Many of these programs are multimillion-dollar undertakings. All of them are very serious long-term endeavors involving the most gifted and experienced agricultural research specialists in the United States.

Another high priority is the health field. Broad-scale attacks on a number of serious diseases are currently being launched in cooperation with WHO [World Health Organization] throughout the world and particularly in Africa. There is no doubt that U.S. work in the biomedical sciences has improved and will continue to improve the lives of millions of people in developing countries. For example, through several channels of Federal and private funding, we are expanding our research efforts in reproductive biology. We will continue our efforts to more fully engage our medical talent in endeavors relevant to development.

A more recent priority of our aid program is in the field of industrial technology—to assist developing countries to choose, adapt, and develop appropriate technologies. One example of this new effort is a \$15 million assistance program currently being developed with Brazil to assist the State of São Paulo introduce technological innovations which will lead to increased exports in the fields of metallurgy, mechanical engineering, and food technology. In Guatemala, the capabilities of the Central American Technological Research Institute are being expanded to serve industry throughout the region. Many other examples involving the countries repre-

sented on this committee could also be cited.

In general, with regard to our foreign aid program, we intend not only to increase the level of support for science and technology activities but also to:

—Give new emphasis to attracting the top U.S. talent to development activities, as exemplified by a recent five-year grant to the Massachusetts Institute of Technology to use its reservoir of expertise in adapting the industrial and public works technology in the United States to the conditions of developing countries.

—Respond more fully to the specific types and quality of talent and technologies being sought by developing countries.

—Begin to translate into concrete programmatic terms, in a number of fields, the concept of international networks of research institutes, a pattern which has proved so successful in the agricultural field.

—Undertake a long-term commitment to assist developing countries to identify and develop technologies which are appropriate for their capital and labor resources, as reflected in recent programs initiated at the Georgia Institute of Technology and the Denver Research Institute.

—Expand global research efforts to use modern science in addressing problems that affect large masses of people in fields such as housing technology.

—Provide greater flexibility in our foreign aid instruments, such as greater involvement of local technical talent in feasibility studies and innovative uses of development loans for placing technical expertise at the service of developing countries.

#### **Consultation With the Private Sector**

While our foreign aid agency is the only organization authorized to conduct research for the benefit of developing countries, we believe we should maximize the applications in developing countries from the results of our domestic R. & D. programs. In this regard we will increase systematic efforts to

review our total R. & D. effort to (a) identify activities of potential benefit for development and (b) make available to interested developing countries those technological reports which will enable them to begin to exploit previously untapped benefits. As Dr. Seitz pointed out in our initial statement, many concepts and products of our R. & D. have been and will continue to be almost immediately transferable without special large funding.

With regard to the R. & D. activities of U.S. industry, during the past three years we have intensified our consultations with many U.S. multinational corporations interested in developing countries. The Latin American delegations are familiar with the extensive discussions that have been carried on with the Council of the Americas, which represents the principal U.S. investors in Latin America. In addition we have carefully surveyed the R. & D. activities of more than 100 U.S. firms which contribute to the technological infrastructure of developing countries. We have enlisted the help of the National Academy of Engineering to work with both industry and government in finding R. & D. approaches that will be mutually advantageous both to the firms and the developing countries. As we are all aware, this process is difficult, but it is critical to the relations among our countries in the years ahead. The U.S. Government will accelerate its efforts to work with the private sector in our common effort to seek a better harmonization of commercial and developmental objectives.

In conclusion, we would like again to propose a specific activity for this committee that can have broad program implications in many areas of science and technology. Rather than rewriting past reports—or debating vague future targets—let us bridge the gap between talk and action. Let us make this committee's work significant by planning serious followup tasks. We believe that it would benefit all members of this committee for the Secretary General, in collaboration with ap-

appropriate experts and ACASTD and with the cooperation of member governments, to carry out during the next year a careful and action-oriented examination of the problems of planning and management of R. & D. in the developing countries. In particular, such a study should examine the ingredients of success of the international agricultural research networks in the fields of rice, wheat, and corn and then attempt to extend the lessons that have been learned to other research areas of worldwide importance. This work would combine attention on the needs for modern national R. & D. management with a focus on successful patterns of international partnerships so that national R. & D. investments can pay off. We are submitting to the Secretariat a draft resolution which can provide the basis for discussion of this proposal under agenda item 10; a draft copy is also being circulated to the committee at this time.<sup>4</sup>

Turning more directly to the question of the quantification of science and technology activities, we are also proposing that the Secretary General give high priority to the research required to answer many of the questions raised about the feasibility of quantification during this session. Specifically, he should call on appropriate experts to define with some precision the types of science and technology activities that can be quantified in a meaningful way. Assuming that appropriate guidelines with worldwide applicability can be developed, which is far from clear, member governments should then be requested to indicate current levels of activity and recent and projected trends. With this information in hand, we believe we could have a discussion of the quantification issue.

In short, our two-pronged proposal emphasizes the overriding importance of programmatic efforts but recognizes the need for a serious response to growing interest in quantitative indicators of science and technology activity.

<sup>4</sup> Not printed here; for texts of U.S. draft resolutions, see USUN press release 27 dated Mar. 23.

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*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. 10017.*

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Report by the Secretary General on the United Nations operation in Cyprus (for the period May 27 December 1, 1972). S 10842. December 1, 1972. 25 pp.

Fifth report of the Security Council committee established in pursuance of Resolution 253 (1968) concerning the question of Southern Rhodesia. S 10852. December 22, 1972. 30 pp.

### TREATY INFORMATION

#### U.S. and U.K. Sign Agreement on "Advance Charter" Flights

The Department of State announced on April 2 (press release 97) that the United States and the United Kingdom of Great Britain and Northern Ireland, by means of an exchange of notes at Washington on March 30, had accepted a memorandum of understanding on travel group charters (TGC's) and advance booking charters (ABC's) under which each party will accept as charterworthy transatlantic traffic originated in the territory of the other party and organized and operated pursuant to the "advance charter" (TGC or ABC) rules of that party. Other provisions of the memorandum deal with enforcement and arrange-

ments to minimize administrative burdens on carriers and organizers of "advance charters." While this is not an exchange of economic rights, in discussions leading to the conclusion of the understanding both governments expressed the hope that it would be possible to accord liberal treatment to applications for "advance charter" flights. This understanding with the United Kingdom is the first of a series of such agreements the United States hopes to be able to conclude soon with other states to facilitate the operation of "advance charters." (For texts of the exchange of notes and the memorandum of understanding, see press release 97.)

## Current Actions

### MULTILATERAL

#### Aviation

International air services transit agreement. Done at Chicago December 7, 1944. Entered into force February 8, 1945. 59 Stat. 1693.

*Acceptance deposited:* Swaziland, April 30, 1973.

#### Biological Weapons

Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow April 10, 1972.<sup>1</sup>

*Ratification deposited:* Czechoslovakia, April 30, 1973.

#### Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington March 3, 1973.<sup>1</sup>

*Signatures:* Japan, Kenya, Paraguay, Tanzania, April 30, 1973.

#### Customs

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels December 15, 1950. Entered into force November 4, 1952; for the United States November 5, 1970. TIAS 7063.

*Accession deposited:* Mauritius, March 29, 1973.

#### Genocide

Convention on the prevention and punishment of the crime of genocide. Done at Paris December 9, 1948. Entered into force January 12, 1951.<sup>2</sup>

*Accession deposited:* German Democratic Republic (with reservations and a declaration), March 27, 1973.

#### 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.

*Accession deposited:* Honduras, April 16, 1973.

#### Phonograms

Convention for the protection of producers of phonograms against unauthorized duplication of their phonograms. Done at Geneva October 29, 1971.<sup>2</sup>

*Accession deposited:* Argentina, March 19, 1973.

#### Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Done at New York December 21, 1965. Entered into force January 4, 1969.<sup>2</sup>

*Accession deposited:* German Democratic Republic (with a reservation and a declaration), March 27, 1973.

#### 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 April 30, 1957; for the United States December 6, 1967. TIAS 6418.

*Notification of succession:* Zambia, March 26, 1973.

#### Telecommunications

Partial revision of the 1959 radio regulations, as amended (TIAS 4893, 5603, 6332, 6590) on space communications, with annexes. Done at Geneva July 17, 1971. Entered into force January 1, 1973. TIAS 7435.

*Notification of approval:* Ukrainian Soviet Socialist Republic, January 30, 1973.

#### White Slave Traffic

Agreement for the suppression of the white slave traffic, as amended by the protocol of May 4, 1949 (TIAS 2332). Signed at Paris May 18, 1904. Entered into force July 18, 1905; for the United States June 6, 1908. 35 Stat. 1979.

*Notification of succession:* Zambia, March 26, 1973.

#### Women—Political Rights

Convention on the political rights of women. Done at New York March 31, 1953. Entered into force July 7, 1954.<sup>2</sup>

*Accession deposited:* German Democratic Republic (with reservations and a declaration), March 27, 1973.

### BILATERAL

#### Brazil

Agreement concerning shrimp, with annexes, agreed minute, and exchanges of notes. Signed at Brasilia

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

<sup>2</sup> Not in force for the United States.

May 9, 1972. Entered into force February 14, 1973.

*Proclaimed by the President:* April 27, 1973.

### Colombia

Agreement for sales of agricultural commodities, relating to the agreement of March 4, 1970 (TIAS 7189). Signed at Bogotá April 24, 1973. Entered into force April 24, 1973.

### Ethiopia

Agreement amending the treaty of amity and economic relations of September 7, 1951, to terminate notes concerning administration of justice. Effected by exchange of notes at Addis Ababa September 16, 1965, and October 20, 1972.<sup>1</sup>  
*Ratified by the President:* April 25, 1973.

### Guatemala

Agreement relating to the deposit by Guatemala of ten percent of the value of grant military assistance and excess defense articles furnished by the United States. Effected by exchange of notes at Guatemala May 16 and July 19, 1972.  
*Entered into force:* April 26, 1973.

Arrangement relating to radio communications between amateur stations on behalf of third parties. Effected by exchange of notes at Guatemala October 21 and November 19, 1971.  
*Entered into force:* May 26, 1973.

### Hungary

Consular convention. Signed at Budapest July 7, 1972.  
*Ratified by the President:* April 16, 1972.

### Japan

Understanding relating to the prepayment by Japan of remaining obligations under the agreement of January 9, 1962, for the settlement of post-war economic assistance and the agricultural commodities agreements of May 31, 1955, and February 10, 1956. Effected by exchange of notes at Washington April 30, 1973. Entered into force April 30, 1973.

### Poland

Consular convention, with protocols and exchanges of notes. Signed at Warsaw May 31, 1972.  
*Ratified by the President:* April 16, 1973.

### Romania

Consular convention, with protocol. Signed at Bucharest July 5, 1972.  
*Ratified by the President:* April 16, 1973.

### Sweden

Arrangement relating to certificates of airworthiness for imported aircraft. Effected by exchange of notes at Stockholm December 22, 1954. Entered into force December 22, 1954. TIAS 3159.  
*Terminated:* April 26, 1973.

Agreement relating to airworthiness certifications. Effected by exchange of notes at Stockholm April 24 and 26, 1973. Entered into force April 26, 1973.

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

## PUBLICATIONS

### Recent Releases

*For sale by the Government Bookstore, Department of State, Washington, D.C. 20520. 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 a reading list. (A complete set of all Background Notes currently in stock—at least 140—\$16.35; 1-year subscription service for approximately 77 updated or new Notes—\$14.50; plastic binder—\$1.50.) Single copies of those listed below are available at 20¢ each.

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	Pub. 8046 4 pp.
Colombia . . . . .	Catalog No. S1.123:C71/970
	Pub. 7767 8 pp.
Nicaragua . . . . .	Catalog No. S1.123:N51/969
	Pub. 7772 4 pp.
Romania . . . . .	Catalog No. S1.123:R66/970
	Pub. 7890 7 pp.

**U.S. Trade Prospects With the P.R.C.: A Realistic Assessment.** This pamphlet in the Current Foreign Policy series is the text of an address by Marshall Green, Assistant Secretary of State for East Asian and Pacific Affairs, before the China Trade Symposium sponsored by the University of Southern California Graduate School of Business Administration at Los Angeles, Calif., on Oct. 9, 1972. Pub. 8687. East Asian and Pacific Series 207. 7 pp. 15¢.

**The Role of International Law in Combating Terrorism.** Statements on this subject by John R. Stevenson, then Legal Adviser of the Department of State, and Ambassador W. Tapley Bennett, Representative of the United States to Committee V (Legal) of the U.N. General Assembly, provide the basis for this pamphlet in the Current Foreign Policy series. Pub. 8689. General Foreign Policy Series 270. 7 pp. 20¢ postpaid.

**Inaugural Address, January 20, 1973.** Text of the inaugural address made by President Nixon at the Capitol. Pub. 8692. General Foreign Policy Series 271. 7 pp. Not For Sale. A limited number of copies are available free from the Public Inquiries Division, Office of Media Services, Department of State, Washington, D.C. 20520.

**Omega Navigational Station. Agreement with Japan.** TIAS 7428. 11 pp. 20¢.

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Social Security. Agreement with Argentina. TIAS 7458. 4 pp. 10¢.

Military Assistance—Deposits Under Military Assistance Act of 1971. Agreement with Saudi Arabia. TIAS 7459. 5 pp. 10¢.

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125	4 30	Statement on Presidential authority to continue U.S. air combat operations in Cambodia.
126	5 1	Handley named Senior Adviser to the Secretary of State and Coordinator for International Narcotics Matters (biographic data).
127	5 1	Shipping Coordinating Committee meeting, May 23.
128	5 2	Rusk: Senate Committee on Foreign Relations.
129	5 2	Architect Louis Kahn to participate in Department of State program abroad.
130	5 2	Paul W. McCracken to lecture in Europe for Department of State.
131	5 3	Cancellation of meeting of Educational and Cultural Affairs Advisory Commission.

Not printed.

1 Held for a later issue of the BULLETIN.

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# THE DEPARTMENT OF STATE **BULLETIN**

Vol. LXVIII, No. 1770

May 28, 1973

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*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 U.S. foreign relations and on the work of the Department and the Foreign Service.*

*The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and 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 on treaties of general international interest.*

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## 1972: A Year of Historic Negotiations

*Remarks by President Nixon<sup>1</sup>*

The year 1972 was a time of more dramatic progress toward a lasting peace in the world than any other year since the end of World War II. But as encouraging as that progress was, we cannot rest on our laurels now.

Nineteen seventy-three and the years to come will test whether America will go forward into a new era of international relations or whether we will go backward into preoccupation with ourselves, thus allowing the world to slip back into its age-old patterns of conflict.

If we meet this test, the rewards can be great. If we do not, a priceless opportunity may be tragically lost.

It is against this background of hope and danger that I have today submitted to the Congress my fourth annual report on United States foreign policy. Tonight I want to share with you some highlights of that report.

Since the time of my last foreign policy review, we have witnessed historic achievements on a number of fronts. After more than two decades of hostility and isolation, we have begun an entirely new relationship with the People's Republic of China when I visited Peking last year.

Travel, exchanges, and trade between our two countries are accelerating. This month we shall open Liaison Offices in each other's capitals, headed by distinguished senior diplomats.

The United States and the Soviet Union

<sup>1</sup> Recorded for broadcast on radio on May 3 (Weekly Compilation of Presidential Documents dated May 7).

*The complete text of President Nixon's fourth annual foreign policy report to the Congress, "United States Foreign Policy for the 1970's: Shaping a Durable Peace," will appear in the June 4 issue of the Bulletin.*

have taken a decisive turn away from the confrontation of the past quarter century. At our meeting last May, the Soviet leaders and I established a set of basic principles to govern our relations.

We signed a series of cooperative agreements, and we laid the foundation for major increases in trade. Most importantly, we reached an unprecedented agreement limiting the nuclear arsenals that have haunted the world for a generation.

In the early months of 1973, intensive negotiations and a decisive military policy brought us at last to a just settlement of the long and costly war in Viet-Nam. We achieved our fundamental objectives—a cease-fire, the return of our prisoners, a commitment to account for those missing in action, the honorable withdrawal of our forces, and the right of the people of South Viet-Nam to determine their own political future.

But the peace in Viet-Nam and the parallel peace in Laos remain fragile because of North Viet-Nam's continued violations of the peace agreement. A cease-fire still has not been reached in Cambodia. We earnestly hope these problems can be solved at the conference table. We will not turn our back on our friends and allies while Hanoi makes a

mockery of its promise to help keep the peace.

During recent months, with less fanfare than in negotiations with our adversaries but with no less dedication, we have also been working closely with our Atlantic and Pacific partners. In addition, we have moved toward major reform of the international economic system, although the process of readjustment is still marked by crises.

We have continued to share more responsibilities with our friends under the Nixon doctrine. In sum, recalling the challenges we faced and the goals we set at the outset of this administration, all Americans can take satisfaction in the record of the recent past.

But our progress in the early 1970's has been more marked in reducing tensions than in restructuring partnerships. That is why we must make 1973 not only the year of Europe, as some have called it, but also the year of renewal for all of America's alliances and friendships.

In this spirit, we shall cooperate with our European friends to forge even stronger partnerships, cemented by a new articulation of the goals we share.

There will be the closest collaboration on such major issues as the mutual and balanced reduction of forces in Europe, the European Security Conference, and the current round of strategic arms limitation talks. Before the end of the year I will visit our Atlantic allies.

We shall also continue to attach the highest priority to our relations with our major Pacific ally, Japan. Prime Minister Tanaka will visit the United States this summer for talks on this subject.

We shall work with all concerned nations to create a stable monetary system and to promote freer trade. To make this possible, I again urge the Congress to pass promptly the crucial trade legislation I submitted last month.

We are also seeking in 1973 to further the

positive momentum in our relations with the Soviet Union. I look forward to welcoming the Soviet leadership to this country later in the year.

Dr. Kissinger [Henry A. Kissinger, Assistant to the President for National Security Affairs] leaves tonight for Moscow to prepare for that visit. New U.S.-Soviet talks are already underway aiming for further agreements on controlling nuclear weapons.

We shall also continue this year to build our promising new relationship with the People's Republic of China.

We shall pay particular attention to our neighbors in this hemisphere. Secretary Rogers is soon to embark on a trip to Latin America, and I look forward to a similar journey myself during my second term.

We shall do our part with others to reduce tensions and increase opportunity in such areas as the Middle East, South Asia, and Africa.

We shall continue building new partnerships of shared responsibilities with all our friends around the globe. Approval of the foreign aid bill which I sent to the Congress this week will be fundamental to this effort.

Our policy in the world for the next four years can be summarized quite simply:

Where peace is newly planted, we shall work to make it thrive.

Where bridges have been built, we shall work to make them stronger.

Where friendships have endured, we shall work to make them grow.

We shall keep America strong, involved in the world, meeting the responsibilities which no other free nation is able to meet in building a structure of peace.

I said upon taking office more than four years ago that a nation could aspire to no higher honor than the title of peacemaker. America has done much to earn that title since then. Let us resolve to do still more in the years ahead.

## OAS General Assembly Meets at Washington

*The third regular session of the General Assembly of the Organization of American States met at Washington April 4-15. Following are texts of a message from President Nixon to Aristides Calvani, Minister of Foreign Affairs of Venezuela and President of the Assembly, which was read before the Assembly on April 5; a statement by Secretary Rogers, chairman of the U.S. delegation, made in plenary on April 6; a statement by Acting Assistant Secretary for Inter-American Affairs John Hugh Crimmins, a vice chairman of the U.S. delegation, made in General Committee on April 11; and a resolution and a declaration adopted by the Assembly on April 15.*

### MESSAGE FROM PRESIDENT NIXON

It is with great pleasure that I extend my warmest best wishes, and those of the Government of the United States of America, to you and your fellow Foreign Ministers as you begin this historic Assembly of the Organization of American States. The discussions—and the decisions—of this gathering can have a decisive influence on the shape of future relations within the American family.

These relations have gone through an important transition over the past few years. The days of paternalism have ended. The days of promising more than could ever be realized have also ended. In the process, each of our countries has taken a careful look at its own situation—at its problems and what it could do about them. I am convinced that we have now laid the foundation for an entirely new and beneficial relationship, for what I some time ago called a "mature partnership" in the Americas.

That kind of partnership implies many things. It implies that there are common goals to which we aspire. It implies a trust and confidence in one another. It implies

that we can attain our goals more effectively by pursuing them more cooperatively. Above all, it implies that we consider interdependence an essential ingredient in the life of our hemisphere.

There are obvious differences among us. Some countries are large and others small. Some are moving forward rapidly in economic development, while others face very difficult barriers to progress. Each country has its own unique system of government. Yet we have developed in this hemisphere an understanding of those differences, and a respect for the ways of others.

It would be a profound mistake, however, for us to concentrate too much on our differences. For down that road lies only controversy and confrontation.

I hope that in the discussions that lie ahead we can focus on the areas where our interests converge. There are many such areas. Some concern us uniquely as countries of the Western Hemisphere. Others—such as building a sound and reliable monetary system, and encouraging the fairer and freer flow of trade—are of concern to countries all over the world.

This month honors Pan American Week and also marks the 25th Anniversary of the signing of the OAS Charter of 1948. It is an auspicious time to renew our faith in the Inter-American system by beginning to plan our common future. It is my hope that your deliberations will point the way to a strong new relationship among our peoples and governments as we face together the problems—and the opportunities—of our time.

RICHARD NIXON.

### STATEMENT BY SECRETARY ROGERS, APRIL 6

Press release 192 dated April 6

This year marks the 25th anniversary of the signing of the Charter of the Organiza-

tion of American States. Twenty-five years is perhaps a short period in the life of nations which have enjoyed over a century and a half of productive relations.

We all are aware, nevertheless, how profoundly the world has changed in those 25 years. The hostilities and rigidities that characterized international relations then are being left behind. This restructuring of world politics has been accompanied by an even more profound change in the world economy. Europe and Japan have recovered economically. Many nations in the developing world—including nations in Latin America—have achieved both substantial economic growth and self-confidence.

These are changes which have an effect on all members of this organization. My nation has been deeply involved in many of them. The nations of Latin America have broadened their global economic and political involvement. Today more than ever, we are all influenced by the broad currents of world development.

It was in this context that in 1969 President Nixon enunciated a new U.S. policy for Latin America. That policy reflected the changes in global and hemispheric relations which had already begun. It anticipated other changes in global economics and politics to come. As the President described it in his foreign policy report last year, the policy reflected four positive themes:<sup>1</sup>

—A wider sharing of ideas and responsibility in hemispheric collaboration;

—A mature U.S. response to political diversity and nationalism;

—A practical and concrete U.S. contribution to economic and social development;

—A humanitarian concern for the quality of life in the hemisphere.

That policy is in keeping with our desire for continued close association with the hemisphere and with the less intrusive international role we have adopted and the people of the United States have endorsed. It is a policy which reflects Latin America's claim and capacity to a greater voice in hem-

<sup>1</sup> The complete text of President Nixon's foreign policy report to the Congress on Feb. 9, 1972, appears in the BULLETIN of Mar. 13, 1972; the section entitled "Latin America" begins on p. 358.

ispheric affairs. It is a policy which acknowledges the diversity of the hemisphere even as it provides a framework for hemispheric collaboration. It is a policy which assumes the interdependence of the Americas and the involvement of the Americas in global affairs.

It is a policy, we are convinced, that outlines a constructive approach to sound relations. With progress made toward a more peaceful world generally, we are now in a position to give our relations with you more consistent attention. Over the next four years:

—We will continue to work closely with you on the many issues before the global community in which the United States and Latin America might develop convergent interests.

—We will concentrate within the hemisphere on building upon areas of cooperation.

—We will maintain our support of your efforts to bring a better life to your citizens, channeling the bulk of our assistance through multilateral institutions while at the same time seeking to expand Latin America's access to trade and investment opportunities.

—We will approach our bilateral dealings on the basis of how you conduct relations with us and not how you structure your societies internally.

#### Trade and Monetary Matters

Close cooperation between us on global issues could be particularly constructive. Many of the opportunities and challenges before us can no longer be met in the hemisphere alone. Solutions must be found in the world community. On many such issues, U.S. and Latin American interests tend to converge. On some they coincide.

Latin America and the United States can, in particular, be of assistance to each other in improving the world monetary and training systems to assure that trade and capital move with a minimum of restrictions and that all nations share equitably in an expanding world economy.

President Nixon will shortly be proposing



to Congress broad new trade legislation which will include the authority we need to carry out a policy of expanded and more equitable world trade in the talks which start this fall. During those talks we believe that U.S. and Latin American delegations should establish a system of liaison, for we believe we share a number of common purposes which we can promote together. We should, for example, be able to cooperate on a number of concrete issues:

—We both will want to reduce barriers to agricultural trade. Latin America relies on agriculture for over half of its export earnings. The United States, unique among industrialized nations, exports 31 percent of its crop. The removal of restrictive practices against agricultural exports would benefit us all.

—We share an interest in the elimination of preferential arrangements which discriminate against one group of developing countries in favor of another or in favor of a few industrialized countries. Such exclusive arrangements have already prejudiced some exports from this hemisphere. Their extension will prejudice others. Neither Latin America nor the United States wants a Western Hemisphere trading bloc, nor have we ever found any bloc system to be a beneficial approach to our roles in international trade.

—We would all benefit from a reduction or elimination of administrative barriers which are used to artificially impede the growth of imports.

I should add that it is important that the GATT [General Agreement on Tariffs and Trade] session be a time of serious negotiations and not of confrontation. We will approach it this way and will seek to insure that the needs of developing countries are taken fully into account. We recognize of course that the countries of Latin America will share many trade interests in these talks with other developing nations. We also know that the concerns of developed and developing nations—and of you and of us—will diverge at some points. But it is essential that these differences not be allowed to deteriorate into the kind of sterile disputes that

characterized the last meeting of UNCTAD [United Nations Conference on Trade and Development]. Latin American countries could provide leadership at the GATT session by encouraging all states to concentrate upon the achievement of concrete economic results and to avoid political issues more appropriate to other forums.

The trade negotiations must, of course, take place in a single forum, the GATT. But we believe joint participation there could be made more effective through further discussion among us on trade issues in the Special Committee for Consultation and Negotiations.

As the recent meeting of the Finance Ministers of the Committee of Twenty has shown, the United States and the states of Latin America also share a number of convergent interests in world monetary talks. We worked closely with Argentina, Brazil, and Mexico in those talks and expect to continue to work with the nations of Latin America to seek a monetary system that will:

—Foster balance of payments adjustments by all countries, surplus and deficit, large and small;

—Make special drawing rights the principal reserve instrument and the common denominator in the system; and

—Recognize the interdependence of domestic and international economic policies, including the critical role of inflation control.

#### Law of the Sea

Law of the sea is another international issue where we can cooperate to achieve constructive results. Speaking in 1970 on the the law of the sea, President Nixon said that if it is not modernized by common action, unilateral actions and international conflict are inevitable. Three years have further confirmed that we must reach an international agreement.

Nations in Latin America, as elsewhere in the world, have adopted diverse stands on many of the issues involved. This diversity reflects such factors as whether or not they

are coastal states, whether they have a large or small continental shelf, whether they possess significant maritime interests, whether they have extensive or limited resources adjacent to their coasts. But while interests are diverse we earnestly hope that all the nations of the world, including most especially those of this hemisphere, can concur that each nation's interests ultimately can only be protected by international agreement. And we hope that we all will be prepared to make the accommodations necessary to build a broadly based international agreement.

In our opinion an international consensus is emerging on many of the issues involved. Certainly it is our hope that most states would be able at an early date to agree on:

1. A broad coastal state economic jurisdiction, beyond a 12-mile territorial sea, in which freedom of navigation and overflight would continue;

2. The right of free transit through and over international straits;

3. An international agreement including machinery for the deep seabed area and international standards together with compulsory settlement of disputes for areas under coastal state economic jurisdiction.

Some states of the hemisphere favor a territorial sea broader than 12 miles. However, we hope that the common interest in freedom of navigation and a common recognition of the economic and security needs of coastal states and the international community would lead all of us to agreement on a 12-mile territorial sea. We then could concentrate on the extent and nature of a coastal state economic jurisdiction which would accommodate the interests of all states.

If this is the case, we believe that it should be possible for the nations of this hemisphere to make a major contribution to an agreement which can be widely accepted, which will benefit us all, and which will eliminate present and potential conflicts. As we approach the Law of the Sea Conference we would hope to intensify our consultations with each of you to help advance the international consensus we believe is emerging.

## Terrorism

The inter-American system has often led the international community in devising agreed approaches to common problems. The OAS convention on acts of terrorism of international significance was the first important international effort to prevent and punish crimes of violence against the representatives of states and international organizations. The U.S. Senate has approved the convention, and we will be in a position to deposit our instrument of ratification as soon as implementing legislation is passed by our Congress. We hope other signatory nations will act promptly to ratify it and that the OAS members who have not yet signed will be able to lend their support.

Having led the way in arriving at an international approach to confronting terrorism, the Americas, we hope, can now actively cooperate in similar efforts to provide a broader international consensus. We see three areas where we can exert constructive leadership together:

—By making civil aviation safer by agreeing at this summer's civil aviation conference to deny refuge to those who commit terrorist acts against international civil aviation;

—By protecting diplomats through opening for signature at the next U.N. General Assembly a convention based on the draft articles submitted by the International Law Commission; and

—By thwarting the spread of terrorism through assuring that the ad hoc U.N. committee recommends to the next U.N. General Assembly an international convention providing for extradition or punishment in cases of international terrorism.

I hope our delegations could all be instructed to work together toward these aims.

Mr. President, I would like to turn now to two areas in which cooperation within the hemisphere itself remains important. I refer to inter-American cooperation for development and to the status of inter-American institutions.

We are well aware how central economic relationships are to the health of our cooper-

ation. In programs directed to the hemisphere we will continue our support for efforts to bring a better life to the citizens of your countries.

### **Cooperation for Development**

In recent years I believe we all have come to the conclusion that development demands a comprehensive approach which includes dimensions other than official assistance. We now are specifically directing our own efforts to insure that all aspects of the development process are taken into account. Thus, I have asked our new Under Secretary for Economic Affairs to coordinate a comprehensive development policy—including development assistance, international investment, debt relief, trade expansion, and population growth—so that the United States may better support a more rapid per capita economic growth in the developing world.

We concur in the view expressed in the recent meeting of the Inter-American Economic and Social Council that expanded trade can be the most important element in this process. In fact, the document that emerged from the Bogotá meeting contained many important ideas which we support; we regret that in the last day or two of its development a number of contentious proposals were added even though they would make the result unacceptable to us.

Particularly because of our support for accelerated development in Latin America, we will also include in the trade bill we are submitting to Congress next week a request for authority to extend generalized tariff preferences for developing countries. It is important to note that while it was necessary for us to delay action on generalized tariff preferences, our imports from Latin America nevertheless have been growing substantially for a number of years and last year rose by 18 percent.

I am not now in a position to describe to you the details of the trade bill until it is presented to our Congress next week. However, I will be pleased to make myself available, together with the Under Secretary for

Economic Affairs, to describe to you all aspects of the legislative proposal.

Foreign private investment can also make a major contribution to development. The United States benefited from it during our own development, and we expect increasing European and Japanese investment in our economy over the next few years. Today, as never before, other countries in this hemisphere which seek such investment can also draw it not only from the United States but also from Europe and Japan.

Countries must of course decide for themselves whether they want to attract such investment; and they will of course set for themselves the rules under which the investor operates. But foreign investors should be able to rely on that determination. Because we believe private capital can be a major contribution to development and because we know it will move freely only if there is confidence that agreements will be observed, we will continue to insist on just compensation in cases of nationalization in accordance with the policy announced last January. At the same time, the U.S. Government is committed to the pacific settlement of disputes by the procedures set forth in article 24 of the charter and will cooperate fully with any government that wishes to solve a problem on fair terms that respect the interests of both sides. In most cases, various procedures are possible, but the point of departure for any solution is good-faith negotiation in a spirit of compromise.

Grant and loan assistance also continues to have an important role in development. We intend to carry out our bilateral and multilateral assistance commitments. Thus, we are proceeding this spring with a request to Congress for the next installment of \$693 million in our contribution to the replenishment of the Inter-American Development Bank.

Though it is unrealistic to project increases, we will make every effort to maintain our total assistance flows to Latin America at their present levels.

Perhaps the most easily controlled variable

in accelerating the growth of per capita income is the rate of population increase. Latin America's population is still expanding at approximately 2.8 percent per year, the highest rate in the world. Thus, despite the fact that the area's gross product has recently been expanding at over 6 percent a year, increases in population have cut the per capita gains to just over 3 percent. This is an area where we believe more rapid progress can be made.

Not all nations of the hemisphere share our deep concern for the effects of too rapid population growth. But we can all be pleased that the former Foreign Secretary of Mexico, Dr. Carrillo Flores, will be the Executive Director of the United Nations World Population Year in 1974. And we were encouraged to see that at the recent meeting of Latin American Ministers of Health agreement was reached that governments should provide family planning services and information wherever national policies permit.

#### **Inter-American Relations**

The changes that have taken place in global economics and politics have also brought us to a new period in inter-American relations. In the immediate future we will all be reassessing the multilateral structures through which they are conducted.

In this connection some of you see an anomaly in the static nature of our relations with Cuba at a time when we are moving in such positive directions with Moscow and Peking. There is an anomaly, but we believe it lies in Cuba's attitudes, not in U.S. policy. The dramatic progress in our relations with China and the U.S.S.R. could not come about except as a result of mutuality. Thus far, we perceive no change in Cuba's basic position. At a time when the world is putting enmity behind it, Cuba continues to place an antagonistic and interventionist attitude at the center of its policy. Its military ties remain.

Though there have been shifts in Cuba's behavior in the hemisphere, the changes do not seem to us to reflect a modification of its basic policies toward other American states. We are aware that while many in this Orga-

nization take a similar view others have a different opinion. But we have so far seen no evidence of change in Cuban policies sufficient to convince us that the OAS economic and diplomatic measures toward Cuba should be altered.

For all these reasons our policies toward Cuba remain unchanged, as does our commitment to act only in concert with the other members of the OAS.

Indeed, our intention is to work in concert with the OAS wherever possible. That is why we attach significance to the important items 9 and 10 on our agenda. Those items, proposed by the Secretary General of this Organization and by the distinguished Foreign Minister of Venezuela, reflect a desire to move away from the unproductive atmosphere which has recently been too frequent and to move toward means of working for common purposes. This is also evident in the mission undertaken by the Chairman of CIAP [Inter-American Committee on the Alliance for Progress].

As we seek together to expand our collaboration and minimize contention between us, we are prepared to work with all member states to improve the OAS. We will study carefully any suggestions made here or in the committee which may be established. And we will have suggestions of our own.

But ultimately the success of this or any other organization will be defined not by its structure but by the attitudes brought to it by its membership. Thus, in examining the OAS we will in fact be studying the "spirit of the hemisphere." The United States does not believe that this spirit implies an obligation to agree on all issues. But it does believe that the spirit must take into account certain realities: the reality that many issues cannot be resolved within the inter-American framework; the reality that there are practical limits to U.S. commitments; the reality that most problems within a country must be solved by the country itself; that a beneficial, cooperative relationship among nations requires mutual respect. The United States respects every nation here represented. We will work cooperatively with each

nation in this Organization on the basis of mutuality. The United States believes that the spirit that brings us together in this room must rest on the proposition that honest differences can and should be negotiated. It is the attitude of cooperation, accommodation, and reciprocal adjustment that has made our association fruitful in the past; it is an attitude that can enable us to reap new benefits in the future.

The United States thus welcomes the opportunity to enter into a constructive review of hemispheric relations. We see 1973 as a year of building. Now that the world is a safer place, there are energies, talents, and resources that can now be turned to other purposes. Latin America will have a high place on our agenda. I will participate personally in this effort and expect in the next few months to fulfill my longstanding desire to visit Latin America to exchange points of view with many of you in your own capitals. In taking that trip I will be motivated by a constructive desire to make our association as firm, as realistic, and as equitable as friends can make it.

This meeting of the OAS General Assembly could have a decisive influence on the future of our community. If that influence is to be constructive, we should concentrate on areas where our interests converge. If we do, we will find it easier to resolve those issues on which we have differences. Over the years our community has shown both flexibility and imagination in meeting the changed demands of changing times. It is the hope of my government that this meeting, and what follows it, will reaffirm and strengthen the ties between us so that we can continue to realize the benefits that derive from our association in this significant Organization of American States.

#### **STATEMENT BY MR. CRIMMINS, APRIL 11**

I notice there are several other speakers inscribed on the list, Mr. Chairman, so I will try to be quite brief in my remarks. I have listened with intense interest to this very animated debate which has characterized the

sessions, particularly today—this morning and this afternoon. I think it's an impressive manifestation of the pluralism, or diversity, that has been the center of some discussion.

With respect to the draft resolution before us, revised, I would like to state at the outset, Mr. Chairman, that the delegation of the United States finds the resolution a very positive one. I think that all of us around the table are indebted to the original sponsors of the resolution, the delegations of Chile, Peru, and Uruguay, for their work in synthesizing a very complex question. I think that the thrust of the resolution is a very positive one. It addresses in their entirety the problems that face us, those which are the center of our attention.

I myself, I repeat, have a completely open mind about the results of the examination which the Special Committee would give to the problems which we are addressing in the particular draft. The mandate provided the Special Committee in the document before us is, very appropriately, a very broad one. As I indicated in an earlier intervention, the view of my government is that a thoroughgoing, open, no-holds-barred examination of the problems that assail the Organization—indeed the inter-American system—is by far the most fruitful approach to take.

I was particularly gratified by the inclusion of the amendments submitted this morning by the distinguished Foreign Minister of Colombia, who has contributed so much to the evolution of the inter-American system and the Organization of American States. In particular my delegation was pleased to see the inclusion, in paragraph 2, subparagraph (iii), of the resolute part, of the observations of the Secretary General of the Organization, the Chairman of CIAP, and the Chairman of CEPACIECC [Permanent Executive Committee of the Inter-American Council for Education, Science, and Culture].

I think it appropriate to say, Mr. President, that my delegation attaches particular importance to the mission undertaken at the request of the CIES [Inter-American Economic and Social Council] by the distin-

guished Chairman of CIAP. We believe that the results of his mission, which will be presented to CIES in September, will be extremely valuable elements of judgment to the committee.

There was one special point with respect to the mandate given to the Chairman of CIAP that I should like to single out, and that is the provision in his mandate for contact with governments of developed countries in Europe and the Far East. This is not provided for in the terms of reference laid out in the resolution for the Special Committee. I think that the contributions, that the report, the recommendations and suggestions of the Chairman of CIAP will fill the gap, this possible gap, in the studies carried out by the Special Committee.

We believe, my government believes, it is most important to examine the possibilities of association in some form or another of the European developed countries and of Japan. I think that there sometimes arises in some currents of opinion in Latin America a belief that the United States has a certain reluctance to see this kind of approach. That is a myth that is completely false. We consider that the association of the countries, other developed countries, that participate in development assistance or in the general economy of Latin America can be a most useful element in the reform of the structure of the system. I have no idea how that association might come about, I have no idea about the receptivity of the European countries, Japan, and of course, above all, Canada; but that question, it seems to me, should be very closely examined, and the mandate to Dr. [Carlos] Sanz de Santamaría extends to Canada, the European countries, and Japan. We welcome that most firmly.

Touching on some other points that have arisen in the debate today, I should like to turn now to the question of the site of the Special Committee. In the first place I want to make absolutely clear that for the United States there is no objection whatsoever in principle or certainly not in policy to have the committee have its seat in a Latin Ameri-

can country. I want to assure my distinguished colleague from Panama that we are not in the least sensitive about this point. I may open a parenthesis here, Mr. Chairman, to note that I was very pleased to have the disclaimer of the distinguished representative of Panama that with respect to his references to the United States he disavowed any intention to engage in demagoguery. I accept that of course. I welcome it and I recognize it.

At the same time there are certain practical problems with respect to the question of the site of the Special Committee that I think must be faced. And these practical problems of course are of two kinds, the matter of efficiency and the matter of cost.

The question of efficiency of course relates to the availability in this seat of the Organization of services that are very hard to duplicate and very costly to duplicate elsewhere. I don't think I have to belabor this point. I don't think I have to belabor, either, the point with respect to the cost. It has been touched upon by several speakers and I think is self-evident.

My own delegation's view is that the suggestion, first by the delegate of Ecuador and repeated just now by the delegate of Venezuela, that the committee should have the power to move to a capital in Latin America is perhaps the best way of approaching it. In other words, the committee, in our view, should have flexibility with respect to meeting in capitals of Latin America, taking advantage at the same time of the facilities, the services, the technical attributes of the Secretariat here at the site.

We also support the observations made earlier today by the delegate of Brazil, more recently by the delegate of Ecuador, on certain details of the text. Those observations were extremely well founded, and we commend them to the cosponsors of the resolution.

The final point that I should like to touch upon is the controverted issue of political pluralism or ideological pluralism that has so much caught the attention of the General Committee.

I think it should be very clear that the United States accepts wholeheartedly the principle of pluralism, or diversity, or whatever name one wishes to attach to the phenomenon of different systems of government, different economic and social organizations, which certainly characterize the countries of the Western Hemisphere, all the members of the inter-American system. We are proud to form part of that diversity, that pluralism. We cherish very deeply the differences among all of us in our forms of government and in our styles of economic and social organization. We cherish very deeply the rights and the concerns about respect for our own system of government and our own form of economic and social organization that is encompassed in the terms "pluralism" or "diversity."

I do believe that the term in the text as we have it before us, "*pluralismo político*," is in some respects too narrow. The term "ideological pluralism," which is used by some speakers about it, in our view has a broader implication, rather more vague than precise.

In the first place the phrase "political pluralism" to us is too confining. It does not encompass the very critical areas of economic and social organization, or it can be interpreted to have an exclusionary sense.

The term "ideological pluralism," it seems to me, is rather meaningless. The question of ideology for us, for the United States, is not the principal problem. To me the term "ideology" tends to connote a closed system organized on rigid lines. There are differences in view about that, but to me, and this is my fundamental point, the central element of diversity, of pluralism, is the great differences among us in our systems of government and our forms of economic and social organization. So my observation with respect to proper phrasing of this controverted phrase would be to spell it out: pluralism with respect to systems of government and economic and social organization. I note, without trespassing on another matter, Mr. President, that indeed this is a definition used

in a document which we will be coming to shortly, I assume.

I do want to reiterate in closing this point that the declarations of the President of the United States, the declarations of senior officers of the U.S. Government, are replete with the position that for the United States there is full acceptance of diversity or, if you will, pluralism; that the internal organization, the internal systems of government, or the internal social and economic organizations of government are, rightfully, no concern of the United States. I want to reiterate that. It is a guidestar, a polestar for us in the U.S. Government.

It would be regrettable if the certain redundancy in the term "political pluralism" or "ideological pluralism" were in any way to vitiate the fundamental principles of non-intervention and self-determination. As I believe the distinguished delegate of Venezuela pointed out, pluralism, whether political or ideological, whether it's called political diversity or ideological diversity—however one wishes to cast it—is a corollary of these two cardinal principles. It is a consequence, a result, a fruit. And it would be important that when we accept this term, when we accept the principle, we do nothing to impair the greater good of which this is the child.

One very final point, Mr. Chairman: That is that my delegation wishes to associate itself most enthusiastically, most warmly, with the proposal first made by the delegate of Mexico: that there be included in the document at an appropriate place a reference to the very valuable, very stimulating, very provocative—in the best sense of the word—working document prepared by the delegation of Venezuela. For us the document was most useful. It was the point of reference, I believe, for all of my delegation, and because of its worth and because of the value of its concepts, even though my delegation does not associate itself with all the concepts laid out in the document, it deserves, in my judgment, a special reference in the resolution which we are now discussing.

## TEXT OF RESOLUTION <sup>2</sup>

### ESTABLISHMENT OF A SPECIAL COMMITTEE TO STUDY THE INTER-AMERICAN SYSTEM AND TO PROPOSE MEASURES FOR RESTRUCTURING IT

#### WHEREAS:

At its third regular session the General Assembly has studied the topics:

"Consideration of the ultimate purpose and the mission of the Organization of American States and ways of achieving that purpose and carrying out that mission under the international circumstances existing in the world today" and

"Review of the system of inter-American cooperation for development, with a view to improving it and bringing it up to date, and thereby strengthening the action of regional solidarity in that field and avoiding acts or measures that serve unilateral positions or interests, alien to the objectives of cooperation";

The Inter-American Economic and Social Council has presented to the General Assembly the declaration adopted at its Eighth Annual Meeting (CIES/RES. 50-VIII/73), in which it sets forth considerations concerning subsequent formulation of future action within the inter-American system of cooperation for development (AG/doc.311/73);

There is general dissatisfaction with the functioning and results of the inter-American system, and several member states have stated that the restructuring or general reform of the inter-American system is urgent and necessary and have presented proposals, suggestions and observations to properly orient the political, economic, social and cultural relations among the member states of the inter-American system on the basis of respect for the principles of juridical equality of states, self-determination, nonintervention, and recognition of the plurality of political, economic, and social systems;

The inter-American system must be equipped to serve and cooperate with the member states to effect the changes they adopt, of their own sovereign will, in their internal social and economic structures;

The inter-American system also must be organized to facilitate and promote international social justice as a necessary precondition to hemisphere peace and security, taking suitable account of the differing levels of development among nations;

The peoples of America demand respect for and effective application of the fundamental principles of the inter-American system, and condemn and repudiate all actions tending to create or to consolidate situations of dependency and subordination, or to threaten their sovereign rights, and;

The General Assembly has among its principal

powers that of considering any matter relating to friendly relations among the American states;

#### THE GENERAL ASSEMBLY

#### RESOLVES

1. To create a Special Committee composed of representatives appointed by each member state; this Special Committee, taking into account the principles and purposes of the inter-American system and of the Charter of the Organization, shall conduct a comprehensive critical study, analysis, and evaluation of the philosophy, instruments, structure, and functioning of the inter-American system and propose its restructuring and the reforms and measures necessary to enable it to respond adequately to the new political, economic, social, and cultural situations in all the member states and to hemisphere and world conditions. The Special Committee shall be guided in its work by the need to secure just terms and to provide security for the free and comprehensive development of each of the member states.

2. That, to carry out its work, the Special Committee shall take into account all elements that it considers pertinent and, among others, the following:

i) the statements made by the heads of delegation at the third regular session, the working document presented by Venezuela (AG/doc.363/73), and the pertinent documentation of the General Assembly;

ii) the statements, observations, recommendations, and proposals that the governments of member states have made or may make;

iii) the observations of the Permanent Council, the Secretary General of the Organization, the Chairman of the Inter-American Committee on the Alliance for Progress (CIAP), and the Chairman of the Permanent Executive Committee of the Inter-American Council for Education, Science, and Culture (CEPCIECC), as well as the observations, statements, and proposals that have been or may be made by other organs, agencies, and entities of the inter-American system, especially the Declaration of CIES concerning subsequent formulation of future action within the inter-American system of cooperation for development (CIES/RES. 50 (VIII-73) and the recommendations that the Inter-American Economic and Social Council may adopt at its meeting in September 1973, in accordance with resolution CIES/51 (VIII-73);

iv) the studies, reports, resolutions, and recommendations of organs and agencies of the United Nations, CECLA [Special Latin American Coordinating Committee], and the organizations for Latin American integration, dealing with inter-American political, economic, social, and cultural relations, especially as regards systems for financing, foreign investment, trade, and transfer of technology.

3. That the organs, subsidiary agencies, and other entities of the Organization shall provide any co-

<sup>2</sup> OAS doc. AG/doc. 396/73 rev. 2; adopted by the Assembly by consensus on Apr. 15.



operation requested by the Special Committee for the better fulfillment of its purposes.

4. The Special Committee shall meet in a city of any of the member states.

Considering all offers the member states may make, the Preparatory Committee of the General Assembly shall determine the place and date of the first session of the Special Committee. If more than one offer is made, the decision shall be made by lot.

If no offer is made within a reasonable time, or if for any reason the Special Committee cannot meet in the place selected, the headquarters of the Permanent Council of the Organization shall be the meeting place.

The Special Committee shall determine the place or places of its future meetings.

Except as provided in the second paragraph of this section, all decisions regarding the places of the meetings of the Special Committee shall be adopted by a two-thirds vote of the member states.

5. The Preparatory Committee of the General Assembly shall prepare draft rules of procedure for the Special Committee and take responsibility for the available material referred to in paragraph 2, and for gathering and compiling all suggestions and proposals that the governments of the member states have presented or may present with regard to topics 9 and 10 of the agenda of the third regular session of the General Assembly, or to this resolution.

6. The General Secretariat of the Organization shall provide the Special Committee with any secretariat services it may request and all necessary help in performing its duties.

7. The Special Committee shall submit to the governments of the member states periodic reports on the progress of its work, and a general report no later than November 30, 1973.

8. The Special Committee shall approve its own rules of procedure, work methods, and schedule of activities.

9. The Preparatory Committee of the General Assembly shall include on the draft agenda for the fourth regular session a topic calling for consideration of this matter.

10. In accordance with the standards in force, the appropriate organs shall provide the funds needed by the Special Committee to carry out its functions.

## TEXT OF DECLARATION<sup>3</sup>

### PRINCIPLES GOVERNING RELATIONS AMONG THE AMERICAN STATES

#### WHEREAS:

At its third regular session the General Assembly has considered topics 9 and 10 of the agenda, which refer to the purpose and mission of the Organiza-

tion of American States and to revision of the system of inter-American cooperation for development, with a view to improving it, thereby strengthening the action of regional solidarity in this field, among other ways by preventing acts or measures that serve unilateral positions or interests prejudicial to the objectives of cooperation;

The member states of the Organization are always prepared to respect and to enforce respect for the underlying principles of the regional system, among which are the prohibition of direct or indirect intervention by a state or group of states in the internal or external affairs of any other state, the self-determination of peoples, and juridical equality among states;

At its second regular session the General Assembly adopted Resolution AG/RES. 78 (II-0/72) on "Strengthening of the principles of nonintervention and the self-determination of peoples and measures to guarantee their observance," which solemnly reiterates "the need for the member states of the Organization to observe strictly the principles of nonintervention and self-determination of peoples as a means of ensuring peaceful coexistences among them and to refrain from committing any direct or indirect act that might constitute a violation of those principles";

As laid down in Article 34 of the Charter, "The Member States should make every effort to avoid policies, actions, or measures that have serious adverse effects on the economic or social development of another Member State";

The Declaration on Principles of International Law Concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, Resolution 2625 (XXV) of the United Nations General Assembly, included the principles of nonintervention, self-determination, equality of rights among states, abstention from the use of force, and others intended to foster co-operation among states;

In recent years profound changes have taken place in international relations, in the direction of full cooperation among states for the sake of peace, and these relations should be strengthened within the context of international law;

It is desirable that the Organization of American States manifest the principles upon which relations among the member states should be conducted; and

It is therefore timely to make a declaration to that end, but subject to the standards and obligations of the Charter and the special treaties enumerated therein,

### THE GENERAL ASSEMBLY

#### DECLARES

1. That in accordance with the principles of the

<sup>3</sup>OAS doc. AG/doc. 401/73 rev. 2; adopted by the Assembly by consensus on Apr. 15.

Charter of the Organization, and especially with those of mutual respect for sovereignty, the self-determination of peoples, and the juridical equality of respect the principles of nonintervention and self-determination of peoples and the right to demand compliance with these principles by the other states.

2. That, under the Charter, plurality of ideologies is a presupposition of regional solidarity, which is based on the concept of cooperation freely accepted by sovereign states, to achieve common objectives of maintenance of peace and understanding among them for the sake of their vigorous and dynamic development in the economic and social fields and in those of education, science, and culture.

3. That plurality of ideologies in relations among the member states implies the duty of each state to respect the principles of nonintervention and self-determination of peoples and the right to demand compliance with those principles by the other states.

4. That this declaration is made without prejudice to the standards and obligations of the Charter of the Organization, the special treaties mentioned therein, and Resolution 78 of the second regular session of the General Assembly.

## President Reaffirms Importance of Inter-American System

*Following are remarks made by President Nixon on April 13 at a reception at the White House in honor of chiefs of delegations to the General Assembly of the Organization of American States.*

White House press release dated April 13

Mr. Secretary and ladies and gentlemen: Mrs. Nixon and I are very honored to welcome those who are attending this historic conference of the Organization of American States.

I have followed your proceedings to date with very great interest, and as one columnist summed it up, the proceedings have been characterized by a combination of frustration and expectation. I hope that my brief remarks tonight will not add to the frustration, but may perhaps give you reason for more expectation.

Let me speak quite frankly to members of the American family. During the year 1972, when the journeys to Peking and Moscow

took place, and during the past four years when we have had the great problems involved in Southeast Asia, there has been a tendency throughout this hemisphere to think that the United States is so interested in and so obsessed with other problems that it is not concerned with the problems of our closest friends and neighbors. If that impression was created, it certainly was not intended on my part.

I am the first President of the United States ever to have visited all of the nations of the American Hemisphere before becoming President, and I consider the policy of my country insofar as it relates to the problems of this hemisphere to be of the highest importance, not of the second level of importance, and in this year 1973, I hope that we can demonstrate effectively that that is the case.

We shall continue progress in other areas of the world, which is essential if we are to have world peace, but we know that a sound foreign policy can only be based on good relations and better relations with our closest friends and our closest neighbors in this hemisphere.

We have made a beginning in one area. You will recall that it was two years ago that we spoke of the necessity of moving forward with general tariff preferences, and now in the trade legislation that we have submitted to the Congress, we believe that this year we have a very good chance to get that through the Congress. And we welcome the initiatives that this organization has undertaken to develop new policies to suit the times in which we live.

To demonstrate that we have an equal interest, the Secretary of State, who has traveled to all the continents of the world in the past four years, will be making a journey to Latin America and will report, when he returns, with recommendations for action for better relations with our friends to the south, and I ask all of the leaders of your countries to speak to him very frankly about what you feel our policies should be. He will also speak frankly to you and, I can assure you, will report very frankly to me.

Without getting into anything specific today, let me give you my general attitude.

We live in a time in world history when the old organizations and the old approaches many times do not speak to the problems that we face today. That is why we have made historic breakthroughs in our trips to Peking and Moscow in developing new relationships to deal with the world as it is today.

The OAS is a very proud organization. It is also a very old organization. It began 83 years ago. The organization which later became the OAS then began, and as my good friend, Dr. Santamaría [Carlos Sanz de Santamaría, Chairman, Inter-American Committee on the Alliance for Progress], said to me on a visit to the White House just a few days ago, the reasons that the organization was set up 83 years ago, some of them have changed, some of them are still relevant, and that is why today I think it is important for all of us in this year 1973 to look at the OAS and make it relevant to the problems of today and particularly to make it more relevant to the economic problems which are a major concern to all of the nations in this hemisphere.

I pledge to you that in these next four years in which I will be in this office that I want to work with you, with all of you and with all of your governments, toward the goal that we all share of peace and justice and progress for all of the members of the American family.

And I want to thank my voice here for getting every word right. [Laughter.] Al-

though my Spanish was not learned in school, only picked up by my travels abroad, I will simply say to you, as you have so often said to me and my wife when we have visited your country: *Están ustedes en su casa.*

## United States and Uruguay Sign New Extradition Treaty

Press release 103 dated April 6

On April 6 Secretary Rogers and the Foreign Minister of Uruguay, Dr. Juan Carlos Blanco Estrade, signed at Washington an extradition treaty between the United States and Uruguay. The present treaty dates from 1905.

The treaty will substantially modernize extradition relations between the two countries, both in terms of extraditable offenses and procedure. The treaty contains, among others, provisions directed against aircraft hijacking and narcotic offenses. It also excludes from the category of political offenses crimes committed on board commercial aircraft and kidnaping and other crimes against the life and physical security of diplomats and other persons to whom states have a special duty of protection in accordance with international law.

The treaty will now be submitted to the Uruguayan Parliament for its ratification and to the U.S. Senate for advice and consent. Approval by these bodies would permit it to enter into effect.

## Chancellor Brandt of the Federal Republic of Germany Visits Washington

*Chancellor Willy Brandt of the Federal Republic of Germany met with President Nixon and other government officials during an official visit to Washington May 1-2. Following are an exchange of toasts between President Nixon and Chancellor Brandt at a dinner at the White House on May 1 and the text of a joint statement issued on May 2 at the conclusion of their meetings.*

### EXCHANGE OF TOASTS

Weekly Compilation of Presidential Documents dated May 7

#### President Nixon

Mr. Chancellor, Mr. Vice President, and all of our very distinguished guests from the Federal Republic and from the United States: We hope that you agree with what the Chancellor just said that he always hopes that the Army will be used for playing violins. [Laughter.]

In my brief remarks presenting our very distinguished guests to this company, all of whom respect him and most of whom have met him, I have told him that they want to hear from him and not from me, and so therefore I will be quite personal and I hope perhaps to the point.

I was thinking how much we have in common. I was thinking, for example, that my wife's mother was born in Germany. I was thinking, for example, her father is Irish. I remember that another German Chancellor, Chancellor Adenauer, once a rival of our present guest, said to me that the most beautiful combination of woman was Irish and German, and I agree.

I was thinking, too, of how much my wife and my very lovely dinner partner, Madame

von Staden—who is the wife of the German Ambassador we have just received today and his credentials—how much they have in common. They attended the same school, of course a few years apart—she in 1937, my wife, and Madame von Staden in 1950—but the same man was president of the University of Southern California, Rufus Von Kliensmid, and when I think of him and of them, I think of what we owe to those of German background, who have given so much to America.

I think, too, of how much the Chancellor and I have in common. We were remarking that we were born in the same year. But then they looked at him, how young he was—[laughter]—and I said, "Mr. Chancellor, what month were you born in?" [Laughter.] I was born in January and he was born in December, so he is much younger than I am. [Laughter.]

I was thinking, too, that our political careers have been somewhat the same. As a matter of fact, on my first visit to the Federal Republic as President, there was a small dinner when a member of the other party was then Chancellor and the present Chancellor was present, and in a rather jocular mood, looking across at the then leader of the opposition, I said, "Well, Mr. Brandt, don't give up. You know, you can come back. I am the expert on coming back." [Laughter.]

So here we are, Chancellor of the Federal Republic, President of the United States, and each of us in office until 1976. And I think of all that can happen in those 3½ years. I think how much depends upon the German-American alliance and on the dedication of the leaders of these two countries

to the same goals—the goals of strength, of maintaining the strength of this great alliance that has brought us to where we are now, where we can now discuss the possibilities of mutual balanced force reductions. I think, too, of the fact that there have been occasions in the past when our two nations—and no blame is attached in this respect to either side—were not friends. And I think that together, as we are together and will always be in the future, we can do everything.

That is what the German alliance means; and that is what this visit means because, as the Chancellor and I in our long discussions today, which will continue tomorrow, agreed, we have domestic problems that we will wrestle with—problems of inflation and the economy and others—but his goal and mine, above everything else, is to build a world in which our children, our children's children, can grow up in peace.

And the key to that peaceful world, if there is a key, more than any place else in the world, is for the strong, resilient, able people that he represents and the strong, able, dedicated people that I am proud to represent—for us to work together.

I can assure you—this company and all the American people tonight—that the Chancellor of the Federal Republic and the President of the United States have as their goal for the year 1976 doing everything that we can to build a new structure of peace, not just in Europe, not just in the Atlantic community, but in the Mideast, all over the world. And these two great peoples—the German people, the American people—we can, we will do it together.

Ladies and gentlemen, it is in that spirit that I know that all of you proudly will raise your glasses to the Chancellor, Willy Brandt: To Willy Brandt, Chancellor Brandt.

#### **Chancellor Brandt**

Mr. President, Mrs. Nixon, excellencies, ladies and gentlemen: I thank you, Mr. President, for the cordial welcome you have extended to me and my delegation. We consider

the hospitality shown to us here tonight, shown to us in these days, anything but an act of routine, because we know that you, Mr. President, had to settle, in addition to receiving us here in Washington, problems of a domestic nature, as we all have to deal with from time to time.

By the way, the story about soldiers playing violins was the President's and not mine. [Laughter.]

Last year, you, Mr. President, were given an impressive confirmation by your fellow countrymen and you were able to exert particularly strong influence on international affairs.

In the meantime, it may be said that the cease-fire in Viet-Nam has brought the world nearer to peace. We also share the joy over the return of the prisoners of war, and we join you in the hope that in the tormented countries of Southeast Asia arms will at long last become silent.

At the beginning of this year, Mr. President, you had thorough talks here with our British friend, Edward Heath, and only two weeks ago our Italian partner, Signor Andreotti was given a cordial reception in this house. And not very long from now you will be meeting President Pompidou. None of us meets you any longer solely as the representative of his own country, but at the same time already to a certain degree as a representative of the European Community as well.

So I, too, am here not as the spokesman of Europe, but definitely as a spokesman for Europe.

I have spoken about a new feeling of European impatience among our nations; but I think I can put this more affectionately in the words of the first President of the United States, George Washington, who said, "We have the surprising luck to discover that apples will make pies." [Laughter.]

Seriously speaking, we do have the right already today to speak of the personality of Europe in about the same way that General de Gaulle spoke of the personality of nations.

The declared aim on this and on the other

side of the Atlantic has been and, as I am confident, is equal partnership. We realize that this requires Europe to assume a larger amount of responsibility as regards both regional self-responsibility and the share in world responsibility.

New problems have come to confront us, the very products of a peace that is no longer as much threatened as it used to be. In this year of Europe, as you have called it, we must begin to seek solutions based on principles which will guide our Atlantic zone of partnership for long periods to come. For this, you, Mr. President, have had an orientation indicated as the European summit conference tried to do last fall.

Security, trade, monetary affairs, noneconomic cooperation—there is certainly no lack of common tasks. Helsinki and Vienna—chances of the relations between East and West begin to come clearer. But without the American commitment, this will not become a reality.

By means of the treaties of Moscow and Warsaw and especially by means of our treaty with East Germany, the Federal Republic of Germany has played its part in order to open the way for multilateral efforts toward détente. The efforts of our so-called Ostpolitik are indeed, as Secretary of State Mr. Rogers and Dr. [Henry A.] Kissinger have underlined, in perfect harmony with your own worldwide peace diplomacy, Mr. President.

We shall face all challenges in the spirit of your own words, Mr. President: Courage, you once said, or, putting it more accurately, lack of fear is the result of discipline.

We are confident that we shall succeed in organizing European peace in the course of establishing the balance of world power which you have described. And this is where words of an author may come true, who is not entirely unknown to those present here this evening, and who wrote power could be transformed into "an instrument of self-control."

Yet we should not deceive ourselves; organized peace will not be a period of social immobility. This would be neither possible nor desirable for our nations. European

Europe has begun the search for common answers to these problems, too, conscious that for our nations a good overall policy can no longer be kept separate from the dynamics of developments in the social field.

Though the process of European union is by far not complete, you will, I am sure, sense the reality of our desire that this Europe be approached already now in such a way that it will be the one big important partner. I perceive of the courage to face the reality of tomorrow the most dependable guarantee for our belonging together.

I am most grateful for the talks today, Mr. President, and also grateful that you have given me the chance to say that it is not only a great honor, but it is just as if a soldier is put into the most important task, that you ask me to join in this common fight to make peace safer together, the two of us, and together with our partners.

Thank you very much. I propose a toast, ladies and gentlemen, to the health of the President of the United States, to the health of Mrs. Nixon, to the future of what ties Europe and America together, and hence to the happiness of our peoples: To the President of the United States.

#### TEXT OF JOINT STATEMENT, MAY 2

The President of the United States of America Richard M. Nixon and the Chancellor of the Federal Republic of Germany Willy Brandt confirmed at their meetings in Washington on May 1 and 2 the relationship of trust and confidence between the United States and the Federal Republic of Germany, and discussed the future relationship between the United States and Western Europe, questions of Alliance and Defense Policy, current and long-term problems of West-East relations and other international questions. Secretary of State William P. Rogers and Foreign Minister Walter Scheel held complementary talks and shared in part of the discussions between the President and the Chancellor. Federal Minister Egon Bahr discussed particular questions relating to Berlin.

There was full agreement that the relations between the United States and Western Europe will be governed in the future as in the past by adherence to their common ideals of democratic freedom, human rights and social justice.

The President and the Chancellor are convinced that the peace and prosperity of their nations depend on the preservation and consolidation of Atlantic solidarity.

The Chancellor welcomed the assurance given by President Nixon that the United States will continue to support European unification and affirmed the readiness of the Federal Republic of Germany, together with the other members of the European Community and its institutions, to participate in an open and comprehensive discussion concerning the nature of a balanced partnership between the uniting Western Europe and the United States. It was noted by the President and the Chancellor that these discussions must deal with common problems as well as common opportunities, and should also consider arrangements in which Japan and Canada could share. In this context the constructive dialogue with the United States envisaged by the Conference of Heads of State and Government of the European Community last October will be particularly useful. The Chancellor welcomed President Nixon's intention to intensify this dialogue by his visit to Western Europe later this year, including the President's plan to meet with NATO and the European Community.

The Chancellor recalled the decisions taken at the Conference of Heads of State and Government in Paris.

He expressed the conviction that the nine States which aim at a comprehensive transformation of their relations into a European Union by 1980, will, acting in common, make a joint contribution in the international field in line with Western Europe's determination to follow an outward-looking policy, toward social progress, peace and cooperation. Europe's enlarged responsibility in international politics will be evident in its loyalty to traditional friendships and alliances.

The President and the Federal Chancellor were in agreement that the new round of negotiations in GATT [General Agreement on Tariffs and Trade], which originated in the common initiative of the United States, the European Community and Japan, will have a decisive importance for the future liberalization and development of international trade, for the improvement of world living standards, and for the maintenance of peace. The President and the Chancellor consider the successful course of these negotiations to be a political task of great significance in the solution of which their governments will constructively participate. They agreed on the importance that all participants enter the GATT negotiations, which they expect to start in the fall, with a liberal negotiating concept.

There was agreement that the multilateral negotiations on the reform of world-wide monetary and trade relations must constitute another contribution to a new phase of productive cooperation between the United States and the European Com-

munity in the spirit of a comprehensive Atlantic partnership among equals.

The President and the Chancellor noted that good cooperation in the monetary field during the last months facilitated the solution of the recent monetary crisis. The initiative and determination shown in this connection by the governments concerned have strengthened the prospects of a comprehensive reform.

The President and the Chancellor underlined the identity of interests in security and detente in Europe and emphasized in this context the continued need of a balanced military power relationship between West and East. The unity and solidarity of the Alliance, an adequate presence of US forces in Europe, and a credible deterrent are indispensable for this purpose. Both sides agreed that the negotiations on a mutual and balanced reduction of forces and on the limitation of strategic armaments must meet these requirements. The President and the Chancellor shared the conviction that while seeking to reduce the military confrontation in Europe, the capacity of the Alliance to assure the security of all of its partners at any time must be preserved without qualification.

The President and the Chancellor, in discussing the broad nature of the Atlantic partnership during the coming period, agreed that the relationship must develop in a way to ensure that each partner contributes appropriately toward the burden of the common defense. Intensified cooperation among the European Alliance partners in the defense field will be of substantial assistance.

The results produced so far by the policy of detente pursued by the United States and the countries of Western Europe on the one hand and the Soviet Union and the countries of Eastern Europe on the other encourage the governments of the United States and the Federal Republic of Germany to continue along the road of negotiations and to respond positively to a constructive policy on the part of the East. This applies above all to the preparations for a Conference on Security and Cooperation in Europe. The two governments share the hope that such a conference will soon come about, that it will produce tangible humanitarian improvements, promote mutual cooperation and communication and thus help gradually to overcome the division of Europe. The President and the Chancellor expressed their satisfaction at the intensive Atlantic cooperation during the preparations which should be continued in close consultation within the Alliance.

They also reviewed the implementation of the Berlin Agreement of 1971 and noted the practical improvements it has brought to the life of the city and its inhabitants. They agreed that respect of the letter and spirit of the Berlin Agreement by all parties concerned is essential for a continuing relaxation of tension in Europe.

It was considered that expanded international air traffic to the Western Sectors of Berlin would constitute further progress.

The President and the Chancellor, in discussing events in Southeast Asia, emphasized that it is now imperative for the Paris Agreement to be fully and scrupulously implemented. Until this is the case the contributions which the United States and the Federal Republic of Germany desire to make to the humanitarian relief and reconstruction of all the states of Indochina cannot become fully effective.

The President and the Chancellor underlined the interest of their governments in peace and stability in the Middle East. They expressed their conviction that steps to initiate negotiations between the parties most directly concerned, based on the November 1967 Security Council Resolution, are essential to help bring about progress towards a stable peace in the area.

## World Trade Week, 1973

### A PROCLAMATION<sup>1</sup>

We stand today on the threshold of a new era of peace in the world—a time that opens new and ever-widening opportunities for global cooperation which can bring a greater measure of progress and prosperity for the peoples of all nations. One of the most powerful forces for such progress can be the expansion of world trade.

Our advanced industrial technology, our highly efficient agricultural system, and our increasingly productive labor force have combined to make America the world's largest exporter of all countries in the world. In the process we have also become the world's largest marketing country for the products of other countries.

History clearly demonstrates that trade creates

more and better-paying jobs for American workers, a wider choice of products for American consumers, enhanced opportunities for the creative and competitive skills of American business, and a higher standard of living for all Americans.

But we also know that expanded trade must be achieved within the context of an international economic system which is fair to all participants. For this reason the United States proposed major reforms in the international monetary field in 1972; marked progress toward their adoption is presently being made. For this same reason, I have recently submitted to the Congress the Trade Reform Act of 1973. Its enactment will enable the United States to enter the international trade negotiations later this year with the tools we need to achieve fair reductions in trade barriers, to help build a new international economic order and to advance our interests within it.

Under such legislation, the United States can continue to work with other nations in building a fair and open trading world.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, do hereby proclaim the week beginning May 20, 1973, as World Trade Week, and I call upon all Americans to cooperate in observing that week by participating with the business community and all levels of Government in activities that emphasize the importance of world trade to the United States economy and to our relations with other nations.

IN WITNESS WHEREOF, I have hereunto set my hand this fourth day of May in the year of our Lord nineteen hundred seventy-three, and of the Independence of the United States of America the one hundred ninety-seventh.



<sup>1</sup> No. 4214; 38 *Fed. Reg.* 11433.



## Foreign Assistance Act of 1973 Transmitted to the Congress

*Message From President Nixon to the Congress*<sup>1</sup>

*To the Congress of the United States:*

One of the most important building blocks in erecting a durable structure of peace is the foreign assistance program of the United States. Today, in submitting my proposed Foreign Assistance Act of 1973, I urge the Congress to act on it with a special sense of urgency so that we may continue the important progress we have made toward achieving peace during the past year.

Perhaps the most persuasive reason for a strong foreign assistance program was set forth by President Roosevelt in the days shortly before World War II, when Britain needed help. "Suppose my neighbor's home catches fire," he said, "and I have a length of garden hose four or five hundred feet away. If he can take my garden hose and connect it up with his hydrant, I may help him to put out his fire."

Implicit in Roosevelt's analogy was the mutual benefit of giving assistance, for if the fire in question spread, both neighbors would be in danger. Those clear and simple assumptions underlaid our wartime assistance to our European allies and our post-war policy toward the nations of the Western Hemisphere.

Today, we see the wisdom of this policy on every hand. Western Europe is now a bulwark of freedom in the Atlantic Alliance. In the Pacific, Japan has emerged as a major economic power. The remarkable vigor and talents of her people and the dynamic efficiency of her industry are making significant and increasing contributions to other countries, so that Japan itself now plays an

extremely important role in working toward a lasting peace in the Pacific.

In recent years, as we have sought a new definition of American leadership in the world, assistance to other nations has remained a key part of our foreign policy. Under the Nixon Doctrine of shared responsibilities, we have tried to stimulate greater efforts by others. We want them to take on an increasing commitment to provide for their own defenses, their security and their economic development. Most importantly, we hope they will assume greater responsibility for making the decisions which shape their future.

We must not, however, try to shift the full weight of these responsibilities too quickly. A balance must be struck between doing too much ourselves and thus discouraging self-reliance, and doing too little to help others make the most of their limited resources. The latter course would spell defeat for the promising progress of many developing nations, destroy their growing self-confidence, and increase the likelihood of international instability. Thus it is critical that we provide a level of foreign assistance that will help to assure our friends safe passage through this period of transition and development.

The sums I am requesting in the Foreign Assistance Act of 1973 represent the absolute minimum prudent investment which the United States can afford to make if we wish to help create a peaceful and prosperous world. Altogether, authorizations under this bill amount to \$2.9 billion for economic and military assistance in the coming fiscal year. During the current fiscal

<sup>1</sup> Transmitted on May 1 (White House press release).

year, some \$2.6 billion has been appropriated for such purposes under the strictures of a continuing resolution passed by the Congress.

This new Foreign Assistance Act has several fundamental objectives:

—To help the developing countries achieve a greater measure of self-reliance in their struggle against hunger, disease and poverty;

—To respond swiftly to the ravages of natural disasters;

—To assist friendly governments in building and maintaining the military capability to protect their independence and security;

—And to help South Vietnam, Cambodia, and Laos begin the task of rehabilitating and reconstructing their war-torn countries.

Let us look more closely at each of these objectives.

#### **Development Assistance**

Hunger, poverty and disease are still widespread among developing countries, despite their significant progress of recent years. Their economic growth—averaging some 5.5 percent a year over the last decade—as well as rapid improvements in agricultural methods and in health care have not yet overcome many deep-seated problems in their societies. Their current needs represent a moral challenge to all mankind.

In providing assistance, however, we should not mislead ourselves into thinking that we act out of pure altruism. Successful development by friendly nations is important to us both economically and politically. Economically, many of the developing countries have energy resources and raw materials which the world will need to share in coming years. They also could represent larger markets for our exports. Politically, we cannot achieve some of our goals without their support. Moreover, if essential needs of any people go entirely unsatisfied, their frustrations only breed violence and international instability. Thus we should recognize that we assist them out of self-interest as well as humanitarian motives.

While development progress as a result of our aid has been less visible than some would like, I believe it is essential for us to persevere in this effort. I am therefore asking the Congress to authorize some \$1 billion for development assistance programs during fiscal year 1974 and approximately the same amount for fiscal year 1975.

#### **Emergency Aid**

America's fund of goodwill in the world is substantial, precisely because we have traditionally given substance to our concern and compassion for others. In times of major disaster, American assistance has frequently provided the margin of difference between life and death for thousands. Our aid to victims of disasters—such as the earthquake in Peru and floods in the Philippines—has earned us a reputation for caring about our fellowman.

No nation is more generous in such circumstances. And the American people respond with open hearts to those who suffer such hardship. I am therefore asking the Congress to authorize such amounts as may be needed to meet emergency requirements for relief assistance in the case of major disasters.

#### **Security Assistance**

Security assistance has been a cornerstone of U.S. foreign policy throughout the last quarter century. Countries whose security we consider important to our own national interest frequently face military challenges, often prompted by third countries. In order to maintain a stable international order, it is important that these threatened countries not only be economically developed but also be able to defend themselves, primarily through their own resources.

The United States can rightly claim a number of successes in this regard during recent years. Our programs to help South Vietnam and South Korea build capable forces of their own, for instance, have permitted us to withdraw all of our forces—over 500,000 men—from South Vietnam and 20,000 men from South Korea.

It is unrealistic to think we can provide all of the money or manpower that might be needed for the security of friendly nations. Nor do our allies want such aid; they prefer to rely on their own resources.

We can and should, however, share our experience, counsel and technical resources to help them develop adequate strength of their own. It is for this reason that I ask the Congress to authorize \$652 million in grant military assistance, \$525 million in foreign military sales credits, and \$100 million in supporting assistance funds for fiscal year 1974.

This year's foreign aid bill includes for the first time separate authority for a foreign military education and training program. We want to strengthen this program so that we can help friendly governments better understand our policies, while they develop a greater sense of self-reliance and professional capability in their own military services.

#### **Aid for Indochina**

The signing of cease-fire agreements in Vietnam and Laos marks the beginning of a trend toward a peaceful environment in Indochina. This change will permit us to turn our attention to the considerable post-war needs of Southeast Asia. To ignore these needs would be to risk the enormous investment we have made in the freedom and independence of the countries of Southeast Asia.

The legislation I am presenting today would authorize the continuation of our economic assistance to South Vietnam, Laos and Cambodia and would provide for a sound beginning in the process of rehabilitation and reconstruction there. I anticipate other nations will join in this effort, as they have elsewhere, to solidify the foundations for a new era of reconciliation and progress in Southeast Asia.

Relief assistance for refugees of the war in Southeast Asia is vital to this effort. These refugees number in the hundreds of thousands. In addition to their resettlement, this Administration proposes a major effort

to help restore essential community services in areas which have suffered because of the war.

In this bill, I ask the Congress to authorize \$632 million for the reconstruction effort in Indochina in fiscal year 1974.

My present request does not include any assistance for North Vietnam. It is my hope that all parties will soon adhere fully to the Paris agreements. If and when that occurs, I believe that American assistance for reconstruction and development of both South and North Vietnam would represent a sound investment in confirming the peace.

Representatives of the United States have recently been holding discussions with representatives of the Government of North Vietnam to assess economic conditions there and to consider possible forms of United States economic assistance. This assessment has now been suspended, pending clarification of North Vietnam's intentions regarding implementation of the cease-fire. Once Hanoi abandons its military efforts and the assessment is complete, the question of aid for North Vietnam will receive my personal review and will be a subject for Congressional approval.

For a quarter century, America has borne a great burden in the service of freedom in the world. As a result of our efforts, in which we have been joined by increasing numbers of free world nations, the foundation has been laid for a structure of world peace. Our military forces have left Vietnam with honor, our prisoners have returned to their families, and there is a cease-fire in Vietnam and Laos, although still imperfectly observed.

Our foreign assistance program responds to the needs of others as well as our own national needs—neither of which we can afford to ignore.

For our own sake—and for the sake of world peace—I ask the Congress to give these recommendations prompt and favorable consideration.

RICHARD NIXON.

THE WHITE HOUSE, *May 1, 1973.*

## Department Discusses Security Assistance Program for Fiscal Year 1974

*Statement by Deputy Secretary Kenneth Rush<sup>1</sup>*

Mr. Chairman [Senator J. W. Fulbright] and members of the committee: I appreciate this opportunity to appear today and to discuss the administration's plans for the fiscal year 1974 security assistance program. As you know, the security assistance program is only one of several tools available for conducting our nation's foreign affairs; other tools include development assistance, an enlightened trade policy, active diplomacy, and a strong defense posture.

In his message to the Congress yesterday transmitting the administration's foreign assistance bill, President Nixon emphasized that:<sup>2</sup>

In recent years, as we have sought a new definition of American leadership in the world, assistance to other nations has remained a key part of our foreign policy. Under the Nixon Doctrine of shared responsibilities, we have tried to stimulate greater efforts by others. We want them to take on an increasing commitment to provide for their own defenses, their security and their economic development. Most importantly, we hope they will assume greater responsibility for making the decisions which shape their future.

The administration's assistance proposal covers several different programs; namely, development assistance, emergency aid, security assistance, Indochina reconstruction and rehabilitation, and military education and training. I understand that your committee would prefer that I not address myself this

morning to development and emergency assistance and Indochina reconstruction. I assume that we will at a later time have the opportunity to share with you the administration's ideas concerning these important programs.

The committee has before it legislation tabled by the distinguished chairman that would terminate the security assistance program at an early date. The Congress also has before it legislation transmitted by the President yesterday which represents a balanced approach to the needs of our friends and allies. This legislation starts from the assumption that to establish a basis for a lasting peace our continued support for the growing strength, security, and self-confidence of our friends and allies is essential. I wish to discuss both bills and, with your indulgence, to provide you with my view as to their relative merits.

I believe that the two bills share a common objective; that is, to phase out grant military assistance as rapidly as possible. We agree with the chairman on several approaches to this phaseout. We agree on the need to use foreign military sales concessional credits as a vehicle to facilitate the transition of other countries from grant assistance to full self-reliance. We agree with the chairman on continuing education and training as a program separate from materiel assistance. However, we differ on the pace at which the grant materiel assistance programs can be phased out, on the levels of such assistance for fiscal year 1974, and on several other matters.

This morning I wish to address each cate-

<sup>1</sup> Made before the Senate Committee on Foreign Relations on May 2 (press release 128). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

<sup>2</sup> See p. 693.

gory of assistance and the principal questions of policy that are at issue.

### **Grant Military Assistance**

For more than a quarter of a century successive Presidents have concluded that the national interest of the United States required us to help other countries enhance their capability to protect their independence and security. The administration believes that the situation confronting us in the 1970's differs from that of the 1950's. Nevertheless, we believe that strength through security must remain an essential element of our national policy. In this respect, we are guided by the following major objectives:

—To deter aggression and to reduce the attractiveness of force as an instrument of change.

—To use our security posture and relationships to provide positive incentives for negotiation as a means of settling major unresolved issues.

—To reassure allies and friends of our continuing interest and determination to play a major role in world affairs.

—To encourage our allies' self-help efforts, efforts which over time will raise the threshold and limit the scope of potential U.S. involvement in any future conflict.

We are proposing a number of basic changes in the structure and direction of security assistance for FY 1974. For the first time in the history of the grant military assistance program (MAP), and in a way similar to how the chairman views this, we have not included training but have placed it in a separate part of the Foreign Assistance Act. This change should allow, during consideration of MAP, a focusing on the progress we are making in reducing the number of claimants on U.S. resources. The Republic of China, Greece, and Liberia are but the most recent countries to have terminated their dependence on grant military aid.

S. 1443, the chairman's bill, proposed \$250 million in new funds for grant military assistance for FY 1974. We consider this

figure much too low to satisfy the significant policy needs to be met by the MAP program. Our bill requests an authorization of \$652 million. Approximately 90 percent of this money will be spent in only seven countries—in Asia and the Middle East.

*Republic of Korea.* We propose to provide \$261 million in grant military assistance for the Republic of Korea. This will go a long way toward completion of the program for modernization of the Korean armed forces and thus make possible the early attainment of Korean self-reliance.

*Philippines.* We propose that the Philippines receive \$21 million in grant military assistance during FY 74. Our program in the Philippines is for the internal security and stability of that country. As you are aware, the United States maintains military facilities in the Philippines, and stability in that country is of particular importance to us.

*Indonesia.* Since the departure of President Sukarno in 1965, the Government of Indonesia has made strenuous efforts to put its economic house in order. Our grant military assistance program for Indonesia is intended to provide the Indonesian armed forces with the minimum capability to maintain their equipment and their training effort. We are proposing \$23 million in grant military assistance for FY 1974.

*Cambodia.* The administration proposes a grant military assistance program of \$180 million for Cambodia. We firmly believe that this program is an important instrument with respect to our efforts to produce an effective cease-fire throughout Southeast Asia.

*Thailand.* We are proposing a program of \$58 million to bolster Thailand's self-defense capabilities and its ability to cope with internal security problems. The extensive military facilities that Thailand makes available to the United States are of critical importance in Southeast Asia.

*Jordan.* Our program for Jordan forms a particularly significant element in our efforts to insure a military balance and to produce a settlement of Arab-Israeli differences. The

administration is proposing for Jordan a grant military assistance program of approximately \$40 million and economic supporting assistance of \$65 million. We will need to continue assistance to this country so long as the Middle East remains a troubled area.

*Turkey.* We believe that Turkey's security is of considerable importance and that we should continue to provide grant military assistance (\$98 million) and FMS credits (\$75 million) in FY 1974. Turkey is moving toward self-reliance, but this cannot be completely accomplished in the next two years.

Besides these seven countries, we further propose smaller military assistance programs to a few countries in Latin America. The fundamental reason for continuing U.S. military assistance to Latin America is to respond to the valid expectations of Latin American governments. As this committee has urged upon us, we are reducing our profile in Latin America, but the Latin American countries do look to the United States for military equipment, training, and advice. The purpose of our program is not to exercise direct influence on decisions in the military and political arena. Rather, the program relates to the total U.S. posture with our fellow countries in this hemisphere, specifically to avoid the kind of political alienation that would occur if the Latin American military perceived that we were unwilling to be responsive to their desires for these military relationships.

Mr. Chairman and members of the committee, I wish to make one final point on grant military assistance. The administration bill does not include military assistance for Laos and Viet-Nam. S. 1443 would, however, prohibit continued service funding for military assistance for Viet-Nam and Laos in FY 1974. The administration believes that it is essential that service funding for Viet-Nam and Laos be continued through FY 1974 and has included funds for this purpose in the Defense budget. Both countries are still facing an imminent threat. The continuing serious violations of the cease-

fire by the North Vietnamese, including their continuing buildup in South Viet-Nam, make it imperative for us to help maintain the strength of the armed forces of South Viet-Nam and Laos. To do this, we must be able to insure adequate, reliable, and responsive procedures to replace military equipment in accordance with the terms of the Paris agreements. Military assistance procurement procedures under the Foreign Assistance Act are too slow and inflexible to serve this purpose adequately. For these reasons, the administration strongly supports the continuance of service funding for military assistance to Laos and Viet-Nam.

### **Foreign Military Sales**

The administration is requesting \$525 million in new obligational authority for a total foreign military sales (FMS) credit program of \$760 million. Approximately \$300 million will be made available for Israel. Of the remainder, the largest programs are for countries that are in the process of transitioning-out of grant military assistance or for countries where such programs have recently been terminated: Korea, \$25 million; Taiwan, \$65 million; Greece, \$65 million; Turkey, \$75 million.

The President is requesting that Latin America be allocated \$150 million in credits and is proposing that the Latin American ceiling be raised to \$150 million. He also requests that cash sales be deleted from the computation of that ceiling.

Recent experience has demonstrated that the Latin American ceiling has not restricted arms spending but has simply diverted it from the United States to Europe. As a region, Latin American nations still spend less than 2 percent of gross national product on their defense budgets. Since we cannot control even this limited spending, we believe that it is to our mutual advantage for Latin American countries to meet their equipment needs through U.S. sources.

At this juncture, I would like to comment on two aspects of the chairman's bill. S. 1443 would authorize highly concessional credits to ease the transition from grant military as-

sistance, emphasize FMS guarantees rather than direct government-to-government credits, authorize \$200 million in new obligational authority with a program ceiling of \$700 million, and prohibit FMS cash sales to developed countries unless the articles to be sold are not generally available from commercial sources in the United States. The administration favors the use of concessional credit to ease the transition from grant military assistance and has provided such credit to a very limited number of countries in recent years. However, the concessions that have been approved for such credits have not been as great as those that would be authorized by S. 1443. We believe that recourse to concessional credits must be carefully controlled to insure that expenditures for military needs do not impact adversely on the economic growth of less developed countries. However, the administration favors stressing the use of credit guarantees to the maximum extent possible. We do not believe, however, that \$200 million in new obligational authority is sufficient to accomplish either the program proposed in S. 1443 or that proposed in the administration bill.

Finally, I wish to note that a prohibition on FMS cash sales to economically developed countries would not serve the best interests of the U.S. Government. Most of the weapons systems involved in such sales are a mix of commercially produced and U.S. Government-owned components. It is normally more efficient and advantageous to the U.S. Government to make such sales on a government-to-government basis. It enables us to monitor such sales more closely and, when the U.S. armed forces use the same weapons systems, makes possible substantial savings for both the United States and the foreign governments. In addition, most foreign governments prefer to buy on a government-to-government basis as it assures them of a follow-on supply of end-items and spare parts and because they have confidence that modifications in purchased systems will be kept up to date.

The restrictions contained in S. 1443 are not likely to result in less spending on arms by developed countries. But they would al-

most certainly result in less spending in the United States. For that reason, the administration would oppose such restrictions.

#### **Security Supporting Assistance**

S. 1443 proposes an authorization of \$80 million for security supporting assistance. The administration is requesting an authorization for \$100 million which, together with estimated de-obligations of \$24.1 million, would finance a program of \$124.1 million in supporting assistance for five countries in FY 1974. The bulk of these funds are for Israel (\$25 million) and for Jordan (\$65 million) and are an important aspect of our continuing effort to help promote a more enduring peace in the Middle East.

During FY 1973, \$50 million was provided for Israel, as earmarked by the Congress. Israel's fiscal and economic position has steadily improved during the past two years. Therefore we believe \$25 million in supporting assistance is appropriate for FY 1974.

Jordan is a moderating influence in the Middle East. Its fiscal and economic situation remains precarious due to the loss of the West Bank and the need to maintain a substantial military establishment. Jordan will need supporting assistance at a level of \$65 million for FY 1974, of which \$60 million will be for budget support and \$5 million for rural development projects in the Jordan Valley. Without an adequate level of U.S. support, Jordan would have a budget deficit which would threaten the country's economic and political stability.

Thailand continues in its close cooperation with the United States in Southeast Asia and also faces a continuing insurgency. We propose \$15 million for Thailand in FY 1974 and believe it essential that the United States continue this level of support for their efforts. The \$9.5 million for Malta is an integral part of a multilateral financial package which permits the United Kingdom to maintain military forces, as part of NATO, on Malta and precludes Warsaw Pact nations from use of the naval facilities there.

Similarly, discontinuance of U.S. support

to the U.N. Force on Cyprus, for which \$4.2 million is proposed, would likely erode this U.N. effort which has preserved peace between the Turkish and Greek communities. This could have serious consequences for the NATO alliance. Finally, the \$3 million for Spain is for assistance in cultural, educational and scientific fields, as part of the agreement on friendship and cooperation with Spain.

### **Military Education**

As noted earlier, the chairman has proposed separate legislation for grant military education and training programs. The administration bill makes a similar proposal, and we are therefore fully in agreement on the desirability of this step. We are pleased that the chairman, in much the same way as he did 25 years ago, with his coauthorship of the Fulbright-Hays program, is taking the leadership in separating military education and training programs from other aspects of our security assistance program.

Since the inception of U.S. foreign assistance, military training has been in the forefront of our support for the defense of other nations. However, with the passage of time, the scope and nature of this training has changed significantly—a decreasing portion of the training effort is directed toward familiarization with equipment furnished by the United States. Instead we are emphasizing professional education that is oriented toward management of resources, financial planning, and program evaluation and analysis. These are fields in which the state of the art is changing rapidly and frequent updating of knowledge is required.

At the same time, the professional training we provide serves as a useful foundation for the promotion of understanding among military personnel. Such understanding is important for the establishment of an international environment in which peace can prevail.

For these reasons, we propose that military education and training be placed on a permanent footing within the framework of the Foreign Assistance Act. The legislation we have presented would authorize the

President to afford foreign military personnel an opportunity to attend U.S. schools, including participation in special courses of instruction in U.S. universities and other institutions of learning.

We will propose a program of \$33 million for military education in FY 1974.

There are a number of other items on which we disagree with the chairman's bill; most of these are discussed in detail in the Department's letter of comment on S. 1443 which was sent to you yesterday. I do wish, however, to draw your attention to two areas in which we are in basic disagreement with the distinguished chairman.

The first is the requirement for local currency deposits. S. 1443 would increase the present 10 percent to 50 percent for materiel assistance and to 25 percent for training. The administration bill proposes repeal of the existing 10 percent requirement in section 514 of the Foreign Assistance Act. The deposit requirement is contrary to the basic purpose of the military assistance program, which is to assist countries whose security is important to us and which are unable to maintain an adequate defense posture. A 50 percent local currency deposit requirement would result in a substantial effective reduction of our assistance and would require recipient nations to divert funds from economic and social uses or from contributions to increasing military self-reliance, or to increase inflationary pressures by increasing their money supply. Further, the sharp reductions in total assistance proposed in S. 1443 coupled with a 50 percent deposit requirement would have a profound and destabilizing effect on many recipients since they would not have time to adjust their budgets to meet these sharply changed circumstances. A 25 percent requirement for the training program would tend strongly to defeat the objectives of the program, which are to foster long-term contacts and cooperation with foreign military leaders. For us, the amounts are small, but the effect on the recipients can be great.

Our second disagreement relates to the proposal in S. 1443 for authorizations on a separate line item basis for both military assistance and supporting assistance. This



practice would restrict the President's authority to allocate funds to meet needs and priorities during the fiscal year. This authority has been critical to the management of our programs in Southeast Asia in the last couple of years. The administration believes that the present legislation, section 653 of the Foreign Assistance Act, which requires the President to report to the Congress within 30 days after appropriations his intended allocations of foreign assistance and contains restrictions on the President's authority to transfer funds between country programs, adequately serves the purposes of both the Congress and the executive branch and the interests of the U.S. Government as a whole.

I firmly believe, gentlemen, that we cannot effectively pursue our national objectives in the 1970's without a commitment to the development and security of other countries. I ask you to support the President's foreign assistance program for fiscal year 1974. This committee will play a critical role in determining what resources will be available and, in so doing, will strongly influence the course the United States is to follow in international affairs for the remainder of this decade. I urge your support in directing that we play the role that our interest in stability and peace in the international community requires.

## **President Reports to Congress on Arms Control Progress**

*Following is the text of President Nixon's letter of April 9 transmitting to the Congress the 12th annual report of the United States Arms Control and Disarmament Agency, covering the period January 1-December 31, 1972.<sup>1</sup>*

White House press release dated April 9

*To the Congress of the United States:*

Pursuant to the Arms Control and Disarmament Act as amended (P.L. 87-297), I herewith transmit the Annual Report of the United States Arms Control and Disarmament Agency.

The year covered by this report has been the most rewarding in the twelve-year history of the agency. Agreements reached with the Soviet Union in the Strategic Arms Limitation Talks testify to the determination of this Administration to move away from the dangers and burdens of unrestrained arms competition and toward a stable and constructive international relationship.

The negotiations have resulted not in concessions by the two parties, one to the other, but in mutual arrangements to insure mutual security. For the first time, the United States and the Soviet Union have taken substantial steps in concert to reduce the threat of nuclear war. The current round of SALT negotiations will concentrate on achieving a definitive treaty on the limitation of offensive weapons systems.

The past year has also seen continued progress in other areas of arms control.

Four years after the initial NATO proposal, positive planning has begun for a conference on Mutual and Balanced Force Reductions in Central Europe. The Convention banning biological weapons and calling for the destruction of existing stockpiles was opened for signature on April 10, 1972. At the Conference of the Committee on Disarmament in Geneva, the problems associated with control of chemical warfare through international law were subjected to patient and careful examination. The number of nations adhering to the Nonproliferation Treaty has now reached 76 and successful negotiations on safeguard arrangements have paved the way for ratification by key European countries.

Much has been accomplished, but much remains to be done. With the beginning of my second term in office, I rededicate my Administration to the goal of bringing the instruments of warfare under effective and verifiable control.

RICHARD NIXON.

THE WHITE HOUSE, April 9, 1973.

<sup>1</sup> Single copies of the report, entitled "Arms Control Report: 12th Annual Report to the Congress, U.S. Arms Control and Disarmament Agency, January 1-December 31, 1972," are available upon request from the U.S. Arms Control and Disarmament Agency, Washington, D.C. 20451.

## Department Discusses International Ramifications of the Energy Situation

*Statement by William J. Casey  
Under Secretary for Economic Affairs<sup>1</sup>*

I appreciate the opportunity to testify today on this key question of our future energy supplies. The President's energy message has set forward a comprehensive program to deal with many problems stemming from our increasing consumption at home and increasing dependence on supplies from abroad.<sup>2</sup> This committee has also done valuable work in studying the problem and in recommending courses of action. In many respects the conclusions you and the administration have reached are similar.

As the committee well knows, the international aspects of the problem are immense and pose very difficult questions in political relationships as well as in the economic area of supply and price, balance of payments, and trade relationships. The administration is currently exploring the options available for meeting these problems. It is my purpose in my statement and in my responses to the committee's questions to indicate some of the issues confronting us in our consideration of the international ramifications of our energy situation.

We have to assess the likelihood of emergencies and shortages of supply and what should be done about them. We have to find the most effective ways of cooperating with other countries on research and development to develop additional sources of energy.

<sup>1</sup> Made before the Senate Committee on Interior and Insular Affairs on May 1. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

<sup>2</sup> For excerpts from the message, see BULLETIN of May 7, 1973, p. 561.

What is to be done? Several things are clear. If the United States is to have the option of limiting our future dependence on energy, particularly oil, imported from overseas sources, then we must first of all rebuild our domestic capacity to supply the larger share of our requirements. The President's program has recommended actions—deregulation of new gas, accelerated offshore exploration, development of our rich Alaskan resource, greater reliance on coal, and tax incentives for domestic exploration—which should help us meet that goal if implemented in a timely manner. Many of these steps will require legislative action, which we hope this committee will help be realized. At the same time, major efforts must be made to reduce the rate of growth in consumption, which is basic to the problem, and to develop new and cleaner sources of energy. The administration intends to develop programs vigorously in these areas in a balanced manner.

The steps we take in these fields cannot, however, eliminate the necessity over the shorter run to import increasingly significant amounts of energy. Our oil imports have already climbed to 30 percent of our total oil consumption. They will continue to increase at a rate of approximately 1 million barrels per day, or over 5 percent of consumption, each year until new domestic production can be developed. With not much new production expected from Canada and Venezuela, the greater part of these necessary imports will come from the countries of Africa and the Middle East. I have attached a table which shows the projected sources

and costs of our imports. We believe the President's program has established the ways in which these imports can be managed with maximum possible security and with minimum possible disruption to our domestic market and cost to our consumers while still giving encouragement to our domestic raw material and refining industries.

The balance of payments cost of these imports will be considerable. Even if our imports stabilize in the latter part of this decade at a level which we find acceptable, the annual cost may be as high as \$20 billion. It obviously will take a concerted effort to expand our trade sufficiently to help meet bills of this magnitude. On the opposite side of this coin will be the growing revenues of the OPEC [Organization of Petroleum Exporting Countries] states, not all of which can be invested profitably in their own economies. Their excess revenues and their monetary reserves will be very large by 1980, not necessarily a large quantity when viewed against the larger liquid reserves of the world monetary system but nonetheless one which world institutions will have to accommodate in a manner which provides monetary stability and sound investment opportunities.

#### U.S. OIL IMPORT PROGRAM

Source	1972	1980	1980 Cost (cif) <sup>a</sup>	
	(1,000 barrels/day)	(1,000 barrels/day)	(billions \$)	
			Case I	Case II
Canada	1,200	1,000	1.5	1.8
Latin America	2,300	3,000	4.5	5.4
Asia	200	500	.7	.9
West Africa	300	1,000	1.5	1.8
North Africa	200	500	.7	.9
Middle East	500	3,000	4.5-9.0	5.5 11.0
		6,000 <sup>b</sup>		
	4,700	9,000- 12,000 <sup>b</sup>	13.4-17.9	16.3 21.8

Figures rounded

<sup>a</sup> Costs based on (I) present high range import cost of \$4 bbl, and (II) estimated \$5 bbl.

<sup>b</sup> Range of imports will depend on degree to which trends in rates of increase of imports are reduced.

#### Changes in Oil Supply Relationships

The relationships between suppliers and consumers of energy—between oil exporters and importers—are undergoing major and rapid changes which our own increasing imports are compounding. Our emergence as the world's single most important importer of petroleum is destabilizing at this time of transition, and our importing colleagues consequently have every wish to see us take the steps necessary to limit our growth in imports. We alone among the major importing nations have a number of options open to us other than continued increases of imports. Our options are not, however, true choices. For if we do not accept them, if we simply continue to let our imports grow, we will only contribute to a further destabilization in world energy supply relationships, to greater increases in prices, and to the possibility of damaging and cutthroat competition with our friends and our allies for available energy supplies. In this context, the President's recommendations for expanding the production and variety of U.S. domestic energy resources are deliberate, positive efforts to ease the impact of the entry of our burgeoning demand into the world oil market.

The members of this committee are well aware of the scope and importance of the changes taking place in international oil supply relationships. The OPEC nations are pursuing a course, in which they have been very successful in recent years, designed to increase their revenues and their control over the oil-producing concessions and much of the marketing. The international oil companies, once so dominant in assuring a steady flow of supplies and a flexibility capable of meeting emergencies, have lost much of their freedom of action and their ability to make the important decisions on price and supply. The importing governments have to face higher costs, as well as a continued tightness of supply due to the incremental rates of growth in their demand.

OPEC nations, however, also have important internal and external problems and a real interest in cooperating with consuming

nations. All of these producers require the technological, economic, and political cooperation of the developed consumer nations if they are to develop lasting benefits for their future generations during this favored period in their histories. Excessive price rises could, however, create instability which would affect producers as well and bring substitute fuels into the market quicker.

In these circumstances, it is hardly surprising that the energy-importing nations have become anxious over the security and cost of their vital oil supplies. They are also keenly interested in generating the necessary exports to pay for their increasing imports and have often sought to do so by means of bilateral arrangements with the oil-exporting governments. The result has been an increasing trend toward balkanization of the oil market. While there may be advantages to individual governments pursuing their ends through bilateral agreements, and this approach may even have some appeal in the abstract, we are concerned that it can have very harmful effects in a market so heavily influenced by the decisions of a very small number of suppliers. In short, each country seems capable of obtaining its own supply security only at the expense of its neighbor's increased insecurity. The possibility of a dangerous and divisive struggle among oil-importing nations for oil supplies and export markets is real and is made more so by the degree to which we continue to increase our own imports.

Steps taken now to increase our domestic supplies, develop new ones, or use existing supplies more efficiently will ease the problem.

#### **International Consultations**

Equally important is the necessity for the importing nations to take cooperative steps which will help avoid the sort of cut-throat competition among themselves which could harm everyone's interests. In accordance with the President's directive in the energy message, the Department of State intends to pursue this course vigorously in the coming months, building on the numerous exchanges we have already had with

major importing governments. All major consumer nations now appear to favor some form of increased cooperation. The nature and limits of this generalized desire for cooperation vary, however, when specific alternatives are considered.

A high degree of consensus exists for three concepts: the necessity to avoid disruption of relations with OPEC countries, cooperate on development of new sources of energy, and increase protective security measures, which include import sharing with other consumer nations. Most major consumers favor expanding the range of energy supplies through the development of alternative sources, although some have a preference for bilateral arrangements with us on research and development rather than use of a multilateral framework and some want to focus primarily on longrun aspects of this type of cooperation. Increased security measures, such as emergency oil-sharing arrangements and enhanced storage capacity, also have wide support. Discussions are now underway to consider expanding, along the lines of the existing OECD [Organization for Economic Cooperation and Development] European oil apportionment plan for time of emergency, an apportionment plan to include the United States and other non-European members.

However, we should not minimize the issues we face in considering cooperative measures. Among the points on which we will need to reach our own decisions and then agreement with OECD members are such questions as:

—Is the United States prepared to enter into binding arrangements for equitable import sharing during emergencies?

—Is the United States prepared if necessary to undertake rationing or consider other measures which could be taken to cope with a supply emergency under a sharing agreement?

—Is the United States prepared to share proprietary or government technological information in cooperative research projects?

—Is the United States prepared to establish a compulsory oil stockpile program?

The U.S. Government through the Department of State must continue to consult closely at a high level with all major consuming and producing nations to insure adequate supplies of energy at reasonable prices. The Department of State has been so proceeding as the record will clearly show. I plan next month to follow up the consultations initiated last year by Mr. Irwin [John N. Irwin II, then Deputy Secretary of State] with the 23 OECD countries. Particular focus will be devoted to emergency procedures in the event of oil supply shortages and in the research and development of new forms and supplies of energy. An energy survey team composed of Japanese Government officials is in this country at the present time and has consulted with both the executive and legislative branches of government, as well as with private industry. We expect a visit from Common Market energy officials late next month. These consultations and this coordination are not designed for confrontation with producing countries, which would only increase the instability of the energy market. On the contrary, this government, as do other consuming nations, seeks closest consultation and cooperation with those nations endowed with excess supplies of energy. Prince Saud and Minister of Petroleum [Ahmad Zaki] Yamani of Saudi Arabia were in Washington last month discussing these problems at the highest level of government, both executive and legislative, as well as with industry. Deputy Secretary Rush was in Tehran last week not only to confer with the Shah on Middle East problems but also to meet with all our Chiefs of Mission in the area.

Thanks to the remarkable efforts of private industry, the United States survived the oil crises which developed after World War I and World War II, when shortages were predicted by experts. Now the world is fortunate indeed to have available for development and production more than adequate petroleum reserves to last into the next century. Global reserves of gas are also immense and only await efficient development and production; for example approximately 10 billion cubic feet of gas is flared daily in

the Persian Gulf. The Department of State will play its full role in seeking and developing the essential cooperation among nations to make this energy available to the international market at reasonable cost.

### Cooperation in Energy Technologies

I might point out that there is now a reasonable amount of international cooperation in energy technologies on which we can build a more comprehensive R. & D. program. For example, we have had longstanding cooperative programs with a number of countries in the nuclear reactor field. We have been cooperating with Poland in coal technology. We have programs with Japan and Italy in geothermal energy and with Germany in magnetohydrodynamics. In March of this year we agreed to cooperate with the Soviet Union in a number of energy technologies—thermal and hydro power stations, power transmission technology, magnetohydrodynamics, and solar and geothermal energy. We have suggested that the NATO Committee on the Challenges of Modern Society undertake programs in solar and geothermal energy.

Our task now is to enlarge and expand the scope and scale of international R. & D. cooperation. We intend to do so with a sharp focus on our priorities. In weaving the existing programs into a broader fabric of cooperation there are a number of factors we will want to keep in mind. Cooperation implies mutual interest, mutual needs, mutual goals, and mutual benefits. Unless other countries also benefit substantially through cooperation with the United States, there would be no incentive or advantage for them to join forces with us. The reverse is, of course, also true. We will also wish to pay particular attention to international cooperation at an industrial level. Experience has shown that as technologies approach a commercial stage, cooperation at a government-to-government level becomes more difficult. Cooperation at the industrial level is therefore especially pertinent to those technologies that might provide nearer term solutions to the energy question, and we

will be exploring with industry possible mechanisms for assuring and accelerating such cooperation.

The principal foreign policy implication of our becoming a major importer of oil and gas is contained in the word "interdependence." Our natural resources, whether fossil fuels or ores, however immense, are finite. We must learn to use them efficiently. We must learn to conserve. But above all, we must recognize that we live on an increasingly interdependent planet and must work in harmony and cooperation with all others, regardless of political, economic, and cultural differences. This calls for even greater attention to basic programs pursued by this government, such as the reduction of trade barriers, the development of monetary stability, and above all, the generation of a generation of peace, which not only would conserve invaluable human resources but also prevent the grossest waste of the irreplaceable natural resources which have taken eons to make.

## Congressional Documents Relating to Foreign Policy

### 93d Congress, 1st Session

Implications of Multinational Firms for World Trade and Investment and for U.S. Trade and Labor. Report of the United States Tariff Commission to the Committee on Finance of the United States Senate and its Subcommittee on International Trade on Investigation No. 332-69, under Section 332 of the Tariff Act of 1930. February 1973. 930 pp. Multinational Corporations. A Compendium of Papers submitted to the Subcommittee on International Trade. February 21, 1973. 968 pp.

Canadian Automobile Agreement. Sixth Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965, together with statistical data supplied to the Senate Committee on Finance by the U.S. Tariff Commission. February 1, 1973. 139 pp.

- Interest Equalization Tax Extension Act of 1973. Report, with supplemental views, to accompany H.R. 3577. H. Rept. 93-7. February 5, 1973. 30 pp.
- Forty-Fourth Annual Report of the Work and Operations of the Gorgas Memorial Laboratory, Fiscal Year 1972. Communication from President, Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc. H. Doc. 93-10. February 5, 1973. 37 pp.
- State of the Union. Message from the President of the United States transmitting the second of a series of state of the Union reports, relating to natural resources and the environment. S. Doc. 93-5. February 15, 1973. 10 pp.
- Observations on East-West Economic Relations: U.S.S.R. and Poland. A trip report, November-December 1972, submitted to the Joint Economic Committee by Senator Humphrey and Congressman Reuss. February 16, 1973. 67 pp.
- Twenty-Sixth Report of the U.S. Advisory Commission on Information. Communication from the Chairman, U.S. Advisory Commission on Information, transmitting the Commission's 26th Report of the information, educational, and cultural programs administered by the United States Information Agency. H. Doc. 93-50. February 27, 1973. 37 pp.
- Census Programs of Several Countries in Europe and the Middle East. H. Rept. 93-34. March 1, 1973. 18 pp.
- International Convention on the Prevention and Punishment of the Crime of Genocide. Report to accompany Ex. O, 81st Cong., first sess. S. Ex. Rept. 93-5. March 6, 1973. 23 pp.
- Modification in the Par Value of the Dollar. Report to accompany S. 929, together with individual views. S. Rept. 93-58. March 8, 1973. 10 pp.
- Foreign Assistance Act of 1973. Report, together with additional views, to accompany S. 837. S. Rept. 93-62. March 14, 1973. 38 pp.
- Consular Conventions with Poland, Romania, and Hungary. Report to accompany Ex. U, 92-2; Ex. V, 92-2; and Ex. W, 92-2. S. Ex. Rept. 93-6. March 21, 1973. 6 pp.
- Convention with Japan for the Protection of Birds and Their Environment. Report to accompany Ex. R, 92-2. S. Ex. Rept. 93-8. March 21, 1973. 6 pp.
- The 1973 Joint Economic Report. Report of the Joint Economic Committee, Congress of the United States, on the January 1973 Economic Report of the President, together with statement of committee agreement, minority, and supplementary views. H. Rept. 93-90. March 26, 1973. 140 pp.
- Operation of Article VII, NATO Status of Forces Treaty. Report of the Committee on Armed Services, United States Senate, made by its Subcommittee on the Operation of Article VII of the NATO Status of Forces Agreement. S. Rept. 93-90. March 27, 1973. 12 pp.

## United States Proposes Provisional Entry Into Force of Future International Seabed Regime and Machinery

*The United Nations Committee on the Peaceful Uses of the Seabed and the Ocean Floor Beyond the Limits of National Jurisdiction met at New York March 5–April 6. Following is a statement made in subcommittee I on March 19 by U.S. Representative John Norton Moore.*

USUN press release 20 dated March 19

Many of the members of the Seabed Committee have increasingly expressed their concern that progress in the law-of-the-sea negotiations has not been adequate to keep abreast of the rapid advances in technology for ocean space. Indeed, my delegation has repeatedly encouraged the committee to hasten its progress lest while we debate, events preempt our ability to negotiate a treaty on the law of the sea. We believe there is now a renewed sense of dedication in the committee to produce a treaty on the law of the sea on the time schedule fixed by the 27th General Assembly. We are encouraged by this sense of purpose.

All delegations are no doubt aware that seabed mining technology has now advanced to a stage where commercial exploitation of manganese nodules can, and no doubt will, occur within the next three to five years. In anticipation of commercial production, U.S. companies and presumably the companies of other countries will shortly invest large sums of money in order to continue their developmental work and to begin constructing production facilities. We in this committee still have the opportunity to assure that the new law of the sea and any international institutions established for deep seabed resource management are operational when such exploitation occurs.

On July 20, 1972, in subcommittee I, other nations inquired as to the position of the United States on draft legislation, called S. 2801, now designated H.R. 9 or S. 1134, which has been pending in our Congress for some time—draft legislation which has been designed to provide to interested members of our industrial community a variety of assurances that these negotiations would not ultimately cause them to lose the large investments which they will shortly be making and the large research and development expenditures which they have already incurred. On May 19, 1972, we advised interested members of our Congress that we were not prepared at that time to state a position on S. 2801. We furnished copies of our report to Congress to this committee last July. On March 1, 1973, we did make our position known to Congress. In response to this committee's continuing request to be kept informed of the status of our position, we have attached to this statement a copy of the views of the executive branch of our government on this "interim legislation."<sup>1</sup> I would like, however, Mr. Chairman, to briefly summarize what we told our Congress.

—First, we pointed out that the General Assembly had established a firm schedule for the Law of the Sea Conference and that we anticipated that the schedule would be met.

—Second, we stressed the fact that President Nixon's oceans policy statement of 1970 indicated that it was neither necessary nor desirable to try to halt exploration and exploitation of the seabeds beyond the depth of 200 meters during the negotiation process, provided that such activities are subject to

<sup>1</sup> Not printed here.

the international regime to be agreed upon and that the international regime include due protection of the integrity of investments made in the interim period.

—Third, we stated that we wish to avoid taking any action which might be construed by others as the kind of unilateral action of which the United States has been critical and which does not enhance the prospects for international agreement.

—Fourth, we indicated that it is our policy that we wish to insure that technology to mine the seabeds will continue to develop and that seabed mineral resources will be available to the United States and other countries as a new source of metals.

—Fifth, we said that under any new legal regime a secure and stable investment climate is essential.

—Sixth, we stated that seabed mineral resource development must be compatible with sound environmental practices.

Mr. Chairman, my government is attempting in every possible way to assure that seabed mining, when it occurs, will occur under fully agreed international rules and regulations and will be administered by international machinery. For that reason, we advised our Congress that we are opposed at this time to the passage of legislation such as H.R. 9. In doing so, however, we were keenly aware of the lack of confidence which many people have in the timely and satisfactory progress of our work in the U.N. Seabed Committee. To the extent that H.R. 9 was devised to provide private companies with a more secure basis for investment decisions, we could not rule out the alternative of interim legislation if a Law of the Sea Conference is not concluded as scheduled and does not produce a treaty that assures an accommodation of the basic objectives which all nations have in these negotiations. We stated our basic objectives on August 10, 1972, in the main committee.<sup>2</sup>

We believe, Mr. Chairman, that both a timely and successful Law of the Sea Conference is possible. But even a treaty which

is open for signature in 1974 or 1975 will not be timely if several years elapse while the treaty secures the necessary number of ratifications so as to come into force. Indeed, even if only one or two years elapsed after signature, seabed exploitation would in all probability occur—and would not be subject to the international regime and machinery.

Hence, Mr. Chairman, in order to meet what I believe are the objectives of all nations in this conference—a successful treaty which, with respect to deep seabed resource development, will come into force in advance of actual commercial exploitation—my government is of the view that we must begin at once to prepare for the provisional entry into force of those portions of the permanent regime and machinery which would be applicable to deep seabed development. We contemplate that such an approach would only apply to the period after the law-of-the-sea treaty is opened for signature and until the permanent regime and machinery enter into force. Alternatively, it might also be possible to limit the provisional period to a stated number of years. This approach, Mr. Chairman, would make it certain that from the very beginning seabed exploitation would occur under an internationally agreed regime and its benefits would accrue to the international community.

There are a number of instances in the history of international negotiations in which analogous steps have been taken for similar reasons. To name only a few, the Convention on International Civil Aviation (the Chicago Convention), one of the world's most widely ratified conventions, entered into force on a provisional basis shortly after it was opened for signature; the machinery which the Chicago Convention established, the International Civil Aviation Organization, came into being on a provisional basis at the same time. Other examples of provisional arrangements can be seen in the World Health Organization, the Preparatory Commission for the International Refugee Organization, the International Atomic Energy Agency, and Intelsat [International Telecommunications Satellite Organization] as well as a variety of others.

<sup>2</sup> For background, see BULLETIN of Oct. 2, 1972, p. 382.



We are aware that a proposal such as the one we are putting forward today has many ramifications and may have inherent in it a variety of complex considerations which require careful study. Later in my statement, I will refer to some of these considerations and attempt to elaborate on them.

What is important, Mr. Chairman, is that delegations give careful consideration to the concept of provisional entry into force of the international regime and machinery. It should be made clear that this concept involves bringing into force at the time the final law-of-the-sea treaty is opened for signature, on a provisional basis, the permanent regime and machinery for the deep seabeds. This is not a proposal for an interim regime, Mr. Chairman; it is a means of assuring that the permanent regime and machinery which will have already been agreed to at the conference take effect promptly on a provisional basis so as to insure that all seabed exploitation is covered from the beginning by the treaty which we are here to negotiate and so that states will not have to consider other alternatives to resolve the problem.

We do not ask the committee to prejudge in any way the content of the permanent regime and machinery. This is what we are all here to negotiate. At this time, we ask instead the support of delegations only for the concept of the provisional entry into force of that regime and machinery.

For our part, we would hope to have at least the tentative views of delegations during the March meeting on this proposal in order to be more fully responsive to our own Congress before the committee's next meeting this summer in Geneva. In the meantime, Mr. Chairman, we believe the Secretary General should prepare for our use in July a study of the potential applicability to our present work of the various ways in which this type of problem has been dealt with in the past. We propose that this study be completed before the July-August meeting and that it be referred to subcommittee I and possibly to the working group for discussion after completion of its work in the middle of August on the international regime and machinery. If the members of the committee

view this proposal for provisional entry into force of the international regime and machinery sympathetically, and if the Secretary General's study is prepared in time for debate in subcommittee I this summer, we feel certain, Mr. Chairman, that the committee will be well on its way to solving some of the difficult problems which have been caused by this protracted negotiation.

The objectives of a provisional regime and machinery should be to assure that when deep ocean mining occurs, it occurs under the internationally agreed system and under the international rules which would be agreed to as a part of the permanent regime. This would assure that seabed mining activities would be conducted under the international regime that the conference has agreed upon to provide for the sound, orderly, and economically efficient development of seabed mineral resources for the benefit of mankind and to assure safe and environmentally sound operating practices. Like the permanent machinery, the provisional machinery should administer seabed resource activities and assure compliance with the provisions of the regime. Most importantly, the provisional machinery would acquire substantial experience with respect to the geology, technology, and economics of this new undertaking so as better to enable the permanent machinery to commence its work.

This provisional regime and machinery could also assure that revenues from seabed mining were collected and held in reserve by the provisional machinery for the revenue distribution system to be used by the permanent regime and machinery. It would also need to establish some provisional dispute settlement machinery of a simple character. The provisional machinery should also prepare preliminary drafts of annexes to the final treaty which can then be promulgated by the permanent machinery in accordance with its powers as soon as it comes into being. Finally, the provisional regime and machinery should in every respect be established in such a way as to encourage prompt ratification and entry into force of the permanent treaty.

In short, Mr. Chairman, we see as the

fundamental objective of a provisional regime and machinery the protection of the integrity of the permanent regime and machinery while at the same time providing a sound legal basis for investment decisions after the treaty is opened for signature and before it comes into force. Investments made under such a provisional arrangement would be given the same protection as if they had been made pursuant to the permanent regime.

It may be argued by some delegations, Mr. Chairman, that provisional entry into force of the regime and machinery would permit those nations which are now developing the technology to mine the seabeds to quickly acquire exclusive rights to all of the mineral deposits of the deep seabed which are of any potential value. For a variety of reasons, this could not be the case nor would we want it to be.

First, the permanent regime will presumably be designed to prevent this from happening. The same provisions could be applicable during the provisional period.

Second, the market opportunities for the metals contained in manganese nodules are limited. The projected growth of world demand for the principal metals contained in manganese nodules, particularly nickel, is such that the rate of growth of productive capacity will necessarily be relatively small. I believe both of the economic implication studies prepared by the Secretary General,<sup>3</sup> with which, as you know, we have some differences of opinion, would support the conclusion that the markets are so limited in relation to the availability of the resource that it would be a very long time indeed before any but a tiny fraction of these ocean resources could be exploited economically. Our own estimates indicate that there are more than 4 million square kilometers of highly attractive manganese nodule deposits potentially exploitable even for first-generation mining equipment, not to speak of the number of deposits which would become attractive as world technology improves. It is thus apparent that, in the period to which

the provisional regime would apply, only a handful of operations would occur.

Mr. Chairman, my delegation has given some preliminary thought to the nature of the provisional regime and machinery, and I would at this point ask the committee's indulgence while I share some of our tentative views with the members of the subcommittee.

Since we have always divided our work in this committee into the question of the regime and the question of machinery, I will address the remainder of my comments to each of those subjects separately.

Our tentative view on the provisional regime, Mr. Chairman, is that it should include all of the general provisions of the law-of-the-sea treaty which would have applicability to the international seabed area. In addition to the general principles, the United States believes that the regime should provide for the granting of rights under general rules and conditions drawn from those which would appear in the permanent regime and machinery. In general, these would relate to the duration of the rights granted, the nature of the mineral deposit which could be exploited, the boundaries of the area which would be the subject of rights, the economic burdens which would be placed on the mining activity, and the standards necessary to insure safety and environmentally sound practices. In addition, rules would be necessary to assure that sufficient information was turned over to the provisional machinery so as to enable it to administer activities in the area.

With respect to the provisional machinery, Mr. Chairman, it may on the one hand be desirable to establish all or most of the permanent organs on a provisional basis, or on the other hand it may not be necessary to do more than establish a provisional assembly, council, and secretariat.

The provisional machinery could inspect and administer all of the seabed resource activities; issue the necessary rights; collect revenues and, after deducting the administrative expenses of the provisional machinery, hold the balance in reserve for distribu-

<sup>3</sup> U.N. docs. A/AC.138/36 and A/AC.138/173.

tion by the permanent machinery; settle disputes; and begin the laborious task of drafting detailed rules and negotiating them with states with a view toward their eventual promulgation by the permanent machinery.

Much thought needs to be given to the question of how to establish the provisional arrangements in such a way as to encourage prompt ratification and entry into force of the final law-of-the-sea treaty, which of course would include the permanent regime and machinery. We must not forget, Mr. Chairman, the importance of fulfilling the mandate of the General Assembly in Resolution 2749 to establish an "international treaty of a universal character, generally agreed upon." Such a treaty would have to accommodate the basic interests of all nations in this negotiation. If we fail to achieve these objectives, our efforts will be for naught.

It is possible to provide for the provisional regime and machinery to cease after a stated period of years or when the permanent regime comes into force, whichever occurs first. The fact that investments will be made, and revenues collected, in contemplation of entry into force should also act as an incentive to early ratification of the permanent law-of-the-sea treaty. These, Mr. Chairman, are only two possibilities. We are certain that the combined efforts of the members of the committee and the Secretary General would produce many interesting proposals in this regard.

In summary, Mr. Chairman, my government believes that the provisional entry into

force of the permanent regime and machinery will be of substantial benefit to all of us. It will enable nations to promptly gain benefits from resource development; it will give us the opportunity to collect and disseminate information about the technology and impacts of resource development in its early growth years; it will substantially expedite the preparation of detailed annexes to the treaty which will be promulgated by the permanent machinery. They can then be judged against the background of a sound data base acquired during the provisional period; it will enable us to assure that the resources are developed under international administration from the start. Finally, Mr. Chairman, the provisional entry into force of the permanent regime and machinery will stimulate states to expedite the ratification process, an objective all states share.

I should emphasize, Mr. Chairman, that these are most tentative and preliminary views put forward only to assist delegations in evaluating the desirability of the overall concept of a provisional regime and machinery. We do not ask the committee to prejudge the content of the permanent regime and machinery. This will be the subject of our negotiations during the next year. If this concept finds wide support, we feel certain that our future negotiating efforts will be both productive and timely. If they are, we will have succeeded in developing new international law in advance of technology. If they are not, we may lose the opportunity to govern through international agreement this last resource frontier on earth.

## U.S. Introduces Draft Convention on Registration of Space Objects

*The Legal Subcommittee of the United Nations Committee on the Peaceful Uses of Outer Space met at New York March 26–April 20. Following is a statement made in the subcommittee on March 27 by U.S. Representative Herbert Reis.*

USUN press release 28 dated March 27

Our delegation would like to explain to the members of the Outer Space Legal Subcommittee the reasons why the United States is today tabling a draft Convention on the Registration of Objects Launched into Outer Space.<sup>1</sup> We hope and believe that this proposal will make possible the successful conclusion on a mutually acceptable basis of the negotiations for an international registration agreement that were begun in 1972 with consideration of the joint draft of Canada and France. We appreciate the constructive initiative of the cosponsors, but in our view, their proposal in certain respects goes beyond what would be appropriate in accomplishing the central purpose of a registration agreement.

The United States considers that that purpose should be to implement the Outer Space Liability Convention of 1971.<sup>2</sup> We understand the concern that a state, although a party to the Liability Convention, may be unable to make use of the fair-compensation provisions of that convention if a fragment has landed on its territory and caused damage but it cannot identify the state that launched the object with which the fragment is associated. This concern does not seem unwarranted, bearing in mind the relatively short

time limits imposed by the convention in filing a claim. It was against this background that we were authorized to state on May 3 of last year that "the United States is able to envisage a registration treaty as a step in the development of a positive and orderly law for the governance of man's activities in space." We are now introducing a draft treaty text which we believe should accomplish that step.

In our view, an international agreement on registration should, first, create a cost-effective and practicable international census of vehicles in orbit and, second, offer a reasonably reliable assurance that states possessing tracking and analytical facilities will assist in identifying fragments in connection with possible damage. I take up these aspects in turn.

First, with regard to establishing of an international census of orbiting vehicles. I think it appropriate to recall that the idea of a centralized international registry of such vehicles came about as the result of a suggestion of the United States some 10 years ago. In fact, the United States proposed the establishment of an international registry to be maintained by the Secretary General of the United Nations, and this was agreed in General Assembly Resolution 1721B, adopted unanimously in December 1961. The principal idea of that registry is that each launching state should voluntarily transmit to the Secretary General information concerning each of the vehicles it launches into orbit or beyond so that, taken together, the information submitted by the states members of the international community would comprise an orderly census of orbiting manmade objects.

We have now had 12 years of practice under this resolution. A number of launch-

<sup>1</sup> U.N. doc. A/AC.105/C.2/L.85.

<sup>2</sup> For text of the Convention on International Liability for Damage Caused by Space Objects, see BULLETIN of Jan. 10, 1972, p. 42.

ing states—the United States, Australia, France, Italy, Japan, the Soviet Union, and the United Kingdom—have transmitted registration statements to the Secretary General.

The United States has reported fully to the registry. Our reporting statements in fact constitute a continuing and accurate census of U.S. objects in orbit. Our practice has been to report on a month-to-month basis on U.S. objects launched into orbit or beyond during the reporting period. To particularize, the United States transmits information as to a U.S.-launched earth-orbiting object, the type of launch vehicle, the purpose of the vehicle, the date of launch, the nodal period, inclination, apogee, and perigee. We also report on objects previously registered as being in orbit which are no longer in orbit.

These dozen years of experience have now led us to agree with others that the voluntary international registry has been useful but could be improved by the adoption of a common or standardized reporting format to be used by all reporting states. We have also concluded, as I indicated above, that the improvement of the system through the means of an international agreement is appropriate and desirable.

Second, I turn to the issue of assistance to states to identify fragments of manmade objects that return to earth and cause damage. Theoretically one could imagine the possibility of establishing an international center that would have a capability of identifying fragments. However, this would involve very large costs, and no one has proposed that this would be a useful way for the members of the international community to spend money.

There is another reason why the establishment of complex international identification machinery would be inappropriate, and that is because the occasion for its use would be so small. Manmade fragments do not often survive reentry of the earth's atmosphere, and the likelihood of damage when they do survive reentry is far smaller.

Consequently, along with other members

of the Outer Space Committee, we have turned our attention to alternative possibilities of providing assurance that states will be able to request and receive identification assistance from states and international organizations that have or may develop significant capabilities in this field. In this connection let me recall our delegation's offer for the record at the last session of the subcommittee. In a statement on May 3, 1972, we drew attention to "the willingness of the United States, on request, to assist any party to the Outer Space Liability Convention in identifying a fragment in connection with possible damage. We are confident that our investigative capability affords a high probability of accurate identification of origin of any returning fragment." We also noted that the United States is not alone in possessing such a capability, and we expressed the hope that other launching authorities and other nonlaunching states possessing technical capacity would make offers parallel to ours.

Indeed, Mr. Chairman, this kind of offer of assistance represents perhaps the single most important contribution to implementing the Liability Convention where there is doubt as to the identity of the launching authority. Today the United States takes the additional and significant step of offering to undertake a treaty-based obligation to grant such assistance in appropriate cases.

A note of caution is necessary, however. Fulfilling a request for identification assistance will involve the allocation of human, technical, and economic resources on the part of the state whose help has been requested. While the United States would be ready to offer assistance where damage has occurred, we would not be prepared to do so without a concrete indication of need. For this reason, as you will see, our offer of assistance is limited to cases of damage.

Delegations will recall that the United States did not participate in the initial discussion of the details of a possible registration treaty that began last year in the Registration Working Group established by the Legal Subcommittee. The working group's

report<sup>3</sup> is extensively bracketed and reveals a considerable lack of consensus on the part of participating delegations, as is of course natural in any new discussion. At the same time, the working group's consideration of registration was helpful. To give but one example, discussions demonstrated a widespread desire to create a so-called "juridical link" between a state launching an object into orbit and the object itself. Most delegations considered that an international agreement on registration could thus carry forward the provision of article VIII of the Outer Space Treaty of 1967 which states that "A State Party to the Treaty on whose registry an object launched into outer space is carried shall retain jurisdiction and control over such object, and over any personnel thereof, while in outer space or on a celestial body." You will see that our new proposal incorporates this notion of juridical link.

Let me turn now to some of the details of the new U.S. treaty proposal before you. The preamble sounds the theme that the principal purpose to be served by a mandatory international registration system and procedures for identification assistance is to contribute to identification in the case of a space object which has caused damage. Article I contains definitions of the terms "space object" and "launching State." We have used the same definitions as are in the Outer Space Liability Convention.

Article II, paragraph 1, concerns what might be called the "national" aspects of registration; following provisions concern the centralized international registry. In article II, paragraph 1, we have proposed that every launching state maintain its own national registry of objects it has launched into earth orbit or beyond. Now, we have not thought it appropriate to impose any format on national registries. This would be up to each country concerned; its registry could be public or private, as it wishes, and its contents could be brief or detailed as the launching state considered appropriate. In our view, what a launching state maintains

in and on its own registry is up to it; this is not a suitable matter for international regulation. As I have said, the purpose of this provision is to establish the "juridical link" contemplated by the Outer Space Treaty.

The remainder of Article II and Articles III and IV concern the international registry. We have proposed that these articles accomplish the transformation of the existing voluntary registration system into a treaty-based system which all launching authorities would freely support because it would be in their interest to do so. In essence, we propose to codify the 12-year practice of the registry maintained in accordance with General Assembly Resolution 1721 B. Article IV sets forth the types of information that should be furnished with regard to each launching as soon as practicable after launch. And we have added at the end of article IV, in paragraph 2, the requirement that a launching state should likewise report as soon as practicable any space object it has launched which no longer remains in orbit.

The U.S. draft provides that the central or international register should be open, rather than restricted to access by states that accept the registration treaty. We think that a rule of openness is the rule that is most consistent with the general thrust of the Outer Space Treaty and will best serve to implement the Liability Convention.

Article V of the U.S. draft sets forth the offer on the part of states "possessing space monitoring and tracking facilities" to "respond to the greatest extent feasible to requests by any other State Party to this Convention or to the Convention on International Liability for Damage Caused by Space Objects . . . for assistance . . . in the identification of a particular space object which has caused damage . . ." I note also the reciprocal obligation of the potential claimant state to assist in the identification process by supplying specific information regarding the event giving rise to its request. We consider this to be both a generous and an appropriate offer.

The remainder of the U.S. draft is

<sup>3</sup> U.N. doc. A/AC.105/101, par. 31.

straightforward. Article VI contains a clause applying the provisions of the convention to international organizations that conduct space activities and accept similar obligations. The antecedents of this provision lie of course in the 1968 Astronaut Agreement and the 1971 Liability Convention. Finally, articles VII through X contain final clauses similar to those of the other treaties concerned with man's activities in outer space.

The United States expresses the hope that the draft convention introduced by the United States today will make possible the completion at this session of a meaningful and mutually acceptable international registration agreement. We thus look forward with optimism to the early and successful conclusion of this aspect of the work of the Outer Space Committee and our Legal Subcommittee.

## TREATY INFORMATION

### U.S. and Germany Sign Agreement on "Advance Charter" Flights

The Department of State announced on April 16 (press release 113) that the United States and the Federal Republic of Germany had concluded on April 13 a memorandum of understanding on travel group charters (TGC's) and advance booking charters (ABC's) under which each party will accept as charterworthy transatlantic traffic originated in the territory of the other party and organized and operated pursuant to the "advance charter" (TGC or ABC) rules of that party. Other provisions deal with enforcement and arrangements to minimize administrative burdens on carriers and organizers of "advance charters." The understanding was brought into force by an exchange of letters in Bonn. While the understanding is not an exchange of economic rights, it is expected

to facilitate the operation of "advance charter" flights between the United States and Germany by carriers of both countries. The understanding with Germany is the second of a series of such agreements the United States hopes to conclude soon with other countries to facilitate the operation of "advance charters." (For text of the memorandum of understanding, see press release 113.)

## Current Actions

### MULTILATERAL

#### Aviation

Protocol relating to an amendment to the convention on international civil aviation, as amended (TIAS 1591, 3756, 5170), with annex. Done at New York March 12, 1971. Entered into force January 16, 1973.

*Proclaimed by the President: May 8, 1973.*

#### Cultural Relations

Agreement on the importation of educational, scientific, and cultural materials, with protocol. Done at Lake Success November 22, 1950. Entered into force May 21, 1952; for the United States November 2, 1966. TIAS 6129.

*Notification that it considers itself bound: Barbados, April 13, 1973.*

#### Health

Constitution of the World Health Organization, as amended. Done at New York July 22, 1946. Entered into force April 7, 1948; for the United States June 21, 1948. TIAS 1808, 4643.

*Acceptance deposited: Swaziland, April 16, 1973.*

#### Narcotic Drugs

Convention relating to the suppression of the abuse of opium and other drugs. Done at The Hague January 23, 1912. Entered into force for the United States February 11, 1915. 38 Stat. 1912.

*Notification of succession: Zambia, April 9, 1973.*

Convention for limiting the manufacture and regulating the distribution of narcotic drugs, as amended by the protocol signed at Lake Success on December 11, 1946 (TIAS 1671, 1859). Done at Geneva July 13, 1931. Entered into force July 9, 1933. 48 Stat. 1543.

*Notification of succession: Zambia, April 9, 1973.*

Protocol bringing under international control drugs outside the scope of the convention of July 13, 1931, for limiting the manufacture and regulating the distribution of narcotic drugs (48 Stat. 1543), as amended by the protocol signed at Lake Success on December 11, 1946 (TIAS 1671, 1859). Done at Paris November 19, 1948. Entered into force December 1, 1949; for the United States September 11, 1950. TIAS 2308.

*Notification of succession: Zambia, April 9, 1973.*

### North Atlantic Treaty—Status of Forces—Germany

Agreement to amend the agreement of August 3, 1959 (TIAS 5351), to supplement the agreement between the parties to the North Atlantic Treaty regarding the status of their forces with respect to foreign forces stationed in the Federal Republic of Germany. Done at Bonn October 21, 1971.<sup>1</sup>

*Ratification deposited:* France, May 10, 1973.

### Property—Industrial

Convention of Paris for the protection of industrial property of March 20, 1883, as revised. Done at Stockholm July 14, 1967. Articles 1 through 12 entered into force May 19, 1970.<sup>2</sup> Articles 13 through 30 entered into force April 26, 1970; for the United States September 5, 1970. TIAS 6923.

*Ratified by the President:* May 8, 1973, for Articles 1 through 12.

### Wheat

International wheat agreement, 1971. Open for signature at Washington March 29 through May 3, 1971. Entered into force June 18, 1971, with respect to certain provisions, July 1, 1971, with respect to other provisions; for the United States July 24, 1971. TIAS 7144.

*Accession of the Food Aid Convention deposited:* United Kingdom, May 9, 1973.

## BILATERAL

### Czechoslovakia

Agreement extending the agreement of August 29, 1969, as extended (TIAS 6754, 7103), relating to trade in cotton textiles. Effected by exchange of notes at Prague April 24 and 30, 1973. Entered into force April 30, 1973.

### Ethiopia

Agreement amending the treaty of amity and economic relations of September 7, 1951 (TIAS 2864), to terminate notes concerning administration of justice. Effected by exchange of notes at Addis Ababa September 16, 1965, and October 20, 1972.

*Entered into force:* May 3, 1973.

### France

Agreement relating to travel group charter flights and advance booking charter flights, with memorandum of understanding. Effected by exchange of notes at Washington May 7, 1973. Entered into force May 7, 1973.

### Japan

Convention for the protection of migratory birds and birds in danger of extinction, and their environment, with annex. Signed at Tokyo March 4, 1972.<sup>1</sup>

*Ratified by the President:* May 8, 1973.

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

<sup>2</sup> Not in force for the United States.

### Liberia

Agreement relating to the establishment, operation, and maintenance of an Omega navigational station. Effected by exchange of notes at Monrovia April 10 and 18, 1973. Entered into force April 18, 1973.

### Morocco

Agreement for sales of agricultural commodities, relating to the agreement of April 20, 1967 (TIAS 6256). Signed at Rabat April 19, 1973. Entered into force April 19, 1973.

### Viet-Nam

Agreement amending the agreement for sales of agricultural commodities of October 2, 1972 (TIAS 7464). Effected by exchange of notes at Saigon April 30, 1973. Entered into force April 30, 1973.

### Zaire

Agreement for sales of agricultural commodities, relating to the agreement of March 15, 1967 (TIAS 6329). Signed at Kinshasa March 14, 1973. Entered into force March 14, 1973.

### Check List of Department of State

#### Press Releases: May 7-13

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

Releases issued prior to May 7 which appear in this issue of the BULLETIN are Nos. 102 and 103 of April 6, 113 of April 16, and 128 of May 2.

No.	Date	Subject
*132	5/7	U.S.-Czechoslovakia cotton textile agreement extended through April 30, 1977.
†133	5/7	Casey: Society of American Business Writers, New York.
†134	5/7	U.S. and France reach understanding on air charters (rewrite).
†135	5/7	Sisco: Israel's 25th anniversary.
*136	5/9	Law of the Sea Advisory Committee meeting, May 18-19.
*137	5/9	Advisory Panel on International Law meeting, May 21.
†138	5/9	Rogers: House Committee on Ways and Means.
†139	5/9	Announcement of Secretary Rogers' visit to Latin America.
†139A	5/9	Rogers: statement on Latin American visit.
*140	5/10	Green sworn in as Ambassador to Australia (biographic data).
†141	5/10	Rogers: Senate Committee on Appropriations, May 8.
*142	5/11	Program for official visit to Washington of Emperor Haile Selassie I of Ethiopia.
*143	5/11	Advisory Commission on International Educational and Cultural Affairs meeting, June 1.
*144	5/11	Fine Arts Committee meeting, May 25.

\* Not printed.

† Held for a later issue of the BULLETIN.



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June 4, 1973

U.S. FOREIGN POLICY FOR THE 1970's  
SHAPING A DURABLE PEACE

A Report to the Congress

by

RICHARD NIXON

PRESIDENT OF THE UNITED STATES

*May 3, 1973*

*For contents see inside back cover*

THE OFFICIAL WEEKLY RECORD OF UNITED STATES FOREIGN POLICY

# THE DEPARTMENT OF STATE BULLETIN

VOL. LXVIII, No. 1771  
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**U.S. FOREIGN POLICY FOR THE 1970's  
SHAPING A DURABLE PEACE**

**A Report to the Congress  
by**

**RICHARD NIXON**

**President of the United States**

*May 3, 1973*

*As printed here the President's report follows the text of  
a 234-page booklet issued by the White House.*



## Letter of Transmittal

### TO THE CONGRESS OF THE UNITED STATES

This Administration attaches fundamental importance to the articulation as well as the execution of foreign policy.

Public understanding is, of course, essential in a democracy. It is all the more urgent in a fast changing world, which requires continuing, though redefined, American leadership. One of my basic goals is to build a new consensus of support in the Congress and among the American people for a responsible foreign policy for the 1970's.

These were the reasons that I began the practice of annual Presidential Reports to the Congress. This fourth Review, like the previous ones, sets forth the philosophical framework of our policy and discusses major trends and events in this context. Two other important documents complement this one with the more detailed record of current questions and policies. The Secretary of State's third annual report of April 19, 1973, covers our specific country, regional, and functional policies and provides basic documentation. The Secretary of Defense's yearly report of April 3, 1973, presents a thorough accounting of our policies and programs for national defense.

It is my hope that this Report will inform and lift the national dialogue on our purposes and our place in the world.



THE WHITE HOUSE  
May 3, 1973

## Introduction

In January 1969, America needed to change the philosophy and practice of its foreign policy.

Whoever took office four years ago would have faced this challenge. After a generation, the postwar world had been transformed and demanded a fresh approach. It was not a question of our previous policies having failed; indeed, in many areas they had been very successful. It was rather that new conditions, many of them achievements of our policies, summoned new perspectives.

### The World We Found

*The international environment was dominated by seemingly intractable confrontation between the two major nuclear powers.* Throughout the nuclear age both the fears of war and hopes for peace revolved around our relations with the Soviet Union. Our growing nuclear arsenals were largely directed at each other. We alone had the capacity to wreak catastrophic damage across the planet. Our ideologies clashed. We both had global interests, and this produced many friction points. We each led and dominated a coalition of opposing states.

As a result, our relationship was generally hostile. There were positive interludes, but these were often atmospheric and did not get at the roots of tension. Accords were reached on particular questions, but there was no broad momentum in our relationship. Improvements in the climate were quickly replaced by confrontation and, occasionally, crisis. The basic pattern was a tense jockeying for tactical advantage around the globe.

This was dangerous and unsatisfactory. The threat of a major conflict between us hung over the world. This in turn exacerbated local and regional tensions. And our two countries not only risked collision but were constrained from working positively on common problems.

*The weight of China rested outside the international framework.* This was due partly to its own attitude and its preoccupation with internal problems, and partly to the policies of the

outside world, most importantly the United States. In any event, this Administration inherited two decades of mutual estrangement and hostility. Here the problem was not one of a fluctuating relationship but rather of having no relationship at all. The People's Republic of China was separated not only from us but essentially from the world as a whole.

China also exemplified the great changes that had occurred in the Communist world. For years our guiding principle was containment of what we considered a monolithic challenge. In the 1960's the forces of nationalism dissolved Communist unity into divergent centers of power and doctrine, and our foreign policy began to differentiate among the Communist capitals. But this process could not be truly effective so long as we were cut off from one-quarter of the globe's people. China in turn was emerging from its isolation and might be more receptive to overtures from foreign countries.

The gulf between China and the world distorted the international landscape. We could not effectively reduce tensions in Asia without talking to Peking. China's isolation compounded its own sense of insecurity. There could not be a stable world order with a major power remaining outside and hostile to it.

*Our principal alliances with Western Europe and Japan needed adjustment.* After the devastation of the Second World War we had helped allies and former adversaries alike. Fueled by our assistance and secure behind our military shield, they regained their economic vigor and political confidence.

Throughout the postwar period our bonds with Europe had rested on American prescriptions as well as resources. We provided much of the leadership and planning for common defense. We took the diplomatic lead. The dollar was unchallenged. But by the time this Administration took office, the tide was flowing toward greater economic and political assertiveness by our allies. European unity, which we had always encouraged, was raising new issues in Atlantic relations. The economic revival of



Europe was straining the Atlantic monetary and commercial framework. The relaxation of tensions with the Communist world was generating new doctrines of defense and diplomacy.

The imperatives of change were equally evident in our Pacific partnership with Japan. Its recovery of strength and self-assurance carried political and psychological implications for our relationship. Its spectacular economic growth had made it the world's third industrial power; our entire economic relationship was undergoing transformation. The earlier paternalism of U.S.-Japanese relations no longer suited either partner.

*The Vietnam war dominated our attention and was sapping our self-confidence.* Our role and our costs had steadily grown without decisive impact on the conflict. The outlook at the conference table was bleak. The war was inhibiting our policy abroad and fostering dissent and self-doubt at home. There was no prospect of either an end to the fighting or an end to our involvement.

Although the historical imperatives for a new international approach existed independently, the war made this challenge at once more urgent and more difficult. More than any other factor, it threatened to exhaust the American people's willingness to sustain a reliable foreign policy. As much as any other factor, the way we treated it would shape overseas attitudes and American psychology.

*The context for our national security policy was fundamentally altered.* From the mid-1940's to the late 1960's we had moved from America's nuclear monopoly to superiority to rough strategic balance with the Soviet Union. This created fresh challenges to our security and introduced new calculations in our diplomacy. The U.S. defense effort remained disproportionate to that of our allies who had grown much stronger. The threats from potential enemies were more varied and less blatant than during the more rigid bipolar era. These changes, combined with spiraling military costs and the demands of domestic programs, were prompting reexamination of our defense doctrines and posture. They were underlining the importance of arms control as an element in national security. They were also leading some in this country to call for policies that would seriously jeopardize our safety and world stability.

*Around the world, friends were ready for a greater role in shaping their own security and well-being.* In the 1950's and 1960's other na-

tions had looked to America for ideas and resources, and they found us a willing provider of both. Our motives were sound, the needs were clear, and we had many successes. By 1969, scores of new nations, having emerged from colonial status or dependency on major powers, were asserting themselves with greater assurance and autonomy.

Four years ago this growing capacity of friends was not reflected in the balance of contributions to security and development. This meant that others could do more, and the United States need do proportionately less, in the provision of material resources. More fundamentally, it meant that increasingly the devising of plans belonged outside of Washington. The sweeping American presence was likely to strain our capabilities and to stifle the initiative of others.

*There were new issues that called for global cooperation.* These challenges were not susceptible to national solutions or relevant to national ideologies. The vast frontiers of space and the oceans beckoned international exploration for humanity's gain. Pollution of air, sea, and land could not be contained behind national frontiers. The brutal tools of assassination, kidnapping, and hijacking could be used to further any cause in any country. No nation's youth was immune from the scourge of international drug traffic. The immediate tragedies of national disasters and the longer-term threat of overpopulation were humanitarian, not political, concerns.

*At home we faced pressures that threatened to swing America from over-extension in the world to heedless withdrawal from it.* The American people had supported the burdens of global leadership with enthusiasm and generosity into the 1960's. But after almost three decades, our enthusiasm was waning and the results of our generosity were being questioned. Our policies needed change, not only to match new realities in the world but also to meet a new mood in America. Many Americans were no longer willing to support the sweeping range of our post-war role. It had drained our financial, and especially our psychological, reserves. Our friends clearly were able to do more. The Vietnam experience was hastening our awareness of change. Voices in this country were claiming that we had to jettison global concerns and turn inward in order to meet our domestic problems.

Therefore the whole underpinning of our foreign policy was in jeopardy. The bipartisan consensus that once existed for a vigorous

American internationalism was now being torn apart. Some of the most active proponents of America's commitment in the world in previous decades were now pressing for indiscriminate disengagement. What was once seen as America's overseas obligation was now seen as our overseas preoccupation. What was once viewed as America's unselfishness was now viewed as our naivete. By 1969 we faced the danger that public backing for a continuing world role might be swept away by fatigue, frustration and over-reaction.

### **This Administration's Approach**

We were determined to shape new policies to deal with each of these problems. But our first requirement was philosophic. We needed a fresh vision to inspire and to integrate our efforts.

We began with the conviction that a major American commitment to the world continued to be indispensable. The many changes in the postwar landscape did not alter this central fact. America's strength was so vast, our involvement so broad, and our concerns so deep, that to remove our influence would set off tremors around the globe. Friends would despair, adversaries would be tempted, and our own national security would soon be threatened. There was no escaping the reality of our enormous influence for peace.

But the new times demanded a new definition of our involvement. For more than a score of years our foreign policy had been driven by a global mission that only America could fulfill—to furnish political leadership, provide for the common defense, and promote economic development. Allies were weak and other nations were young, threats were palpable and American power was dominant.

By 1969, a mission of this scale was no longer valid abroad or supportable at home. Allies had grown stronger and young nations were maturing, threats were diversified and American power was offset. It was time to move from a paternal mission *for* others to a cooperative mission *with* others. Convinced as we were that a strong American role remained essential for world stability, we knew, too, that a peace that depends primarily on the exertions of one nation is inherently fragile.

So we saw the potential and the imperative of a pluralistic world. We believed we could move from an environment of emergencies to a more stable international system. We made our new purpose a global structure of peace—comprehensive because it would draw on the

efforts of other countries; durable because if countries helped to build it, they would also help to maintain it.

To pursue this fundamental vision, we had to move across a wide and coordinated front, with mutually reinforcing policies for each challenge we faced.

*Peace could not depend solely on the uneasy equilibrium between two nuclear giants.* We had a responsibility to work for positive relations with the Soviet Union. But there was ample proof that assertions of good will or transitory changes in climate would not erase the hard realities of ideological opposition, geopolitical rivalry, competing alliances, or military competition. We were determined not to lurch along—with isolated agreements vulnerable to sudden shifts of course in political relations, with peaks and valleys based on atmosphere, with incessant tension and maneuvering. We saw as well that there were certain mutual interests that we could build upon. As the two powers capable of global destruction, we had a common stake in preserving peace.

Thus we decided to follow certain principles in our policy toward the Soviet Union. We would engage in concrete negotiations designed to produce specific agreements, both where differences existed and where cooperation was possible. We would work with Moscow across a broad front, believing that progress in one area would induce progress in others. Through the gathering momentum of individual accords we would seek to create vested interests on both sides in restraint and the strengthening of peace. But this process would require a reduction in tactical maneuvering at each other's expense in favor of our shared interest in avoiding calamitous collision, in profiting from cooperation, and in building a more stable world.

*Peace could not exclude a fourth of humanity.* The longer-term prospects for peace required a new relationship with the People's Republic of China. Only if China's weight was reflected in the international system would it have the incentive, and sense of shared responsibility, to maintain the peace. Furthermore, the time was past when one nation could claim to speak for a bloc of states; we would deal with countries on the basis of their actions, not abstract ideological formulas. Our own policies could be more flexible if we did not assume the permanent enmity of China. The United States had a traditional interest in an independent and peaceful China. We seemed to have no funda-

mental interests that need collide in the longer sweep of history. There was, indeed, rich potential benefit for our two peoples in a more normal relationship.

So we launched a careful process of private diplomacy and public steps to engage the People's Republic of China with us and involve it more fully in the world. We did so, confident that a strong, independent China was in our national interest; resolved that such a process need not—and would not—be aimed at any other country; and looking for a reciprocal attitude on the part of the Chinese.

*Peace must draw upon the vitality of our friends.* Our alliances with Western Europe and Japan would continue as major pillars of our foreign policy, but they had not kept pace with the changed international environment. We thus sought to forge more equal partnerships based on a more balanced contribution of both resources and plans.

America had been the automatic source of political leadership and economic power. Now we needed new modes of action that would accommodate our partners' new dynamism. The challenge was to reconcile traditional unity with new diversity. While complete integration of policy was impossible, pure unilateralism would be destructive.

Before, we were allied in containment of a unified Communist danger. Now Communism had taken various forms; our alliances had stabilized the European and Northeast Asian environments; and we had laid the foundations for negotiation. We had to decide together not only what we were against, but what we were for.

*Peace required the ending of an ongoing war.* Our approach to the Vietnam conflict and our shaping of a new foreign policy were inextricably linked. Naturally, our most urgent concern was to end the war. But we had to end it—or at least our involvement—in a way that would continue to make possible a responsible American role in the world.

We could not continue on the course we inherited, which promised neither an end to the conflict nor to our involvement. At the same time, we would not abandon our friends, for we wanted to shape a structure of peace based in large measure on American steadiness. So we sought peace with honor—through negotiation if possible, through Vietnamization if the enemy gave us no choice. The phased shifting of defense responsibilities to the South Vietnamese would give them the time and means to

adjust. It would assure the American people that our own involvement was not open-ended. It would preserve our credibility abroad and our cohesion at home.

Given the enemy's attitude, peace was likely to take time, and other problems in the world could not wait. So we moved promptly to shape a new approach to allies and adversaries. And by painting on this larger canvas we sought both to put the Vietnam war in perspective and to speed its conclusion by demonstrating to Hanoi that continued conflict did not frustrate our global policies.

*Peace needed America's strength.* Modifications in our defense policy were required, but one central truth persisted—neither our nation nor peace in the world could be secure without our military power. If superiority was not longer practical, inferiority would be unthinkable.

We were determined to maintain a national defense second to none. This would be a force for stability in a world of evolving partnerships and changing doctrines. This was essential to maintain the confidence of our friends and the respect of our adversaries. At the same time, we would seek energetically to promote national and international security through arms control negotiations.

*Peace involved a fresh dimension of international cooperation.* A new form of multilateral diplomacy was prompted by a new set of issues. These challenges covered a wide range—the promise of exploration, the pollution of our planet, the perils of crime—but they were alike in going beyond the traditional considerations of doctrine and geography. They required cooperation that reached not only across boundaries but often around the globe. So we resolved to work both with friends and adversaries, in the United Nations and other forums, to practice partnership on a global scale.

*Above all, peace demanded the responsible participation of all nations.* With great efforts during the postwar period we had promoted the revitalization of former powers and the growing assurance of new states. For this changed world we needed a new philosophy that would reflect and reconcile two basic principles: *A structure of peace requires the greater participation of other nations, but it also requires the sustained participation of the United States.*

To these ends, we developed the Nixon Doctrine of shared responsibilities. This Doctrine was central to our approach to major allies in

the Atlantic and Pacific. But it also shaped our attitude toward those in Latin America, Asia, and Africa with whom we were working in formal alliances or friendship.

Our primary purpose was to invoke greater efforts by others—not so much to lighten our burdens as to increase their commitment to a new and peaceful structure. This would mean that increasingly they would man their own defenses and furnish more of the funds for their security and economic development. The corollary would be the reduction of the American share of defense or financial contributions.

More fundamental than this material redistribution, however, was a psychological reorientation. Nations had habitually relied on us for political leadership. Much time and energy went into influencing decisions in Washington. Our objective now was to encourage them to play a greater role in formulating plans and programs. For when others design their security and their development, they make their destiny truly their own. And when plans are their plans, they are more motivated to make them realities.

The lowering of our profile was not an end in itself. Other countries needed to do more, but they could not do so without a concerned America. Their role had to be increased, but this would prove empty unless we did what we must. We could not go from overinvolvement to neglect. A changing world needed the continuity of America's strength.

Thus we made clear that the Nixon Doctrine represented a new definition of American leadership, not abandonment of that leadership. In my 1971 Report, I set forth the need for a responsible balance:

The Nixon Doctrine recognizes that we cannot abandon friends, and must not transfer burdens too swiftly. We must strike a balance between doing too much and thus preventing self-reliance, and doing too little and thus undermining self-confidence.

The balance we seek abroad is crucial. We only compound insecurity if we modify our protective or development responsibilities without giving our friends the time and the means to adjust, materially and psychologically, to a new form of American participation in the world.

Precipitate shrinking of the American role would not bring peace. It would not reduce America's stake in a turbulent world. It would not solve our problems, either abroad or at home.

*Peace had a domestic dimension.* Steadiness abroad required steadiness at home. America could continue to make its vital contribution in the world only if Americans understood the need and supported the effort to do so. But understanding and support for a responsible foreign policy were in serious jeopardy in 1969.

Years of burdens, Cold War tensions, and a difficult war threatened to undermine our constancy.

While new policies were required to meet transformed conditions abroad, they were equally imperative because of the changing climate at home. Americans needed a new positive vision of the world and our place in it. In order to continue to do what only America could, we had to demonstrate that our friends were doing more. While maintaining strong defenses, we also had to seek national security through negotiations with adversaries. And where American families were most directly affected, we had to gain a peace with honor to win domestic support for our new foreign policy as well as to make it credible abroad.

We have thus paid great attention, as in these Reports, to the articulation, as well as the implementation, of our new role in the world.

### The Past Year

My previous Reports chronicled our progress during the first three years of this Administration. Despite shifting currents, and recognizing that the calendar cannot draw neat dividing lines, there has been a positive evolution.

In 1969, we defined our basic approach, drawing the blueprint of a new strategy for peace.

In 1970, we implemented new policies, building toward peace.

In 1971, we made essential breakthroughs, and a global structure of peace emerged.

This past year we realized major results from our previous efforts. Together they are shaping a durable peace.

—Three years of careful groundwork produced an historic turning point in our relations with the *People's Republic of China*. My conversations with Chinese leaders in February 1972 reestablished contact between the world's most powerful and the world's most populous countries, thereby transforming the postwar landscape. The journey to Peking launched a process with immense potential for the betterment of our peoples and the building of peace in Asia and the world. Since then we have moved to concrete measures which are improving relations and creating more positive conditions in the region. China is becoming fully engaged with us and the world. The process is not inexorable, however. Both countries will have to continue to exercise restraint and contribute to a more stable environment.

—The May 1972 summit meeting with the

leadership of the *Soviet Union* achieved a broad range of significant agreements. Negotiations across a wide front, which set the stage for the meeting, were successfully concluded in Moscow. Progress in one area reinforced progress in others. For the first time two nations agreed to limit the strategic weapons that are the heart of their national survival. We launched cooperative ventures in several fields. We agreed on basic principles to govern our relations. Future areas of cooperation and negotiation were opened up. There has been, in sum, major movement toward a steadier and more constructive relationship. On the other hand, areas of tension and potential conflict remain, and certain patterns of Soviet behavior continue to cause concern.

—The attainment of an honorable settlement in *Vietnam* was the most satisfying development of this past year. Successful Vietnamization and intensive negotiations culminated in the Agreement signed on January 27, 1973. This was quickly followed by a settlement in neighboring Laos in February. The steady courage and patience of Americans who supported our policy through the years were echoed in the moving salutes of our returning men. But the coals of war still glow in Vietnam and Laos, and a ceasefire remains elusive altogether in Cambodia. Much work remains to consolidate peace in Indochina.

—In *Western Europe* the inevitable strains of readjustment persisted as we moved from American predominance to balanced partnerships. Generally these were healthy manifestations of the growing strength of countries who share common values and objectives. With less fanfare, but no less dedication, than in our negotiations with adversaries, we consulted closely with our friends. Such a process may not be as susceptible to dramatic advances, but we believe that we have paved the way for substantial progress in Atlantic relations in the coming months. Major political, security and economic negotiations are on the agenda. They will test the wisdom and adaptability of our Alliance.

—There was continued evolution toward a more mature and equitable partnership with *Japan*. Confidence in our shared purposes, which appeared shaken in 1971, has since been reaffirmed. Nevertheless we have not yet fully defined our new political relationship, and serious economic problems confront us. Our relations with Tokyo will be an area of prime attention during the coming year.

—In the past year we advanced toward major reform of the *international economic system*. With others we have launched proposals

to create a more stable international monetary system, and a more open world trading order through new international trade negotiations. This process of readjustment is not without crises, however, and voices of narrow nationalism are heard on both sides of the ocean. We have a long and difficult way to go.

—The explosive *Middle East* continued in the twilight zone between peace and open conflict. The ceasefire arranged at our initiative lasted into its third year, but no genuine progress was made toward a permanent settlement. Some foreign military forces were withdrawn from the region, but the mix of local animosities and external power still makes the Middle East a most dangerous threat to world peace. Efforts to find political solutions are menaced by the upward spiral of terrorism and reprisal.

—For the *South Asian Subcontinent* it was a year of rebuilding and readjustment after the conflict in 1971. India, Pakistan, and the new nation of Bangladesh made tentative moves toward accommodation. But there is still a long road to the stability and reconciliation that are required if the massive human needs of one-fifth of mankind are to be met.

—In the *Western Hemisphere* the United States followed its deliberate policy of restraint, encouraging others to furnish concepts as well as resources for Hemispheric development. A healthy process of regional initiatives and self-definition is now underway, and the foundations have been established for a more mature partnership with our Latin American friends. The common task of redefining and imparting fresh purpose to our community, however, is far from completed.

—*Asia* has witnessed a settlement of the Vietnam war and major developments in relations among the principal powers. It is there that the Nixon Doctrine has been most extensively applied. There has been positive growth in self-help and regional cooperation. But these nations are entering a period of delicate readjustment and American steadiness will be crucial.

—In *Africa* our goals remained economic development, racial justice, and a stable peace resting on independent states. We continue to recognize, however, that these are largely the tasks of the African nations themselves—and there were both hopeful and discouraging events this past year. Our policies of political restraint and economic support are designed to help Africa realize its rich potential.

—We moved down the interrelated paths of *national security*, arms control, and a strong defense. The strategic arms limitation pacts with the Soviet Union were a milestone, but major

tasks remain—the extension of limitations on strategic arms and then their reduction; the mutual and balanced reduction of conventional forces in Central Europe. In our defense posture we have maintained a clearly sufficient power, and we reached an all-volunteer army. But we are still searching for doctrines and deployments fully adequate to changing times and surging costs. Our fundamental principle remains keeping America strong enough to preserve our vital interests and promote the prospects of peace.

—We paid increasing attention to *global issues* that more and more demand international solutions. Progress was encouraging in some areas, such as reducing the flow of drugs. The world community still refused to grapple effectively, however, with other issues such as terrorism. The global dimension of diplomacy has been developing unevenly.

Since last year's Report, there has been his-

toric progress. A changed world has moved closer to a lasting peace. Many events were colorful, but their true drama is that they can herald a new epoch, not fade as fleeting episodes.

As in any year, however, there were disappointments as well as successes. And wherever there is progress, new challenges are added to an always unfinished agenda.

Shaping a peaceful world requires, first of all, an America that stays strong, an America that stays involved.

But the United States alone cannot realize this goal. Our friends and adversaries alike must share in the enterprise of peace.

The President and the Administration alone cannot pursue this goal. We need the cooperation of the Congress and the support of the American people.

It is to these audiences at home and abroad that this Report is addressed.

## Part I: Building New Relationships

### CHINA

In this Administration we have begun a new chapter in American-Chinese relations, and as a result the international landscape has been fundamentally changed.

For two decades our two countries stared at each other icily across a gulf of hostility and suspicion. Misunderstanding was assured. Miscalculation was a constant danger. And constructing a permanent peace was impossible.

This estrangement had global ramifications that went far beyond our bilateral relationship. So long as we were not dealing with the People's Republic of China, our foreign policy could not truly reflect the emerging multipolar world. The isolation of one-fourth of the human race, partly self-imposed and partly the result of the policies of others, distorted the international scene. It also tended to reinforce China's own sense of insecurity. There could be no stable world order if one of the major powers remained outside it and antagonistic toward it.

In the past four years this situation has been transformed. Bilaterally, deep differences in ideology and policy remain; neither we nor the Chinese leaders have illusions that our discussions will convert each other. But extensive

and frank dialogue has greatly increased mutual understanding. The risk of confrontation therefore has been sharply reduced, and in any event it should no longer flow from miscalculation. Without either side abandoning its principles, we now have the potential for positive enterprises.

There are concrete manifestations of this new chapter in our relationship.

Before, there was no dialogue at all between our governments, except for desultory meetings in third countries. Now we have held hundreds of hours of direct talks at the highest levels. Liaison Offices are being established in Peking and Washington.

Before, there was virtually no contact between a quarter of the world's population and the American people. Now there is a significant exchange of groups and persons in a wide spectrum of fields. This will increase substantially.

Before, our bilateral trade was miniscule. Now it is reaching very substantial levels. There will be further expansion.

This process in turn has helped to create new possibilities on a global scale. Our own diplomacy has been broadened; we can more effectively promote an inclusive peace. The People's Republic of China has become more fully en-

gaged in the world scene; much more than before, it is making its contributions to shaping the international order.

The turning point came at the summit in February 1972 when the leaders of the People's Republic of China and the United States met and put their personal imprint on a new direction for our two nations, and with it new contours for the world.

### The Road to the Summit

Three years of meticulous preparation preceded my trip to Peking.

When I took office, I was determined to re-establish contact between the most populous and most powerful countries in the world. The following considerations prompted us and served as policy guidelines:

—We could not build toward a global structure of peace while excluding 800 million people. A more stable international system had to reflect the massive weight and potential of China.

—Changes in the world generally, and in the Communist world particularly, called for a broader American approach. Having recovered from the ravages of World War II, our allies began asserting their autonomy. Independent voices began to be heard in the once solid Socialist community. The international environment had become multipolar; it was time our diplomacy did too.

—The United States has had a traditional interest in a peaceful, independent, and self-reliant China. This remained a more positive prospect than a China that felt isolated or threatened.

—There were many potential areas where bilateral contact could enrich the lives of our two peoples.

—There did not seem to be major clashes of national interest between our two countries over the longer term. Our policies could be less rigid if we and the Chinese did not treat each other as permanent adversaries.

—A new approach was not to be directed against other countries. Indeed it could serve to broaden the horizons of international dialogue and accommodation.

—We believed that the People's Republic of China might be receptive to our approach.

So the times called for a fresh approach to China. But formidable obstacles, technical as well as political, lay in the way. In last year's report I described the problems and the policies we employed to overcome them. Against

a twenty-year backdrop of non-communication and sterile mutual recrimination, our task was twofold: to convey privately our views to the Chinese leadership and to indicate publicly the direction of our policy.

We had to find discreet and reliable means to transmit our views to Peking and get authoritative Chinese responses. We began this effort during the first weeks of my Administration. Up until the summer of 1971, we engaged in a delicate diplomatic minuet during which mutual confidence gradually increased and mutual intentions became more concrete.

Meanwhile we carefully orchestrated a succession of unilateral initiatives and positive statements. From mid-1969 onwards, we took a series of steps to relax trade and travel restrictions. They did not require a response from the Chinese; they were therefore neither dependent on Chinese reciprocity nor vulnerable to Chinese rejection. Individually these were not major steps, but cumulatively they etched the pattern more and more clearly. At the same time in official speeches and statements, such as my annual foreign policy reports, we mapped in increasingly sharp relief the road we were taking.

During the spring of 1971 the tempo accelerated in public and in private, with greater responsiveness from the Chinese. Peking's invitation to an American table tennis team to visit China in April was one among many public signals. Privately during that period we agreed that Dr. Kissinger should visit Peking from July 9 to July 11.

On that trip we opened the door. Dr. Kissinger held intensive discussions with Premier Chou En-lai, and agreement was reached that I would visit the People's Republic of China. In the brief joint announcement that I read on July 15 we stated that "the meeting between the leaders of China and the United States is to seek the normalization of relations between the two countries and also to exchange views on questions of concern to the two sides."

In October, Dr. Kissinger returned to Peking to discuss the broad agenda for my visit and settle on the other major arrangements. The groundwork was thus laid for meetings at the highest levels.

### The Journey to Peking

My trip to the People's Republic of China from February 21 to February 28, 1972 was the watershed in reestablishing Sino-American relations.

The carefully nurtured preparation held out the promise of a new direction; my meetings with Chairman Mao Tse-tung and Premier Chou En-lai firmly set our course. The Joint Communique at the end of my visit established the framework for progress; developments since then have accelerated the process of normalization.

Seldom have the leaders of two major countries met with such an opportunity to create a totally new relationship. It had taken two and a half years to cross the gulf of isolation and reach the summit. At the same time, the very factors which had made this journey so complicated offered unusual opportunities. The absence of communication, while making initial contact complex to arrange, also gave us a clean slate to write upon. Factors such as geography and China's recent concentration on internal matters meant that we had few bilateral matters of contention, though we lined up often on different sides of third country or multilateral problems.

Accordingly, the agenda for our discussions could be general and our dialogue philosophical to a much greater extent than is normally possible between nations. Indeed, it was this context and these prospects that, in our view, called for a summit meeting. With the Soviet Union a meeting at the highest levels was required to give impetus to, and conclude, a broad range of concrete negotiations. With the People's Republic of China, on the other hand, such a meeting was needed to set an entirely new course. Only through direct discussions at the highest levels could we decisively bridge the gulf that had divided us, conduct discussions on a strategic plane, and launch a new process with authority.

The primary objective, then, of my talks with the Chinese leaders was not the reaching of concrete agreements but a sharing of fundamental perspectives on the world. First, we had to establish a joint perception of the shape of our future relationship and its place in the international order. We needed a mutual assessment of what was involved in the new process we were undertaking and of one another's reliability in carrying the process forward. If we could attain this type of mutual comprehension, agreements could and would flow naturally.

Last February I described our expectations as I set out on my journey:

Both sides can be expected to state their principles and their views with complete frankness. We will each know clearly where the other stands on the issues that divide us. We will look for ways to begin reducing our

differences. We will attempt to find some common ground on which to build a more constructive relationship.

If we can accomplish these objectives, we will have made a solid beginning.

Our discussions ranged broadly and freely. Both sides set forth their views with candor, neither evading nor downgrading differences. We were able to fulfill the expectations I had set forth earlier.

On February 27, 1972 we issued a Joint Communique in Shanghai that reflected this solid beginning. This document purposely was very unorthodox. Communiqués often use general language, stress agreements, gloss over disputes, and use ambiguous formulas to bridge differences.

The Chinese leaders and we thought that such an approach would be unworthy of our unique encounter and our discussions. To pretend that two nations, with such a long separation and such fundamental differences, suddenly were in harmony would have been neither honest nor credible. The use of general or compromise language to paper over disputes would have been subject to misinterpretation by others; and it ran the risk of subsequent conflicting interpretations by the two sides.

We decided instead to speak plainly. We echoed the frankness of our private talks in our public announcement. Each side forthrightly stated its world and regional views in the communique, and the lines of our ideology and foreign policy were clearly drawn.

Against this candid background, the areas where we could find agreement emerged with more authority. Our conversations made clear that in addition to genuine differences there were also broad principles of international relations to which we both subscribed. There was as well a joint determination to improve our relations both by accommodating our differences and developing concrete ties.

Accordingly, in the communique we agreed that despite differences in social systems and foreign policies, countries should conduct their relations on the basis of respect for sovereignty and territorial integrity, non-aggression against other states, non-interference in the internal affairs of others, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis without the use or threat of force. We and the People's Republic of China agreed to apply these principles to our mutual relations.

With these international principles in mind we stated that:

—progress toward the normalization of relations be-



tween China and the United States is in the interests of all countries;

—both wish to reduce the danger of international military conflict;

—neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony; and

—neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.

Both sides are of the view that it would be against the interests of the peoples of the world for any major country to collude with another against other countries, or for major countries to divide up the world into spheres of interest.

These principles were of major significance. They demonstrated that despite our clear disagreements and our long separation we shared some fundamental attitudes toward international relations. They provided both a framework for our future relations and a yardstick by which to measure each other's performance.

With respect to the relationship of Taiwan to the mainland, the United States reaffirmed its interest in a peaceful solution of this question by the Chinese themselves. We based this view on the fact that all Chinese on either side of the Taiwan Strait maintain that there is but one China and that Taiwan is a part of China.

The communique then laid down the foundations for tangible improvements in our relations. These would allow us to move from the elimination of mistrust and the establishment of broad understandings to more concrete accomplishments:

—We agreed to facilitate bilateral exchanges in order to broaden the understanding between our peoples. Specific areas mentioned were science, technology, culture, sports, and journalism.

—We undertook to facilitate the progressive growth of trade between our countries. Both sides viewed economic relations based on equality and mutual benefit as being in the interests of our peoples.

—We decided to maintain contact through various channels, including sending a senior U.S. representative to Peking periodically to exchange views directly. This reflected a mutual desire to expand our communications.

—We also subsequently established a formal channel through our two embassies in Paris. This would institutionalize our contacts and facilitate exchanges, trade, and travel.

### Major Advances in the Past Year

Since my visit to Peking the momentum of our relations has grown in all the fields covered

by the Shanghai Communique.

As foreseen in the communique, Dr. Kissinger returned to Peking in June to review international issues with the Chinese and to stimulate progress in the various bilateral programs. Our embassies in Paris also facilitated the flow of groups and goods.

The growth of our bilateral trade has exceeded expectations. In 1971, U.S. imports from China totalled \$4.9 million, while our exports were negligible. In 1972 we imported \$32.3 million worth of goods and exported \$60.2 million, an expansion of trade helped by the attendance of more than 150 American businessmen at the spring and fall sessions of the Canton Export Commodities Fair. In 1973, two-way trade is likely to show substantial additional growth, and may well place the United States among China's five largest trading partners. To encourage this expansion of commercial relations, a National Council for U.S.-China Trade was formed in early 1973 by a distinguished group of private business executives. This organization will seek to promote the orderly development of bilateral trade through exchange of information and facilitation of contacts between Chinese and American manufacturers, exporters, and traders.

A substantial beginning was made in the development of exchanges between our two countries. A championship table tennis team from the People's Republic toured the United States in April 1972, in return for the visit of the American team which had played in Peking a year earlier. Groups of Chinese doctors and scientists visited their counterparts in this country during the fall, under the sponsorship of the Committee on Scholarly Communication with the People's Republic of China. And in December, the Shenyang Acrobatic Troupe performed in four major American cities in a visit facilitated by the National Committee on U.S.-China Relations.

In turn, increasing numbers of Americans visited the People's Republic of China. The Majority and Minority leaders of the Senate were guests of the Chinese People's Institute of Foreign Affairs in April 1972, as were the House leaders in June. A group of doctors from the National Medical Association and a delegation of computer scientists visited their counterparts in China in the summer and fall. Among the journalists who toured the People's Republic during the year was a delegation from the American Society of Newspaper Editors. And in the scholarly areas, groups of distinguished American economists and China

specialists toured the country, as well as substantial numbers of individual scientists and scholars from various fields.

Thus there was a significant resumption of cultural, scientific, and scholarly contacts, and the public media began to inform our peoples about one another. Chinese and Americans were rebuilding historic bonds.

A solid foundation was therefore established before Dr. Kissinger returned to Peking in February of this year in the wake of the Vietnam peace settlement. The joint announcement after that trip pointed to major progress in our relations with the People's Republic of China:

—There were "earnest, frank, and constructive" talks in an "unconstrained atmosphere" with Chairman Mao, Premier Chou, and other Chinese officials.

—The two sides reaffirmed the principles of the Shanghai Communique and agreed to accelerate the normalization of relations.

—We agreed to broaden contacts in all fields, and establish a concrete program to expand trade and exchanges still further.

—We decided to settle in a comprehensive manner the long-standing issues of private U.S. claims against the Chinese government and blocked Chinese assets in the United States. Secretary of State Rogers and Chinese Foreign Minister Chi Peng-fei reached agreement in principle on this issue a week later in Paris. Final settlement will open the way for further expansion of our bilateral commercial relations.

—Most importantly, we agreed that each country would establish a Liaison Office in the capital of the other. They will be functioning very shortly. Both sides have appointed senior representatives with long diplomatic experience. This major step both reflects—and will promote—the increase in our communications and bilateral programs. Practically, the offices will enable us to deal with each other directly in Washington and Peking. Symbolically, they underline the progress made to date and our joint intention to proceed on the path we have chosen. They represent a milestone in our developing relationship.

—The Chinese agreed to free the two American pilots captured during the Vietnam War. They also promised to review later the already shortened sentence of another American prisoner. The pilots were released March 15, 1973, while the other American was released early on March 10, 1973.

We thus moved decisively from the conceptual to the concrete. What was theoretically

desirable was increasingly being practiced. What was still partly tentative and experimental would now be reinforced and expanded. What was indirect could now be made direct.

Several factors contributed to this major advance in our relationship:

—Eighteen months of authoritative and wide-ranging discussions had made clear to each side the other's philosophy and principles. We both decided that our shared interests in bettering relations outweighed our differences on specific questions. Where differences existed, we had found ways to accommodate them without sacrificing principles.

—Since the initial openings, the two sides had established considerable reliability in our dealings, both bilateral and multilateral.

—Implementation of the Shanghai Communique had proceeded satisfactorily, and it was agreed that new steps were required to accelerate progress. Both we and the Chinese believed that it was important to institutionalize our new relationship.

—Finally, while most of these factors had been developing for many months, the Vietnam War had still inhibited our progress. With the achievement of a negotiated settlement, the major obstacle to improved relations was removed.

### Our Future Course

In my first term we moved a long way with the People's Republic of China. Together we have revived our historic association, set a new direction, and launched a purposeful process.

We are resolved to continue on this course. We are under no illusions, however, that its development is inexorable. There will be a continuing need for meticulousness and reliability, for although we have come a remarkable distance, two decades of blanket hostility cannot be erased completely in two years. In any event, our ideologies and views of history will continue to differ profoundly. These differences, in turn, will be translated into opposing policies on some issues which will continue to require mutual restraint and accommodation. And over the longer term the inevitable changes in the world environment will continually inject new factors that could test our relationship.

We nevertheless remain basically confident that relations between the United States and the People's Republic of China will continue to develop in a positive direction. The driving force behind this process is not personalities, or atmosphere, or a sense of adventure, or

transitory tactical benefits. Our two nations undertook this course in full knowledge of our differences. We chose to change our relationship because this served our fundamental national purposes.

America maintains its historic concern for an independent and peaceful China. We see in this prospect nothing inimical to our interests. Indeed, we consider it to be strongly in the interest of regional and world stability. China, in turn, has nothing to fear from America's strength. The broadening of diplomatic horizons has already paid dividends for us both and represents an enduring asset. Our past differences notwithstanding, we have many positive elements to draw upon—the traditional friendship of our two peoples, the cultural and scientific contributions we offer one another, the lack of any directly conflicting interests, and the commonly shared principles of international relations expressed in the Shanghai Communiqué.

This Administration will pursue the further improvement of relations with the People's Republic of China with dedication and care. The same considerations that prompted us to begin this process four years ago motivate us now to continue it. And our guidelines remain constant:

—Our objective is to build a broader and steadier structure of peace.

—We seek the tangible dividends of a flourishing relationship between the Chinese and American peoples.

—Our relations will be based on equality and reciprocity.

—This process is not directed against any other country.

—We shall pursue our policy in close consultation with our friends.

Within this framework we will work increasingly to realize the perspectives that we and the Chinese envisioned at the close of the Shanghai Communiqué:

The two sides expressed the hope that the gains achieved during this visit would open up new prospects for the relations between the two countries. They believe that the normalization of relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world.

## THE SOVIET UNION

In the week of May 22–29, 1972, the United States and the Soviet Union took a decisive turn away from the confrontations of the past

quarter-century. We agreed to limit the growth of strategic weaponry. We established a set of basic principles to govern our relations. And we constructed a framework of agreements leading to more normal bilateral cooperation.

Each of the accords signed in Moscow was a significant achievement in itself. Never before have two adversaries, so deeply divided by conflicting ideologies and political rivalries, been able to agree to limit the armaments on which their survival depends. Nor has there been, at any time in the postwar period, a code of conduct that both sides could accept as the basis for regulating their competition and channeling their efforts toward more constructive endeavors.

But beyond their individual merits, the summit agreements taken together represent a major advance toward a goal set forth at the beginning of this Administration: to effect a basic change in our relations with the Soviet Union in the interest of a stable world peace from which all countries would benefit.

In considering the course of Soviet-American relations during the past year, it is important to understand the nature of the specific agreements, the conditions that have made these achievements possible, and what the future may hold.

### The Initial Approach: 1969–70

Four years ago, our relations with the Soviet Union and international relations generally were still dominated by the fears, anxieties, and atmosphere of the Cold War. The invasion of Czechoslovakia had recently occurred. While the Soviet Government made overtures for better relations, its motives seemed largely tactical. Yet, beneath the surface, it was apparent that the pattern of world politics was in the process of major transformation. The salient features of this change have been described in my previous Reports. Certain elements had special relevance for our relations with the Soviet Union.

—Divisions within the Communist world had deepened; state and national interests of the major Communist powers were increasingly reflected in their policies toward non-Communist countries.

—The realignment of political forces in the Communist world coincided with the economic revival of Western Europe and Japan, reinforcing the trend toward multipolarity.

—In particular, the more nearly equal strategic balance between the United States and the

Soviet Union suggested that conditions might be optimal for reaching agreement to limit strategic competition.

Recognizing these international trends, this Administration began in 1969 to reassess our relations with the Communist countries. Certain aspects of Soviet-American relations were clear: the postwar rivalry with the Soviet Union was not a result simply of misunderstanding, or personal animosities, or a failure to create a good atmosphere for negotiations. The conflict was rooted in deeper differences: irreconcilable ideologies, the inevitable geopolitical competition of great powers conducting global policies and, to a certain degree, bureaucratic momentum and the disillusionment created by decades of fluctuation between hopes and tensions.

To break the pattern of the postwar period required policies that distinguished between the sources of conflict and their external or temporary manifestations. We needed not merely a better climate for our relations, but a new environment in which the United States and the Soviet Union could exercise their special responsibilities for peace. Ultimately we hoped to create mutual interests in maintaining and developing an international structure based on self-restraint in the pursuit of national interests.

The approach we adopted reflected certain general concepts.

—It was no longer realistic to allow Soviet-American relations to be predetermined by ideology. We had to recognize, of course, that many basic Soviet values would remain inimical to ours. Both sides had to accept the fact that neither was likely to persuade the other through polemical debates. But ideological elements did not preclude serious consideration of disputed issues.

—Irrespective of ideology, any relationship between two great powers would be highly competitive. Both sides had to recognize, however, that in this continuing competition there would be no permanent victor, and, equally important, that to focus one's own policy on attempts to gain advantages at the other's expense, could only aggravate tensions and precipitate counteractions.

—Both sides had to accept the fact that our differences could not be hidden merely by expressions of goodwill; they could only be resolved by precise solutions of major issues.

—Both sides had to understand that issues were interrelated; we could not effectively reduce tensions through marginal agreements or

even an isolated agreement of importance. Experience had shown that isolated accomplishments were likely to fall victim to tensions and crises in other aspects of the relationship. Thus, if we were to achieve more than a superficial change, we had to address a broad range of issues.

—Finally, we would judge Soviet actions rather than words. The basic criterion would be a willingness to act with restraint. We would respond constructively to Soviet initiatives; progress in one area would help maintain momentum in other negotiations. We would also make it clear that aggressive behavior could imperil our entire relationship. By linking all aspects of Soviet-American relations, we could hope that progress, if it came, could lead to a broadly based understanding about international conduct.

These general principles were translated into specific proposals during 1969 and 1970.

After a painstaking evaluation of all aspects of limiting strategic arms, we agreed to begin negotiations in November 1969. On other disarmament matters, we revived negotiations on prohibiting nuclear arms from the seabeds and took up the new challenge of limiting biological warfare.

In Europe, we reconfirmed NATO proposals to begin discussing mutual and balanced force reductions in Central Europe where the concentrations of opposing forces were heaviest. We proposed to approach the issue of European security by negotiating, first of all, improvements in the situation in Berlin. The Berlin negotiations would be critical, not only because that divided city had been the scene of tense confrontations in the past, but because it was also the keystone in West Germany's effort to create a more normal relationship with its Eastern neighbors. That normalization would, in turn, influence the new prospects for a wider discussion of European security and cooperation, including a possible conference of European governments, Canada, and the United States.

As for economic relations, I indicated that the United States was prepared to have normal economic exchanges with any country that was equally willing to move toward normal relations in both political and economic fields.

On the Middle East, we agreed to discussions with the United Kingdom, France, and the Soviet Union, and we encouraged the Arab governments and Israel to undertake direct negotiations.

In this initial period, we tried to create

circumstances that would offer the Soviet leaders an opportunity to move away from confrontation through carefully prepared negotiations. We hoped that the Soviet Union would acquire a stake in a wide spectrum of negotiations and would become convinced that its interests, like ours, would be best served if this process involved most of our relations. We sought, above all, to create a vested interest in mutual restraint.

Our relations with the Soviet Union passed through several tactical phases. It was apparent that Soviet policy had contradictory tendencies. Some factors pointed toward a more stable relationship with the United States; others suggested a continued probing for tactical gains. In this period, we dealt with these contradictory manifestations by responding to positive efforts and demonstrating firmness in the face of pressures. I opened a direct channel to the Soviet leaders so we could discuss the issues frankly and privately.

The first phase, lasting throughout 1969, was marked by obvious caution, as we made only limited progress in engaging major issues but achieved some improvement in the tone of exchanges. In the spring of 1970 we agreed to negotiate on Berlin, and the Strategic Arms Limitation Talks (SALT) moved from initial explorations to concrete discussions.

A period of tension, however, occurred in 1970 over the Soviet role in Egyptian ceasefire violations in the Middle East, the Syrian attack on Jordan, and Soviet naval activities in Cuba. Similar tension arose from the crisis in the Indian subcontinent for a period in late 1971. Such developments gave us grounds for serious concern, and we reacted vigorously.

At the same time, the Soviet Union pursued a policy of relaxing tensions in Europe, suggesting that its strategy was to differentiate between the United States and our allies. This tactic, however, had limited potential since European issues were inseparable from the strategic framework of U.S.-Soviet relations. Moreover, the Soviet emphasis on certain bilateral relations lacked a general European framework, which could not be developed without the United States or without considering the impact of a controlled relaxation of tensions in East Europe.

#### The Road to the Summit

Thus we passed through a series of episodes that gave the Soviet Union no advantage and achieved no fundamental change. In each phase

we sought to demonstrate the wisdom of restraint and the dangers of its absence. At the end of 1970, it appeared that the tensions in U.S.-Soviet relations might lead the Soviet leaders to reconsider their relations with the United States. I felt that an opportune moment had arrived for new initiatives to end tactical maneuvering and to move toward accommodation.

Despite the erratic developments of 1969 and 1970, some positive trends were evident. As I said at the United Nations in the fall of 1970, we shared certain compelling common interests, above all an interest in reducing the dangers of war. That the Soviet Union shared this concern was reflected in the continuation of the negotiations on strategic arms limitations, the mutual willingness to pursue an agreement on Berlin and the insulation of these serious issues from developments in Southeast Asia.

In the winter of 1970-71 Soviet leaders were looking toward their Party Congress, where broad policy guidelines are usually enunciated. It appeared at the time, and even more clearly in retrospect, that the broad changes in the nature of international relations, as well as their experience of the previous two years in relations with us, were having an impact on their preparations. It was thus a promising moment to delineate the progress that could be made if certain decisions were taken.

—SALT negotiations were temporarily deadlocked over whether to negotiate an agreement limiting anti-ballistic missiles (ABMs) alone, as the Soviets insisted, or an agreement embracing both defensive and offensive limits. For the United States, it was essential that an initial SALT agreement should begin to break the momentum in the growth of offensive forces. If the buildup continued unchecked, it would almost certainly produce dangerous strategic instabilities—especially if limitations on missile defense created a premium on striking first. This was not a tactical dispute, but a major substantive issue that could only be resolved by high-level political decisions.

—The treaty reached between West Germany and the Soviet Union in August 1970 had changed the character and significance of the Berlin negotiations among the Four Powers. Ratification of this treaty depended on the outcome of the negotiations over Berlin. And it was general Western policy that the prospect for a wider European dialogue on security was similarly conditioned on a Berlin agreement that would safeguard access to the city and its links to the Federal Republic. Thus, progress

on Berlin would also involve basic decisions in Moscow.

Through intense and private exchanges with the Soviet leaders, a breakthrough was made, first in SALT, then in the Berlin negotiations.

—A new framework was created for SALT in May 1971, maintaining the link between offensive and defensive limitations, as the United States believed essential. At the same time, we agreed to concentrate our efforts on ABM limitations. Since these systems were not extensively deployed, we envisaged a permanent treaty. We also agreed to work out an interim accord limiting certain offensive weapons. Both agreements would be completed simultaneously.

—The Berlin agreements were blocked by conflicting legal positions on the status of the city and on West Berlin's ties to the Federal Republic of Germany. Progress became possible in July and August 1971 when all concerned agreed to seek an agreement that dealt concretely with the practical question of how to maintain West Berlin's many links to the Federal Republic, including unimpeded access to West Berlin by road and rail.

These breakthroughs on major substantive issues made it possible to look toward a summit meeting.

The SALT discussion resumed in July 1971, building on the political framework agreed upon with the Soviet leaders. Two agreements were signed in September—one to improve the "hot line" between Washington and Moscow, and the other to reduce the likelihood of an accidental nuclear war by exchanging information on certain missile testing activities. The breakthrough on Berlin led to the signing in September of 1971 of the first part of the Four Power Agreement, which in turn opened the way for further negotiations between East and West Germany on the technical questions of access to the city.

My private communications with the Soviet leaders had included the possibility of a meeting at the highest level. My views on this question of a meeting had been stated in the first weeks of my Administration: a meeting at the summit would only be justified if it were carefully prepared and if there were sufficient reasons to believe that it would be the most effective way of proceeding toward solutions of major questions. By the fall of 1971, it appeared we could meet these conditions. Thus, when Foreign Minister Gromyko visited Washington in October 1971, we agreed that a summit meeting would be held, not for its own sake, but as a

culmination of concrete progress and as a means of stimulating further advances. It was agreed the meeting should be held in May 1972.

I envisaged this meeting as having four aspects:

—As political relations improved, it became possible to initiate discussions on a wide range of projects for bilateral cooperation. In themselves, these projects were not crucial to our relationship. But cumulatively, as cooperation in such fields widened and deepened, they would reinforce the trend toward more constructive political relations. In the pre-summit period we discussed cooperation in science, technology, health, the environment, outer space, and maritime activities. The prospect of a summit meeting gave these discussions a special impetus and high-level attention. At the summit, these discussions could culminate in a series of agreements.

—Advances in political relations had by that time made it possible to address economic relations. The starting point was the removal of long-standing obstacles to closer commercial contacts—such as the unsettled World War II lend-lease debt. Then we could go on to establish longer-term arrangements for expanding trade and other types of economic cooperation on a scale appropriate to the size of our two economies.

—The summit could complete the first phase of the SALT negotiations and provide impetus for the next, even more far-reaching phase.

—Finally, on the basis of all of these specific achievements, carefully prepared in the previous months of painstaking negotiations, the summit would afford an opportunity to review the whole range of international issues and to delineate certain fundamental principles to govern U.S.-Soviet relations in the future.

Thus, the summit could redirect the momentum of the past and chart a new direction in our relations with the Soviet Union, creating in the process a vested interest in restraint and in the preservation of peace.

### The Moscow Summit

We prepared for and conducted the summit on this basis. We sought to establish not a superficial "spirit of Moscow" but a record of solid progress. The number and scope of the agreements that emerged make it clear we accomplished that goal.

**Bilateral Cooperation.** The prospect of a meeting at the highest level accelerated the negotiations on bilateral matters. At the sum-

mit it was thus possible to conclude agreement on significant cooperative projects.

—Cooperation in the exploration of *outer space*, including a joint experiment in rendezvous and docking of Apollo and Soyuz space vehicles during 1975.

—Cooperation in solving the most important of the *problems of the environment*.

—Joint efforts in the field of *medical science and public health*.

—Expanded cooperation in many areas of *science and technology* and establishment of a Joint Commission for this purpose.

—Cooperation between the American and Soviet navies to *reduce the chances of dangerous incidents between ships and aircraft at sea*.

Since the summit, all of the agreements have been carried out as expected. Our space agencies have conducted preliminary tests of models of the spacecraft docking system and crew training will begin this summer. The Joint Committee on Environmental Protection met in Moscow in September 1972 and planned 30 collaborative projects on a variety of subjects, including air and water pollution. Programs for cooperative research on cancer and heart disease were developed by our public health authorities in October and November 1972. The Joint Commission on Science and Technology met in Washington in March 1973 and agreed to carry out some 25 projects in such fields as energy, chemistry, biology, and agricultural research. American and Soviet naval officers will meet this year to review the agreement on reducing incidents between ships and aircraft.

This process of cooperation has begun to engage an ever widening circle of people in various professions and government bureaus in both countries. Direct contact, exchanges of information and experience, and joint participation in specific projects will develop a fabric of relationships supplementing those at the higher levels of political leadership. Both sides have incentives to find additional areas for contact and cooperation, and I anticipate further agreements patterned on those already concluded.

**Economic Relations.** In the past, many in the United States believed trade could open the way to improved political relations. Others argued that increased economic relations would only strengthen the power of a potential adversary. In fact, trade and other aspects of economic relations could never flourish if political relations remained largely hostile. Occasional

business transactions might be worked out on an individual basis. But without some reasonable certainty that political relations would be stable and free from periodic turbulence, both sides would be reluctant to enter into long-term commercial relations. Nor would the Congress support an expanding economic relationship while our basic relations with the Soviet Union were antagonistic. With these considerations in mind, in the earlier years of this Administration I linked the expansion of economic relations with improved political relations.

Since progress was being made in the pre-summit period in removing sources of political tension, I authorized explorations in the economic sphere. I sent the Secretaries of Commerce and Agriculture to the Soviet Union for discussions. The Soviet Ministers of Foreign Trade and Agriculture came to the United States for the same purpose. We began negotiations on a maritime agreement to make concrete arrangements for orderly transport of goods between the two countries.

By the time of the summit, sufficient progress had been made so that in my discussion with the Soviet leaders we were able to agree on a general plan for moving toward a more normal economic relationship. We agreed it was essential to clear away the long-standing Soviet lend-lease debt to the United States. We also decided that a formal trade agreement was needed to provide the basis for resolving the many technical problems resulting from the long absence of economic intercourse. We agreed to act in accord with generally established international practice as regards: arbitration of disputes, establishment of commercial facilities in each country, procedures to prevent market disruption, reciprocal extension of Most Favored Nation (MFN) treatment, reciprocal extension of commercial credits, and determination of the general level of trade. We established a Joint Commercial Commission to maintain contacts, to resolve issues that might arise, and to be responsible for carrying out the general agreement worked out with the Soviet leaders.

Following the summit, intensive negotiations began under the leadership of U.S. Secretary of Commerce Peterson and Soviet Minister of Foreign Trade Patolichev. In July 1972, a three-year agreement for the export of United States agricultural products and for the extension of credits to finance these sales was concluded. By October, the principal agreements were completed: a settlement of the lend-lease question, a formal trade agreement, and a maritime agreement.

—We had tried to work out a lend-lease settlement immediately after World War II, again in 1951 and in 1960, but had failed on each occasion. The main issues were the amount of settlement, whether interest payments should be included, and the length of time for repayment. The settlement reached in October 1972 provides for a total repayment of approximately \$722 million, to be paid over a period of about 30 years. This compares favorably with other settlements of wartime obligations.

—The trade agreement anticipates a total exchange over the next three years of goods worth about \$1.5 billion; it also provides for expanded business facilities for American firms in the Soviet Union, a large trade center complex in Moscow, provisions for third-party arbitration of disputes, and procedures to prevent market disruptions.

—Each country will reduce tariffs on the other's imports, so that the level of tariff charges is about the same as that charged against the products of any other country (MFN treatment). This had been the practice in Soviet-American relations from 1935 to 1951, when it was terminated during the Korean War. Extension of Most Favored Nation treatment is consistent with the principles of the General Agreement on Tariffs and Trade (GATT).

—The October agreement also provides for the reciprocal extension of credit arrangements, customary in financing an expansion of exports. I authorized the Export-Import Bank to engage in credit transactions with the Soviet Union, and the Soviet Foreign Trade Bank and other Soviet organizations will provide credits to American businesses.

—An agreement on maritime relations signed on October 14, 1972, was another essential element to the orderly expansion of commerce. We agreed to ease procedures for access of Soviet and American ships to each other's ports. The agreement also provides that the ships of each side will carry equal and substantial shares of future oceanborne commerce. And it provides for a system of equitable freight rates.

These agreements open the way not only for a prompt invigoration of trade but also for developing these relations into a permanent component of the overall relationship projected at the summit. It is not a question of whether certain elements should be separable, or conditional, but whether we wish the entire process of a broadly based new relationship with the Soviet Union to unfold.

The next step is to end discrimination against

imports of Soviet goods into this country so that the Soviet Union can earn the dollars to help it pay for imports from the United States. This step will require action by the Congress to provide the President with authority to negotiate the reciprocal extension of Most Favored Nation treatment. I have submitted legislation to the Congress in this regard, as I am committed to do under the agreements reached with the Soviet Union. Extension of MFN is a logical and natural step in the emerging relationship; it is not a unilateral concession but a means to expand commerce in the context of broadly improved relations.

We are also prepared to consider possible longer-term cooperative ventures. The Soviet Union has vast natural resources, such as natural gas, that can be developed with the help of American capital and technology. These resources would then be available for export to the United States, thus enabling the Soviet Union to repay our credits and pay for imports from the United States. The role of our government should be to establish a framework within which private firms might work out specific contracts. Since the Soviet Union plans its economic program for five-year periods, its willingness to enter into long-term ventures of this kind suggests an expectation of cooperative relations and imports requiring dollar payments well into the future. Such ventures do not create a one-sided dependence by the United States upon Soviet resources; they establish an interdependence between our economies which provides a continuing incentive to maintain a constructive relationship.

**The SALT Agreements.** Of historic significance were the two agreements which General Secretary Brezhnev and I reached limiting strategic arms: a treaty limiting anti-ballistic missile systems, and an interim agreement limiting certain strategic offensive weapons. These agreements are discussed in detail in the Arms Control section of this Report. Technical aspects of arms control were at the core of the negotiations, but the significance of the agreements transcends specific provisions and goes to the heart of the postwar competition between us.

Some years ago, when the United States was strategically predominant, an agreement freezing the strategic balance was unrealistic. It was highly improbable that the Soviet Union would resign itself to permanent inferiority. Indeed, after the 1962 Cuban missile crisis, the Soviet Union began a major expansion in its strategic weaponry. Had this expansion con-



tinued unabated through the 1970's, the United States would have had no choice but to launch a massive new strategic armament program. The present moment thus offered a unique opportunity to strike a reasonable balance in strategic capabilities and to break with the pattern of unlimited competition.

Such an opportunity posed a fundamental question: could both sides accept the risks of restraint explicit in arms limitations? In the defensive field, new programs offered some element of protection but beckoned a new round of competition. Offensive systems were required to guarantee security, but their steady accumulation created a momentum toward capabilities that threatened strategic equilibrium.

Each of us had the power singlehandedly to destroy most of mankind. Paradoxically, this very fact, and the global interests of both sides, created a certain common outlook, a kind of interdependence for survival. Although we competed, our conflict did not admit of resolution by victory in the classical sense. We seemed compelled to coexist. We had an inescapable joint obligation to build a structure for peace. Recognition of this reality has been the keystone of United States policy since 1969.

Obviously, no agreement could be reached involving weapons that guaranteed national survival if both sides did not believe their interests were served despite the risks. No decision of this magnitude could have been taken unless it was part of a broader commitment to place relations on a new foundation of restraint, cooperation, and steadily evolving confidence. Even agreements of such overriding importance cannot stand alone, vulnerable to the next crisis. Their tremendous historical and political significance is guaranteed, in part, by the fact that they are woven into the fabric of an emerging new relationship that makes crises less likely.

There is reason to hope that these accords represent a major break in the pattern of suspicion, hostility, and confrontation that has dominated U.S.-Soviet relations for a generation.

**Principles of U.S.-Soviet Relations.** The fourth area of major progress at the summit was the agreement of twelve Basic Principles signed on May 29, 1972. This far-reaching step placed all our other efforts on a broader foundation. A new relationship would require new attitudes and aspirations. It was appropriate that this change be reflected in a formal statement. These principles codify goals that the

United States had long advocated, as I did for example, in my address to the United Nations in October 1970. The main provisions state that both sides will:

—do their utmost to avoid military confrontations and to prevent the outbreak of nuclear war;

—always exercise restraint in their mutual relations and will be prepared to negotiate and settle differences by peaceful means. Discussions and negotiations on outstanding issues will be conducted in a spirit of reciprocity, mutual accommodation, and mutual benefit.

—recognize that efforts to obtain unilateral advantage at the expense of the other, directly or indirectly, are inconsistent with these objectives;

—make no claim for themselves, and not recognize the claims of anyone else, to any special rights or advantages in world affairs.

These are specific obligations. They meet some of our fundamental concerns of the post-war period. They are the elements that made it possible to summarize one general principle governing Soviet-American relations:

They will proceed from the common determination that in the nuclear age there is no alternative to conducting their mutual relations on the basis of peaceful coexistence. Differences in ideology and in the social systems of the United States and the Soviet Union are not obstacles to the bilateral development of normal relations based on the principles of sovereignty, equality, non-interference in internal affairs, and mutual advantage.

What we have agreed upon is not a vain attempt to bridge ideological differences, or a condominium of the two strongest powers, or a division of spheres of influence. What we have agreed upon are principles that acknowledge differences, but express a code of conduct which, if observed, can only contribute to world peace and to an international system based on mutual respect and self-restraint.

These principles are a guide for future action, not a commentary on the past. In themselves, they will have no meaning if they are not reflected in action. The leaders of the Soviet Union are serious men. Their willingness to commit themselves to certain principles for the future must be taken as a solemn obligation. For our part we are prepared to adhere to these principles, and hope that the Soviet leaders have the same serious intention.

#### **The Road Ahead**

In reporting last year to the Congress on prospects for a summit meeting, I noted that

we could not expect to solve the accumulated problems of two decades in one meeting, but that we did have the opportunity to open a new era in international relations. If we were successful, I said, the transformation of Soviet-American relations could become one of the most significant achievements of our time.

I believe we have now taken that essential first step in freeing both of our countries from perpetual confrontation. From confrontation we have moved to negotiation and then to a broadening range of fields. The promise of this beginning obliges us to see it through.

The tasks ahead reflect the successes of this past year as well as the disappointments:

—We are now in the second phase of our effort to limit strategic arms. We can build on what has been achieved. We understand each other's concerns better now than four years ago. We have established a common vocabulary and a technical framework in which to examine issues. And we have developed a measure of respect and confidence in each other's seriousness of purpose.

—But we face a severe challenge: each side is called on to make commitments, limiting its strategic offensive weapons for this decade and beyond. This will require political decisions to respect each other's basic security requirements and a willingness to balance each other's legitimate interests in an equitable and mutually satisfactory settlement.

—In Europe, the progress in Soviet-American relations has been a catalyst for further change. Whereas East-West relations in Europe were confined to bilateral relations in the past few years, we are now entering negotiations that involve fuller participation by our allies. The issues of European security and cooperation or reciprocal and balanced force reductions cannot be settled by the United States and the Soviet Union alone. We and the Soviet Union, however, can make a significant contribution to progress on these issues—and that progress, in turn, will reinforce the favorable momentum in our bilateral relations by demonstrating that detente is broadly based and serves the interest of all European countries.

—In the Middle East, the United States and the Soviet Union, separately and perhaps to-

gether, can also make a contribution to peace. Each of us plays a different role and has different interests and conceptions. But we have a common interest in averting confrontation. Proceeding from this principle, we can both exert our influence in the direction of a peaceful settlement among the parties directly concerned.

—In bilateral relations we can build on the progress already achieved at the summit. Though less dramatic than the larger political issues, harnessing our technological expertise and creativity in the service of both our peoples can produce lasting benefits for all.

—We have an opportunity and obligation to convert the promise of our agreements on economic relations into reality. We are discovering areas where the American and Soviet economies are complementary. The Soviet Union has certain resources that meet our needs, while we can export commodities and products which the Soviet Union wishes to import.

A year ago, I reported that a new momentum had been given to efforts for achieving a more constructive relationship with the Soviet Union. I believe that this momentum has carried us across a new threshold.

We are now in a new period, but we have only witnessed its initial phase. It is only realistic to recognize that there have been periods of relaxed tensions before, and earlier hopes for a permanent end to the hostilities of the Cold War. Present trends of course can be reversed; new factors will appear; attitudes can shift. This may be particularly true in a period of transition.

In the past, changes in our relations with the Soviet Union proved episodic, in part because they reflected tactical motives or were limited to changes in climate rather than substance. What we created at the summit last year is more durable. It rests on solid, specific achievements that engage the interests of both sides. But it will take patience, hard work, and perseverance to translate our broad understandings into concrete results. If we can do this, the United States and the Soviet Union can move from coexistence to broad cooperation and make an unparalleled contribution to world peace.

## Part II: Ending Conflict

### VIETNAM

On January 27, 1973, when the United States and the three Vietnamese parties signed "The Agreement on Ending the War and Restoring Peace In Vietnam," we completed one of the most difficult chapters in our history. It was an honorable ending to a long and costly effort.

Peace in Indochina is not yet solid or comprehensive. But four years of intensive negotiations and the steady transfer of responsibilities to our friends achieved the fundamental goals we had set. As a result of the Agreement:

—Our military forces have left South Vietnam with honor.

—Our prisoners have returned to their homes and families. A full accounting for all those missing in action is stipulated.

—There is a ceasefire, though still imperfectly observed, in Vietnam and Laos.

—The South Vietnamese people have the opportunity to determine their own political future.

The settlement is a tribute to the brave people of South Vietnam. It is also a monument to the valor of American fighting men and the steadfastness of the American people who supported an unselfish but extremely difficult mission until that mission was accomplished.

### What We Found

From the moment I took office, my highest priority was to bring an honorable end to the war in Vietnam. America had been involved for eight years in a well-motivated but costly and seemingly endless effort. Every year we had sent more men to Vietnam. Our casualties, draft calls, and financial costs had risen steadily. The war dominated our national attention. Abroad it complicated our efforts to adjust to changing conditions. At home it fostered growing dissent.

Clearly we needed to end the war, or at least our involvement in it. But if this was our most urgent task, it was also our most difficult. For the way we went about it would have much to do with the future of American foreign policy and the future of our own society.

The costs and frustrations of our involvement had led an increasing number of Americans to urge extreme solutions—either massive military escalation or immediate retreat. We rejected both options. Trying to win the conflict by all-out military measures would have deepened the divisions in our society, and risked drawing other nations into the war. It would not have addressed the complex nature of the struggle and therefore was likely to be indecisive.

Immediate withdrawal from Vietnam might have brought a sense of temporary relief in this country. But soon this mood would have turned to regret and recrimination. We could not suddenly abandon allies with whom we had stood for so many years. We could not mock the sacrifices of Americans who had given their lives. We could not set out to shape a responsible American foreign policy with a first step of heedless abdication. Reckless withdrawal certainly would have brought neither peace to South Vietnam nor honor to America. It might have led to the collapse of Southeast Asia, and it would have crippled our efforts to build peace in the world.

But neither could we continue on the path we found. Our troop levels had risen steadily for five years and had reached an authorized level of 549,500. Our combat deaths had mounted to an average of 278 weekly during 1968. We were spending an additional \$22 billion each year on the war. Draft calls had risen to a monthly average of 30,000. And despite this investment, there was no decisive outcome on the battlefield.

The picture was similarly bleak at the conference table. As a result of our bombing halt, public negotiations had been launched in Paris, but they had proved sterile. Only procedural matters had been settled. No comprehensive plans for a settlement lay on the table. No prospects for a breakthrough existed.

### The Basic Foundation: Vietnamization

Faced with this situation, we chose what we believed to be the only responsible course—to follow the parallel tracks of negotiation and

Vietnamization. Our first preference was a negotiated settlement, and we undertook both public and private diplomacy to this end. Our irreducible conditions were that the people of South Vietnam be allowed to determine their own future and that all our prisoners be returned. We also looked toward a ceasefire to end the war for all participants.

But one side cannot negotiate a peace, and the North Vietnamese constantly made two unacceptable demands. First, they insisted we withdraw totally from South Vietnam before any other conditions were even discussed. Secondly, they demanded we overthrow the existing government in South Vietnam and replace it with a Communist-dominated structure. This was the only way, they said, to get our prisoners back or obtain an overall settlement. Unless we were prepared to hand South Vietnam over to the enemy, there was no prospect of an early breakthrough at the conference table.

Therefore, even while we sought peace through negotiations, we needed an alternative course of action. We wanted to ensure that:

—Our withdrawal would not depend on the enemy's reasonableness at the conference table. We wanted to reduce our involvement to demonstrate that it was not open-ended.

—The act of our withdrawal would not overthrow the non-Communist forces. We were determined to disengage responsibly.

We thus developed the Vietnamization program in close cooperation with the Government of the Republic of Vietnam (GVN). This policy was designed to strengthen the armed forces and the people of South Vietnam so that they could defend themselves. As their forces increased in numbers, equipment, combat skills, and leadership, they progressively assumed responsibility for their own defense. The process also involved the extension of governmental authority in the countryside through the pacification program, the growth of economic capacities, the development of political institutions—all the elements that would allow South Vietnam to stand on its own.

While negotiations foundered on Communist intransigence, Vietnamization was an honorable and convincing alternative. We had the following considerations in mind:

—Vietnamization allowed us unilaterally to achieve our objective of winding down our involvement.

—We had to ensure that our friends over the longer term could take over their self-defense

completely, since we could not stay there indefinitely.

—Our policy reflected our overall approach to friends and allies around the world—we would continue to play a strong supporting role, but we would increasingly look to our partners to assume greater responsibilities for their security and development.

—We needed to demonstrate to Hanoi and its allies that we had an option so long as they blocked progress at the conference table—one that enabled our allies to stand on their own and could gain the support of the American people for a continuing role until our allies were ready.

The tangible progress of Vietnamization was reflected in the statistics. In four years, we progressively reduced our presence from more than half a million men to 27,000, a 95 percent cut, by December 1, 1972. Other allied forces from Korea, Thailand, Australia, New Zealand, and the Philippines were withdrawn or phased down during the period. American casualties in South Vietnam fell from almost 300 a week when we took office to 26 a week in 1971, and to four a week during the final six months of our involvement. Over 60 percent of the casualties under this Administration occurred in 1969 before our policies could take hold. We reduced the cost of the war by billions of dollars each year.

During this period, the South Vietnamese progressively took over the battle. Our ground combat role was steadily reduced and officially ended on June 30, 1972. Our friends also assumed all naval missions and an increasing share of direct air support. The South Vietnamese armed forces and people shouldered the burdens with courage and skill. And all the other crucial indicators of the struggle stayed promising also—the security situation in the countryside, the performance of the economy, and the cohesiveness of the political fabric.

#### **The Need for Decisive Action**

During this process, firm but measured military actions were also required:

—To protect our men in Vietnam as their numbers declined.

—To assure the continued success of Vietnamization and thus reduce our presence, our casualties, and our costs.

—To demonstrate that the enemy could not wage war on South Vietnam with impunity while using the rest of Indochina as a base area and stalling us at the conference table.

The North Vietnamese stepped up their pres-

sure during the first months of each year, after building up their potential during the dry season. In 1969 shortly after we took office, they increased their attacks in South Vietnam. In 1970, they launched major attacks in Cambodia, attempting to link up their base areas into one continuous band. In 1971 they staged a major buildup in southern Laos.

These operations threatened American and allied forces. Beyond that, they challenged the whole Vietnamization program. The Communists were intent on expanding their base areas bordering South Vietnam, strengthening their logistics network, and linking up conventional and guerrilla forces for future assaults.

Our basic strategy was to blunt the threat to our men, meet the challenge to our program, and buy the time needed to make our ally self-sufficient. Our actions were defensive and limited in both duration and scope. In 1970 there were joint U.S.-South Vietnamese operations against the North Vietnamese base areas in Cambodia. In 1971 the South Vietnamese, with our support, attacked the enemy base areas in Laos.

These actions achieved the objectives we set. In the months following each action, our troop levels and casualties showed a marked decline while South Vietnam's security situation and self-confidence improved.

Each of these phases in turn demonstrated the continuing success of Vietnamization. The 1969 Communist attacks made little headway because the enemy had suffered heavy losses in their Tet Offensive the year before and our own forces were still at a peak level. In the 1970 Cambodia operation, the South Vietnamese conducted large scale military operations of their own alongside U.S. forces. In 1971 in Laos our allies carried on all of the ground combat while our role was limited to air and logistic support. At each stage the South Vietnamese did more and we did less; and after each stage we were able to accelerate the shifting of responsibilities. In 1972, when the most severe test of all came, the South Vietnamese were ready.

By early 1972, South Vietnam had made impressive progress across the board. Militarily, its forces had taken over virtually all of the ground fighting and much of the close air support mission. Over one million civilians had joined the People's Self-Defense Forces. The government had the confidence to supply this local militia with weapons. The pacification program was succeeding. Eighty percent of the population lived in areas under government

control. Nearly all of South Vietnam's 2,200 villages had elected their own local leaders. Comprehensive economic reforms had cut the rate of inflation and stabilized South Vietnam's economy. Industrial output, exports, and tax revenues had reached their highest point in many years. A vigorous land reform program had transferred nearly one million acres of farm land to former tenants, and the government had established a widespread system of low interest agricultural loans. The rice harvest promised a bumper crop, thanks in part to high yield grains introduced with our assistance. School attendance and classroom construction had reached new high levels. Nearly one million refugees—most of them displaced by the Communists' Tet Offensive in 1968—had resettled or were being cared for.

In the spring of 1972, faced with South Vietnam's growing military, economic, and political strength, North Vietnam launched its most massive challenge. On March 30, its troops poured through the Demilitarized Zone separating North and South Vietnam which the 1954 Geneva Agreements had established. In so doing, Hanoi abandoned its previous tactics and fundamentally changed the nature of the fighting, for it employed almost its entire army in an all-out frontal assault.

This challenge came just as we were trying to revive private negotiations in Paris to get a response to a comprehensive U.S.-GVN peace proposal that had been tabled on January 27, 1972. While Hanoi was preparing its major military assault—and even after it was underway—we tried every route of restraint. After months of effort, we finally arranged a secret meeting in Paris on May 2 with the North Vietnamese. This proved abortive as they rejected all possibilities for de-escalation or for settlement. They were obviously determined to settle matters through military action.

South Vietnamese valor and America's forceful support blunted the Communist offensive. On May 8, faced with aggression in Vietnam and intransigence in Paris, I announced that we were mining all major North Vietnamese ports and were resuming air and naval attacks in North Vietnam to interdict the flow of troops and supplies into the South. At the same time, I held out the alternative of a peaceful settlement along lines that eventually began to emerge five months later to the day.

I took these actions only after all other options had been exhausted and the imperatives were clear. We could not passively acquiesce in all-out aggression, fueled by the arms of out-

side powers and conducted in total disregard of international agreements and understandings. Most immediately, the enemy attacks threatened our remaining forces in South Vietnam as well as regional stability. Beyond that, it challenged America's credibility and thus the chances for stability around the world. Finally, it was the eve of my journey to Moscow: how could the President of the United States go to a summit meeting while our ally was being overrun with the help of arms supplied by the country he was visiting?

The South Vietnamese stood up well under the massive attack, which was designed to inflict political, psychological, and economic damage as well as to gain territory. Enemy guns pounded civilian centers, such as Quang Tri City and An Loc, into rubble, but the Communists kept little territory, and they failed to crack the spirit of the South Vietnamese. Buoyed by our actions, our allies rolled back most Communist territorial gains and liberated Quang Tri City, the only provincial capital the Communists had been able to take. More than one million South Vietnamese "voted with their feet" by moving into areas controlled by their government rather than staying with the enemy. Local leaders performed well under pressure. Even opposition groups closed ranks with the government against the common enemy. The inevitable economic dislocations were slight. The land reform program continued and, by March 1973, two and a half million acres had been distributed by the government, virtually eliminating land tenancy in South Vietnam.

Thus, the North Vietnamese offensive had failed. The steady development of Vietnamization and the allied military reactions of 1970 and 1971 had made possible the defense of South Vietnam in 1972. The climactic military phase gradually underlined to all parties the futility of continued conflict and the need for genuine negotiations.

In sum, the military measures we took in Indochina were a difficult but essential aspect of our peace-making efforts. In each case we made clear our limited objectives. Throughout we emphasized the alternative route of a negotiated end to the conflict. Reinforcing the tracks of Vietnamization and negotiations, these decisive actions made an indispensable contribution to the peace that was finally achieved.

#### Negotiating the Peace

The Agreement which was signed in Paris on January 27, 1973, culminated four years of in-

tensive negotiating effort. Throughout this process, our fundamental attitude was as I described it on November 2, 1972:

We are going to sign the agreement when the agreement is right, not one day before. And when the agreement is right, we are going to sign without one day's delay.

In Vietnamization the guiding principle was to give the South Vietnamese the chance to defend themselves; in negotiations it was to give the South Vietnamese the chance to choose for themselves.

In reviewing the long negotiating record, certain basic elements should be kept in mind.

Our preference was always to solve military questions alone. The best way to ensure that the South Vietnamese could determine their own political future was to leave political questions to them. We believed that we should not negotiate a political settlement for South Vietnam. Furthermore, we knew that military issues would be easier to resolve than political issues that would be extremely difficult given Vietnam's long and bitter history. We were neither qualified, nor justified, in detailing specific political formulas such as governmental bodies or electoral processes for the Vietnamese people. Nor did we wish to be directly involved in—or responsible for—the functioning of the political machinery.

We preferred to concentrate on those aspects of a settlement that directly involved us—the military activity, withdrawals, and prisoners. We felt the political future should be negotiated by the South Vietnamese themselves, hopefully in a calmer atmosphere. We did not seek to impose a political victory, any more than a military victory, but we were not prepared to impose a political defeat.

*Until the final stage the North Vietnamese and their allies insisted on a settlement that would effectively guarantee that the future of South Vietnam would be Communist.* Public speculation and commentary to the contrary, they never agreed to separate military from political issues until the end of 1972. And when, in light of this position, we presented comprehensive proposals, including political elements, they never wavered from their basic goals.

However they packaged their proposals, the fundamental provisions were a fixed date for our total and unconditional withdrawal; the removal of the leadership of the Government of South Vietnam; and the installation of Communist rule disguised as a so-called coalition government.

*This basic philosophic clash, not the failure*

to find precise formulas, delayed a settlement for four years. So long as the Communists insisted on their basic demands, we were faced at the conference table with one overriding issue. I addressed this question in last year's Report:

Will we collude with our enemies to overturn our friends? Will we impose a future on the Vietnamese people that the other side has been unable to gain militarily or politically? This we shall never do.

The only solution offered by our domestic critics was to turn our ally over to the Communists, either through accepting their terms in Paris or removing all our support from South Vietnam. And neither course provided any guarantee that we would obtain the release of our prisoners.

Instead—as we pursued fruitless negotiations in Paris—we wound down our presence in South Vietnam responsibly. Vietnamization reassured our allies and spurred their initiative. South Vietnam's steady advance toward self-reliance was certainly a factor in the enemy's ultimate decision to negotiate seriously.

In the end we emerged with a settlement that met our basic principles and gave the South Vietnamese people a chance to determine their own future.

**The First Three Years.** In last year's Report I detailed our public initiatives and secret diplomacy for peace during the first three years of this Administration. Briefly, the record was as follows:

—At the outset we took *unilateral steps to induce negotiations*, such as the progressive withdrawal of our troops and reduction in air sorties in Vietnam. Each of our measures was met by fresh and more stringent demands by the enemy.

—We also moved publicly to *define the framework for a negotiated settlement*, emphasizing the withdrawal of foreign troops and general principles to allow the South Vietnamese to determine their own political future. On May 14, 1969, we proposed a settlement that would remove all outside forces from South Vietnam and establish internationally supervised elections. On July 11, 1969, the Republic of Vietnam offered free elections to be run by a mixed electoral commission, in which all parties could participate. On April 20, 1970, I spelled out the principles of a political solution that would effect the choice of the South Vietnamese people and the existing relationship of political forces within the country. I pledged that the United States would abide by the outcome of

any political process chosen by the South Vietnamese.

—On October 7, 1970, we presented an *overall proposal for a settlement* that looked to the resolution of military questions and free political choice for the South Vietnamese. We proposed an internationally supervised ceasefire; an Indochina Peace Conference; the withdrawal of all American forces from South Vietnam; a political solution based on the principles of April 20; and the immediate unconditional release of all prisoners of war.

—Throughout this period we intensively pursued *secret diplomacy* in the hopes that a private forum might produce genuine negotiations. Dr. Kissinger went to Paris regularly to meet with the North Vietnamese Special Advisor Le Duc Tho and Minister Xuan Thuy.

—In these secret sessions we spelled out positions that were more detailed and forthcoming than our public stance, as we made maximum efforts to make a breakthrough toward peace. On May 31, 1971, we offered a special *settlement of military issues alone*—the withdrawal of all U.S. forces in exchange only for an Indochina ceasefire and release of all prisoners. All other questions would be left to the South Vietnamese.

—The North Vietnamese continued to insist that political questions also be included, specifically that a coalition government dominated by their side be installed. During the following months the Communists followed a particularly cynical negotiating procedure designed to mislead public opinion. On June 26, they tabled a secret nine-point proposal; five days later, on July 1, the South Vietnamese Communists made a public seven-point proposal. Our own subsequent secret positions responded to both plans. Meanwhile the North Vietnamese castigated us publicly for not responding to the seven-point proposal even though privately they said we should respond to their nine-point proposal, and we had done so.

—In view of Hanoi's insistence that political issues be addressed, we presented during the summer a *series of increasingly generous and comprehensive peace plans* which were designed to frame a political process as well as settle the military questions. By August we offered our total withdrawal in nine months; a political process which included elections and our pledge to neutrality and acceptance of the outcome; limitations on military aid to South Vietnam providing there were limits on aid to North Vietnam as well; non-alignment for

South Vietnam and all of Indochina; and reunification to be worked out between North and South Vietnam.

—On October 11, in response to North Vietnamese comments, we conveyed still another comprehensive plan to Hanoi and proposed another secret meeting in November to consider it. They agreed to meet on November 20, but abruptly cancelled the session just three days before, on November 17.

—On January 25, 1972, after waiting in vain for more than three months for the North Vietnamese to answer our proposal to meet, we were compelled to explain the situation to the American people and try to elicit Hanoi's reaction to our offers. We revealed the scope of our private diplomacy, and President Thieu and I offered a *new comprehensive plan for peace*. Once again we sought to make the political process as free and open to all parties as possible while resolving the military conflict.

—Our proposal provided that within six months of a settlement all U.S. and allied forces would withdraw from South Vietnam; all prisoners throughout Indochina would be released; there would be a ceasefire throughout the region; and a new Presidential election would take place in South Vietnam. In addition, President Thieu offered to resign one month before the elections. We spelled out these provisions and others in considerable detail. We also made clear, as we had proposed in May 1971, that we were prepared to settle only the military issues and to leave political matters for later resolution by the South Vietnamese.

**January–October 1972.** The North Vietnamese response to our comprehensive offer was to continue their massive military buildup in South Vietnam and to launch their Easter invasion. They never replied to our negotiating proposal; they refused to meet us privately; and they repeated their same negotiating demands publicly.

The North Vietnamese finally agreed to meet again in Paris privately on May 2. We made every effort to find a way to end or scale down military conflict. We proposed a variety of approaches: mutual de-escalation; a *de facto* ceasefire; a partial withdrawal of the invading forces; an overall military settlement; or more comprehensive solutions. All of our proposals were rejected.

Accordingly, we had little choice but to respond with the decisive measures of May 8, 1972. At the same time we proposed a fair settlement, one that would prove eventually to be the framework for peace: the cessation of

all our military activities and the withdrawal of all our forces within the same period, and a ceasefire. We told Hanoi that we would resume private negotiations at any time.

The North Vietnamese eventually decided to resume talks in Paris on July 19, 1972. As these discussions went on throughout the summer, the enemy continued to insist on a comprehensive political and military solution along familiar lines. While there were marginal changes in their approach, enough to justify continuing the negotiations, there was no real progress toward a solution. In the July, August, and September sessions, their positions, however modified around the edges, contained the unacceptable core—imposition of a coalition government that the Communists would control.

Until October 1972, therefore, the basic stumbling block remained North Vietnam's demand that political victory be handed to them as a pre-condition for settling all military questions. In that case, of course, the latter would become totally irrelevant since the very issue that the struggle was all about would have been settled.

### The October Breakthrough

On October 8, 1972, the North Vietnamese presented a new plan in Paris accepting the basic principles of our position. It was the essential breakthrough toward a negotiated settlement. For the first time, Hanoi agreed, in effect, to separate military questions from the principal political issues. They spelled out specific solutions to the former while the latter were to follow later and were left basically up to the South Vietnamese. Moreover, they dropped their insistent demand for President Thieu's resignation and formation of a coalition government.

To be sure, there were major problems in their plan, and tough negotiations lay ahead. But, in their own words, the North Vietnamese had essentially accepted the approach that I had outlined in my May 8th speech. We could see that, given a constructive attitude on their part, there was, at long last, the genuine prospect of a negotiated peace.

Once this breakthrough was achieved, we moved decisively and quickly toward a final settlement. The North Vietnamese negotiated seriously as well. In areas where there had never been significant movement, there was now rapid progress. Through intensive negotiations from October 8–12 and on October 17 and diplomatic communications, we hammered out a basic draft agreement.



Perhaps to catch the South Vietnamese off balance, perhaps to pin us down to a settlement before our own elections, the North Vietnamese insisted on a very short timetable, with October 31, 1972, the date for final signature. After refusing to negotiate seriously for three years, the enemy now demanded that we complete the negotiations within three weeks of their proposal. We promised to make a maximum effort to meet the deadline, subject to discussions with Saigon and a final negotiating round to complete the draft.

To prove our serious intentions and to reflect the progress that was being made, I ordered suspension of all bombing above the 20th parallel in North Vietnam on October 23, 1972. During this period, as a result of several developments since the October 17 meetings in Paris, we told the North Vietnamese privately that, while we stood by the basic draft agreement, we could not meet the October 31 target date.

There were three main reasons we could not do so:

—During the last half of October, we received mounting evidence that the Communists were planning to take advantage of the ceasefire with military offensives. This threw a different light on their eagerness to complete the agreement rapidly. Our South Vietnamese friends would have minimum time to prepare for the new situation. It also made more imperative the need to tighten up certain aspects of the agreement, including the supervisory mechanisms. Failure to settle on international machinery would mean that any violations would occur in an unsupervised context.

—At the very time we were conducting delicate consultations with our ally, Hanoi's leadership made public comments suggesting the possibility of a coalition government, which both sides had firmly agreed was not envisaged in the settlement. These and other ambiguities had to be put to rest.

—We ran into opposition in Saigon. Our South Vietnamese ally wanted many changes in the agreement, and they wanted more time for consultations. We were not prepared to accept all their proposals, but their deep concerns and the other factors made it essential to take a little more time. We believed a country that had suffered so much was entitled to have its views fully considered. We made clear, however, that we would maintain the integrity of the draft settlement.

On October 26, Hanoi publicly revealed the outlines of the agreement we were negotiating

and repeated its insistence that we sign by the end of the month. We had agreed to keep the content of the negotiations private so as not to jeopardize their outcome. The North Vietnamese disclosures, however, gave us the choice of either breaking off negotiations or affirming our commitment to the framework of the settlement while describing the types of changes still needed. We chose the latter course and publicly outlined our position in response to North Vietnam's propaganda offensive.

Our primary audiences were Hanoi and Saigon. We believed that peace was very near, and we wanted to underline the message to both capitals. To our adversary, we committed ourselves publicly to the essence of the draft agreement. To our friends, we emphasized that we would take their concerns very seriously into account, but we left no doubt that we considered the basic settlement fair to all parties. We sympathized with Saigon's perspective. The war, after all, was on their soil; they would have to live with any agreement after we departed. But we were determined to conclude a settlement as soon as we were satisfied it was sound.

We emphasized our conviction that the remaining problems could be solved in one more negotiating round of three or four days, as had been foreseen earlier in October, if Hanoi continued to share our serious attitude. We did not wish to release the full text of the draft agreement or to get into specifics. To do so would only give observers a scoreboard on which to register points won by each side in subsequent bargaining. It would hurt the chances for a final settlement by making the outstanding problems matters of prestige for the parties.

Therefore, we indicated the general nature of the issues that still needed resolution in order to solidify the settlement:

—We wished to elaborate the details of the control and supervisory machinery which was established in principle.

—We wanted to speed up ceasefires in neighboring Laos and Cambodia, for the conflict affected all of Indochina.

—We needed clarification of certain ambiguities. For example, the North Vietnamese and we clearly agreed that no coalition government was contemplated in the settlement, but the Vietnamese text of the agreement could be read to suggest a new governmental organ.

—We needed to work out the signing procedure for the four parties.

—We wished to clarify a few other technical problems in the text.

These matters were important in order to solidify the agreement, but they were minor compared to the hurdles that had already been surmounted. We would not be stampeded into an agreement by an arbitrary deadline. We would negotiate until it was right. And once we believed it was right, we would not be deflected from signing it. Only the terms of the settlement would determine the date of our signature—not enemy pressures, nor excessive requests from our friends, nor an electoral deadline.

### The Final Stages

In retrospect, peace certainly was near in late October—the ending of a twelve-year conflict was reached twelve weeks later. But the record of those twelve weeks makes it equally clear that peace could have come even sooner if it were not for a cynical North Vietnamese approach at the end of 1972.

On November 20, negotiations resumed and lasted five days. We took up the remaining problems in the agreement and presented draft protocols designed to supplement it. These were technical documents. They introduced no new issues but spelled out in neutral detail the implementation of such aspects as ceasefire supervision and prisoner release. At first the North Vietnamese remained serious. We made significant progress in the agreement itself, although we received no responses on the protocols. A stalemate developed over the few residual issues, however, and both sides agreed to recess until December 4 to reconsider their positions.

Throughout this period we continued our intensive discussions with the Republic of Vietnam. We consulted through our Ambassador in Saigon, with South Vietnamese representatives in Paris, and through high level emissaries to each other's capital. We listened closely to South Vietnam's concerns and presented many of them forcefully in Paris. We did not adopt all of them as our own, however. We determined what we thought would make a fair agreement, and we stayed within the framework of the October draft.

On December 4, when we resumed the talks, the North Vietnamese attitude had changed fundamentally. The final issues could have been resolved in a few days given a serious attitude on both sides. The North Vietnamese began this round, however, by withdrawing all the changes they accepted in November. We spent the next few days working arduously back to where we had been two weeks previously. Then we reached a total impasse.

Throughout the last several days of the negotiations in December it became very clear that Hanoi had no intention of settling at that time. We therefore recessed on December 13 after several fruitless and exasperating sessions.

Many of the problems we had pointed to on October 26 had been settled: the prospects for an early ceasefire in Laos at least were firmer, and various technical improvements had been made in the agreement. But other problems remained and, because of the North Vietnamese approach, they were growing, rather than shrinking.

On December 16, we explained the reasons for the stalemate. Although many ambiguities in the provisions had been clarified, a few remained. We still had to work out a signing procedure for the agreement that would accommodate the sensibilities of the various participants. We were still far apart on the concepts of supervisory machinery for the ceasefire, and the North Vietnamese had allowed no serious discussions of any of the protocols.

The impasse was created both by North Vietnamese rigidity on these specific issues and by their whole negotiating approach. They kept a settlement continuously out of reach by injecting new issues whenever current ones neared solution. At technical level meetings, scheduled only to conform the English and Vietnamese texts, they raised fresh substantive problems. Questions already resolved in the agreement were revived by the North Vietnamese in the protocols. Instead of the constructive approach of October, there were now determined, often frivolous, tactics designed to frustrate the negotiations.

In mid-December, therefore, we had little choice. Hanoi obviously was stalling for time, hoping that pressures would force us to make an unsatisfactory agreement. Our South Vietnamese friends, in turn, still had some strong reservations about the settlement. The more difficult Hanoi became, the more rigid Saigon grew. There was a danger that the settlement which was so close might be pulled apart by conflicting pressures. We decided to bring home to both Vietnamese parties that there was a price for continuing the conflict.

On December 18, we moved strongly in both directions. We resumed bombing north of the 20th parallel in North Vietnam, which we had suspended while serious negotiations were underway. We had to make clear that Hanoi could not continue to wage war in the South while its territory was immune, and that we would not tolerate an indefinite delay in the negotiations.

At the same time, we talked sternly with our friends in South Vietnam. In our view they were holding out for terms that were impossible to achieve without several more years of warfare—if then. We therefore reemphasized our determination to conclude the agreement if the North Vietnamese should once again prove reasonable in Paris.

During this time we maintained direct private communications with Hanoi. Once we had been assured that serious talks could again be undertaken, we suspended our bombing of North Vietnam above the 20th parallel on December 31, 1972.

On January 2, 1973, the technical talks on the protocols to the agreement resumed in Paris and serious drafting began. From January 8 to 13, Dr. Kissinger and Le Duc Tho met. The serious approach of October reappeared. There was rapid progress on the remaining issues in the agreement on the protocols. The residual ambiguities in the text were resolved. We agreed on a procedure for signing the agreement that satisfied all parties. Four protocols were elaborated into final, agreed form, detailing such key military provisions as ceasefire supervision and release of prisoners. In short, we had achieved essentially all that we had set out to do on October 26.

Simultaneously, we continued consultations with the South Vietnamese Government, and these moved to a successful conclusion. On many questions we had improved the agreement to our ally's satisfaction; on others, the South Vietnamese changed their positions for the sake of concluding the settlement.

On January 23, 1973, Dr. Kissinger returned to Paris for a final meeting. On that date the United States and North Vietnam, with the concurrence of their allies, initialled the agreement.

That evening in announcing the settlement, I said:

We must recognize that ending the war is only the first step toward building the peace. All parties must now see to it that this is a peace that lasts, and also a peace that heals, and a peace that not only ends the war in Southeast Asia, but contributes to the prospects of peace in the whole world.

In Paris, on January 27, 1973—the first anniversary of the comprehensive U.S.-GVN peace plan—Secretary of State Rogers signed the agreement for the United States.

### **The Agreement**

This Agreement met the essential conditions that we had laid down on January 27, and on May 8, 1972; a ceasefire, return of all prisoners,

the withdrawal of American forces, and the political future of the South Vietnamese to be determined by the people themselves. The major elements were:

—An internationally-supervised ceasefire throughout Vietnam, effective at 7:00 p.m., Eastern Standard Time, Saturday, January 27, 1973.

—The release within 60 days of all captured Americans held throughout Indochina, and the fullest possible accounting for those missing in action.

—The parallel withdrawal of all United States and allied forces and military personnel from South Vietnam.

—A ban on infiltration of personnel into South Vietnam.

—A ban on the introduction of war material into South Vietnam except one-for-one replacement of military equipment worn out, damaged, destroyed, or used up after the ceasefire.

—The reduction and demobilization of both sides' forces in South Vietnam.

—The withdrawal of all foreign troops from Laos and Cambodia.

—A ban on the use of Laotian or Cambodian base areas to encroach on the sovereignty and security of South Vietnam.

—The determination of the political future of South Vietnam by the South Vietnamese themselves.

—Formation of a non-governmental National Council of National Reconciliation and Concord operating by unanimity, to organize elections as agreed by the parties and to promote conciliation between the parties and implementation of the Agreement.

—Respect for the Demilitarized Zone dividing South and North Vietnam.

—The eventual reunification of North and South Vietnam through peaceful means, step by step, through direct negotiations.

—Respect for the independence, sovereignty, unity, territorial integrity, and neutrality of Laos and Cambodia.

—In accordance with traditional United States policy, U.S. participation in postwar reconstruction efforts throughout Indochina.

—An International Commission of Control and Supervision (ICCS) composed of Canada, Hungary, Indonesia, and Poland to control and supervise the elections and various military provisions of the Agreement.

—Joint Military Commissions of the parties to implement appropriate provisions of the Agreement.

—An International Conference with thirty

days to guarantee the Agreement and the ending of the war.

There were also four protocols which spelled out the implementation of the Agreement in the following areas: the ceasefire and the Joint Military Commission; the ICCS; the release of prisoners; and mine clearance in North Vietnam.

These then are the principal provisions of the Agreement and the negotiating history that produced it. The following points emerge.

**The Agreement corresponded to our overall approach.** We consistently held the view that a settlement should involve specific resolution of military questions alone. This was, we believed, the most feasible and rapid route to peace. The final settlement embodied this principle. The military issues—such as the ceasefire, prisoner release, withdrawals, and supervision—were spelled out in detail in the Agreement and accompanying protocols. On the political side, the provisions were general, leaving those matters to be negotiated between the two South Vietnamese parties.

**The Agreement included the basic features of our earlier peace plans.** An internationally supervised ceasefire, return of all prisoners, the withdrawal of Americans and allied forces, and an international conference were basic provisions of all our plans since October 1970. Internationally supervised elections were always the centerpiece of the U.S.-GVN political approach. And the National Council corresponded in many respects to the mixed electoral commission of our January 1972 plan.

**The settlement represents a compromise by both sides.** While our essential principles were met, we and the Communists had to make compromises. Many of these were more significant for our ally than for us. For example, we did not insist on the withdrawal of North Vietnamese forces from South Vietnam. On the other hand, this had not been part of our negotiating position since our October 7, 1970, plan. There were other mutual compromises. But the fact these were made reflected the *de facto* situation and represented an outcome fair to all parties. Neither side could expect to impose at the conference table what it had not gained on the battlefield. The military outcome was not clear-cut and therefore the political future was yet to be determined. For us the important principle is that the Agreement does not hand over this political future to the Communists. Our friends have every opportunity to demonstrate their inherent strength.

**It was not possible to reach this Agreement any sooner than we did.** Some observers have asked why we did not negotiate this settlement four years ago. The answer is simply that it was impossible to do so at any time before October 1972. As the record makes clear, the North Vietnamese from the very outset always insisted on linking political and military issues. They always demanded removal of the government in South Vietnam and the installation of a Communist-dominated structure. They never varied from that basic approach until the final months of this Administration's first term. Once we had achieved this breakthrough, we moved as rapidly as possible to complete the settlement.

**Peace in Vietnam will depend not only on the provisions of the Agreement but on the spirit in which it is implemented.** It was vital to reach a settlement that would provide a framework for South Vietnamese self-determination and for our honorable disengagement. We have never been under the illusion, however, that any single document would instantly move the people of the region from a generation of war and hatred to peace and reconciliation.

We have laid the best obtainable foundation for the beginning of this process. We hope that the contending factions will now prefer to pursue their objectives through peaceful means and political competition rather than through the brutal and costly methods of the past. This choice is up to them. We shall be vigilant concerning violations of the Agreement. We are always ready to encourage accommodation among the South Vietnamese. But the peace and progress of South Vietnam and its political future depend on the people themselves.

#### Ongoing Efforts To Maintain the Peace

In the period immediately following the signing of the Agreement, we moved on several fronts to promote its implementation. We talked to our adversaries, to our friends, and to other countries principally involved in guaranteeing the peace.

**Prisoners of War and Missing in Action.** The Four Party Joint Military Commission started immediately to make the arrangements for release of our prisoners of war. The two sides exchanged lists of prisoners of war on January 27, the date of the signing. The list of prisoners captured in Laos was furnished by North Vietnam on February 1. A U.S. team from the

State and Defense Departments flew to Hanoi on February 12 to pick up the first group of returnees; another group was freed in South Vietnam the same day, and further releases were due at 15 day intervals. When there appeared to be stalling, we immediately held up U.S. force withdrawals to emphasize the importance we attached to prompt and full compliance with the Agreement and Protocols. Releases then continued on schedule. A final dispute over the release of the U.S. prisoners of war captured in Laos was resolved when the Communist side agreed to release them in Hanoi on March 28. In the meanwhile, the Republic of Vietnam, with our support, released the more than 26,000 prisoners of war in its custody.

With the return of our prisoners, our efforts turned to the missing in action. More than 1300 U.S. military personnel and civilians remain in this category. The Vietnam Agreement contained unprecedentedly specific language on this issue—with similar provisions in the Laos ceasefire agreement—and we made clear to the Communist side our determination to secure the fullest possible accounting for each of our men. As stipulated in the protocol, a Four Party Joint Military Team is being maintained to gather information about the missing in action. We also established a Joint Casualty Resolution Center (JCRC) in Thailand—near the Laos and Vietnam borders—to search for the missing. These efforts will continue until we have exhausted all possible means to find information on each of our men.

**North Vietnam.** Dr. Kissinger visited Hanoi from February 10 to 13, for direct conversations with Prime Minister Pham Van Dong and other North Vietnamese leaders. As stated in the Joint Communique after the visit, the two sides carefully reviewed implementation of the Agreement, problems in Laos and Cambodia, postwar economic reconstruction, and the International Conference on Vietnam that was held shortly afterwards. They also considered the bilateral relationship between our two countries and concrete steps to normalize our relations.

A significant result of this trip was an agreement to establish a Joint Economic Commission to develop economic relations between the United States and the Democratic Republic of Vietnam. This Commission began its work in Paris on March 15, 1973. Its agenda includes not only economic assistance but the whole range of economic matters. And it could become not only a technical group but a forum

for a more constructive dialogue between our two nations.

The essential message we have for North Vietnam's leaders, and which was conveyed during this trip, is as follows.

We do not assume Hanoi will give up its long-range goals. We do expect it to pursue those goals without using force. Hanoi has two basic choices. The first is to exploit the Vietnam Agreement and press its objectives in Indochina. In this case it would continue to infiltrate men and materiel into South Vietnam, keep its forces in Laos and Cambodia, and through pressures or outright attack renew its aggression against our friends. Such a course would endanger the hard won gains for peace in Indochina. It would risk revived confrontation with us. It would, of course, destroy the chances for a new and constructive bilateral relationship with the United States, including economic assistance.

The second course is for North Vietnam to pursue its objectives peacefully, allowing the historical trends of the region to assert themselves. This would mean observance of the Vietnam settlement and the removal of foreign forces on both sides from Laos and Cambodia. It would transform years of military conflict in Indochina into political struggle. It would enable the United States and the Democratic Republic of Vietnam to normalize relations. If Hanoi follows this path, the United States will abide by whatever the historical process produces in Indochina.

If North Vietnam chooses the peaceful option, the United States remains committed to better relations. We are convinced, as stated in the Joint Communique at the conclusion of Dr. Kissinger's visit to Hanoi, that this process would "help to ensure stable peace in Vietnam and contribute to the cause of peace in Indochina and Southeast Asia."

**Indochina Reconstruction.** Thus the basic challenge in Indochina is to move from two decades of violent struggle to peaceful evolution. It will not be easy to make this transition after a generation of conflict, to discard familiar techniques and join in constructive enterprises, and to rely on political competition and the forces of history for the achievement of goals.

The economic assistance we propose in concert with others, for the reconstruction and development of the entire region would help make this transition a reality. To be effective it must include the Democratic Republic of Vietnam. The rebuilding of war-torn economies of former enemies is a traditional policy of this

country and served the goal of reconciliation in the period after World War II. This concept was first proposed for Indochina by the previous Administration in 1965. We have reaffirmed it on many occasions during this Administration, including last year's Report. It would be a sound investment in peace, providing avenues and incentives for an insulated and suspicious country to engage in peaceful and cooperative pursuits. It responds to humanitarian needs as well as to political and psychological necessities.

We will pursue this program with determination. The funds required will not be drawn from any domestic programs. As we proceed, however, we will be guided by two fundamental principles:

—We will observe Constitutional requirements both in letter and spirit and consult closely with the Congress at every step of the way.

—We will not provide aid to the Democratic Republic of Vietnam if it violates the Agreement. Hanoi cannot expect to receive our economic assistance while pursuing its goals through military pressure.

We believe that the American people and the Congress will agree to provide the relatively modest amounts to keep the peace that ended such a long and costly war.

**South Vietnam.** The Republic of Vietnam and the United States fought and suffered together many years. We supported that government and its people in their valiant efforts against aggression. And we consulted closely with them throughout the long, torturous road of negotiations. We now look forward to working together in peace as we did on the battlefield and at the conference table.

The Republic of Vietnam will find us a steady friend. We will continue to deal with its government as the legitimate representative of the South Vietnamese people, while supporting efforts by the South Vietnamese parties to achieve reconciliation and shape their political future. We will provide replacement military assistance within the terms of the Agreement. We expect our friends to observe the Agreement just as we will not tolerate violations by the North Vietnamese or its allies.

We will also continue to contribute generously to South Vietnam's economic rehabilitation and development. That country is making a major effort to make its economy self-sufficient, but the peace agreement does not lessen its need for substantial outside assistance.

South Vietnamese requirements will, in fact, increase in the short term. The government's heavy military budget will decline only slowly, for it must maintain a vigilant defense and support the total military responsibility created by the withdrawal of the American and allied forces. Simultaneously, South Vietnam will bear the double burden of creating new jobs for demobilized personnel and of meeting massive expenditures for relief of refugees and war victims. Finally, the country faces other heavy financial drains as it reconstructs the many destroyed towns, repairs the country's transportation and irrigation systems, and brings back into production large arable regions abandoned during twenty years of fighting.

None of the country's major economic tasks can be accomplished without substantial economic assistance. With such aid, none of these problems is insuperable. South Vietnam has the natural and human resources to be economically independent and viable. What is needed is time for these resources, diverted or idled by the war, to be put back to productive use.

The Republic of South Vietnam now seeks the economic counterpart to Vietnamization. As we helped them take over their own defense in conflict, we will help them now become economically self-sustaining in peace.

These were the principles I expressed to President Thieu when we met at San Clemente a few weeks ago. His visit to the United States symbolized both our common struggle in past years and our common endeavors in the years to come. As we said in our joint communique:

... both Presidents agreed that through the harsh experience of a tragic war and the sacrifices of their two peoples a close and constructive relationship between the American and the South Vietnamese people has been developed and strengthened. They affirmed their full confidence that this association would be preserved as the foundation of an honorable and lasting peace in Southeast Asia.

**The International Conference.** From February 26, 1973, to March 2, 1973, the International Conference on Vietnam met in Paris. Twelve nations—the four parties to the Agreement, the four ICCS countries, and the permanent members of the United Nations Security Council—plus the Secretary General of the United Nations, attended. The Final Act signed on March 2, 1973, endorsed the Vietnam Agreement; called for its strict observance by the four parties; pledged respect for the Accord by members of the Conference; urged all other countries to do so as well; set up procedures

for reporting violations of the Agreement and reconvening of the Conference; and called for countries to respect the independence, sovereignty, unity, territorial integrity, and neutrality of Cambodia and Laos, as stipulated in the Agreement.

A single meeting lasting several days cannot guarantee the peace. But the gathering and the statements of the nations involved underlined the reality that all countries, not just those directly concerned, have a stake in peace in Indochina. We expect the nations that signed the Act of the Conference to live up to their obligations. We will take their performance into account in the conduct of our bilateral relations.

### Future Tasks

Achieving an end to the war was exceptionally difficult, but keeping the peace will be no less challenging. It involves not just Vietnam but all of Indochina, and not just the Indochinese countries but outside nations as well. The following are the major tasks:

- Strengthening the peace in Vietnam.
- Implementing the agreement on Laos.
- Achieving a ceasefire and beginning negotiations on Cambodia.
- Ensuring restraint toward the region by outside powers.

*The peace in Vietnam* itself remains fragile. A period of misunderstandings and ambiguities was to be expected in the first months of peace after so many years of war. The process of reconciliation and mutual accommodation is bound to take time. Nevertheless the overall record so far has been less positive than we had hoped.

The United States has scrupulously carried out its obligations, and we have urged all others to do likewise. On those military elements of the agreement directly affecting us the record has been generally good. Our listed prisoners have returned from Indochina. There remains, however, the difficult task of accounting for all those missing in action throughout the region, and we will not rest until this task is completed. All American and allied military forces and advisors have been withdrawn from South Vietnam. We have strictly observed the ceasefire and have given full cooperation and support to the supervisory organization. And we began to clear the mines from all North Vietnamese ports and waterways, a complicated and time-consuming job.

Observance of the ceasefire is now, of course, in the hands of the Vietnamese. Compliance

has been spotty, and substantial fighting continues. While violations and casualties have diminished from the first weeks, much greater efforts are needed to stop the conflict completely and fully stabilize the situation.

The most ominous aspect of the situation to date has been the continued infiltration of North Vietnamese troops in violation of the Agreement. In blatant disregard of Articles 7, 15, and 20, Hanoi has continued to send troops and military supplies into South Vietnam. It has also continued its military activities in Laos and Cambodia in violation of Article 20. In so doing, it has built up the military potential of the Communist forces in South Vietnam. Whether this is a prelude to another offensive is not clear. What is clear is that it must cease. We have told Hanoi, privately and publicly, that we will not tolerate violations of the Agreement.

On the political front, the two South Vietnamese parties are now negotiating in Paris on such subjects as the functioning of the National Council of National Reconciliation, the elections, the issues of civilian prisoners held by both sides, and the reduction and demobilization of both sides' armed forces. We hope that the South Vietnamese parties make progress on these issues and settle their differences.

*Laos and Cambodia* will be treated in more detail later in this Report. It is important to point out here that the Vietnam settlement obligates all foreign countries to withdraw their forces from these two countries, cease sending military personnel and equipment into the two countries, and stop using their territories to encroach on other countries. These obligations are clear and unconditional. Here, too, Hanoi has not yet carried out the terms of the Agreement. We expect North Vietnam to withdraw its forces from Laos and Cambodia in the near future, and to comply with the other provisions regarding those countries. As I have stated repeatedly, there cannot be stable peace in Vietnam until its neighbors are also at peace. The conflict has been indivisible. The peace must be too.

*Countries outside the region* have a strong interest in the maintenance of peace in Indochina. If the flames of conflict flare up again, there will be renewed suffering for the peoples of the area, the danger of another war, and a threat to the improvement of relations among the major world powers.

Accordingly, we look to outside powers to lend a moderating influence to the affairs of Indochina. This means, first of all, that there

can be no reasonable justification for sending Hanoi large arms shipments now that there is a negotiated settlement. North Vietnam certainly is not threatened by its neighbors. A military buildup would raise questions not only about its intentions, but also about the motivations of the suppliers. Restraint in the North on this matter will be matched by restraint in the South.

Beyond that, we believe that friends of the Vietnamese belligerents can helpfully underline to them the advantages of maintaining the peace instead of rekindling the war. This will be our approach. For there cannot be a global structure of peace while conflict persists in Indochina.

This is a complex and difficult agenda. Unlike that of the last dozen years, our role will not be dominant. But it will remain substantial and important. And it will require both generosity and firmness, both patience and vigilance.

America has those qualities and will exercise them in the interest of peace in the region.

## LAOS AND CAMBODIA

There cannot be lasting peace in Vietnam until its neighbors are at peace.

As of this writing, the situation in both Laos and Cambodia remains fluid. In Laos, the parties reached a ceasefire settlement in February 1973, but the framework is fragile, and the Communists have delayed negotiations which were stipulated in the Agreement to reach a definitive settlement. In Cambodia, the Communists have stepped up their military attacks since the Vietnam and Laos ceasefires, rejecting both the Government's unilateral military restraint and its call for negotiations. In both countries, North Vietnam continues to violate the past international agreements to which it was a party. And in both countries it is now violating the Vietnam Agreement it signed in January 1973.

North Vietnam, as well as the other parties to the Vietnam Agreement, has unambiguous obligations with respect to Laos and Cambodia. Article 20 of that Agreement stipulates that:

—The parties participating in the Paris Conference on Vietnam shall strictly respect the 1954 Geneva Agreements on Cambodia and the 1962 Geneva Agreements on Laos, and shall respect the neutrality of Cambodia and Laos.

—They will undertake to refrain from using the territory of Cambodia and the territory of

Laos to encroach on the sovereignty and security of one another and of other countries.

—Foreign countries shall put an end to all military activities in Cambodia and Laos, totally withdraw from and refrain from reintroducing into these two countries troops, military advisers and military personnel, armaments, munitions, and war materiel.

—The internal affairs of Cambodia and Laos shall be settled by the people of each of these countries without foreign interference.

—The problems existing between the Indochinese countries shall be settled by the Indochinese parties on the basis of respect for each other's independence, sovereignty, and territorial integrity, and non-interference in each other's internal affairs.

These provisions are clear. They are not tied to any other conditions. To date they have been ignored by Hanoi. Although fighting has subsided in Laos, attacks there by the North Vietnamese and their allies continue. In Cambodia, Communist forces have increased their attacks in a major effort to isolate Phnom Penh and other population centers. Hanoi has continued to infiltrate men and supplies into and through Laos and Cambodia. It gives no sign of ending this flow or withdrawing its forces from either country.

The U.S. position is clear. We will not tolerate violations of the Vietnam Agreement. We have every interest in seeing peace observed in Laos and peace attained in Cambodia. The legitimate governments of the two countries are working toward this end. In both countries we will honor whatever agreements are worked out by the peoples themselves. We firmly intend to implement all the provisions of the Vietnam Agreement, and we insist that all other parties do so as well.

### The Setting and U.S. Policy

Hanoi has always exploited Laos and Cambodia in its conduct of the Vietnam War. It has etched a similar, distressing pattern in both of South Vietnam's neighbors in recent years:

—Neither Laos nor Cambodia has ever threatened North Vietnam, nor could they threaten it.

—The neutrality, independence, sovereignty, and territorial integrity of both countries were established by international agreements signed by Hanoi and its allies.

—The North Vietnamese have continually violated all these principles for years by send-



ing tens of thousands of their troops into both countries and organizing insurgent forces.

—Hanoi's primary target has been South Vietnam. It has used Laos and Cambodia for infiltration corridors for its troops and supplies, for base areas for launching attacks on South Vietnam, and for sanctuaries.

—In the process, North Vietnam has also threatened the neutral governments in Vientiane and Phnom Penh.

—The helpless people of both nations, wanting nothing but to be left alone, have been subjected for years to outside aggression and exploitation.

Given the indivisibility of the Indochina conflict, our policy toward Laos and Cambodia has always been closely related to our policy in Vietnam. A fundamental concern has been with the Communist use of Laos and Cambodia in pursuit of their main objectives in South Vietnam. We also have been concerned with Hanoi's breaking of international agreements on these countries, and we have an interest in the independence and neutrality of the states in Southeast Asia.

Diplomatically, all our negotiating proposals on Vietnam have included Laos and Cambodia as well. The basic elements of our plans, such as ceasefire, release of American prisoners, the ban on infiltration and base areas, and the holding of an international conference concerned all of Indochina. Militarily, we have provided air and logistic support to the internationally recognized governments in Vientiane and Phnom Penh. This policy has been essential to protect the independence of South Vietnam and to enforce the Indochina aspects of the Vietnam peace settlement.

In Laos and Cambodia we have never undertaken the primary role but have confined our efforts to supporting those of the indigenous governments. This is true both at the conference table and on the battlefield:

—We have supported the attempts of the Laotian and Cambodian Governments to negotiate peace either on their own or as part of an overall Indochina settlement. In these efforts they have taken the lead and shaped the nature of the settlements they were seeking.

—While negotiations have been blocked by Hanoi's intransigence, the Lao and Cambodians have carried the ground combat responsibility while we provided military and economic assistance and, at their request, air and logistic support. We also supported South Vietnamese

defensive strikes into North Vietnamese base areas in these two countries.

—Our role has been, and will continue to be, strictly limited: no U.S. ground combat personnel, a minimum American presence overall, and military support strictly tailored to the pressures of the North Vietnamese, the situation in South Vietnam, and the requests of the threatened governments.

—Our help has nevertheless been crucial for the independence of these countries and the pursuit of our objectives in Vietnam.

## LAOS

The United States Government has always favored a stable peace in Laos and the genuine independence and neutrality of that nation. Our objective has been a Laos free of conflict, free of outside forces, and free to determine its own future.

We therefore welcome the Agreement on Laos negotiated and concluded by the Laotian parties themselves on February 21, 1973. We hope that this Agreement, coupled with the related provisions of the Vietnam settlement, will secure a lasting peace in Laos and finally permit that country to devote itself to the tasks of reconstruction and development.

**A Fragile Peace.** In the negotiations on Vietnam we took the consistent position that there should be an early ceasefire in Laos as well as Vietnam. The shaping of a settlement there was, of course, up to the parties themselves. Our friends needed no encouragement from us to negotiate the end of the conflict, so we pressed in Paris for Hanoi to ensure Pathet Lao readiness to conclude a settlement.

Negotiations between the Laotian parties began on September 18, 1972, and ran parallel to our talks with the North Vietnamese. One of the issues still not resolved to our satisfaction in late October in Paris was the prospect for early peace in Laos. As we moved toward a final settlement for Vietnam, the Laotian parties made progress in their talks. By the time we signed the Vietnam Agreement on January 27, 1973, we were confident that a ceasefire in Laos would be achieved within a matter of weeks, and we knew that our prisoners captured in Laos would be released within sixty days. Final obstacles to a Laos settlement remained, however, when Dr. Kissinger visited Vientiane, Bangkok, Hanoi, and Peking in mid-February and accordingly the Laos situation was a major topic on the agenda for those visits.

During this period, the final issues were settled by the Laotian parties and the Agreement was signed on February 21, 1973. It has the following main provisions:

—Affirmation of respect for the Geneva Accords of 1954 and 1962.

—An immediate in-place ceasefire supervised by a Joint Military Commission with the assistance of the current International Control Commission (ICC), composed of India, Canada, and Poland.

—The formation of a new bipartite coalition government (the Provisional Government of National Union) and a consultative political council within 30 days of the ceasefire. The two Laotian parties were to negotiate and agree on the modalities and the exact membership in these bodies during the interim.

—The withdrawal of all foreign forces within 60 days after the installation of the new political bodies.

—The release of all POWs within the same 60-day period, except for Americans captured in Laos who were released within the 60 days provided for prisoner release under the Vietnam Agreement.

—The eventual holding of legislative elections to be organized by laws adopted by the new Consultative Council and Provisional Government.

—Pending these elections and the formation of a permanent government of national union, the separate administration by the two sides of the areas under their respective control.

Following signature of the Agreement, the Royal Laotian Government made a maximum effort to reach final agreement on the protocols implementing its political and military provisions. The government presented concrete proposals to the Pathet Lao in order to obtain agreements on these matters necessary to form the Provisional Government within the specified 30-day period and thus speed the withdrawal of North Vietnamese and other foreign forces. However, the Laotian Communists adopted obvious delaying tactics in the implementing talks, including keeping their senior negotiator away from the conference table for weeks on end. As a result, the 30-day period for the establishment of a new government and a Consultative Council passed without agreement.

The same pattern persisted on other related questions such as the talks concerning a Joint Military Commission and a revitalized ICC. Meanwhile, in blatant violation of its international obligations, North Vietnam has con-

tinued its military activities in Laos and expanded its logistics and base network there, threatening South Vietnam.

**U.S. Support.** We have consistently maintained the supporting role that the previous Administrations inaugurated. On the diplomatic plane, as already indicated, we have continually backed Prime Minister Souvanna Phouma's efforts to negotiate a peace.

In the face of enemy aggression, and in light of the threats to South Vietnam, we have also responded to the Laotian government's request for military and economic assistance. By Congressional action, our total assistance expenditures in Laos were limited to \$375 million in fiscal year 1973. Our economic aid efforts were devoted primarily to programs for the care of refugees and the stabilization of the heavily burdened Laotian economy. Military assistance involved primarily the delivery of supplies and equipment to the Laotian forces. These forces carried the ground combat role and, even in the air war, the Laotian Air Force provided much of the air support.

With the conclusion of a ceasefire in Laos, we look forward toward reductions in U.S. operations and expenditures there. Since the ceasefire, limited U.S. military activities in Laos have been conducted at the request of the government. They were necessitated by and taken in direct response to North Vietnamese and Pathet Lao violations of the Laos ceasefire agreement. Considerable financial assistance will continue to be needed.

—When requested, and within the provisions of the Agreement, we will provide military supplies so that Laotian forces can maintain a high level of readiness in the future.

—We will continue an adequate economic aid program to help the Lao move ahead to better their conditions and their lives.

—We will include Laos in the overall reconstruction effort in Indochina which we consider to be an important investment in peace.

Hanoi will largely determine whether the peaceful people of Laos will at long last gain a respite from conflict and enjoy a period of tranquility and progress. If North Vietnam and its allies observe the ceasefire in Laos, move toward completion of a definitive settlement, and honor the obligations of both the Vietnam and Laos settlements, they will find a forthcoming response from the Royal Laotian Government and its friends. If they choose instead to maintain an aggressive course, the

whole fabric of regional peace will be jeopardized.

## CAMBODIA

Our objectives and our policies in Cambodia run parallel to those in Laos.

We aim for an independent, neutral and stable country. We do not insist on any particular political orientation, but we believe any course should be the free choice of the people themselves, not one imposed by North Vietnamese arms. Nor should Cambodia be used as a sanctuary or staging area for Vietnamese Communist assaults on South Vietnam.

In light of these objectives, we have supported the Cambodian government. That government favors independence, neutrality, and stability. It is willing to deal with its indigenous opponents at the conference table. It is fighting North Vietnamese aggression not only against Cambodia but also against South Vietnam.

The Cambodians, like the Lao, are clearly innocent victims who wish only to live in peace. Like the Lao they are carrying the brunt of the battle for their self-defense, while we supply military and economic assistance and, when specifically requested, air support.

**The Past Year.** Since last year's Report, there has been little progress in Cambodia. The military picture has remained spotty and at times precarious. The Khmer armed forces have managed to contain most enemy thrusts and maintain control of the major population centers. However, Communist forces have often temporarily interdicted key routes and lines of communication in an attempt to isolate the urban areas. This has on occasion generated short-term needs for airlift or special land and water convoys to bring supplies to the capital and other cities.

The mixed security situation in Cambodia should be kept in perspective. Three years ago many observers thought that it would only be a matter of months, if not weeks, before the Communists would topple the Lon Nol government. Since then the Cambodian people have shown courage and resilience against repeated pressures. The Cambodian army has grown from a largely ceremonial force of 35,000 in 1970 to some 200,000, most of whom are volunteers. It has undertaken an internal reorganization, further training, and important reforms to develop its full potential for future self-defense. Progress in self-defense efforts, however, has been uneven and needs to be accelerated.

The crucial ingredient in Cambodia remains political stability. Since 1970 most of the population and opposition leaders have rallied in opposition to Communist aggression. Politically, there were both positive and negative developments during 1972. In the past year, the Khmer Republic adopted a Constitution, elected a president and a bicameral legislature, and put into operation various organs of government provided by the new Constitution. The government also initiated programs to improve community self-defense and to encourage the return of Khmer who have taken up arms against it. On the other hand, the leading non-Communist groups and personalities have not always worked effectively together and, at times, they have been openly at odds. This only serves to undercut morale, jeopardize the security situation, and prevent the establishment of an effective base from which to negotiate with the enemy if the enemy ever chooses to do so. Greater efforts for a unified front against the Communists are clearly needed. Recently, the Lon Nol government moved to broaden its political base by including more of the non-Communist opposition.

**The Continuing Conflict.** In the Vietnam negotiations we pressed very hard for an early peace in Cambodia to accompany the ceasefires in Vietnam and Laos. We succeeded in getting the clearcut provisions for both Laos and Cambodia of Article 20 included in the Vietnam Agreement. In response to our insistence that all American prisoners throughout Indochina be released within sixty days of that Agreement, we were assured that there were no Americans held captive in Cambodia. But while we signed the Agreement with the expectation that there would be an early cessation of hostilities in that country, we did not have the firm confidence in this prospect that we held for Laos.

During the final stage of the Paris negotiations, the other side repeatedly pointed out that the situation in Cambodia was more complex than in Laos because of the many factors involved and the lack of an established framework for negotiations. However, Communist actions in the Khmer Republic since the Vietnam and Laos Agreements raise serious questions about Hanoi's professed desire for early peace in that country.

The signing of the Vietnam Agreement brought a brief ray of hope to Cambodia. On January 28, 1973, the day the Vietnam ceasefire went into effect, President Lon Nol ordered

his forces to cease all offensive activities and urged the enemy to follow suit. He repeated his willingness to enter into direct negotiations to turn a *de facto* ceasefire into a more definitive settlement.

We welcomed these measures, suspended our own combat air operations in support of the Khmer forces, and hoped that the North Vietnamese and the Khmer insurgents would respond favorably. Unfortunately, then—and since—the Communist side rebuffed this gesture and all other efforts by the government to inaugurate contacts with a view to ending the fighting.

Instead, Hanoi to date has chosen to pursue its aggression in Cambodia. Indeed, since the Vietnam and Laos settlements, Communist military operations in Cambodia have reached new levels. Widespread attacks have continued, chiefly against the important lines of communications and the population centers. In light of this situation and at the request of the Khmer Government, the United States resumed the air operations in Cambodia which we had suspended in an effort to promote a

ceasefire. The objective of our assistance to Cambodia is the full implementation of the Vietnam Accords and an end to the fighting in Cambodia which threatens the peace in Vietnam.

The Cambodian Government has repeatedly declared its desire for a ceasefire and prompt political negotiations. We are prepared to halt our military activity in Cambodia as soon as there is a ceasefire. On the other hand, if Hanoi still pursues aggression in Cambodia, we will continue to provide the Khmer Republic with U.S. air support and appropriate military assistance. We will not introduce U.S. ground forces into Cambodia.

The Cambodian situation is a serious threat to the hard-won peace in Vietnam. The only feasible solution is an end to the conflict and direct negotiations among the Cambodians themselves. We fully support the efforts of the present government to launch this process.

We call on North Vietnam to observe its solemn pledges in the Vietnam Agreement and to give the people of both Laos and Cambodia the chance to live their own lives.

### Part III: Strengthening Partnerships

#### EUROPE AND THE ATLANTIC ALLIANCE

The United States has regularly renewed its commitment to the flourishing of trans-Atlantic unity with our oldest and closest allies. I carried this message to Europe immediately after taking office in 1969. It is a central element of this Report to the Congress, for no aspect of U.S. foreign policy commands greater attention and care than our relations with Western Europe.

I have referred to 1973 as the year of Europe, not because we regarded Europe as less important in the past or because we expect to overcome the problems of the Atlantic Community in any single year. This will be a year of Europe because changes in the international environment, and particularly in Europe, pose new problems and new opportunities.

The alliance between the United States and Western Europe has been a fundamental factor in the postwar era. It provided the essential security framework for American engagement in Europe and for Western defense. It created the political confidence that allowed the

countries of Europe to recover from the devastation of the war. It helped to reconcile former enemies, a prerequisite for European unity. And it was the principal means of forging the common policies that were the source of Western strength in an era of tension and confrontation.

When the alliance was created, power relations, economic factors, and political conditions were far different than today: traditional power centers in both Europe and Asia were greatly weakened, and the United States and the Soviet Union had emerged with vastly enhanced strength and influence as leaders of hostile coalitions in Europe. Western Europe looked to America for protection and for leadership. The alliance came to rely on American prescriptions and became accustomed to ratifying American solutions to the major military, political, and economic problems.

When this Administration took office, a period of transition had begun; new trends affecting America's relations with Europe were already evident:

—Western Europe's economic and political revival coincided with deepening divisions in the Communist world. The bipolar confrontation of the postwar period no longer dominated international relations. Alliance relationships in Europe coexisted with increasingly fluid international relationships. Both sides of the Atlantic had to recognize that a new balance of power in the world would challenge our unity.

—In Europe, as the military vacuum was filled by the strength of the Atlantic coalition, the danger of war receded. But the altered strategic environment created totally new problems of deterrence and defense.

—The European unity forged by the original six members of the Common Market made Europe a formidable economic power. Expansion of the European Community to include the United Kingdom, Denmark, and Ireland added a new political dimension to economic integration.

In these conditions, America's relations with the new Europe were bound to change. In the three fundamental aspects—economic, military, and political—trans-Atlantic relations had come to be based on different principles that led to different modes of action:

—In economics, members of the European Community, individually and collectively, stressed regional autonomy, while the United States remained dedicated to the integrity of an open international system.

—Militarily unity was the predominant factor: the NATO allies operated on the principle of integrated forces and common strategic planning. But forces designed when the United States enjoyed an unqualified strategic advantage had not been fully adjusted to the reality of a more nearly equal strategic balance with the Soviet Union.

—Politically, the Western Allies shared abstract goals of detente, but we had not developed new principles to reconcile national objectives with demands for a unified Western policy.

Now, America and Europe are challenged to forge a more mature and viable partnership in which we cooperate:

—in developing a new and more equitable international economic system that enables the Europeans to reinforce their unity, yet provides equitable terms for the United States to compete in world markets;

—in providing a strong defense with the forces necessary to carry out a realistic strat-

egy in light of the nuclear balance of the 1970's while meeting our mutual defense commitments with an equitable sharing of the burdens;

—in building a common framework for diplomacy to deal with fundamental security issues—such as mutual and balanced force reductions—in the new international environment, reconciling the requirements of unity with those of national interest.

In the past four years we have progressed toward these goals. The advances have been more pronounced in diplomacy and defense because habits of consultation were longstanding in these areas and common interests were easier to define. Fundamental problems persist in economic relations with the European Community. Though Europeans have begun to pursue a collective economic policy, their lack of a comparable degree of political unity handicaps the resolution of economic issues with the United States.

#### **Atlantic Partnership and European Unity**

Throughout the postwar period, the United States has supported the concept of a unified Western Europe. We recognized that such a Europe might be more difficult to deal with, but we foresaw manifold advantages. Unity would replace the devastating nationalist rivalries of the past. It would strengthen Europe's economic recovery and expand Europe's potential contributions to the free world. We believed that ultimately a highly cohesive Western Europe would relieve the United States of many burdens. We expected that unity would not be limited to economic integration, but would include a significant political dimension. We assumed, perhaps too uncritically, that our basic interests would be assured by our long history of cooperation, by our common cultures and our political similarities.

**The Economic Dimension.** The advance toward the goal we supported for so long has, in fact, created a new dimension in European-American relations. Mutual prosperity developed on the principle of relatively free trade. As the European Community progressed, however, it designed policies to protect its own special interests. Moreover, its growing economic weight stimulated other states to protect their access to that thriving market of more than 250 million persons. The prospect of relatively closed trading systems within Europe, notably in agriculture, and in preferential

arrangements with third countries, was proceeding as the United States was suffering an increasingly unfavorable balance of payments.

In the area of monetary policy, the European Community has to a large degree been preoccupied with the search for a reasonable path toward internal monetary unity. At the same time, the growing strengths of some of its national economies—and relative weakness of others—have both impeded that progress and limited the will and ability of Europe to deal effectively and expeditiously with fundamental reform of the international monetary system.

The Europeans have thus been pursuing economic regionalism; but they want to preserve American protection in defense and an undiminished American political commitment. This raises a fundamental question: can the principle of Atlantic unity in defense and security be reconciled with the European Community's increasingly regional economic policies?

We have also faced challenges in redefining our relationships with the other North American member of the Atlantic Alliance—Canada. Our northern neighbor has been reassessing its position in the world just as we have been establishing a new view of our own. Frank reappraisals of our respective interests have brought some new problems to the fore, particularly in economic relations between the two countries. When I visited Ottawa in April 1972, I reaffirmed with Prime Minister Trudeau our common belief that mature partners must have autonomous, independent policies and explored with him how we might work together while respecting Canada's right to ensure its own identity and to chart its own economic course.

**A Comprehensive Approach.** We thus face a new situation. There are elements of economic conflict, and there has been a lack of direction. Concrete economic issues, not abstract principles, must be addressed. But if economic issues are confronted in isolation, or from purely technical perspectives, each party will try to protect its own narrow commercial interests. The outcome will be a deadlock, with the prospect of constant conflict.

The overriding task is to develop a broader political perspective from which we can address these economic questions, one that encourages reconciliation of differences for the sake of larger goals. Each partner will have to subordinate a degree of individual or regional autonomy to the pursuit of common objectives. Only by appealing to interests that transcend

regional economic considerations can inevitable deadlocks be broken.

We have begun to move toward a comprehensive European-American dialogue. An essential first step was the European decision on the nature and scope of the relations with the United States. Last October, the leaders of the European Community met to chart their long-term course. The keynote was sounded by President Pompidou:

Our links with this great country, the world's foremost economic power, with which eight of our countries are united within the Atlantic Alliance, are so close that it would be absurd to conceive of a Europe constructed in opposition to it. But the very closeness of these links requires that Europe affirm its individual personality with regard to the United States. Western Europe, liberated from armies thanks to the essential contribution of American soldiers, reconstructed with American aid, having looked for its security in alliance with America, having hitherto accepted American currency as the main element of its monetary reserves, must not and cannot sever its links with the United States. But neither must it refrain from affirming its existence as a new reality.

This was an invitation to begin the complex process of redefining our basic partnership, a goal we had set in 1969. Accordingly, on October 27, I strongly endorsed the European Community declaration:

It is, and has always been my own deeply held view that progress toward a unified Europe enhances world peace, security, and prosperity.

It is also of the highest importance that the United States and Europe work closely together. For this reason I particularly welcome the Community's declared intent to maintain a constructive, forthcoming dialogue with us . . . I wish to reaffirm our commitment to work with the members of the European Community for reform of the international economic system in a way which will bring about a new freedom of world trade, new equity in international economic conduct and effective solutions to the problems of the developing world.

These are the objectives with which the United States will approach forthcoming negotiations on monetary and trade reform. We will be prepared to take hold action with our European partners for a more equitable and open world economic order.

The stage is now set for comprehensive negotiations with our European partners. In effect, these negotiations began in my meetings with Prime Minister Heath, NATO Secretary General Luns, Premier Andreotti, and Chancellor Brandt. They will continue when I meet with President Pompidou and when I visit Europe later this year.

The issues we face are not abstract. European unity is not at issue. Nor are the requirements for common internal and external policies which reinforce that unity. Our aim is to examine concrete problems that impinge on the

specific interests of the United States and to agree on a comprehensive way to resolve these issues.

Major negotiations will begin next fall on international trade. Our basic objectives are to restore the integrity of a more open trading system that was the underlying principle of the General Agreement on Tariffs and Trade (GATT), and to halt the drift toward economic protectionism on both sides of the Atlantic. We believe there should be a gradual reduction in tariffs and other barriers to trade in both industrial and agricultural products. We believe also that the adverse effects of preferential trading arrangements between Europe and less developed countries should be eliminated. Such arrangements should not work against the ability of the United States or others to compete in European markets or those of the countries with which it has special trade arrangements.

These, and many broader problems discussed in the chapter on international economic policy in this Report, require major reforms. The negotiations will be protracted and difficult. If, however, we can confront our economic differences in the same spirit of partnership developed in defense, we can reinforce Atlantic unity.

#### Alliance Defense

In April 1969 the North Atlantic Alliance completed its twentieth year. For two decades the nations of the Atlantic community had been united in a formidable coalition. No military alliance in modern times has so successfully maintained the peace. Unity had come naturally in military affairs because the threats to Europe were unambiguous, the requirements to meet them were generally agreed upon, and the basic strategy of nuclear retaliation was credible and effective.

By the mid-1960's, however, it was increasingly clear that military conditions had changed and that earlier strategic assumptions were no longer realistic. At the meeting of NATO foreign ministers in April 1969, I stressed the need to reexamine the Alliance's military position in light of the strategic and political environment of the 1970's. Certain factors were of overriding concern:

—The West no longer enjoyed the nuclear predominance it once possessed. The Soviet Union was greatly expanding its strategic forces; the United States had ended its building programs in favor of qualitative improvements. Strategic arms talks, if they succeeded,

would almost certainly codify a balance that was roughly equal.

—Anticipating this new strategic balance, the allies had quite correctly developed a new doctrine of flexible response to meet threats with means other than immediate and massive nuclear retaliation.

—In conditions of near strategic parity, the ability to defend Western Europe with conventional forces assumed far greater significance than in the 1950's, when the West could afford temporary weaknesses because of the American nuclear guarantee.

In these circumstances, actual alliance performance was inconsistent with the implications of the strategic balance:

—Despite adoption of a new doctrine, the composition, levels, and armaments of NATO forces remained virtually unchanged. Indeed, with U.S. redeployments in 1968, as well as previous reductions, the level of NATO forces had declined.

—Soviet forces in Eastern Europe, on the other hand, were being reequipped and modernized. After the invasion of Czechoslovakia, the forward deployment of Soviet forces increased by several divisions. Meanwhile, the United States had withdrawn one and one-third divisions.

—Spending for defense in the NATO area, measured in real purchasing power, declined steadily from 1964 through 1969.

—The distribution of defense costs had shifted. Manpower absorbed an increasingly larger share of expenditures while equipment purchases declined.

—There was no agreement among the allies on a common level of supplies in critical munitions. Yet, obviously, if certain countries could sustain combat for only a few days, it was irrelevant that others had stocks for much longer periods.

—There was agreement on the importance of conventional defense, but a reluctance, especially in Europe, to give priority to non-nuclear capabilities. Europe feared that doing so might imply a weakening of the credibility of the nuclear deterrent.

In addition, there was concern in the United States about our heavy commitments to the Alliance in manpower and expenditure. Critics persistently asked why the United States could not reduce its forces in Europe. Moreover, there was a growing opinion that our European deployments only further aggravated an already adverse balance of payments.

This environment of 1969-70 led me to insist on a full-scale review, not only of the American commitment but also of the Alliance's policies. It was futile to simply debate whether the United States should cut its forces by this or that number. The real issues were whether those forces were the instruments of an agreed and rational strategy, whether their presence made an essential difference, and whether the burdens of commitment were shared equitably.

Throughout 1969 and 1970 the United States and its allies engaged in a searching reexamination of defense policy. The principal results, announced in December 1970, were significant:

—All agreed it was essential to reverse the trend of declining capabilities and adopt a concerted, long-term program to improve existing conventional forces.

—The European allies agreed to a specific five-year program to improve and modernize their own forces by spending more for equipment.

—The Alliance concluded that a commitment of substantial U.S. forces was indispensable to Western Europe's defense.

—We, in turn, reaffirmed our commitment to maintain and improve our own forces in Europe, given a similar effort by the allies.

**Force Improvements.** Our European allies increased defense expenditures in both 1971 and 1972. Even allowing for inflation, the net increase was three to four percent. In each year since 1970, they have committed an additional \$1 billion through the European Defense Improvement Program. Their defense budget increases in 1972 were more than \$1 billion, and last December the European Defense Ministers announced that in 1973 their additional contributions would total \$1.5 billion. Since 1970, the European allies have increased equipment expenditures by \$1.4 billion. During 1971 and 1972 they bought 1,100 main battle tanks, 700 antitank weapons, and 400 modern combat aircraft, as well as other equipment. This has been an impressive response in a period of rising costs and of growing demands of domestic programs.

**Sharing the Defense Burden.** Improvements in European forces are the most important aspect of sharing the defense burden. As almost all European defense expenditures are directly related to NATO, increased European effort means in practice that the U.S. share is less. This is an appropriate solution, since the United States maintains forces to meet global commitments and therefore devotes a much

higher share of its economic product to defense than do the Europeans.

There is another aspect of the defense burden, however, that has not been satisfactorily resolved. Our position is unique in that our deployments in Europe add significantly to our general balance of payments deficit. In 1972 the United States spent about \$2.1 billion in other NATO countries to support our NATO deployments. Allowing for NATO military spending in the United States, mainly for equipment and training, our net military deficit was about \$1.5 billion. This net deficit has risen since 1970 and for a variety of reasons, including the devaluation of the dollar, will continue to rise.

In previous years, the Federal Republic of Germany offset a large part of this deficit, primarily by purchases of military equipment in the United States. In the current agreement for 1972-73, the German government also contributed to the costs of rehabilitating the barracks for U.S. forces in Germany.

Nevertheless, the Alliance as a whole should examine this problem. As a general principle, we should move toward a lasting solution under which balance of payments consequences from stationing U.S. forces in Europe will not be substantially different from those of maintaining the same forces in the United States. It is reasonable to expect the Alliance to examine this problem this year. Eliminating the periodic requirement to renegotiate a temporary arrangement with only one ally would strengthen the solidarity of the Alliance as a whole.

**The Role of United States Forces.** The efforts undertaken by our allies since 1970 are the basis for my pledge to maintain our NATO commitments. At the NATO Council meeting last December, I reaffirmed my position:

In light of the present strategic balance and of similar efforts by our allies, we will not only maintain but improve our forces in Europe and will not reduce them unless there is reciprocal action by our adversaries.

This pledge rests on a fundamental view, as valid today as it has been since World War II, that the security of Western Europe is inseparable from our own.

The conditions of this decade require the United States to maintain substantial forces in Europe. In conditions of near strategic parity, a strong capability to defend with non-nuclear forces becomes increasingly important; the United States contributes about one-quarter of NATO's forces in Europe's vital central region, though our allies' proportionate



share of forces in the entire European NATO area is far higher.

The balance of conventional forces in the center of Europe would be seriously upset by the unilateral withdrawal of a substantial number of U.S. forces. Unless our reductions were completely replaced by European forces, deterrence would be weakened. In the event of hostilities, a weaker conventional defense could confront the Alliance with the choice of either capitulating or using nuclear weapons immediately.

Defense cooperation within Europe may be a long-term alternative to the American troop contribution. But the prerequisite for such an alternative is a far greater degree of European political unity. Yet even if such unity develops, it is unlikely that the Europeans alone could maintain a strategic balance against the enormous nuclear power of the Soviet Union.

In short, disengaging our forces would risk serious instability in Europe, the consequences of greatly enhanced Soviet influence, and the dangerous implications of a greater reliance on nuclear weapons. If, on the other hand, we and our allies maintain our strength, we can contribute to political stability, reduce the likelihood of war, and conduct a credible diplomacy to negotiate a mutual reduction of forces.

We cannot enter serious negotiations if, at the outset, we or our allies allow our positions to weaken. I intend to maintain an effective American military contribution to the alliance and to pursue negotiations for a mutual force reduction that will create a viable balance in which the incentives for attack are effectively eliminated.

**Unfinished Tasks.** In the past four years the Alliance has diagnosed some fundamental weaknesses and agreed on remedies. In 1971 and 1972 we embarked on a concerted effort to improve our forces. The immediate and, in many ways, the most urgent problem has been faced. We are now in a position to examine more systematically some of the longer-term issues:

—In the later 1970's, all allies will face the enormous expense of maintaining more sophisticated equipment, paying larger costs for personnel, and maintaining a high degree of combat readiness while national conscription may be eliminated or the terms of service reduced.

—In these circumstances, it is essential to define more precisely what we mean by an adequate NATO defense. Specifically, what do we mean by forward defense? Should we plan

for maximum effort during some initial period of combat? Should we plan for a sustained effort over a longer period? If so, for what purpose? Can we maintain the logistical support for a sustained defense?

—If we can maintain the high level of conventional defense that is our goal, we still must examine our nuclear doctrines. When, in what way, and for what objective should we use tactical nuclear weapons? How do independent national nuclear forces affect Alliance decisions? Do we require different institutions to examine such overriding issues within the Alliance?

—What is the relationship between existing and planned defense programs and the diplomatic effort to reduce forces?

The answers to these questions are vital to Alliance policy in the 1970's. They require urgent but careful consideration. The United States believes that a strong conventional defense is essential to credible deterrence and that the Alliance must also possess a credible nuclear deterrent. But in the strategic conditions of this decade these issues must be re-examined, and the contribution of each ally determined for the long term.

In particular, the prospect of mutual and balanced force reductions in Central Europe raises some immediate questions for the Alliance. Mutual force reductions are first of all a military problem; specific reductions must be measured against their effect on our defense capabilities. We therefore need a common security concept within which we can contemplate some reductions. If we justify force reductions as part of a political accommodation, or as a means to promote detente, the Alliance will be involved in endless debate over what level of reductions will produce what degree of political relaxation. In such a debate, it would be almost impossible to find an answer that would satisfy everyone and that would not undermine security.

Our objective should be to create a military balance that is more viable because it deals with the concerns of both sides and is seen by all to be in the common interest. We want a greater degree of stability, in which neither side gains an advantage because of lower force levels.

The Alliance should thus proceed on three parallel courses: first, to continue the effort to bring our forces to the level and quality required by the doctrine of flexible response; second, to review the strategic options involved in conducting a nuclear defense if necessary;

and third, to prepare within the Alliance a military-political framework that integrates defense planning with the diplomacy of negotiating mutual and balanced force reductions.

**Alliance Diplomacy.** Through most of the 1960's, the problem of reconciling allied unity with national diplomacy was not critical. East-West relations were virtually frozen. Confrontation required less in the way of creative initiative, but put a premium on allied unity.

This broad cohesion and strength of the Alliance contributed to the changing international conditions that in turn offered a new opportunity for Alliance diplomacy in 1969. But important political problems also emerged.

—International diplomacy is still conducted by nation states. The European members of NATO have regional security interests, which they must accord priority, and each ally has a national stake in European security. Increasingly in recent years, however, individual European states have pursued their bilateral relations with the Soviet Union as well as with other members of the Warsaw Pact.

—The United States has vital interests outside of Europe, and must deal bilaterally with the Soviet Union on strategic matters and on many global issues. Each member of NATO, however, has an interest in, and is affected by, the development of U.S.-Soviet relations; our allies wish to influence our relations with the Soviet Union to strengthen their own security. At times our allies have urged the United States to be more flexible in approaches to the Soviet Union; in other periods, they have criticized us for moving too fast or too far in relations with Moscow.

In 1969, the NATO allies were persuaded that new initiatives were required but, in the wake of the invasion of Czechoslovakia, were uncertain whether to renew contacts with the East. Some allies regarded a European Security Conference as a possible starting point; others urged negotiations on force reductions. The United States was preparing for strategic arms limitation talks. Unless we would agree on a common strategy, no substantial progress could be expected that did not strain our unity. Accordingly, in April 1969, I urged the Alliance to revive the process of close consultations and committed the United States to continuing Alliance review of SALT. Consultations would address certain general tasks.

First, we needed to identify the specific sources of tensions that might be resolved.

Second, we had to agree on how to manage

the priorities and interrelationship among major issues: those of primary concern to one country, for example West Germany's Eastern policy; those of regional concern, such as mutual force reductions and a European security conference; and those of international concern, such as SALT.

Third, we had to recognize that issues would be dealt with by different countries in different forums. Such diversity required an essential harmonization of purposes as well as a degree of national autonomy.

**Initial Progress.** The United States urged that the Alliance take the initiative in proposing negotiations on Berlin as an essential first step. Berlin was a natural starting point for several reasons. It was a source of recurrent confrontations. If the Soviet Union chose, it could continue exploiting the vulnerability of West Berlin's access routes across East Germany to exert pressure against West Germany and the three Western Powers. On the other hand, there was no objective reason why the Soviet Union could not permit practical improvements in travel to Berlin if, as it claimed, it had a serious interest in a relaxation of European tensions. If we could not resolve this one specific issue, there was little prospect of resolving broader security questions.

Thus, the negotiations over Berlin were an initial opportunity to explore whether East-West relations could move away from the rigidities of the Cold War. Moreover, the Federal Republic of Germany had embarked on an Eastern policy to normalize its relations with the Soviet Union. Ultimately, the Federal Republic's ratification of its August 1970 treaty with the Soviet Union became dependent on the success of the Berlin negotiations being conducted by the United States, the United Kingdom, France, and the Soviet Union.

In September 1971, the first part of a Berlin agreement was reached. Unimpeded access between West Germany and West Berlin was guaranteed by the Soviet Union, without affecting the rights and responsibilities of the three Western powers in Berlin. The Agreement provided for subsequent negotiations between the Federal Republic, the West Berlin government, and East Germany over the modalities of access to Berlin and travel from West Berlin to East Berlin and East Germany. During my meeting with the Soviet leaders in May 1972, it was agreed that the final Protocol, bringing all parts of the Berlin agreements into effect,

would be signed on June 3, 1972. The West German government, following parliamentary approval of the treaties with the Soviet Union and Poland, proceeded to bring them into force, opening the way for it to negotiate a general treaty regulating relations with East Germany.

These past four years have been a period of active European and international diplomacy. In addition to the Berlin agreement and the German treaties, France agreed on a set of principles for political consultations with the Soviet Union. Canada agreed on a somewhat similar arrangement during Premier Kosygin's visit. West Germany and Italy negotiated long-term economic agreements with the Soviet Union. There have been several summit meetings between Soviet and West European leaders. And the United States agreed with the Soviet Union on strategic arms limitations, measures of bilateral cooperation, and some basic principles governing our relations.

In sum, the allies have intensified their national diplomacy within a framework of unity. But the very success of the past four years has created some new problems. Each of the European countries will want to continue the development of its own bilateral economic and political relations with the Soviet Union and Eastern Europe. The United States also wishes to pursue the favorable trends that have developed in our relations with the Soviet Union. Each of our allies naturally wants a major voice in negotiations affecting Europe as a whole, and in those aspects of Soviet-American relations that affect international stability.

Two specific issues will test the ability of the Western coalition to reconcile its unity with its diversity: the Conference on Security and Cooperation in Europe and the negotiations on mutual and balanced force reductions.

**The Conference on Security and Cooperation in Europe.** In March 1969, the Warsaw Pact revived its proposal to convene a European Security Conference. Such a conference would be largely symbolic; its purpose would be to confirm the territorial and political status quo in Europe. There was some feeling in the West that this proposal should be accepted; it was thought that it might be a way to dissipate the tensions over the invasion of Czechoslovakia in August 1968 and to test Soviet policy. Some viewed it as a way of creating a better atmosphere for subsequent talks, while others saw it as a link to more specific issues, such as force reductions.

We were skeptical about symbolic acts that failed to deal with the substance of East-West tensions. The urgent issues of European security were the tensions over Berlin and Germany and the military confrontation in Central Europe. We could not hand over our responsibilities in Berlin to a European conference. If we could not make progress on a central issue such as Berlin, the results of a broad conference would be illusory. To stimulate an atmosphere of detente through symbolic gestures could only lead to disillusionment and insecurity.

The United States, therefore, took the position that a European conference would only be acceptable if there was progress on specific issues, including the Berlin negotiations. A conference might be appropriate if individual countries succeeded in regulating their relations and resolving some of their territorial and political issues.

This was accomplished by West Germany's treaties with the Soviet Union and Poland, the Quadripartite Agreement on Berlin, and the SALT agreements. At my summit meeting with the Soviet leaders in May 1972, I agreed that we now could begin preparing for a European Conference with the aim of broadening European cooperation.

Preparatory talks began last November to find out whether there was sufficient common ground to justify a conference of Foreign Ministers. A provisional agenda is being developed, which the Foreign Ministers could consider. Progress thus far suggests that the conference can be convened this year and that it may be possible to move forward on several important questions.

—The participants will address certain principles of security and cooperation. If all European countries subscribe to common principles of conduct, and carry them out in practice, there could be a further relaxation of tensions. Certain military security matters designed to improve confidence will also be considered.

—The conference would be an appropriate forum to discuss practical cooperation in economics, cultural exchange, science, and technology, on which there has already been progress in bilateral relations.

—The conference can consider how to facilitate contacts among the peoples of Europe and how to encourage countries to exchange ideas and information.

The Conference on Security and Cooperation

in Europe thus can set a new tone for European relations and establish new modes of conduct and means of cooperation. These would be practical steps toward normal relations.

**Mutual and Balanced Force Reductions.** The exchanges leading up to the conference also acted as a bridge to negotiations on a more specific and central security issue—mutual and balanced force reductions in Central Europe. The prospects for arms control in Europe are obviously linked to political improvements between East and West. Throughout the 1950's and 1960's there were proposals for arms control in Europe. But it was unrealistic to expect to negotiate a reduction of forces—for example, in Germany, where there were almost continuous crises over Berlin. Moreover, the reduction of military forces in Central Europe was related to the strategic balance between the United States and Soviet Union and to the political situation within the Warsaw Pact.

For these reasons, the NATO proposals of June 1968 to begin negotiations on force reductions were received coolly by the Warsaw Pact. Not until the Berlin and SALT agreements were concluded in 1972 was it possible to work out a sequence for beginning negotiations in separate forums on a Conference on Security and Cooperation in Europe and on mutual and balanced force reductions.

The initial talks on mutual and balanced force reductions, now underway in Vienna, will lay the groundwork for more formal negotiations next fall. The military and arms control aspects of force reductions are treated in other sections of this Report. Certain points that affect Atlantic political unity should be summarized.

Perhaps more than any other single issue, the problem of force reductions crystallizes the basic issue of reconciling Alliance unity and national diversity. We will need an unprecedented degree of unity on fundamental military and political security questions. The outcome of the negotiations will affect the entire Alliance, regardless of who sits at the table or which forces are reduced. Indeed, the very process of negotiating will test our common purposes.

Each member brings to this issue strongly held national viewpoints. We must avoid efforts to protect national interests by procedural devices or tactical solutions. That approach would merely defer or avoid the hard questions. Ultimately it will be disruptive and open the Alli-

ance to exploitation by the other side. Our goal must be agreement on basic security principles. We must meet individual national concerns within a common concept of security, and forthrightly address the question of how to maintain our security at reduced force levels. The issues are highly sensitive, and Alliance discussions will be painstaking and difficult.

The United States is engaged in the most serious consultations with our allies to prepare for negotiations later this year. Force reductions in Central Europe are, of course, an element of the complex of U.S.-Soviet relations. The U.S. and Soviet forces are comparable in that they are not indigenous to Central Europe and might be candidates for reduction.

The United States will not subordinate the security of the Alliance to Soviet-American relations. We are aware of European concerns in this regard. Repeated American reassurances, however, have not alleviated these concerns. Mutual confidence within the Alliance will develop only through an agreement on the basic security framework for the negotiations.

#### **Relations With Eastern Europe**

The improvement in our relations with the Soviet Union during 1972 has created a better atmosphere for our relations with the countries of Eastern Europe. But we do not regard our relations with any East European countries as a function of our relations with Moscow. We reject the idea of special rights or advantages for outside powers in the region. We welcomed and responded to opportunities to develop our relations with the East European countries long before the Moscow Summit. And we shall continue to seek ways to expand our economic, scientific, technological, and cultural contacts with them. Mutual benefit and reciprocity are governing principles.

As the postwar rigidity between Eastern and Western Europe eases, peoples in both areas expect to see the benefits of relaxation in their daily lives. These aspirations are fully justified. An era of cooperation in Europe should produce a variety of new relationships not just between governments but between organizations, institutions, business firms, and people in all walks of life. If peace in Europe is to be durable, its foundation must be broad.

My visits to Romania in 1969, Yugoslavia in 1970, and Poland in 1972 were designed to help open the door to these broader relationships.

During my visit to Warsaw last June, I agreed with the Polish leaders to increased U.S.-Polish trade and exchanges in science, technology, culture, tourism, and transportation. A joint American-Polish trade commission has been established. After our governments had reciprocally agreed to export financing arrangements, I determined that Export-Import Bank credits should be made available for transactions with Poland. Other agreements to facilitate trade, increase exchanges in science and technology, and improve consular facilities also have been signed.

Secretary of State Rogers' visit in July to Yugoslavia reaffirmed our long-standing and cordial relationship with that important non-aligned country. Its independence, political stability, and economic well-being are key factors for continuing peace in Europe.

Romania's desire for close and mutually beneficial relations has led during the past three years to practical cooperation and to helpful consultations, including my visit to Bucharest and President Ceausescu's trip to Washington. Last year we approved the extending of guarantees to private investment in Romania, and I continue to hope that the Congress will provide authority to extend Most Favored Nation tariff treatment to that country. In December we signed the most comprehensive cultural and scientific exchange agreement in the history of our relations with Romania.

Last summer Secretary Rogers signed consular conventions with both Romania and Hungary. His visit to Budapest and the subsequent settlement of the long-standing United States claims against Hungary have improved prospects for more normal relations.

We remain ready to establish constructive relationships on a reciprocal basis with all countries in Eastern Europe. Differences in social, economic, and political systems exist, and must be acknowledged frankly. But they will not bar our cooperation with any country that seeks it.

### The Outlook

In 1972, the face of world politics changed dramatically. But one constant factor in this changing pattern has been the close relationship among the Atlantic allies. It has been true, however, that as the relaxation of East-West tensions became more pronounced, some of our allies questioned whether the United States

would remain committed to Europe or would instead pursue a new balance of power in which the older alignments would be diluted and distinctions between allies and adversaries would disappear. Apprehensions may be inevitable in a period of great international change after a long period of confrontation. As relations between adversaries are ameliorated, those not directly involved tend to worry that their own interests are somehow subordinate to new relationships.

But the United States will never compromise the security of Europe or the interests of our allies. The best reassurance of our unity, however, lies not in verbal pledges but in the knowledge of agreed purposes and common policies. For almost a decade the Alliance has debated questions of defense and detente—some urging one course, others a different priority. Now the debates should end. We must close ranks and chart our course together for the decade ahead. There is an obvious agenda for Alliance action.

—The United States supports European unity, as we always have. But now we need to define together the basis of cooperative economic relations between the United States and the European Community in this decade. To do this, we need a new affirmation of our common goals, to give political direction to our economic negotiations and promote cooperative solutions.

—The United States will maintain its forces in Europe. We will not withdraw unilaterally. But together we need to agree on our common defense requirements and on the contributions each ally and the Alliance collectively must make to preserve our security in new conditions.

—We need a concerted strategy for dealing with security and diplomatic issues of common concern, in whatever forum these are pursued.

—In the 1970's we face new common issues, such as ensuring the supply of energy resources for industrialized nations. This must be a new area of our cooperation.

1973 is the year of Europe because of the historic opportunities we face together. The United States, Canada, and Western Europe have a decisive contribution to make to a healthy world economy and to a new peaceful international order. These are new creative tasks for our partnership.

### JAPAN

Today we see a new Japan. Her emergence

is one of the most striking new features of the international landscape of the 1970's and one of the most dramatic transformations since the period following the Second World War. To speak of Japan's phenomenal economic performance has long been commonplace. Less noted, more recent—and of fundamental importance—is the impact of this power on the international political order. This is a challenge for Japanese policy, for American policy, and for the alliance that binds us together.

—In the economic dimension, Japan is a superpower. By 1968 she was the world's third greatest industrial nation, and she may become the second greatest within a decade's time. Her rate of real growth annually in the 1960's was 11.3 percent, the fastest of any industrial nation. She impacts upon the world as a trading power of enormous strength: over the period 1968–1971 her exports grew faster than 20 percent per year. In 1971, she ran an extraordinary trade surplus of \$4.1 billion with the United States, \$1 billion with the European Community, and \$9 billion with the world as a whole. A chronic imbalance of such scale could not fail to have implications for the stability and equity of the international economic system.

—In her foreign economic policy, while not in her diplomacy and security policy, Japan began as early as the mid-1950's to move out independently. Her economic assistance to the developing world is second only to that of the United States, and more than a third of it is in the form of credits tied to Japanese exports. Japan has long had trade relations with the major Communist powers. Unofficial Japanese trading relationships existed with the People's Republic of China as early as 1952, and Japan had an unofficial trade office in Peking by 1964; by 1971, when American trade with the People's Republic was still negligible, Sino-Japanese trade was \$900 million. Japan signed a Treaty of Commerce and Navigation with the Soviet Union in 1957, which has been the basis for a series of subsequent trade agreements; in recent years they have begun cooperation in the development of Siberian resources—an economic relationship of great potential. While the United States held back from East-West trade, Japan staked out for herself a role in bridging the gap between East and West with her economic ties.

—It was inevitable that these economic relations would develop into political ties, particularly in the new atmosphere of detente. Japan has moved actively in this direction in the past

two years. Prime Minister Tanaka's historic visit to Peking in September 1972 led to the establishment of full diplomatic relations, again putting formal Sino-Japanese ties at a more advanced stage than Sino-American relations, while she still maintains her extensive economic ties with Taiwan. Japan and the Soviet Union reopened discussions in 1972 of a possible final peace treaty and territorial settlement, in the interest of normalization of their political relations. Prime Minister Tanaka will shortly match his visit to Peking with a visit to Moscow. Japan has now moved out in many directions into the arena of complex geopolitical relationships among the major powers.

—Japan has accelerated and broadened her political involvement in Asia in particular. She extended recognition to Mongolia and Bangladesh in advance of the United States, as did a number of other nations. She has taken a special interest in the security and diplomacy of the Korean peninsula, and in postwar reconstruction in Indochina, opening in the process a dialogue with North Vietnam. She takes a greater part today in regional institutions. Asia is the focus of her economic assistance to the developing world. It is an active diplomacy of Asian involvement, after a generation.

—Japan has now come into increasing interchange with the world beyond Asia and the Pacific, both as a participant and as a competitor. The communiqués of my summit meetings with Prime Ministers Sato and Tanaka reflected our review of global problems, including arms control and East-West diplomacy. Japan's economic expansion has brought her increasingly into the markets of Europe and Latin America. Her political contacts with Europe are steadily expanding; in September, for example, Prime Minister Heath became the first British Prime Minister to visit Japan, and Prime Minister Tanaka plans a return visit this fall. Japan's dependence on Middle East oil has given her a special interest in the energy problem. Her participation in United Nations diplomacy has grown more active, and she has shown interest in claiming a permanent seat on the Security Council as a major power.

—In the security field, Japan has for years relied on her Treaty with the United States and on the American nuclear deterrent, which freed resources and energies that would otherwise have been required for defense. But she has steadily improved her own conventional defenses, emphasizing modernization rather than size, upgrading her forces in firepower, mo-

bility, and anti-submarine warfare and air defense capability. Her Fourth Defense Plan, for 1972-1976, doubles the expenditure of her Third Plan. This still represents less than one percent annually of her Gross National Product, while this Gross National Product has been growing at over ten percent a year. With the reversion of Okinawa, Japanese forces have now moved southward to take over its defense. These are important steps toward self-reliance and improved capacity for conventional defense of all Japanese territory.

This was an inevitable evolution.

There was no way that Japan and Japan's role in the world could go unaffected by the profound transformation of the international order over the last 25 years. All our alliances have been affected. The recovery and rejuvenation of allies has eroded the rigid bipolar system and given all our allies greater room for independent action. The easing of the Cold War military confrontation has brought other aspects of power—economic, in particular—to the forefront of the international political stage. U.S. military protection no longer suffices as the principal rationale for close partnership and cooperation. In every allied country, leadership has begun to pass to a new generation eager to assert a new national identity at home and abroad.

Japan's emergence is a political fact of enormous importance. Japan is now a major factor in the international system, and her conduct is a major determinant of its stability.

As I have indicated in each of my previous Foreign Policy Reports, I have been concerned since the beginning of this Administration that our alliance relations with Japan had to keep in step with these new conditions. We are faced with new responsibilities toward each other and toward the world. We are challenged to respond to this evolution creatively and together, to keep our alliance on a firm basis in a new era.

For the U.S.-Japanese alliance remains central to the foreign policies of both countries. We are two major powers of the free world, interdependent to an extraordinary degree for our prosperity and our security. The United States therefore places the highest possible value upon this partnership, as it has for more than two decades.

In this year of new commitment to strengthening our ties with Western Europe, I am

determined no less to strengthen our alliance with Japan.

### **Our Alliance and Its Evolution**

In 1969, when I came into office, the challenge of new conditions presented itself concretely in the issue of Okinawa. For 25 years since the war, the United States had retained the administrative rights to Okinawa to protect military installations there which were, and still are, vitally important to the defense of East and Southeast Asia. By the mid-1960's, however, the Japanese had come to feel strongly that our continued administration of Okinawa was inconsistent with Japan's national dignity and sovereignty. We risked a crisis in our relations if we did not respond.

Therefore, I made the basic choice: our long-term relationship with Japan was clearly our fundamental interest. Accordingly, at my summit meeting with Prime Minister Sato in November 1969, we announced our agreement on the reversion of Okinawa to Japanese administration by 1972. The United States could continue to use such facilities there as the two countries agreed were required for mutual security, but subject to the same terms as facilities elsewhere in Japan. At the same time, in the communique of that summit meeting, Japan and the United States declared more explicitly than ever before our joint commitment to active cooperation in diplomacy and security in the Far East, and in economic relations bilaterally and worldwide.

Thus in 1969 the United States acknowledged the new Japan. Our two governments addressed an outstanding problem, treated it as a common problem, and solved it. We reaffirmed our essential unity of purpose. In 1970, when the Treaty of Mutual Cooperation and Security became technically subject to review, neither government raised any doubt about its continuing validity and importance.

But the adjustment we made in 1969 proved to be only the beginning of a complex process of transition in our relations.

For twenty years we had achieved common policies in the areas of East-West diplomacy, economics, and mutual security with relative ease. It is clear today that this was in part the product of unique conditions in the postwar period that are no longer with us. An adjustment in all our alliance relationships was inevitable. Today, the harmony of our policies is far from automatic. We and all our allies have a heavy responsibility to proceed from an un-

derstanding of both the positive and the negative possibilities of our independent action.

It was also inevitable that this transition into a new political environment would pose a particular challenge for Japan.

The character of our alliance had been shaped in the period of Japanese dependence. Defeat in war had shattered her economy, political system, and national confidence. Occupation, the Cold War, and Japan's own renunciation of offensive military capability put her in the position of almost total reliance on our military protection. Japan accepted American leadership and only gradually came to take part in international diplomacy.

This was not an uncomfortable arrangement then for either the United States or Japan. The United States in the postwar period assumed the role and bore the responsibilities which our preponderant power gave us. We acted as the protector and champion of a network of alliances locked in rigid confrontation with the Communist world—as the leader, senior partner, and chief actor. Japan found this arrangement consistent with her own objectives—not only in the conditions of her postwar weakness but even for a time as she recovered her political and economic vitality. By geography and history, unlike most of our European allies, Japan was a late-comer to global multilateral diplomacy. Even in the twentieth century, her focus has been in the Pacific. The conditions she faced after World War II inevitably caused her to gear her policy and policy making structure to the needs of economic recovery and expansion.

By the time I came into office, an alliance relationship of this character—which was suited to postwar conditions and had served us both well—needed adjustment.

Japan's resurgence from a recipient of American aid into a major economic power and competitor was bound to affect the external political framework which had helped make it possible. In her dealings with the United States, in particular, Japan no longer needed or could afford an almost exclusive concentration on her economic advancement or a habit of acting as a junior partner. She still enjoyed the special advantage that her reliance on the United States for her security freed resources for her economic expansion. The political relationships which continued to safeguard her would require greater reciprocity in her economic relations.

Moreover, Japan was no longer just a re-

gional Pacific power dependent on the United States in the broader diplomatic field. Europe, Asia, North and South America, and Africa were now part of one vast arena of multilateral diplomacy in which Japan was a major factor. Japan was already acting autonomously in an expanding sphere. Her power now brought her new responsibilities. The weight of her economic involvement in the world—her stake in the free world's economic system, her extensive aid programs, and her growing economic ties with Communist powers—would require that she make her decisions on broader policy grounds than economic calculations. We and Japan, as allies, would have to face up to the problem of keeping our independent policies directed at common objectives.

These are the fundamental developments I have sought to address over the last four years. I have sought to adapt our partnership to these transformed conditions of greater equality and multipolar diplomacy. My three meetings with Japanese Prime Ministers, my decision on Okinawa, our discussions of new cooperation in the Far East and in bilateral and multilateral economic areas, and our policies toward China—were all part of this.

The intimacy of the postwar U.S.-Japanese alliance, however, inevitably gave Japan a special sensitivity to the evolution of United States foreign policy. We thus found the paradox that Japan seemed to feel that her reliance on us should limit change or initiatives in American policy, even while she was actively seeking new directions in many dimensions of her own policy. But our abandoning our paternalistic style of alliance leadership meant not that we were casting Japan or any ally adrift, but that we took our allies more seriously, as full partners. Our recognizing the new multipolarity of the world meant not a loss of interest in our alliances, but the contrary—an acknowledgement of the new importance of our allies. American initiatives, such as in China policy or economic policy, were not directed against Japan, but were taken in a common interest or in a much broader context—and in some cases in response to Japanese policies.

The underlying basis of our unity endured. The very centrality of the alliance in Japanese policy was at the heart of the problem. But Japan had to face the implications of her new independence and strength just as the United States was seeking to do. And until this psychological adjustment was fully made by both sides, anomalies in our relations were bound



to persist.

This is the background to the events of the past two years and the current public issues facing the U.S.-Japanese alliance.

### **The Issues on Our Common Agenda**

**The Economic Dimension.** The most urgent issue in U.S.-Japanese relations today is economic—the enormous imbalance in our bilateral trade. We must reduce this imbalance to manageable size in the earliest possible timeframe.

As Prime Minister Tanaka has recognized, this is not merely an American problem; it is also a Japanese problem. This is not only because persistent disputes over these economic issues threaten to disrupt the political relations that hold our alliance together; the imbalance is a threat to a stable international system in which Japan herself has a major stake. In 1972, Japan's trade was in surplus with all the major industrial nations of the world. As long as the United States remains the largest single factor in international trade and the dollar is still the principal factor in the monetary structure, the disequilibrium of the American position, in particular, is a chronic problem of the world system. The United States therefore seeks cooperative solutions, bilaterally and multilaterally, to build a new stable and open system of world monetary and trade relations.

The responsibility that falls on Japan as the free world nation with the strongest trading position is necessarily heavy.

The challenge to leadership on all sides is to give firm political direction to our economic relations because of the broader objectives that are at stake. Organizationally, on all sides, there is a tendency for actions to be taken or policies to be established from the viewpoint of a purely economic national interest or under pressure from particular domestic economic interests. This has only resulted in destabilizing both our economic and our political relations, and we can no longer afford it.

The U.S.-Japanese bilateral economic relationship is at the heart of the issue, it is extraordinary in its scale, importance, and interdependence. The Gross National Product of the United States and Japan together is 10 percent of the total Gross National Product of the world. Trade between us totalled \$12.5 billion in 1972. Japan is our most important trading partner in the world aside from Canada. Our economic policies, internal and global, necessarily affect each other bilaterally to a profound degree.

On August 15, 1971, the United States took

a number of unilateral economic steps which inevitably had a particular impact on Japan. They were emergency measures, forced upon us by a monetary crisis; for their focus was on putting our own house in order and in setting the stage for international reform. The measures which applied to our external relations were nondiscriminatory, affecting all our trading partners. The resolution of the crisis could only be achieved multilaterally, by cooperation among all the major economic nations, as was accomplished at the Smithsonian in December 1971. Coming a month after the China announcement, however, these measures intensified the fears of many on both sides of the Pacific that our relations with Japan were in danger. Unlike the case of China policy, where the divergence of interest between the United States and Japan was largely illusory, the strain in our economic relations was clearly real. It was a deep-seated and growing difficulty to which the United States had long been calling attention. The economic events of August 1971 had the salutary effect of finally bringing attention to this problem and bringing political urgency to its solution.

Japan's trade surplus with the United States reflects to a certain extent the competitiveness and productivity of the Japanese economy, as well as the slowness of American exporters to exploit potential markets in Japan. But to a significant degree it has been promoted by anachronistic exchange rates and an elaborate Japanese system of government assistance, complex pricing policies, and restrictions on imports and foreign investment in Japan—vestiges of an earlier period when Japan was still struggling to become competitive with the West. Japan's interest in protecting weaker sectors in her home market is now no different from that of every other nation. The requirement today is a fair system of mutual access to expand trade in a balanced way in both directions. Continued cooperation in dealing with this problem positively is crucial to the ability to fend off growing protectionist pressures and to ensure that the United States is able to address the issues of international trade positively as well. This is a political imperative for both sides.

We believe we have made some progress in the past year.

In January 1972 we concluded an agreement moderating the growth of Japanese synthetic textiles sales in the U.S. market, mitigating what had become a major irritant. Voluntary

quota arrangements have been reached governing steel. Last July, in preparation for my summit meeting with Prime Minister Tanaka, high-level bilateral negotiations at Hakone, Japan, produced important measures of liberalization of access to the Japanese market and commitments to increase Japanese purchases of agricultural products, civil aircraft, uranium enrichment services, and military items from the United States. At our meeting in Hawaii, Prime Minister Tanaka committed his government to promote imports from the United States and to reduce the imbalance to a more manageable size. The Japanese government has publicly pledged to reduce Japan's global surplus in foreign trade and other current transactions to one percent of Japan's Gross National Product in two or three years. A further step was taken at the end of April 1973 to liberalize restrictions on foreign investment in Japan.

Two major currency revaluations have raised the value of the yen by over 35 percent with respect to the dollar, and there are indications that these are beginning to have an effect on our trade. For the future there is interest on both sides of the Pacific in creating regular mechanisms of monitoring and adjustment, to anticipate trade imbalances in particular sectors and head them off before they generate protectionist pressures and political crises. This is a constructive approach, and we should pursue it.

The United States can only place the highest importance on the carrying out of these policies.

The problem, of course, is an international one. The multilateral realignments of currencies in December 1971 and February 1973 were important steps toward a solution, and Japan's participation in these was constructive and crucial. But the basic problem is structural, and the solution is a thoroughgoing multilateral reform of the system. Japan's active contribution to this process is indispensable, because no system is achievable or workable unless the most powerful economic nations are engaged in it and help actively to make it work.

It is no accident that the U.S.-Japan Security Treaty commits our two nations to "seek to eliminate conflict in their international economic policies and . . . encourage economic collaboration between them." Without conscious effort of political will, our economic disputes could tear the fabric of our alliance.

**Japan's New Diplomacy.** As Japan today moves out in many directions over the terrain

of multipolar diplomacy, it will be another test of statesmanship on both sides to ensure that our policies are not divergent. Japan's foreign policy will continue to be shaped by her unique perspectives, purposes, and style. Japan has interests of her own, of which she herself will be the ultimate judge. Our foreign policies will not be identical or inevitably in step. What will preserve our alliance in the new era is not rigidity of policy but a continuing consciousness of the basic interest in stability which we have in common. We must work to maintain a consensus in our policies.

Our respective approaches toward China in 1972 reflected the opportunities and complexities we face, as allies, in the common endeavor of reducing tensions with adversaries.

Japan had for many years been developing economic and cultural contacts with the People's Republic of China when the United States had virtually none. Geography, culture, history, and trade potential have always made China a powerful natural attraction for Japan. Some Japanese criticized the United States for the mutual isolation between the United States and the People's Republic of China, and offered Japan as a natural bridge between the two countries. Today, Japan has full diplomatic relations with the People's Republic, while the United States has not, and Japan's trade with China continues to exceed our own by a wide margin.

I have never believed, however, that American and Japanese interests in our China policies were in conflict.

On July 15, 1971, when I announced my forthcoming visit to Peking, Japan—because of her special closeness to the United States—feared that our independent action foreshadowed a divergence or conflict with Japan's interest, or a loss of American interest in the U.S.-Japanese alliance. It is obvious now that our China policy involved no inconsistency with our Japan policy. As I explained in last year's Report, I made a conscious decision to preserve the secrecy of Dr. Kissinger's exploratory trip to Peking until its outcome was clear. It was then announced immediately, and the announcement was followed up by a process of intensive substantive consultation with Japan, culminating in my meeting with Prime Minister Sato in San Clemente in January 1972, in advance of my Peking trip. Prime Minister Sato and I found that we were in substantial agreement on the major issues of peace in the Far East; the lessening of tensions in Asia was

the goal both allies sought. There was no diminution of our overriding commitment to our alliance.

In Peking a month later, when the People's Republic of China expressed its reservations about the U.S.-Japan Security Treaty and its fears of so-called Japanese "militarism," the United States declared categorically in the Shanghai Communique itself that "the United States places the highest value on its friendly relations with Japan" and "will continue to develop the existing close bonds."

At my summit meeting in Hawaii with Japan's new Prime Minister, Kakuei Tanaka, we addressed our common diplomacy as well as our economic problems. We discussed global issues, Asian issues, and bilateral issues, and strongly reaffirmed the commitment of both countries to our political alliance. It was quickly evident that our China policies, while not identical, were still in basic harmony. Prime Minister Tanaka's own historic journey to Peking was proof of this. Overcoming a legacy of bitterness and mistrust far deeper than that between the United States and the People's Republic of China, these two great Asian nations pledged themselves to the same goals as the Shanghai Communique, and went beyond it to the establishment of full diplomatic relations.

Thus, there is no inconsistency in principle between our alliance and the new hopeful prospects of relaxation of tension multilaterally. No third country need fear our alliance. Neither Japan nor the United States need fear that our unity precludes a broader community of normalized relations, or independent approaches.

In the years ahead, the kind of close consultation between the United States and Japan which accompanied our respective Peking Summits in 1972 will be critically important to all our diplomatic endeavors. More than our alliance is at stake. Japan has always been conscious of the external global framework within which she was pursuing her own objectives. What is new in the 1970's is her sharing in increased responsibility for it. This responsibility is now implied inescapably in her economic power and her engagement in many directions in global diplomacy.

The complexity of today's geopolitical environment, even in the Asian context alone, is a challenge to a nation of Japan's energy and national spirit undertaking a more active political role. Japan now has the obligations of a major power—restraint, reciprocity, reliability, and sensitivity to her overriding interest in a

stable pattern of global relationships.

Today's multilateralism does not diminish the importance of the U.S.-Japanese alliance. On the contrary, our alliance, which has ensured stability in Asia for 20 years, still does, and serves an essential mutual interest in the new conditions. Secured by her alliance with the United States, Japan can engage herself economically and diplomatically in many directions independently, without fearing for her security or being feared by others. It provides a stable framework for the evolution of Japanese policy. This is a general interest.

The U.S.-Japanese alliance in the new era is thus presented with the same challenge as the Atlantic Alliance. We cannot conduct our individual policies on the basis of self-interest alone, taking our alliance for granted. We have an obligation not to allow our short-term policies to jeopardize our long-term unity, or to allow competitive objectives to threaten the common goals of our political association.

### Challenges for the Future

Mature countries do not expect to avoid disputes or conflicts of interest. A mature alliance relationship, however, means facing up to them on the basis of mutuality. It means seriously addressing the underlying causes, not the superficial public events. We are now moving in this direction. We must carry it forward.

This means certain obligations on both sides.

In the economic area, the most urgent and divisive area, we both have an obligation to address and solve the common problem of our trade imbalance. We have a responsibility to the international system to normalize the bilateral economic relationship that bulks so large in the international economy. We have an obligation to keep the specific commitments made to each other. We have an opportunity to explore positive approaches to averting clashes in the future. We have a responsibility to provide positive leadership in the urgent efforts at multilateral reform.

In both the political and the economic dimensions, we have an obligation as allies to pursue our individual objectives in ways that serve also our common purposes. Whether the issue be the worldwide energy problem, or economic or political relations with Communist countries, or the provision of resources to developing countries, there are competitive interests necessarily involved, but also an overriding collective interest in a stable global environment. It will require a conscious effort of political will not

to make the key decisions according to short-term economic or political advantage. This is more than a problem of bureaucratic management; it is a test of statesmanship.

The United States will be sensitive to Japan's unique perspective on the world and Japan's special relationship with the United States. To this end, we have redoubled our efforts at consultation. This consultation is institutionalized at several levels and in several channels—through our able Ambassadors; through high-level political consultations such as Dr. Kissinger's three visits to Tokyo in 1972 and 1973; through meetings at the Foreign Minister level such as Mr. Ohira's discussions with Secretary Rogers in Washington in October; through regular Cabinet-level meetings of the Japan-U.S. Committee on Trade and Economic Affairs; and through the three meetings I have had with Japanese Prime Ministers since taking office and the fourth I expect to have this year.

This interchange has a symbolic value in reaffirming a political commitment and also a tangible value in giving it substance.

The same dedication to mutual confidence and close consultation on the part of Japan will be essential as she marks out her independent paths. The complexity of the new diplomacy puts a premium on our steadiness and reliability in all our relationships, particularly with each other.

Japan's foreign policy is for Japan to decide. Both her security and her economic interests, however, link her destiny firmly to that of the free world. I am confident that the political leaders on both sides of the Pacific are deeply conscious of the common interest that our alliance has served, and deeply committed to preserving it.

## ASIA AND THE PACIFIC

Since V-E Day in 1945, nearly every American killed in war has died in Asia. That fact alone compels our attention and our concern. But there are other vital facts as well which dictate that the vast, changing, throbbing world of Asia will figure importantly in our thoughts and policy calculations as far ahead as any of us can see. Asia is where half of mankind lives and works and dies. What happens to that half of the human race will have a profound impact on the other half. Asia is also that part of the world where developed and developing nations alike have achieved the greatest levels of economic growth in the past decade. That growing economic power is

having a profound influence on the lives of the people involved, their neighbors, and the rest of the world.

The United States has been part of the Asian world since we became involved in the China trade in the early 19th Century, and especially after the Spanish-American War made the Philippines an American responsibility. But after the Pacific phase of World War II, our involvement in Asia deepened enormously. Through bilateral and multilateral arrangements, we became the guarantor of the security of many Asian nations—from Japan and Korea around the rim of Asia to Thailand and on southward to Australia and New Zealand. We also became the principal source of economic and military assistance for many countries in the region. It is against the background of this deep and broad involvement that Asia today has special meaning for most Americans.

But beyond this elaborate record, there are other overriding reasons for our present day concerns about Asia and its future. We continue to have treaty obligations to many Asian allies—promises to help as much as we can to preserve their independence and their right to live their own lives in peace.

That network of alliances takes on special meaning in light of Asia's special significance on the world scene today. Asia, and particularly Northeast Asia, is the locus of interaction among four of the five great power centers in our world. China is the heartland of this vast region. Siberia and the Far Eastern territories of the Soviet Union spread across the north of Asia from China to the Arctic, from Europe to the Bering Strait. The islands of Japan form a 2,000-mile crescent just off the mainland, running from the frigid waters of the North Pacific to semi-tropical Okinawa. The fourth major power of the Pacific area is, of course, the United States. The ways in which these powers act and interact will, to a significant degree, shape the future and determine the stability of Asia. At the same time, issues and developments within Asia will play an important part in shaping overall relationships among the major powers.

Failure to achieve the kind of reconciliation toward which we have moved so far in the past year could prove a mortal blow to the structure of peace. That stark reality is what makes the political evolution of Asia critically important to us and to the world.

### Asia: Area of Change

Last year I went to Peking, the first Ameri-

can President to visit the People's Republic of China. That visit began the process of overcoming long years of antagonism, suspicion, and open rivalry. Only a few weeks ago, American prisoners of war and the last American troops returned from Vietnam, marking an end to our direct involvement in our longest and most misunderstood war. These developments remind us that change is the immutable law of international life.

Nowhere has the fact of change been more dramatically evident than in Asia over the past generation. Only 25 years ago, Japan was an occupied country and its people were only beginning to dig themselves out of the rubble of war and to rebuild a shattered society. Korea, too, was occupied but also divided at the 38th parallel where a new war was about to explode. China, the most populous nation on earth, was torn by a bloody civil war that would soon turn it into a Communist state. In the Philippines, the United States had carried out its pledge to grant full independence to a proud people. But elsewhere in Asia, colonialism had not yet run its course. The French were trying to restore their control over Indochina. The Dutch were contending with the forces of Indonesian revolution. Malaya was not yet fully independent, and British control over Burma had only just ended.

The scars and trauma of war were everywhere evident. Economies had been badly shattered. Hunger and hopelessness were widespread. A mood of revolution was palpable in the atmosphere of most Asian capitals.

Asia today is a very different region. Former colonial territories have long since achieved independence. Japan has revived to become the third industrial power in the world. Other countries have also enjoyed economic "miracles" of their own, smaller quantitatively than Japan's to be sure, but hardly less impressive in terms of rates of growth. The Republic of Korea is a good example. After the Korean War, many forecasters were predicting that South Korea could survive for decades to come only as a beneficiary of the international dole. But South Korea has proved the prophets wrong, achieving annual rates of economic growth of as much as ten percent, and becoming an important exporter of manufactured goods.

Despite international political fluctuations, the skill and energy of the people of Taiwan have produced remarkable increases in per capita income (more than 13 percent last year) and made Taiwan a leading trading nation. While simultaneously moving toward the goal

of normal relations with Peking, the United States has maintained a policy of friendship for the 15 million people of Taiwan. We retain diplomatic ties, commitments under the Mutual Defense Treaty of 1954, and close economic contacts with them.

Thailand, despite the pressures of externally supported insurgency, has continued to make steady economic progress. It has also made an important contribution to regional economic development as well as to the security of the area. Malaysia and Singapore, with imagination and hard work, have raised living standards and maintained stable political systems. The Philippines have had a worldwide impact through their innovative role in introducing high-yield rice strains as part of the Green Revolution. Indonesia, Southeast Asia's most populous country, is forging ahead under able national leadership. Overall, the non-Communist nations of Asia have achieved a remarkable rate of economic growth averaging close to seven percent a year.

Change in Asia has not been confined to achieving independence and making economic progress. South and North Korea, for example, have begun a dialogue to explore the possibility of settling major differences and have agreed that the ultimate unification of their country must be reached by peaceful means. Only a decade ago, Malaysia and Indonesia were virtually at war; today they are cooperative partners in regional organizations.

Japan has also been engaged in difficult adjustments. A generation ago, there was deep suspicion and bitterness between Japan and Korea. Today, though past scars of a painful history have not entirely healed, the two countries have moved toward a closer and mutually beneficial relationship. Japan and the People's Republic of China had for some time been engaged in commercial and cultural exchanges. Last year they agreed to resume full diplomatic relations. Despite the lack of a formal peace treaty, Japan and the Soviet Union are discussing projects for cooperative development of Siberian natural resources and increasing trade. If successful, these steps could help promote better political and economic relations between them.

The most obvious area of unresolved antagonism in Asia is in Indochina—between North Vietnam and its local followers on the one hand, and the legal governments of South Vietnam, Laos, and Cambodia on the other. Cease-fire agreements were reached in January in Vietnam and in February in Laos. These were important and hopeful steps toward ending

the conflict in Indochina. At this writing, some fighting continues. It is our deepest hope that this continuing violence will soon end and that lasting peace will be achieved.

### **The U.S. Response to Asia**

When this Administration took office, we determined that a reordering of our relationships with Asia and with other parts of the world was needed. It seemed to many Americans, as it did to me, that our role was too dominant, our presence too pervasive in the changed circumstances of the 1970's. It was time for others—especially those who had achieved new strength and prosperity—to do more for themselves and for others. The sacrifices of Vietnam and the internal strains it had created played an important part in shaping this outlook. Another determinant was the continuing deficit in our balance of payments and the pressures this put on the dollar and our economic health. These and other factors were even pushing some Americans into a mood of growing isolationism.

We recognized this as the gravest kind of threat. Heedless American abdication of its responsibilities to the world would destroy the global balance and the fabric of peace we had worked so hard and long to develop. Those who relied on us to help assure their security would be gravely concerned. Adversaries who had shown a willingness to reconcile long-standing differences would promptly revise their calculations and alter their actions. It was a prescription for chaos.

And so we charted our course between over-extension and withdrawal. We would continue to play a major and active role in world affairs, but we would ask our allies to draw increasingly on their new strength and on their own determination to be more self-reliant. The immediate context for this definition of policy was the defense of Asia. In July 1969, I outlined at Guam the main elements of this new United States approach.

*First, the United States will keep all of its treaty commitments.* We will adjust the manner of our support for our allies to new conditions, and we will base our actions on a realistic assessment of our interests. But as a matter of principle, and as a matter of preserving the stability of Asia, we made it clear that the United States would never repudiate its pledged word nor betray an ally.

*Second, we shall provide a shield if a nuclear*

*power threatens the freedom of a nation allied with us or of a nation whose survival we consider vital to our security.* Maintaining a balance of deterrence among the major powers is the most critical responsibility we bear. We have a special obligation to protect non-nuclear countries against nuclear blackmail and to minimize their incentive to develop nuclear weapons of their own. Only the United States can provide this shield in Asia.

*Third, in cases involving other types of aggression we shall furnish military and economic assistance when requested in accordance with our treaty commitments. But we shall look to the nation directly threatened to assume the primary responsibility for providing the manpower for its defense.* No nation, large or small, can have any reasonable security unless it is able to mobilize its people and resources for its own defense. Without that kind of national effort, external help cannot fill the vacuum of local indifference against any significant and prolonged threat. Moreover, without a determined local effort, it would be impossible to achieve the kind of broad political support needed in the United States to back another country in any sustained way.

The most important and most obvious application of this new approach to security cooperation was the Vietnamization program which enabled the South Vietnamese to assume the full burden of their own defense. But the Nixon Doctrine has been applied in other countries as well. Japan is gradually expanding its capability for conventional defense of its own territory within its constitutional prohibition against developing offensive forces. There has been expanded joint use of military base areas in Japan, and we are in the process of consolidating many of our base areas, particularly in and around metropolitan Tokyo.

In 1971, we reached an agreement with the Republic of Korea to assist in modernizing its armed forces. At the same time, we reduced U.S. forces stationed in Korea by one-third, bringing home more than 20,000 men. Reduced Congressional appropriations for military assistance in the past two years have forced a slowdown in this program.

The Philippines have become increasingly self-reliant. We have reduced the number of facilities we maintain there and reduced our forces by almost 13,000 men.

In all, in addition to the 550,000 men who have returned from Vietnam, nearly 100,000 American military personnel and dependents

have come home from other parts of Asia during this Administration.

The economic dimension of the Nixon Doctrine recognizes that growing self-reliance and confidence must rest on a secure base of economic stability and growth. We are providing technical and financial resources to help friendly nations cope with problems of security and economic development without putting undue strain on their fragile economic base. Other industrial countries are increasing their share of such help. Multilateral participation has increased through cooperation among international developmental institutions, the Asian Development Bank, and the developed countries. The authority to extend generalized tariff preferences which I have requested in my new Trade Reform Bill, would help the developing countries of the region by increasing the potential for their exports and thus expanding their capacity to increase imports and speed their development.

This evolving process has brought us close to our goals—a more balanced American role in security arrangements in Asia, an increase in the capacity and willingness of our alliance partners to carry heavier burdens of responsibility for their own protection, and a more equitable sharing of the material and personal costs of security.

Translation of this doctrine into deeds has made it unmistakably clear to all that we are, and will remain, a Pacific power, maintaining balanced forces in the region. It has also made clear that, while adjusting our role in defensive alliances, we are supporting a compensating increase in the ability of Asians to defend themselves.

These decisions and actions had important consequences. I have no doubt that they influenced Hanoi's decision at long last to negotiate seriously and reach an agreement to end the fighting and return our prisoners. I am convinced that never would have happened if we had decided to end our involvement unilaterally, or if we had not helped South Vietnam to strengthen and improve its own military forces.

Our firmness in Southeast Asia and the maintenance of durable partnerships with our other Asian allies made it possible for us to reach out to other adversaries. And recognizing our determination to remain a power in the Pacific encouraged them to respond positively. The most dramatic example was, of course, my visit to Peking in February 1972 and my meetings there with the leaders of the People's Republic of China.

## Looking Ahead

The rapidly changing face of Asia presents those who live there, and others who are deeply involved, with vast opportunities and challenges. The transition from war to peace, the movement from rigid confrontation to gradual accommodation, are heartening signs of what may lie ahead. But nothing is assured in this world, and the promise of progress will be fulfilled only by determination and positive actions on the part of all concerned.

If peace is to be made secure, if men and nations are to be able to continue to advance in reasonable safety, the largest responsibility must be borne by the major powers. It is of critical importance that they continue to move down the path of reconciliation, working together to overcome old bitterness, to settle differences amicably, and to broaden and deepen their efforts to develop new forms of cooperation. Similarly, they must act with the greatest restraint in dealing with each other and with smaller nations. The alternative is renewed confrontation which carries with it the threat of disaster—for those directly involved and for the world.

The smaller nations of Asia will also have to carry heavy responsibilities. The key ingredient of sustained economic progress will continue to be what they do for themselves. The key ingredient of their safety will continue to be the manpower and resources they are willing and able to invest. And their peace will depend heavily on their ability and readiness to overcome historic rivalries, old territorial disputes, and religious and political differences with their neighbors.

A new spirit of cooperation has developed among many of the countries of Asia in recent years. Thailand, Malaysia, Singapore, Indonesia, and the Philippines are joined in the Association of Southeast Asian Nations (ASEAN) to grapple with common concerns of many kinds. The Asian Development Bank and the Economic Commission for Asia and the Far East (ECAFE) have proved successful instruments for promoting economic progress, and have become outstanding examples of what developed and developing nations can accomplish by working together.

Economic progress and heightened cooperation among Asian nations cannot obscure the many problems facing those nations, or the several dangers shared by them and their friends, including the United States. We have noted many of the promising developments in

present day Asia. But it is not foreordained that all or any of them will finally succeed. There are huge obstacles to be overcome—distrust, deep differences of ideology and social systems, political and economic rivalries. Improvements in atmosphere could easily prove ephemeral, especially if many outstanding issues prove too difficult to settle in a reasonable period of time.

Moreover, some long-standing rivalries may prove intractable and dangers will doubtless continue. North Vietnam's ambition to dominate all of Indochina has not diminished, though it may resort to different tactics or alter the time frame for attaining that goal. There is continuing fighting in South Vietnam and a residue of hatred that will persist for a long time. South and North Korea have been talking to each other, but no one who knows the recent history of that troubled peninsula believes that reconciliation will be easy or will come early. There are other disputes and differences between other Asian nations, and none of them will be resolved quickly.

There is promise, however, in the evolving pattern of efforts by most of those concerned with Asia to limit the dangers of military conflicts flowing from political differences. We can hope that all concerned will come to recognize the high stake they have in the process of normalizing relations. Stable balances, local and multilateral, may ultimately turn into a stable system of peace.

The United States has a deep interest in that outcome and responsibilities to help achieve it. One of those responsibilities is to make sure that our strength and will are not undermined to the point where our presence in Asia has lost most of its relevance. For if our friends conclude that they can no longer depend on the United States for at least the critical margin of assistance in protecting themselves, they may feel compelled to compromise with those who threaten them, including the forces of subversion and revolution in their midst. Equally important, if adversaries conclude that we no longer intend to maintain a significant presence, or that our willingness to take stern measures when pushed too far has disappeared, then the importance of reaching balanced agreements with us will have largely evaporated.

The end result could be an abrupt and deeply dangerous upsetting of the balance that has been created—and a disintegration of the bridges to reconciliation whose construction has been so effectively begun.

We shall continue to work closely with the governments and peoples of Asia in their efforts to improve the quality of their lives and raise their standards of living. Obviously, what we do in this area can only supplement the central efforts that they make themselves. But that supplement can be of great importance—both to their progress and to the quality of the political relations we enjoy with those concerned.

The United States will continue to be a major power in Asia and to make its essential contribution to the creation of a stable framework of peace. To that end, we give our pledge:

—to be steadfast and dependable in support of our friends;

—to continue to bear our fair share of the responsibility for the security of our allies;

—to develop, with realism and imagination, new and mutually beneficial relations with former adversaries in Asia;

—to help, within our limitations, the continued impressive economic progress of one of the world's most vital regions; and

—above all, to take every step within our power to prevent the recurrence of conflict in an area that has known so much suffering and sacrifice for so many centuries.

We can do no more. We would not be true to ourselves or to our deepest interests if we did less.

## LATIN AMERICA

Over the past four years, our interest has been focused on, and our energies dedicated to, a number of supremely important tasks in the world arena: ending a war in an honorable way; putting our relations with long-standing antagonists on a more rational and workable basis; correcting major imbalances in our trade and monetary relationships; and, above all, creating the foundations for a durable structure of peace.

The time and concentration that have gone into these complicated but absolutely crucial efforts have produced allegations that we were neglecting other problems, other areas, and especially other friendly nations. In Latin America this feeling has been particularly widespread, and it is quite understandable. Most Latin Americans, their governments and institutions have become accustomed to dealing with us on the most intimate basis. The flow of people, information, ideas, capital, and goods between the United States and Latin America has increased greatly, particularly since World



War II. In some ways, this created a sense of psychological and economic dependence on the United States.

Meanwhile, U.S. attention to Latin America has seemed to wax and wane. At times we appeared to take Latin America for granted. At other times, our zeal and our sense of "mission" led us to take a tutelary role with our neighbors. When we raised the banner of reform, as in the Alliance for Progress, we sometimes tried to tell our neighbors what they really needed and wanted. While all this was done with good intentions and humanitarian concern, and while our efforts had many positive results, they raised expectations to a level that simply was not realizable. Moreover, our approach tended to increase dependence on the United States—for ideas, for direction, and for money.

At the outset of this Administration, we surveyed the world problems that confronted us, and we made several deliberate decisions regarding our posture toward Latin America. First, we resolved to avoid what we saw as the two basic flaws of past performance: taking our Latin neighbors for granted, assuming that they were irrevocably linked to us by commerce and friendship; and launching a crusade in which we would promise to lead the peoples of the hemisphere to prosperity and happiness under our guidance and our formulas.

Our second decision was that, if we were to have a strong and prospering community of nations in this part of the world, we would have to help develop a new, more healthy relationship among the United States and its neighbors in Latin America and the Caribbean. The kind of mature partnership we envisaged was one in which Latin America would assume increasing responsibility for ideas, for initiatives, and for actions. While the United States would continue to be an active partner, there would be a lessening of the dominant role the United States had previously played.

Thus, we deliberately reduced our visibility on the hemispheric stage, hoping that our neighbors would play more active roles. And they have—not always in perfect harmony, it is true, and sometimes looking more to short-range national advantage than to the possibly greater long-range rewards of cooperation. Still, an open dialogue has begun in the family of the Americas and a more balanced and healthy relationship may be taking shape.

We knew that this course would be criticized by some old friends. There would be those who had become accustomed to old forms and old

ways of conducting our common business and who might, therefore, feel we were abandoning them. Others would continue to say "If the Americans aren't in the lead, it won't work" or "If Washington doesn't finance this project, nothing will happen." Others would complain that the United States was concerned mainly with Europe and Asia and was losing interest in Latin America.

These voices have indeed been heard. On the other hand, many leaders and governments have used these years to take a more searching look at their own problems and to develop their own solutions. Some have moved imaginatively to increase their industrial production and foreign trade. A few have taken courageous actions, sometimes putting themselves in political peril, to correct their worst internal economic and social problems. Some have taken effective steps to eliminate terrorism. Of course, not all countries have been willing or able to do these things, and some have failed to provide real benefits for their peoples.

### The Political Climate

All the countries of Latin America and the Caribbean share the need for economic and social progress. Most have to deal with high rates of unemployment among the unskilled and even the educated youth and severe inequities in the distribution of the wealth produced.

These problems place heavy burdens on the political apparatus of these countries. In addition, many have other strictly political problems. Some nations have only the most fragile tradition of democratic ways. Often, local conditions provide opportunities for political extremists and revolutionaries. Political violence and terrorism continue in some capitals. In others, military forces provide the most stable and disciplined group.

Most governments in the hemisphere recognize these problems and are trying to find solutions—with varying degrees of success. There is an eager striving for both economic progress and social justice. Yet that striving is taking place against heavy odds, and setbacks and discouragement are common.

The upsurge of national efforts to meet pressing internal problems is in part a direct result of rising nationalism. An increasing sense of national identity characterizes every one of the American states. But it is only part of the explanation for their strong desire to overcome internal weakness.

Another component is the fact that pres-

asures for economic development have become so urgent that governments cannot long survive if they ignore the plight of their people. Modern communications have brought the outside world into the most remote areas and made apparent to millions the vast gulf that separates their way of life from that of even an average family in industrially advanced countries. Those millions are no longer content to accept hunger and poverty and injustice as their preordained lot. They are increasingly less patient with governments that fail to produce results quickly. Any government that ignores this broadening demand for progress does so at its own jeopardy.

As a result, new governments have arrived on the scene in many countries with leaders promising to do more for their people. Some have achieved power through the electoral process; others have seized power. Many members of these governments are from the military services. Styles of operation vary from capital to capital. In some cases, there is a tendency to seek support by appealing to xenophobic attitudes and adopting anti-American themes. In the long run, however, performance will count the most in shaping the judgments of the people.

#### **The U.S. Response**

It would be an error to ignore the role the United States has played in helping to encourage Latin America's move toward greater self-reliance. For from the Rio Grande to Tierra del Fuego, governments and peoples have come to recognize that the days of relying principally on North America to solve their problems have ended. We and others can help, of course. Indeed, some problems can only be solved with the understanding and cooperation of others. But the solutions will require each country's own initiative and imagination and energy. I am convinced that the low-keyed course we have followed over the past four years—the avoidance of slogans and gimmickry, the emphasis on Latin initiatives—has helped in an important way to provide the basis for a stronger, healthier, and more realistic relationship among the members of our hemispheric community.

Accommodation to the diversity of the world community is the keystone of our current policy. That does not diminish our clearly stated preference for free and democratic processes and for governments based thereon. Nor does it weaken our firmly-held conviction that an open economic system and the operation of

the market economy are the engines that best generate economic advance. But it does mean that we must be prepared to deal realistically with governments as they are, provided, of course, that they do not endanger security or the general peace of the area.

In Latin America, as in other parts of the world, most of the day-to-day relations of the United States are handed through the bilateral channels of traditional diplomacy. Most of us cannot know how extensive this effort is, how varied, and how time consuming. Cables flow in and out around the clock. A Congressional delegation is visiting here; an American student has been thrown in jail there; a fishing boat has been seized; an investment contract has been signed; an earthquake has leveled half a city. Many of these events never come to the attention of the American public. But our bilateral relations—and the continuing, intensive contacts, consultations and communications they require—provide the foundation and the framework of our foreign relations.

Because of the important role they play in so many countries of Latin America, a special word should be devoted to our relations with the military forces of the hemisphere. Those forces represent a key element in almost all Latin American societies, and in many they have assumed national leadership. Because we have recognized their various roles and because of our mutual security interests, we have developed over the years close ties of cooperation and friendship with many of the military leaders of Latin America. We work cooperatively with them in a variety of ways—combined exercises, conferences, joint mapping ventures. Many of these leaders have attended our advanced training and technical schools. Because of the nature of military organizations, these ties have largely been handled through professional channels.

At one time, the United States was by far the principal source of military equipment for Latin American governments. After World War II, and again after the Korean War, surplus military supplies enabled us to fill most of the hemisphere's needs. But that picture has changed remarkably. We estimate that the governments of Latin America have ordered in the last four years more than \$1.2 billion worth of military equipment from third countries, principally from Britain, France, West Germany, Canada, Italy, and the Netherlands. That is about six times more than they bought from the United States.

There are several possible reasons for this

dramatic shift. In some cases, European sellers have provided highly attractive terms of sale. In other cases, the precise equipment wanted was not immediately available from the United States but was from Europe. Some countries may have wished to reduce their dependence on the United States and to develop other sources of military supplies. But one important reason for Europe's ascendancy in this field has been the limitations we have imposed on ourselves—for example, by fixing annual ceilings on sales of military equipment worldwide and in this hemisphere, and by restricting credit for such sales.

What is involved in the requisition by Latin American countries of relatively modest amounts of equipment for replacement of materiel and for modernization. Our hopes that by unilaterally restricting sales we could discourage our Latin neighbors from diverting money to military equipment and away from development needs have proved unrealistic. And the cost to us has been considerable: in friction with Latin American governments because of our paternalism, and in valuable military relationships which, in turn, provide an important channel for communication across a wide spectrum and influence our total relationships. The domestic costs are also high: in lost employment for our workers, lost profits for business, and loss of balance of payments advantages for our nation.

### **The Inter-American System**

Beyond our purely bilateral relations, there are important institutions and forums in which several or all of the states of the Americas are associated. And for some of these institutions, a moment of truth has arrived.

In 1822, the United States established diplomatic relations with Colombia. We thus became the first nation outside Latin America to recognize the independence and sovereignty of a Latin American state. Over the ensuing 150 years, formal and informal bonds linking the nations of the Western Hemisphere have expanded and grown strong. Gradually, machinery was developed to provide for increasing cooperation and consultation in this family of nations. It makes up what is called the inter-American system. It has been said that if this machinery had not existed, we would have been forced to invent it. But it does exist—in the Rio Treaty; in the Inter-American Development Bank; in the Organization of American States and its associated bodies, including the Economic and Social Council, the Council for

Science, Education and Culture; and in the many other groups and organizations through which we work together.

The question now facing us is not whether these organizations have served useful purposes in the past, but whether they are organized to best serve the current interests of the Americas.

In a thoughtful discussion I had not long ago with Dr. Carlos Sanz de Santamaria, the distinguished Latin American diplomat and economist, he argued that, "The time is ripe to begin developing new forms of hemispheric cooperation." He suggested: "We should identify the many areas in which the best interests of Latin America and the United States converge. Our joint interests in improving the quality of life everywhere in this hemisphere are overriding. They far surpass the issues that have brought about confrontation in recent years or have led many to focus on the divergent interests of Latin America and the United States."

I agree. There has been an unfortunate tendency among some governments, in some organizations, to make forums for cooperation into arenas of confrontation. This phenomenon was evident at the recent meeting of the UN Security Council in Panama. There has also been a tendency to develop Latin American positions—often on a lowest-common-denominator basis—which fail to take realistic account of viewpoints strongly held by the United States. These efforts tend to provoke reactions contrary to those sought. We must recognize the dangers inherent in such an approach.

We should not deal with important questions in an emotional mood or react out of pique or frustration. The kind of mature partnership we all seek calls for calm reflection and a reasonable exchange of views. In my message to the recent OAS General Assembly, I noted: "That kind of partnership implies that there are common goals to which we aspire. It implies a trust and confidence in one another. It implies that we can attain our goals more effectively by pursuing them more cooperatively. Above all, it implies that we consider interdependence an essential ingredient in the life of our hemisphere."

For our part, we shall actively support and participate in the review of ways in which we can most effectively achieve political cooperation and economic and social development in this hemisphere. This process has begun—at the meeting of the Inter-American Economic

and Social Council in Bogota in February 1973 and, most importantly, at the General Assembly of the OAS in April. It is our hope that this process of careful review will produce stronger and more effective ways to identify and advance our common interests in the final quarter of the 20th Century.

Any discussion of the inter-American system raises the question of Cuba. We are asked: if it is desirable to seek reconciliation with countries like the People's Republic of China and the Soviet Union, why do we not seek the same with Cuba? In fact, the situations are quite different. I have dealt with our relations with Peking and Moscow elsewhere in this Report. As for Cuba, our policy strongly supports decisions taken after careful study by the overwhelming majority of members of the Organization of American States. Those decisions were based on the conclusion that Cuba's active encouragement and support for the subversion of legitimate governments in the hemisphere represented a threat to peace and security in this part of the world.

Havana's rhetoric in support of violent revolution has diminished somewhat, and it is selecting its targets for subversion with greater care. But extremists and revolutionaries from many Latin American countries are still being trained in Cuba today in the techniques of guerrilla war, in sabotage, and subversion. Those trained agents and saboteurs are then returned to their home countries, or to neighboring countries, to carry out violence against established governments. Money and arms flow from Cuba to underground groups in some countries. This activity continues to threaten the stability of our hemisphere.

A second reason for concern is that Cuba became the first member of the American family to welcome into the hemisphere the armed power of a non-American state. That action created, among other things, the Cuban missile crisis of 1962. And there is no evidence that Havana's military ties with Moscow have markedly changed.

One final consideration: one obvious way to undercut the prestige and effectiveness of any international body is for individual members to act alone contrary to joint decisions. We have assured fellow members of the OAS that the United States will not act unilaterally in this matter. We will consider a change in policy toward Cuba when Cuba changes its policy toward the other countries of the hemisphere.

But in considering any change, we shall act in concert with our fellow members of the OAS.

### **The Economic Climate**

We have considered some of the political forces at work in the hemisphere. It is equally important to look at economic developments. These underscore both the progress that has been made as well as the profound problems that beg for early solution.

Economic growth in Latin America as a whole continued at a healthy pace last year, possibly exceeding the 6.3 percent rate achieved in 1971. On the other side of the ledger, the area's high rate of population increase—nearly three percent overall—added millions of new mouths to feed and cut per capita income growth to less than four percent. Nevertheless, this was still well above the 2.5 percent set as a goal for the hemisphere in the early 1960's.

The most impressive economic growth was achieved in the largest country of the area, Brazil, where the GNP is estimated to be more than 10 percent above the 1971 level. Mexico's economy advanced substantially, with exports reaching \$1.8 billion last year, up almost 23 percent over 1971. Argentina's trade also grew after a disastrous trade deficit in 1971. Colombia cut its trade deficit in half and exports were at record high levels. Venezuela enjoyed its usual healthy trade surplus.

In most of the countries of the hemisphere, however, inflation continued to eat away at the fruits of economic growth. Some governments were willing to take the stern financial and economic measures needed to bring it under control. Those that did not—or that were guided by political rather than economic motives—watched prices and wages spiral upward and living standards decline. Once-prosperous Chile saw its inflation rate reach an estimated 180 percent, accompanied by shortages of food and consumer goods.

Foreign trade, an essential ingredient of economic development, enjoyed a healthy expansion in Latin America as a whole. In 1972, Latin American exports to the United States rose to \$6.2 billion, 18 percent more than in 1971. Trade with Europe and Asia also expanded. Over the past two years, Latin America's foreign exchange reserves have increased by more than \$2 billion, to \$8.9 billion by the end of 1972.

The United States remains determined to improve our own trading relations with Latin

America because we recognize that growing trade is good for all concerned. As Latin American economies develop, they become an increasingly important market for U.S. goods—for everything from wheat to tractors to computers. And a steadily expanding U.S. economy can absorb a growing volume of Latin America's products, not only of raw materials but increasingly of component parts, semiprocessed goods, and finished manufactured products. To encourage this trade, we have introduced legislation to provide preferential access to the U.S. market for products of developing countries. Surely this most prosperous of all nations should do no less in extending the hand of cooperation to our neighbors in this hemisphere and to others in the developing world.

Meanwhile, approaching worldwide trade negotiations place our bilateral and regional trading problems in the Western Hemisphere in a larger context. Our initiatives in pressing for these new negotiations received welcome support from most of our Latin American trading partners. Members of the General Agreement on Tariffs and Trade, at their meetings in Geneva in late 1972, paid considerable attention to the concerns of developing countries. To deal with these and other matters, the members organized a Preparatory Committee to develop procedures for the coming negotiations. Membership in that committee is open, not only to GATT Contracting Parties, but to all developing countries who want to take part.

Major steps are also being taken in the monetary and financial areas that will alter greatly the international economic system. The annual meetings of the World Bank and International Monetary Fund last September were landmark events in the world of international finance. The Committee of Twenty has been established under the IMF, with three of its members from Latin America, to develop new and more workable mechanisms for the world's monetary relationships.

While production, trade, and foreign exchange reserves have increased substantially, serious economic and social problems continue to beset many of the nearly 300 million inhabitants of Central and South America and the Caribbean. The gross national product of the region averaged close to \$600 per person over the last two years. But about one-half of the people have a per capita income of less than \$250, and for one-fifth of the people the figure is less than \$150. In most countries there is only one doctor

for every 2,000 or 3,000 people and life expectancy is 50 years or less in half a dozen countries. High rates of illiteracy in much of Latin America represent a huge social deficit, virtually eliminating all hope for progress among millions of people.

### **The U.S. Response**

The United States cannot solve these great social and economic problems, nor can the world community. The initiative must come from the peoples and governments concerned. But we are helping, and we will continue to do so. In fiscal year 1972, United States bilateral assistance to Latin America and the Caribbean amounted to \$338 million. We provided an additional \$103 million under the Food for Peace program. Our Export-Import Bank extended long-term loans of more than \$500 million to help fund important development programs.

This direct assistance is designed to meet specific needs that can best be handled on a bilateral basis. Nevertheless, we have long realized that bilateral aid is often a cause of friction between governments and the target of local criticism, however biased and unfair. Extreme leftist critics regularly attack their governments for accepting U.S. aid and thereby becoming "puppets." Obviously, no country is obliged to accept aid. But in an atmosphere of increasing nationalism, we recognize that such allegations, however unfounded, have political and emotional impact.

To meet this problem, we have deliberately worked to balance our economic assistance efforts between bilateral programs and cooperative efforts through multinational organizations. In the mid-1960's, roughly two-thirds of our aid to Latin America was bilateral. Today, the proportion has been reversed and two-thirds of our aid flows through multinational organizations such as the Inter-American Development Bank, the World Bank, and the United Nations Development Program.

These multinational programs have several advantages. It is politically easier for a country to accept assistance from an international bank or other organization than from one country. And international organizations can impose strict conditions for loans on economic grounds without opening the door to charges of political "meddling."

It is regrettable that U.S. contributions to the Inter-American Development Bank (IDB) have lagged in the past year. The Administra-

tion will make a strong effort to persuade the Congress to correct this deficiency and provide the necessary appropriations to meet our pledge. The continued effective functioning of the IDB will hinge in large part on the full cooperation of the United States.

Our firm support for economic development in the Western Hemisphere is good politics and good economics. We live with other nations of the hemisphere in one neighborhood. And no neighborhood is a very healthy place if many of its people are living daily with poverty, disease, and frustration. People forced to live at the fringe of survival cannot produce the goods the human family needs, master the technology that makes progress achievable, or buy the products of other people's labor. They cannot become full partners in the 20th Century.

Economic development is a product of many forces. The most critical factor is the most obvious—what a people and their government are prepared and able to do for themselves. Trade is another essential element for healthy growth. Beyond that, direct bilateral assistance and multilateral funding can provide the capital and technological expertise for success. But there is a fourth element in successful development, often underestimated and more often misunderstood, and that is private investment.

Foreign investment can provide a highly efficient and effective channel for the flow of modern technology, which is so sorely needed by developing countries. It can broaden production and employment. More than that, inflows of foreign capital help to stimulate the mobilization of local capital for development tasks. As one looks at the record of economic growth among developed and developing countries alike over the past two or three decades, it is not accidental that the most rapid growth has occurred in countries that provided a healthy climate for private investment.

There is, of course, a legitimate concern about specific forms of foreign investment and the terms under which foreign businesses operate. Every country, whether underdeveloped or advanced, imposes restrictions on types and levels of external involvement in its economy. These restrictions can and should be worked out in ways that protect the legitimate interests of both investors and recipients.

The evident economic advantages of sound foreign investment responsibly adapted to the needs of developing countries have not been effectively explained to most local publics. Increasingly, foreign investment has become the

special target of extreme nationalists and leftist politicians. In some cases, governments have tried to use foreign companies as political lightning rods or as scapegoats for their own shortcomings.

These factors—nationalism, ideological hostility, and the search for scapegoats—have led some governments to seize foreign assets and to cancel the contracts under which foreign companies were operating. Under international law, any sovereign government has a right to expropriate property for public purposes. But that same international law requires adequate and prompt compensation for the investors or owners.

Moreover, one can fairly question, on economic grounds alone, the wisdom of many such seizures. It is not uncommon for a foreign company, although it is providing considerable local employment and paying sizable taxes, to be seized, only to have the successor enterprise run by the government, provide less production and smaller income for the state. Financial resources often required to subsidize the operation of seized properties and to maintain inflated payrolls could be used much more beneficially for other, badly needed local investment.

Expropriations, even when there is fair compensation, can create deep concern among those whose resources developing countries wish to attract—commercial banks, international lending institutions, private investors. Such actions tend to dry up sources of investment for other purposes.

All these factors—the legitimate protection of American businesses abroad, the requirements of international law, the preservation of a reasonable and mutually beneficial atmosphere for foreign investment—led us in early 1972 to define our policy toward expropriations. We have made it clear that if an American firm were seized without reasonable efforts to make effective payment, we would provide no new bilateral economic assistance to the expropriating country. We would consider exceptions only if there were overriding humanitarian concerns or other major factors involving our larger interests. Nor would we support applications for loans by such countries in international development institutions.

The book value of U.S. investments in Latin America has risen to more than \$16 billion. But our Latin American friends point out that the rate of growth of U.S. investment has been less in their countries than in Europe and Asia. The difference is accounted for in part, perhaps

decisively, by the judgment investors make regarding the relative welcome their investments will receive.

Changes in attitudes toward investment will take time. But we believe these changes are underway in most parts of the hemisphere, in the private as well as the public sector. We are moving toward a better understanding that private investments, properly managed, operating under reasonable conditions, and sensitive to the needs and aspirations of the societies in which they function, can be mutually advantageous to investors and recipients.

### Current Problems

In October 1969, I said that our policy toward Latin America would be based on five principles:

—firm commitment to the inter-American system;

—respect for national identity and national dignity;

—continued U.S. assistance to economic development;

—belief that this assistance should take the form of U.S. support for Latin American initiatives and should be extended primarily on a multilateral basis;

—dedication to improving the quality of life in the New World.

Those principles remain as valid today as when I first stated them. In candor, however, we must admit that our performance has not always been fully what we and our friends may have wished. I believe we can do better in our second term. I am determined that we shall do better. We owe it to those who created and passed along the unique inter-American system. We should leave to those who will inherit our works a structure of peaceful cooperation more effective than the one we found.

A number of bilateral and multilateral problems call for urgent attention. If we can solve them, or at least move toward their solution, we can create a new and positive atmosphere in our hemisphere.

The single most important irritant in relations with our nearest Latin neighbor, Mexico, is *the high salinity of the waters of the Colorado River diverted to Mexico* under our 1944 Water Treaty. I discussed this matter with President Echeverria last June. My personal representative, former Attorney General Herbert Brownell, has been working intensively on this problem and has made his recommenda-

tions to me. We shall soon be presenting our Mexican neighbors with what I hope will be a permanent, definitive, and just solution. With mutual understanding and common efforts, I believe this problem can be removed from the agenda of outstanding issues.

Another serious problem, of deep concern to every responsible government, is *the illegal flow of narcotics* across national boundaries. Some of these drugs are produced in the Western Hemisphere. And some Latin American countries have been used by international drug traffickers as a channel for drugs from Europe, the Middle East, and Asia into this hemisphere and on to the United States.

Over the past year, we and many Latin American governments have made intensive efforts to restrict this dangerous flow. Our common effort has taken a variety of forms: special training for customs and immigration agents; improved equipment ranging from two-way radios to helicopters; exchanges of intelligence data; tightened anti-drug laws; extradition treaties, and others. It is vitally important that we press forward with the campaign to destroy this dangerous traffic which menaces us all, especially our young.

Another international issue that confronts the Americas, as well as the rest of the world community, concerns *the law of the sea*. Every country, whether or not it touches on an international body of water, is affected. The problems include: the extent to which any nation can claim adjoining waters as its territorial sea; the proper limit on each nation's control over the resources in and under the sea; guarantees of the rights of free passage through international straits and other navigational freedoms; the preservation of the marine environment; and the status of traditional high seas freedoms. Resolution of these and many related questions are of profound importance to all nations. Political, economic, and security interests of the highest sensitivity will have to be considered.

An international conference on the law of the sea will soon be convened to consider and solve these complicated problems. We know it will not be easy. But we know, too, that an effective agreement that deals equitably with the vital concerns of all nations would be a landmark in international affairs.

In the Americas, maritime disputes have centered on the question of fishing rights in waters that we consider to be beyond the limits

of national jurisdiction which a state may claim under international law, but that some of our neighbors claim as their territorial seas or exclusive resource zones. These differences have sometimes led to confrontations, including the seizure of U.S. fishing boats and the imposition of heavy fines. Neither party to this kind of dispute enjoys any real benefit. Indeed, both suffer because of the resulting exacerbation of political, economic, and security relations.

The real point is not fishing rights or retaliation. Rather it is: what rules shall govern the use of the oceans? If countries make unilateral claims over ocean space without international agreement, conflict over uses of the area and its resources are inevitable. We believe that the Law of the Sea Conference provides the appropriate forum for resolving outstanding law of the sea problems. We intend to work with the Latin Americans and all other nations toward achieving a timely and successful conference.

Another important unresolved problem concerns the *Panama Canal* and the surrounding Zone. U.S. operation of the Canal and our presence in Panama are governed by the terms of a treaty drafted in 1903. The world has changed radically during the 70 years this treaty has been in effect. Latin America has changed. Panama has changed. And the terms of our relationship should reflect those changes in a reasonable way.

For the past nine years, efforts to work out a new treaty acceptable to both parties have failed. That failure has put considerable strain on our relations with Panama. It is time for both parties to take a fresh look at this problem and to develop a new relationship between us—one that will guarantee continued effective operation of the Canal while meeting Panama's legitimate aspirations.

#### Looking to the Future

I intend to underscore our deep interest in Latin America through expanded personal involvement. Last year, I emphasized my concern by sending two personal representatives, former Secretary of the Treasury Connally and Federal Reserve Chairman Burns, to a number of countries in Latin America. The detailed and perceptive reports I received from these special envoys helped to keep me abreast of current problems and developments. This year, I will be consulting with my fellow presidents in the hemisphere and with other knowledge-

able Latin Americans on our future course. I have asked Secretary of State Rogers to visit Latin America to convey our intention to continue to work closely with our neighbors. And I plan to make at least one visit to Latin America this year.

At the same time, I hope Members of the Congress will travel to the area and see what is happening in this part of the world. Such visits could produce new insights into the complex problems we and our neighbors confront. They would provide an awareness of what able and dedicated Americans are doing in those countries. And it would create a base of knowledge from which understanding legislative action might come.

I urge the Congress to take a new and thorough look at existing legislation that affects our relations with Latin America. We need to study, for example, whether various legislative restrictions serve the purposes for which they were designed. Do they deter other governments from various actions, such as seizing fishing boats? Or do they merely make the solution of such problems more difficult? I believe some current restrictions are entirely too rigid and deprive us of the flexibility we need to work out mutually beneficial solutions.

Similarly, we should inquire whether current limitations on military equipment sales serve our interests and whether they promote or weaken our cooperation with Latin America. I believe our unilateral efforts to restrict arms sales have helped contribute to the rise of nationalist feelings and to the growing resentment against remnants of U.S. paternalism. The irritation thus aroused helps explain at least some of our problems in other matters. I urge the Congress to take a hard look at this problem and to take steps to rectify past errors. For I think we have been hurting ourselves more than anyone else by insisting on such limitations, and harming our relations with Latin America in the process.

I noted earlier the problem of modernizing the machinery of cooperation and consultation in the inter-American system. This process has now begun. We look forward to working with Latin America to make the inter-American system more responsive to modern needs. This will require imagination and initiative from all concerned. It also calls for a hard-headed assessment of existing institutions. Are they effective? Are they doing what is most needed? Are they accurately defining the most urgent



needs? In prescribing actions, do they take into full account the material, political, and psychological limitations under which all governments must function? I have instructed my advisors to give this matter close attention in the months ahead, and I feel confident that other heads of government will do the same. By focusing on the many areas in which the best interests of Latin America and the United States converge, we can begin a new and promising phase of hemispheric cooperation.

Over the next four years, the United States will be heavily engaged in giving substance to the new world order that now is taking shape. High on the agenda will be problems of world trade and of strengthening the international monetary system. These matters will be of special concern to Latin America as it continues to expand its exports outside the hemisphere. Because we recognized this interest, we strongly supported the inclusion of three Latin American governments in the Committee of Twenty that is considering monetary reform. As we move into this period of intensive trade and monetary negotiations, it will be to our mutual advantage if the United States and neighboring governments work closely together

on these issues. We have many shared interests in assuring an expansion of world trade and in preventing the rise of restrictive trading blocs which would inhibit the growth of U.S. and Latin American commerce. We therefore plan to undertake intensive consultation with Latin American governments and representatives—in the OAS and its organs, the Inter-American Development Bank, the International Monetary Fund, GATT, and other appropriate bodies. The process of hemispheric cooperation can be strengthened as we confront these difficult issues together.

Over the next four years, we will also continue our assistance efforts—through bilateral and multilateral channels—to help improve the quality of life of all the people of this hemisphere.

As we move toward the end of our first 200 years as a nation—and toward the end of a troubled century—we face many exciting challenges. They will require the best that is in us. But we now have a framework for peaceful cooperation on which to build. And as we build, the lives and health and happiness of the hundreds of millions of people living in Latin America will be in the forefront of our concern.

## Part IV: Regions of Tension and Opportunity

### THE MIDDLE EAST

Peace in the Middle East is central to the global structure of peace. Strategically, the Middle East is a point where interests of the major powers converge. It is a reservoir of energy resources on which much of the world depends. Politically, it is a region of diversity, dynamism, and turmoil, rent by national, social, and ideological division—and of course by the Arab-Israeli conflict. Two world wars and the rising tide of nationalism have broken down the pre-1914 order, but new patterns of stability have not yet been established. Modern quarrels have compounded long-standing ones. Because of the area's strategic importance, outside powers have continued to involve themselves, often competitively. Several times since World War II, the Middle East has been an arena of major crisis.

The irony is that the Middle East also has such great potential for progress and peaceful development. Of all the regions of the developing world, the Middle East, because of its wealth, is uniquely not dependent on the heavy infusion of capital resources from outside. Its wealthier nations have been willing and able to provide the capital for their own development and have begun to assist their neighbors' development. Mechanisms of regional self-reliance and cooperation are already functioning. The yearning for unity is strong within the Arab world; it has deep historical and cultural roots and its positive thrust has found new expression in these cooperative enterprises.

The region's drive for self-reliance matches the philosophy of United States foreign policy in a new era. Technical assistance and the provision of skills, now the most relevant forms of external aid in much of the Middle East, are

forms of aid which the United States is uniquely capable of providing and can sustain over a long term. The United States has long been a champion of the region's independence from colonial or other external domination. In conditions of peace, there is a natural community of interest between the United States and all the nations of the Middle East—an interest in the region's progress, stability, and independence.

The requirements of peace in the Middle East are not hard to define in principle. It requires basic decisions by the countries of the Middle East to pursue political solutions and coexist with one another. Outside powers with interests in the area must accept their responsibility for restraint and for helping to mitigate tensions rather than exploiting them for their own advantage.

These are principles which the United States has sought to engage the other great powers in observing. Coexistence, negotiated solutions, avoiding the use or threat of force, great power restraint, noninterference, respect for the sovereignty and territorial integrity of states, renunciation of hegemony or unilateral advantage—these are the principles of the Shanghai Communiqué of February 1972 and the Basic Principles of U.S.-Soviet Relations of May 1972. They are not new principles; every member state of the United Nations has subscribed to their essential elements. The UN Security Council in passing Resolution 242 on November 22, 1967, envisioned a settlement of the Arab-Israeli dispute that would be consistent with them—a settlement which would include “withdrawal of Israeli armed forces from territories occupied in the recent conflict; termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every state in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force.”

A commitment to such principles by the outside powers is itself a contribution to the framework for peace in the Middle East. A similar commitment by the principal countries directly involved, concretely expressed in processes of negotiation, is essential.

#### **The Arab-Israeli Conflict**

The focus of attention in the Middle East has been the prolonged crisis of the Arab-Israeli

conflict and the persistent efforts to resolve it.

In my first Foreign Policy Report three years ago, I pointed out the serious elements of intractability that marked this conflict. It was a dispute in which each side saw vital interests at stake that could not be compromised. To Israel, the issue was survival. The physical security provided by the territories it occupied in 1967 seemed a better safeguard than Arab commitments to live in peace in exchange for return of all those territories—commitments whose reliability could be fully tested only after Israel had withdrawn. To the Arabs, negotiating new borders directly with Israel, as the latter wished, while Israel occupied Arab lands and while Palestinian aspirations went unfulfilled, seemed incompatible with justice and with the sovereignty of Arab nations. A powerful legacy of mutual fear and mistrust had to be overcome. Until that was done no compromise formula for settlement was acceptable to either side. To the major powers outside, important interests and relationships were at stake which drew them into positions of confrontation.

The problem remains. For this very reason, I have said that no other crisis area of the world has greater importance or higher priority for the United States in the second term of my Administration. At the beginning of this year I met personally with Jordan's King Hussein, Egyptian Presidential Adviser Hafiz Ismail, and Israeli Prime Minister Meir to renew explorations for a solution.

The United States has no illusions. Instant peace in the Middle East is a dream—yet the absence of progress toward a settlement means an ever-present risk of wider war, and a steady deterioration of the prospects for regional stability and for constructive relations between the countries of the area and the world outside. Arab-Israeli reconciliation may seem impossible—but in many areas of the world, accommodations not fully satisfactory to either side have eased the intensity of conflict and provided an additional measure of security to both sides. Peace cannot be imposed from outside—but I am convinced that a settlement in the Middle East is in the national interest of the United States and that for us to abandon the quest for a settlement would be inconsistent with our responsibility as a great power.

The issue for the United States, therefore, is not the desirability of an Arab-Israeli settlement, but how it can be achieved. The issue is

not whether the United States will be involved in the effort to achieve it, but how the United States can be involved usefully and effectively.

**The Last Four Years.** Over the last four years, the United States has taken a series of initiatives and explored a variety of approaches to promoting a negotiating process. The effort has resulted in restoration of the ceasefire along the Suez Canal. It has also provided sharp definition of the issues and basic negotiating positions of the parties and a measure of realism on all sides. However, we have not succeeded in establishing a negotiating process between the parties or in achieving any substantive agreement concrete enough to break the impasse.

In 1969, starting from Resolution 242, four permanent members of the Security Council, and the United States and Soviet Union in particular, began to discuss a framework for an Arab-Israeli settlement in order to explore how the outside powers might usefully relate to the process of settlement. Their approaches differed, but the discussions illuminated the issues that divided them. By late 1969 and early 1970, significant further progress seemed unlikely for the time being.

In the summer of 1970, with the Four Power discussions stalemated and the military conflict along the Suez Canal escalating sharply with the active participation of Soviet air and air defense units, the United States launched a major initiative to reestablish the ceasefire and to start negotiations. The firing stopped on August 7, but the start of negotiations was delayed by the violation in Egypt of a related military standstill agreement. A month later the authority of the Government of Jordan was challenged by the Palestinian guerrillas and an invasion from Syria. The challenge was put down, and the return of stability enhanced the ability of the Jordanian government to address the question of peace.

Early in 1971, Ambassador Jarring, the special representative of the UN Secretary General, began discussions with Israel and Egypt to try to promote agreement between the parties in accordance with his mandate under Resolution 242. When this effort lost momentum by the end of February 1971, attention shifted to the possibility of a step-by-step approach to peace, beginning with a limited pull-back of Israeli troops from the Suez Canal and the opening of the Canal. At the request of Egypt and Israel, Secretary Rogers explored this approach. Talks to this end, which occupied most

of the summer and fall, tried to grapple with these basic issues: the relationship of such an interim agreement to an overall peace agreement; the distance of the limited Israeli withdrawal; the nature of the Egyptian presence in the evacuated territory; the timing of Israel's use of the Canal; and the duration of the ceasefire. In late 1971 and early 1972, the United States sought, again without success, to initiate indirect negotiations under its aegis between Egypt and Israel on an interim agreement.

In 1972, attention again focused on the relationship of the United States and the Soviet Union to the Middle East problem. At the Moscow Summit in May both sides reviewed their positions and reaffirmed their readiness to play a part in bringing about a settlement based on Resolution 242. The United States emphasized that a genuine negotiating process between the nations in the area was essential. The danger of inadvertent great power confrontation over the Middle East was reduced by the Moscow Summit, and also by a decision by the Government of Egypt in July to request the withdrawal of most Soviet military personnel from Egypt.

American policy has sought in other ways to promote stability in the Middle East and to preserve the possibility of solution by negotiation rather than by force of arms. During the September 1970 crisis in Jordan, the United States acted firmly to deter a wider war and dampen a dangerous situation. Throughout the period, this Administration continued its established policy of maintaining a military balance in the Middle East. I have said many times that an arms balance is essential to stability in that area—but that it alone cannot bring peace. The search for a negotiated settlement must continue.

The ceasefire reestablished in 1970 at American initiative continues to this day, and remains essential to any hope for a peaceful settlement of the Arab-Israeli conflict. The cessation of organized fighting has not only saved hundreds and perhaps thousands of lives; it has also preserved a climate that would permit negotiation. But the ceasefire will necessarily remain uneasy unless the hope for peace can be sustained by active negotiations.

A serious threat to the ceasefire and to the prospects for any political solution is the bitterness engendered by the mounting spiral of terrorism and reprisal. Terrorist acts took on a new and horrible dimension last year with

the shootings at Israel's Lod Airport in the spring, where a number of Americans lost their lives, and the murder of Israeli athletes at the Munich Olympics in September. This was followed during the fall by a series of Israeli attacks on Lebanese and Syrian military installations as well as on Palestinian guerrilla bases in Lebanon and Syria. A Libyan civilian airliner was downed by Israeli aircraft while straying over the Sinai in February 1973. The following month, terrorists murdered two American diplomats and a Belgian diplomat held hostage in Khartoum. In April 1973, terrorists attacked Israeli targets in Cyprus, and Israel attacked headquarters and installations of fedayeen organizations in and around Beirut, killing three prominent Palestinian militants.

International terrorism is not exclusively an Arab-Israeli problem; it is an international problem, which the United States has made a major international effort to combat. But a generation of frustration among displaced Palestinians has made the Middle East a particular focal point for such violence.

**The Situation Today.** America's objective in the Middle East is still to help move the Arab-Israeli dispute from confrontation to negotiation and then toward conditions of peace as envisioned in UN Security Council Resolution 242.

But a solution cannot be imposed by the outside powers on unwilling governments. If we tried, the parties would feel no stake in observing its terms, and the outside powers would be engaged indefinitely in enforcing them. A solution can last only if the parties commit themselves to it directly. Serious negotiation will be possible, however, only if a decision is made on each side that the issues must be finally resolved by a negotiated settlement rather than by the weight or threat of force. This is more than a decision on the mechanics of negotiation; it is a decision that peace is worth compromise. It should be possible to enter such negotiations without expecting to settle all differences at once, without preconditions, and without conceding principles of honor or justice.

Two negotiating tracks have been discussed. One is Ambassador Jarring's effort to help the parties reach agreement on an overall peace settlement. The second is the offer of the United States to help get talks started on an interim agreement as a first step to facilitate negotiations on an overall settlement.

A persistent impasse, which is substantive as well as procedural, has blocked both of these

approaches. It is rooted primarily in the opposing positions of the two sides on the issue of the territories. Israel has insisted that its borders should be the subject of negotiations and that substantial changes in the pre-1967 lines are necessary. Egypt, while stating its readiness to enter into a peace agreement with Israel, has insisted that before it could enter negotiations, even on an interim agreement, Israel must commit itself to withdraw to the pre-1967 lines. Jordan has also made clear its commitment to a peaceful settlement with Israel, but insists on the return of the occupied West Bank without substantial border changes and on restoration of a sovereign position in the Arab part of Jerusalem.

Recognizing the difficulty of breaking the impasse in one negotiating step—of reconciling Arab concern for sovereignty with Israeli concern for security—the United States has favored trying to achieve agreement first on an interim step. Since both Egypt and Israel asked us in 1971 to help them negotiate such an interim agreement, we proposed indirect talks between representatives of the two sides brought together at the same location. In February 1972, Israel agreed to enter talks on this basis; Egypt has expressed reservations about any negotiations in the absence of prior Israeli commitment to total withdrawal from Sinai in an overall settlement.

The dilemmas are evident. Egypt's willingness to take new steps, for example, is inhibited by the fear that further concessions could erode the principle of sovereignty without assuring that Israel is interested in reaching agreement or will make appropriate concessions in return. Israel's incentive to be forthcoming depends on a difficult basic judgment whether its giving up the physical buffer of territory would be compensated by less tangible assurances of its security—such as Arab peace commitments, demilitarization and other security arrangements, external guarantees, and a transformed and hopefully more secure political environment in the Middle East. Urging flexibility on both parties in the abstract seems futile. Neither appears willing, without assurance of a satisfactory quid pro quo, to offer specific modifications of basic positions sufficient to get a concrete negotiating process started.

A step-by-step approach still seems most practical, but we fully recognize that one step by itself cannot bring peace. First, there is a relationship between any initial step toward

peace and steps which are to follow toward a broader settlement. We are open-minded on how that relationship might be established in a negotiating process, and on what role the United States might play. But the relationship cannot be ignored. Second, all important aspects of the Arab-Israeli conflict must be addressed at some stage, including the legitimate interests of the Palestinians. Implementation can occur in stages, and it should not be precluded that some issues and disputes could be resolved on a priority basis. But a comprehensive settlement must cover all the parties and all the major issues.

The issues are formidable, interlinked, and laden with emotion. The solutions cannot be found in general principles alone, but must be embodied in concrete negotiated arrangements. The parties will not be tricked into compromise positions by artful procedures. But there is room for accommodation and an overwhelming necessity to seek it.

#### **The Interests and Responsibilities of the Major Powers**

Too often in recent history, Middle East turbulence has been compounded by the involvement of outside powers. This is an ever-present danger. Our efforts with other major powers to move from an era of confrontation to an era of negotiation have addressed this problem directly.

The nations of the Middle East have the right to determine their own relationships with the major powers. They will do so according to their own judgment of their own requirements. The United States has no desire to block or interfere with political ties freely developed between Middle East countries and other major nations in the world. We have our close ties with Israel, which we value, and we also have a strong interest in preserving and developing our ties with the Arab world. Other powers have the same right. But attempts at exclusion or predominance are an invitation to conflict, either local or global.

The first dimension of the problem is, of course, the direct involvement of the great powers in the Arab-Israeli conflict. A significant Soviet presence and substantial Soviet military aid continue in the area. The Soviet Union signed a friendship treaty with Iraq in April 1972. New shipments of Soviet military equipment have now been concentrated in Syria, Iraq, and the People's Democratic Republic of

Yemen. The significant factor is whether the Soviet presence is paralleled by a Soviet interest in promoting peaceful solutions. The major powers have a continuing obligation to refrain from steps which will raise again the danger of their direct engagement in military conflict.

The danger of immediate U.S.-Soviet confrontation, a source of grave concern in 1970 and 1971, is at the moment reduced. The Moscow Summit and the agreement on the Basic Principles of our relations contributed to this, not only for the present but also for the longer term. Neither side at the summit had any illusions that we could resolve the Arab-Israeli conflict, but there was agreement that we could keep it from becoming a source of conflict between us. The United States has no interest in excluding the Soviet Union from contributing to a Middle East settlement or from playing a significant role there. In fact, at the summit we agreed that we each had an obligation to help promote a settlement in accordance with Resolution 242.

The responsibilities and interests of the major powers in the Middle East go beyond the Arab-Israeli dispute. There are extensive political and economic ties between the countries of the region and the outside world. Here, too, there is a world interest in not allowing competitive interests to interfere with a stable evolution.

The United States considers it a principal objective to rebuild its political relations with those Arab states with whom we enjoyed good relations for most of the postwar period but which broke relations with us in 1967. We were able to restore diplomatic relations with the Yemen Arab Republic at the time of Secretary of State Rogers' visit there in July 1972; re-establishment of ties with Sudan followed shortly thereafter. We assigned two American diplomats to the interests section in Baghdad, Iraq, in 1972. We have just concluded an agreement with Algeria on a major project for the import of Algerian liquified natural gas. The United States is prepared for normal bilateral relations with all the nations of the Middle East.

The European Community is also expanding and consolidating direct ties with many nations of the Middle East and North Africa. This is a natural development; it builds on historical relationships and the economic advantages of geography. It gives these nations a greater stake in relations with the West. It gives the

Western European countries an important role in maintaining the structure of peace beyond Europe. We are concerned, however, that as these relations evolve they not embody discriminatory arrangements which adversely affect our trade and that of other countries.

Economic competition in the Middle East between the United States and other free world nations could be particularly damaging in the critical area of energy. The traditional relationship between suppliers and consumers of energy has radically, and probably irrevocably, changed. In the Persian Gulf, where about two-thirds of the world's known oil reserves are located, Arab oil-producing countries have joined to reorder the relations with the international oil industry and the consumer countries. Iran has taken over operation of the companies working there. Our own requirements for Persian Gulf oil have been small—about ten percent of our total oil imports—but they will rise as U.S. energy demand expands. Assurance of the continuing flow of Middle East energy resources is increasingly important for the United States, Western Europe, and Japan. This should be addressed as a common interest.

As for the relations between producer and consumer nations, here too we believe there is a shared interest. We both stand to gain from a stable and reliable economic relationship, ensuring revenues for them and energy resources for us. Oil revenues paid to Persian Gulf states have trebled in the last five years, financing their economic development and providing an expanding market for us. Their rapidly growing foreign exchange reserves give them increasing weight—and an increasing stake—in the international monetary system. We share these countries' desire to find arrangements which enhance the region's prosperity while assuring an effective means for meeting the world's demand for energy.

### **The Regional Framework**

Stability in the Middle East does not depend only on Arab-Israeli peace and stable relationships with and among the great powers. Personal rivalries, ideological conflict, territorial disputes, economic competition, religious and ethnic divisions are indigenous sources of turmoil which exacerbate—and are in turn exacerbated by—these other tensions. Stability therefore depends also on strengthening regional forces for cooperation and collaboration.

At the end of 1971, the nations of the Persian Gulf passed through a critical transition, with the termination of the century-old protectorate relationship between Great Britain and the nine Arab Emirates of the lower Gulf. Considering the number of states involved and the diversity of political and economic conditions, the transition of this area to independence has been remarkably smooth. The Emirates have developed new political ties among themselves and assumed responsibility for their own security and destiny. Some territorial disputes and rivalries remain, but these have not been allowed to undermine their perceived common interest in unity and stability. Two of the largest Gulf states, Iran and Saudi Arabia, have undertaken greater responsibility for helping to enhance the area's stability and for ensuring that the destiny of the Gulf will be determined by the nations of the Gulf without interference from outside.

Mutual assistance among Middle East nations has an important economic dimension. The wealthier nations of the area have—in their own interest and in the general interest—taken on the responsibility of assisting economic and social development. On the occasion of my visit to Tehran last May, I joined with His Imperial Majesty the Shah of Iran in affirming that “the economic development and welfare of the bordering states of the Persian Gulf are of importance to the stability of the region.” The Kuwait Fund for Arab Economic Development has worked effectively in this area for some time. The Government of Saudi Arabia is providing significant support to its neighbors. Iran and other Middle East nations are adding to the flow of financial and technical help within the region.

These are positive developments. They strengthen the forces of moderation. There is reason for hope that these trends of collaboration will survive, gather strength over time, and contribute in turn to a favorable political evolution.

### **Agenda for the Future**

Looking ahead several years, what does the United States hope to see in the Middle East? We hope to see, first of all, a region at peace—with a number of strong, healthy, and independent political units cooperating among themselves, free of external interference, and welcoming the constructive participation of outside powers. I have no doubt that this is also

the objective of the peoples and governments of all the countries in the Middle East.

The United States will therefore address itself to these specific tasks:

—First is the settlement of the Arab-Israeli conflict through a process of negotiation. There must be a realism on all sides about what is achievable. Neither side will attain its maximum demands, but an accommodation is possible that preserves the honor and security of both sides. The absence of peace is a threat to both sides, which will increase, not diminish, over time.

—Second, the world and the region have an interest in turning great-power relationships with the Middle East into a force for stability. This means that the principles of restraint, peaceful settlement, and avoidance of confrontation that are set forth in the Basic Principles of U.S.-Soviet Relations must become enduring realities. It will require outward-looking economic relations among the Middle East, North Africa, the European Community, and the United States. It will require stable and dependable relations between suppliers and consumers of energy.

—Third, the United States will seek to strengthen its ties with all its traditional friends in the Middle East and restore bilateral relations where they have been severed. In conditions of security and peace, there are prospects for new forms of cooperation, in the interest of enhancing the independence of the area's nations.

—In the economic dimension particularly, the United States can make a unique contribution to progress and stability. Where capital assistance is not the greatest need, American technical and managerial skills can be a major spur to modernization. Where promising new development programs are being undertaken, the United States can contribute resources productively. If the peoples of the area are to realize their aspirations for a better future in conditions of peace, economic rehabilitation and development will be essential, and the United States will do its share.

The United States is committed to helping achieve these objectives.

## **SOUTH ASIA**

The American interest in South Asia is clear-

cut: we want the region to be a contributor to global peace, not a threat to it. We want the region to be an example to the world of peaceful progress.

Last year in South Asia was a year of rebuilding. Societies torn by political upheaval, war, and natural disaster took up the tasks of reconstruction. The nations of the subcontinent began reshaping the relations among themselves. They began rebuilding their relations with the world outside. This is an arduous process, but the United States has an important stake in its success.

I have always believed that the United States, uniquely among the major powers, shared a common interest with the nations of the subcontinent in their peace, independence, and stability. Today this is more true than ever. The United States has no economic or strategic interest in a privileged position, nor in forming ties directed against any country inside the region or outside the region, nor in altering the basic political framework on the subcontinent. We have an interest in seeing that no other great power attempts this either—and we believe the best insurance against this is a stable regional system founded on the secure independence of each nation in it. The destiny of each nation of South Asia should be for it to determine. The United States serves its own interest by respecting that right and helping them preserve it.

As I wrote last October to my Advisory Panel on South Asian Relief Assistance after it reported to me on its visit to Bangladesh, "The United States could not and cannot ignore the needs and the aspirations of the more than 700 million South Asians. Our effort to join other nations in meeting the most urgent needs of those who live in this area has reflected not only our compassion for them in their distress but also our recognition that an orderly society depends on the capacity of governments to 'promote the general welfare.'"

We therefore want to see Pakistan consolidate its integrity as a nation, restore its economic vitality, and take its place among the proud democratic nations of the world. We want to see the new People's Republic of Bangladesh flourish as a non-aligned and economically viable democratic state. We want to join with India in a mature relationship founded on equality, reciprocity, and mutual interests, reflecting India's stature as a great free nation. We want to see all the small countries of South Asia live in stability and secure in their independence.

## The Structure of Peace in South Asia

In 1971 the breakdown of peace in South Asia not only brought war and suffering to the millions of people directly affected. It raised concern about stability for the whole region from the Persian Gulf to Southeast Asia. It involved the great powers in a potentially dangerous confrontation whose significance went far beyond the immediate South Asian conflict.

Today we can hope that the subcontinent has found a new foundation for stability.

This will depend first and foremost on the normalization of relations between India, Pakistan, and Bangladesh. This means, to begin with, resolving the issues left by the events of 1971: repatriation of prisoners of war and other personnel detained; recognition and establishment of diplomatic relations; and resumption of trade and equitable division of assets and liabilities between Pakistan and Bangladesh. Beyond this, it means consolidating a new stability on the subcontinent: an end to the arms race; an end to territorial disputes; expanded economic cooperation; and creation of a climate of security and, ultimately, reconciliation.

The primary responsibility for this process rests necessarily on the region's nations. The Simla Conference in June-July 1972 between President Bhutto and Prime Minister Gandhi, which produced agreement on the outline of a settlement between Pakistan and India, was a dramatic and promising step. Progress since then has been slow, as the relationship between India and Pakistan has become intertwined with the resolution of the unsettled issues between Pakistan and Bangladesh. President Bhutto has been understandably insistent on the return of the 90,000 Pakistani prisoners of war detained in India. India has been unwilling to release them without Bangladesh's concurrence. Prime Minister Mujib, until recently, insisted that Pakistani recognition of Bangladesh must precede any other steps toward reconciliation, and he has sought the return of Bengalees detained in Pakistan. Just this past month, however, new efforts have been made to break the impasse.

The United States, from its Vietnam experience, has a natural sympathy for Pakistan's desire for the return of its prisoners of war, and for the repatriation of all detainees. It is a basic humanitarian concern and also a way of liquidating one of the vestiges of the war and beginning a process of reconciliation. At the same time, recognition of Bangladesh as a

new reality in the subcontinent is a key step toward stabilization of relations in South Asia.

As a general matter, reconciliation on the subcontinent is not a process the United States can directly affect, except to give encouragement and support to constructive actions. We have sought, on the other hand, through our bilateral relations with the nations of the area, to address the fundamental problems of recovery and stability.

**Pakistan.** As I stated in my Report last year, "Our concern for the well-being and security of the people of Pakistan does not end with the end of a crisis." The United States has always had a close and warm relationship with Pakistan, and we have a strong interest today in seeing it build a new future.

Pakistan entered 1972 a deeply troubled and demoralized nation. Crisis and defeat in 1971 had torn apart its political structure, halved its population, and shattered the established patterns of its economy. Yet the events of 1971 also brought to power the first civilian administration Pakistan has had since 1958 and produced a new and determined effort to develop institutions of representative government. The National Assembly in April 1973 has just adopted a new democratic federal constitution. President Bhutto has taken many courageous steps of political, economic, and social reform. He has restored much of the self-confidence of his countrymen.

The cohesion and stability of Pakistan are of critical importance to the structure of peace in South Asia. Encouragement of turmoil within nations on the subcontinent can bring not only the devastation of civil and international war, but the involvement of outside powers. This is the basis of America's interest in helping Pakistan now consolidate its integrity as a nation.

To this end, since January 1972 we have provided over \$300 million to assist Pakistan's program of economic recovery. Our assistance in the form of new loans to facilitate imports essential to Pakistan's industrial and agricultural growth totaled \$120 million. We worked with Pakistani and United Nations authorities to channel \$14 million in food and commodity emergency relief to the roughly 1.2 million Pakistanis displaced from their homes by the 1971 war. We have committed \$124 million in Title I PL-480 foodstuffs (including 1.3 million tons of wheat) to meet shortages resulting from inadequate rainfall and the dislocations of the war. We provided \$5 million in technical assistance. We made about \$45 million in aid



available to support the multilateral Indus Basin development program. In addition, we joined with other members of the Pakistan Consortium, led by the World Bank, to provide emergency debt relief, the U.S. share totaling \$50 million over 1972 and 1973.

As Pakistan now turns its efforts again to long term economic and social development, the United States once again stands ready to assist in collaboration with the Consortium and the World Bank. The prospects are encouraging, particularly because of the success Pakistan has had through its own efforts in the past year to reorient its economy after the loss of the eastern wing. Pakistan has already managed to expand its international markets for its cotton and rice to more than offset the loss of the east as a market and as an exporter. Its export earnings this year may even surpass the combined export earnings of East and West Pakistan in 1970, the last pre-war year.

The United States believes that Pakistan, like any other nation, has a right to its independence and security. Peace and stability on the subcontinent cannot be founded on any other basis. I made a decision in March 1973 to fulfill outstanding contractual obligations to Pakistan and India for limited quantities of military equipment whose delivery had been suspended in 1971. Our policy now, as before 1971, is to permit the export of non-lethal equipment and of spare parts for equipment previously supplied by the United States. There is no change in our purpose. We are not participating in an arms race in the subcontinent.

**Bangladesh.** Bangladesh emerged from the 1971 crisis with a surge of enthusiasm, an unpredictable political situation, and a shattered economy. Its leaders faced the formidable tasks of restoring civil peace and harnessing national energies for building the political and administrative organization for a new state, while meeting the emergency and long-term human and development needs of what is now one of the world's most populous—and poorest—nations.

While the United States deplored the fact that military solutions were resorted to in 1971, we did not dispute the aspirations of the people of East Bengal for autonomy. My Foreign Policy Report last year described our efforts in 1971 to promote a peaceful political resolution of the crisis. We opposed not independence, but the outbreak of international war. Throughout the crisis year of 1971, the United States provided two-thirds of the world's relief to East Bengal, and supported

the administration of that relief effort by international authorities. Once the issue was settled by the fact of independence, our principal interest was in the rehabilitation and stability of the new state. Our relief effort continued even in the absence of diplomatic relations. The United States formally recognized Bangladesh in April 1972, and established diplomatic relations in May.

Since January 1972, first under United Nations auspices and since May also bilaterally, the United States has contributed over a third of a billion dollars to relief and rehabilitation in Bangladesh. The mobilized efforts and resources of the world forestalled a major famine, and the United States provided more than any other nation. We provided \$144 million in PL-480 food and grants for food distribution; \$21 million in grants to American voluntary agencies to aid in the resettlement of thousands of Bengalee families; a \$35 million grant to the UN Relief Operation Dacca, mainly for food distribution; and \$145 million in bilateral grants to the Bangladesh Government for essential commodities and to restore transportation services, power stations, hospitals, and schools, for the rehabilitation of the economy.

The political and economic progress of the new nation is an enormous challenge to its leaders. Unemployment, inflation, and commodity shortages remained serious in 1972. Civil disorders continued. The Bangladesh Government in 1972 was able to begin effective rehabilitation programs and to begin considering its pressing longer term development needs in cooperation with friendly nations and international lending institutions. We are particularly encouraged by its achievement of a new constitution, a new parliament, and a strong electoral mandate for the leadership of Sheikh Mujibur Rahman. Our interest in Bangladesh is in its stability—lest turmoil there affect other nations—and in its genuine non-alignment and peaceful policies. Instability anywhere in the subcontinent is an invitation to interference from outside.

Bangladesh's success in meeting this challenge will be a most important determinant of the future of peace in South Asia in the years to come.

**India.** India emerged from the 1971 crisis with new confidence, power, and responsibilities. This fact in itself was a new political reality for the subcontinent and for all nations concerned with South Asia's future. For the nations of that region, the question was how

India would use its power. For the nations outside the region, the question was what the relationship of this power would be to that of other powers in the world.

Last year I explained that the United States was prepared for a serious dialogue with India on the future of our relations. We have taken steps in that direction in 1972. The United States respects India as a major country. We are prepared to treat India in accordance with its new stature and responsibilities, on the basis of reciprocity.

Because India is a major country, her actions on the world stage necessarily affect us and our interests.

—India's relationships with the major powers are for it to decide, and we have no interest in inhibiting their growth. However, we have a natural concern that India not be locked into exclusive ties with major countries directed against us or against other countries with whom we have relationships which we value.

—There have been serious differences over U.S. policy in Indochina. With the ending of the war, that problem is reduced, and we feel that India, as a chairman of the International Control Commission for Laos and Cambodia and a country with a stake in Asian peace, has an opportunity to play an important positive role in consolidating a just peace in Indochina.

—India's policy toward its neighbors on the subcontinent and other countries in nearby parts of Asia is now an important determinant of regional stability, which is of interest to us.

—Other aspects of Indian policy affect us, and we have had our natural concerns. We have expressed unhappiness when Indian leaders have used the United States as a scapegoat in domestic disputes, which does not serve our common objective of improved relations.

Fundamentally, I believe that the United States and a non-aligned India have no significant conflicting interests. The United States has an interest in India's independence, and a natural preference to see democratic institutions flourish. We share an interest in the success and stability of Bangladesh. And as India and Pakistan move toward more normal relations, external military supply loses its relevance to the politics of the subcontinent. In short, the United States wants to see a subcontinent that is independent, progressive, and peaceful. We believe India shares these objectives—and this can be the firm basis of a constructive relationship.

—The United States will not join in any groupings or pursue any policies directed against India. Our normalization of relations with the People's Republic of China is not directed against India or inconsistent with our desire to enjoy good relations with India. The United States and China declared in the Shanghai Communique that we both saw attempts at collusion, hegemony, or spheres of interest as inconsistent with peace in Asia. I believe that on this principle a constructive pattern of relations is possible among all the major countries of Asia, and this is the objective of United States policy.

—Both the United States and India are interested in defining a new basis for a mature economic relationship between us over the longer term. In October 1972, the United States joined in a program to reschedule the Indian debt under the aegis of the World Bank, and in March 1973 we lifted the suspension imposed in December 1971 on the flow of \$87.6 million in past development loans. For the future, both sides are now interested in how to move toward Indian self-reliance. This raises the issues of the role of U.S. development assistance, our trade relations, our consultation on world trade and monetary issues that affect Indian interests, and our common interest in promoting economic development on the subcontinent and elsewhere in Asia. A new framework for this economic relationship is a fruitful topic for our dialogue.

Our dialogue has now begun. Secretary Conally, on his visit to New Delhi, Dacca, and Islamabad last July, had frank and important talks on my behalf with Prime Minister Gandhi and her government's leaders. Indian Finance Minister Chavan consulted with Secretary Shultz in Washington in March 1973 on trade and monetary issues. Ambassador Moynihan's cordial reception in India was a sign that the passage of time and constructive attitudes on both sides have laid a foundation for a serious improvement in our relations. The recent discussions which Deputy Secretary of State Rush had in New Delhi on his trip to South Asia confirmed this.

We both understand, of course, that the issue is not one of communication or atmosphere. Our differences in 1971 injected a healthy realism and maturity into the U.S.-Indian relationship. We can deal with each other now without sentimentality and without the illusion that because we are both great democracies our foreign policies must be the same. Nor do great nations decide their policies on the

ephemeral criterion of popularity. We have our interests and responsibilities; India's policy choices are for India to make. Good relations will come not from an identity of policies, but from respect for each other's concerns and a consciousness of the basic interest we share in global peace.

**The Smaller Nations of South Asia.** The smaller nations of South Asia are part of the regional system, and their well-being and independence are important to it. We do not view them as part of any country's sphere of influence. They have a right to their independence and non-alignment and a right to remain neutral with respect to the problems of their larger neighbors. Each has its own character, aspirations, and problems, and we seek relationships with each one on the basis of mutual respect.

We welcome the improvement in our relations with Sri Lanka in the past few years. Sri Lanka has strengthened its internal stability, and we hope to maintain and expand our cooperation and to assist Sri Lanka's progress. The United States joined with many other nations to assist Afghanistan in its recovery from a two-year drought and we will continue our cooperation in its economic development. We have assisted Nepal in its efforts to modernize its agriculture and transport, and we will welcome the opportunity to continue this relationship as our help is wanted. We value our contacts with all the small countries of the region—from Bhutan to the Maldives.

Every country on the subcontinent has a basic right to determine its own destiny without interference or dominance by any other. The United States places a high value on this right, out of conviction and out of our interest in a peaceful regional system. Every major power—now including India, with its new power in the region—has a basic responsibility toward the international system to exercise its power with restraint, so that these smaller nations may look to the future confident of their security and independence.

#### **Agenda for the Future**

When I visited South Asia in 1969, I said, "I wish to communicate my government's conviction that Asian hands must shape the Asian future." This was not a statement of lack of interest in South Asia; it was, on the contrary, a recognition that America's relationship with Asia would change and that our involvement would require the increasing assumption of

responsibility for the Asian future by the people of Asia. The United States role would be one of assistance; we would cooperate, but would not prescribe.

That was a time of significant progress and hope in South Asia. In conditions of peace, the gains from major economic policy decisions and reforms during the 1960's in both India and Pakistan were being consolidated. The full potential of the Green Revolution was beginning to be recognized and in some areas realized. The concepts and practices of economic development and population planning were maturing.

Along with this progress, enormous problems remained on the agenda, and we discussed these at length in both India and Pakistan during my visits: the need for peace and normalization of relations between India and Pakistan; the future direction of Asia, of South Asian nations in relation to the rest of Asia, and of the United States, the Soviet Union, and the People's Republic of China in relation to them; the need for a new relationship between aid donor and aid recipient; and the continuing efforts of governments to meet the demands and aspirations of their people for economic and social development.

The crisis of 1971 interrupted and enormously complicated these tasks—and underlined their urgency. For the United States the crisis of 1971 illustrated again that we did not control the destiny of South Asia—but that we had an important stake in it. The agenda for the future is both the natural outgrowth of the agenda we faced in 1969 and the legacy of the upheaval of 1971.

The first responsibility for building the future of South Asia rests on the leaders and peoples of South Asian nations themselves.

—To a unique degree, the political future of the subcontinent depends on the ability of institutions to meet basic human needs—the needs of the victims of drought, cyclone, flood, war, disease, hunger, and unemployment. No particular political form guarantees that these needs will be met. What is important is the determination to build institutions that can respond to human needs and give diverse elements a stake in a larger community.

—A precondition for the fulfillment of these aspirations is a sense of security and a lessening of tensions between nations on the subcontinent. Each nation must respect the integrity of the other, and each must have the confidence that it can maintain its integrity and choose its future without fear of pressure

or dominance from outside.

—The relations between the countries of South Asia and countries outside the region must be consistent with the peace and independence of the subcontinent and the peace of the world. If any outside power acquires an exclusive position in an area of this mass and potential, others will be forced to respond. The major powers all have important relationships there. No South Asian interest is served if those relationships are embroiled in local tensions.

The United States will support, as we can, South Asian efforts to address this agenda.

First, the United States will contribute, where asked and where possible, to meeting human needs and to the process of development. We do this out of the traditional humanitarian concern of the American people, and out of a common interest in supporting the effectiveness and stability of institutions. Where our economic assistance does not serve mutual interests, it should not be provided. Where it does, ways must be found to assure that the form of aid is consistent with the dignity of both the donor and the recipient. The donor must not expect special influence in return; the recipient must acknowledge a mutuality of interest, for only in a relationship of acknowledged common purpose are assistance programs sustainable.

Second, United States policies globally and regionally will support the independence of South Asian nations. Within the region, we shall encourage accommodation and help to promote conditions of security and stability. We see no reason why we cannot have bilateral ties with each country in South Asia consistent with its own aspirations and ours, and not directed against any other nation. We shall gear our relations with other major powers outside the region to encourage policies of restraint and noninterference. This is our responsibility as a great power, and should be theirs.

Third, we shall seek to assure that the concerns of all South Asians are heard in world councils on the issues of global peace and on all issues that affect them. This is not only for their benefit; it is for the general interest in building economic and political relations globally that all have a stake in preserving. As I wrote in my Foreign Policy Report in 1971: "More than ever before in the period since World War II, foreign policy must become the concern of many rather than few. There cannot be a structure of peace unless other nations

help to fashion it." It is in the world interest that South Asia make a positive contribution.

I hope to see South Asia become a region of peace instead of crisis, and a force for peace in the world.

## AFRICA

The birth of Africa's new nations was one of the dramatic features of the postwar period. The assertion of black nationhood in Africa coincided with a new affirmation of black dignity in America, creating a special bond of sympathy between the United States and the new Africa. But in the conditions of the time, the United States was preoccupied with African crises. We assumed we would be drawn into assertive involvement on the continent economically and politically, both because of endemic instability and poverty and the threat of aggressive competition from Communist powers. In an exuberant phase of our own foreign policy, the United States exaggerated its ability to help solve many of Africa's problems.

Conditions had changed by the time I came into office. The United States clearly needed a more coherent philosophy for a long-term, positive role in Africa's future. There was no question about America's continuing commitment to the goals of regional peace, economic development, self-determination, and racial justice in Africa. The issue was to focus seriously on effective ways America could contribute to them in new conditions.

—The stark, long-term problems which Africa faced had not disappeared. But in many countries a new generation of leaders had come into power who knew that rhetoric was no substitute for determined effort to govern effectively and mobilize their peoples to meet the tasks ahead. Given underdevelopment, ethnic rivalries, and the arbitrary boundaries left by the colonial powers, the political cohesion and stability achieved by Africa's 41 nations was a testimony to African statesmanship. Moreover, African nations had proven to be the best guarantors of their own sovereignty. The continent was not divided into great power spheres of influence nor did it become an arena of great power confrontation.

—In the economic sphere, while the United States was able to maintain the level of its governmental assistance, the most promising sources of capital to finance African development were now trade and private investment. The means of American support for African

development would thus necessarily be more diverse, and the first responsibility for mobilizing energies and resources would clearly rest on the Africans themselves.

—The yearning for racial justice in the southern half of the continent continued unfulfilled after more than a decade of violence and excessive rhetoric. The task now was to devise new and practical steps toward beneficial change.

Our policy goals in Africa are unchanged: political stability, freedom from great power intervention, and peaceful economic and social development. We seek positive bilateral relations with African nations founded on their self-reliance and independence, and on forms of support which we can sustain over the long term.

### Economic Progress in Africa

The principal role America can play in the continent's future is that of support for economic development—one of the primary objectives of all African countries. This is what Africa's leaders have told me they need—and this is the field in which the United States can contribute most effectively.

Our common objective is Africa's self-reliance. African efforts, national and regional, are the key to this accomplishment. We are encouraged by the growth and success of African institutions of the regional cooperation. The recent creation of the African Development Fund is a promising example of such African initiatives.

Our interest in supporting Africa's development efforts rests on many bases. A central motive is our humanitarian concern. We also believe that as the quality of life improves on the continent, so will the prospects for regional peace. In addition a developing African economy will mean expanding potential markets for American goods. Moreover, Africa is becoming a major source of energy for the United States and Western Europe. Libya is one of the world's important producers of oil; Nigeria's oil production is increasing; Algerian natural gas is a rapidly growing source of world energy. One fourth of the world's known uranium ore reserves are in Africa. As the West seeks new and alternative sources of energy, African development becomes increasingly important.

There should be no illusions about the barriers to economic progress in Africa. The average per capita Gross National Product of most African nations ranges between \$100 and \$200 a year. Subsistence agriculture is the principal

means of livelihood for much of their population. Malnutrition and disease are widespread. Africa still needs to build its social infrastructure—education and technical skills, public health, new methods of agricultural production, and improved transport links within nations and on a regional scale.

The United States can be proud of its record of direct *development assistance* to Africa. We have assisted Africa both through bilateral aid and by contributing over 30 percent of the funds provided to Africa by international agencies. In this Administration, in spite of limited resources available for our total foreign aid program, we have increased our assistance to Africa in each of the last three years. In 1972 our bilateral and multilateral aid was \$600 million—up from \$550 million in 1971 and \$450 million in 1970. Our programs have reflected an increasing emphasis on areas of technical assistance that are relevant to broad regional needs, such as food and livestock production and regional transportation systems. Two thousand four hundred Peace Corps volunteers are currently serving in Africa, bringing needed skills and demonstrating America's commitment to helping others.

American direct *private investment* in Africa has almost doubled in the last four years, reaching a total of \$4 billion, and 75 percent of that total is in Africa's developing countries. We have promoted trade and development in Africa through our Overseas Private Investment Corporation (OPIC), which promotes the flow of American capital to the developing world, and through the guarantee and other facilities of the Export-Import Bank, whose long-term loans for African trade reached a record total of \$113 million in 1972.

American firms can be a conduit for the transfer of skills, resources, and technology. The productive impact of these enterprises may be the most direct as well as the most reliable outside stimulus to the raising of living standards in developing Africa.

Obviously such private activity must be undertaken in ways consistent with the sovereignty and policies of African governments. We accept the basic principle of the Charter of the Organization of African Unity that the natural and human resources of Africa must be harnessed for the total advancement of African peoples. The specific conditions for private outside investment, and the degree of local participation in control and in profits, should be determined on a fair basis reflecting the interdependence of the relationship. American

companies seek no special privileges, and the United States seeks no special advantage. Where investment has been allowed to take root and flourish, economic performance has been impressive. This is the clearest demonstration of a shared interest.

Trade expansion is important to both Africa and the United States. Our two-way trade has grown 30 percent in the last three years, but it is still modest in scale—only about \$3.1 billion in 1972. The U.S.-sponsored African Trade and Development Conference in Washington last October brought together representatives of African Governments, our Government, and the American business community to promote trade with developing Africa. We have an interest in seeing U.S.-African trade expand in a balanced way. Such trade reflects a healthy interdependence which serves the needs both of African progress and of the American economy. Our imports from Africa in 1972 rose to \$1.6 billion, a 33 percent increase over the previous year. U.S. exports to Africa, however, declined slightly in 1972.

The future of our trade with Africa and our hopes for its expansion will be affected by still-unresolved problems concerning the international terms of trade. One issue is that of commodity agreements. Understandably, African nations heavily dependent on a single crop like cocoa or coffee are interested in agreements stabilizing the prices of these commodities. The United States as a consuming nation, on the other hand, seeking to control inflation at home, tends to favor free-market determination of price. This is a difficult problem involving divergent interests, and we recognize its vital importance to many African countries. We are committed to addressing the problem cooperatively and are prepared for regular consultation and exchanges of information on market conditions.

Another important issue for the United States is the evolving economic relationship between African nations and the European Community. The growth of preferential arrangements discriminating against competing American products in both European and African markets is naturally of concern to the United States. In this year of important multilateral trade negotiations, the United States will work for solutions that serve the long-term general interest in an open global system of expanding trade.

The United States has continued to respond to many of Africa's needs with *humanitarian assistance*. This is a reflection of the traditional

concern of the American people. For decades, dedicated Americans have worked—through private and voluntary agencies and public programs—to help Africans combat illiteracy, starvation, disease, and the effects of natural disasters. We can take particular pride in our contribution to a major seven-year campaign to control smallpox throughout Central and West Africa. Working with the World Health Organization and twenty African Governments, we helped virtually to eliminate the disease from the area. We are continuing efforts to reduce the prevalence of measles in the area. In the semi-arid states south of the Sahara, where another year of inadequate rainfall threatened large-scale starvation, the United States provided emergency grain above and beyond the quantities already being provided.

Where civil strife has occurred, the United States has responded with generosity and impartiality to the basic human needs of the victims of conflict. In the last year, even before the resumption of diplomatic ties with Sudan, we provided humanitarian aid to the Sudanese Government for the resettlement of refugees in the southern part of that country. The United States contributed to international programs to relieve the suffering of refugees who had fled from Burundi to neighboring countries. When Asians were expelled from Uganda, this country opened its doors to 1,500 of their number.

### Stability in Africa

There is no area of the world where states are more assertive of their national independence and sovereignty than in Africa. This is understandable because of still fresh memories of colonial experiences and because so many of these states continue to feel vulnerable to outside intervention and internal subversion. In each of my Foreign Policy Reports to Congress I have affirmed that non-interference in African internal affairs is a cardinal principle of United States policy. I reaffirm that principle, and pledge that we shall respect it. The same obligation rests on other outside powers. We believe that restraint should characterize great power conduct. This is in the interest of Africa's secure place in the international system, and in the interest of Africa's stability.

Africa's nations themselves have proven to be the best champions of their right to determine their own future. African leadership has accomplished impressive examples of nation-building.

—Ethiopia, under the Emperor's leader-

ship, has for decades been a symbol of African independence and a leader of institutions of African unity.

—Nigeria has not only survived a bitter civil war; it has gone far toward national reconciliation. Today it is a united, confident nation.

—Strife-torn Congo (Kinshasa) has transformed itself into the new and stable Zaire, with promising prospects for development.

—In Sudan, years of warfare between north and south were ended in 1972 and the nation embarked on a new era of unity and reconstruction.

These achievements by four of Africa's largest and most important states are grounds for confidence in Africa's future.

African nations have also shown their determination to safeguard the peace of their own continent. Out of their great diversity, they have fashioned institutions which have dampened political conflicts and provided mutual support for common purposes. The Organization of African Unity, celebrating its tenth anniversary this year, deserves special note. African states also have worked out bilateral solutions to serious problems. The accord reached in 1972 between Sudan and Ethiopia, which helped settle Sudan's internal conflict, and the understanding reached last year between Morocco and Algeria over their border dispute were two noteworthy achievements.

There also were serious disappointments in 1972. It would be less than candid not to mention them, for I am sure they were disappointments, too, to Africans who are working for peace and justice on the continent.

The situation in Burundi posed a genuine dilemma for us and for African countries. Non-interference in the internal political affairs of other countries is a paramount and indispensable principle of international relations. But countries have a right to take positions of conscience. We would have expected that the first responsibility for taking such positions rested upon the African nations, either individually or collectively. The United States urged African leaders to address the problem of the killings in Burundi. We provided humanitarian assistance, impartially, to those who needed it in Burundi or who fled. All of the African leaders we spoke to voiced their concern to us; some raised it with Burundi's leaders. But ultimately none spoke out when these diplomatic efforts failed.

In Uganda, the attacks on that country's intellectual class, as well as the expulsion of Asians, were deplorable tragedies. The United

States has provided refuge for some of the Asians, whose expulsion, whatever the rationale, had racial implications which do no credit or service to Africa.

While events in these two countries were tragic in comparison with the continent's other achievements, the ability of African leaders to maintain independence and territorial integrity while welding ethnic diversity into nationhood remains an undeniable source of real hope for the future.

### **Southern Africa**

The denial of basic rights to southern Africa's black majorities continues to be a concern for the American people because of our belief in self-determination and racial equality.

Our views about South Africa's dehumanizing system of apartheid have been expressed repeatedly by this Administration in the United Nations, in other international forums, and in public statements. As I said in my Foreign Policy Report two years ago, however, "just as we will not condone the violence to human dignity implicit in apartheid, we cannot associate ourselves with those who call for a violent solution to these problems."

We should also recognize that South Africa is a dynamic society with an advanced economy, whose continued growth requires raising the skills and participation of its non-white majority. It is particularly gratifying that some American companies have taken the lead in encouraging this. They recognized that they were in a unique position to upgrade conditions and opportunities for all their employees regardless of race, to the fullest extent possible under South African laws.

In addition, we have sought to maintain contact with all segments of South African society. We do not endorse the racial policies of South Africa's leaders. But we do not believe that isolating them from the influence of the rest of the world is an effective way of encouraging them to follow a course of moderation and to accommodate change.

In the Portuguese territories, we favor self-determination. We have clearly expressed this position in the United Nations, and we shall continue to do so.

The United States continues to enforce—more strictly than many other countries—an embargo on sales of arms to all sides in South Africa and in the Portuguese territories. While we favor change, we do not regard violence as an acceptable formula for human progress.

We do not recognize the regime in power in Rhodesia; as far as permitted by domestic legislation exempting strategic materials, the United States adheres strictly to the United Nations program of economic sanctions. In Namibia, we recognize United Nations jurisdiction and discourage United States private investment.

No one who understands the complex human problems of Southern Africa believes that solutions will come soon or easily. Nor should there be any illusion that the United States can transform the situation, or indeed, that the United States should take upon itself that responsibility. This is the responsibility of the people who live there, not of any outside power.

It is important that all who seek a resolution of these problems address them with seriousness, honesty, and compassion.

### **The Future of U.S.-African Relations**

It is important to us that we have been able to preserve our political ties with this important sector of the Third World in this new period. My fourteen personal meetings with African leaders during my first term in office were an opportunity to further this process, as were the extensive visits to Africa by the Vice President and the Secretary of State—the first visit by an American Secretary of State to black Africa. A very special event occurred in January 1972—an official trip to Africa by Mrs. Nixon. Her warm reception in Ghana, the Ivory Coast, and Liberia was a symbol of the friendship of Africans toward Americans and was particularly gratifying for that reason. I will have further meetings with African leaders this

year. I traveled to Africa four times before becoming President, and I hope to become the first American President to visit black Africa while in office. I intend as President to demonstrate my concern for Africa—as a matter both of personal conviction and of national policy.

American policy toward Africa in the 1970's will reflect not only our friendship but a mature political relationship. The United States and African nations can deal with each other with frankness and mutual understanding. There will be differences of view, and there should be no illusions about this on either side. But the United States will seek bilateral relations with African countries on the basis of sovereign equality and mutual respect.

We have an interest in the independence and nonalignment of African countries. We ask only that they take truly nonaligned positions on world issues and on the roles of the major powers.

Our most tangible contribution to Africa's future is our support for its economic progress. We will continue to emphasize our aid, trade, and investment efforts.

We will continue to encourage evolutionary change in Southern Africa through communication with the peoples of the area and through encouragement of economic progress.

These are practical measures of support. They reflect our conviction that Africa needs concrete measures that have a real impact on its problems. Our approach represents a positive and constructive role for America to play over the long term. It sets goals we can meet. In a new period, this philosophy suits the new maturity of American policy, of African policy, and of our relationship.

## **Part V: Designing a New Economic System**

### **INTERNATIONAL ECONOMIC POLICY**

International economic forces have a direct bearing on the lives of people in all countries. The monetary, trade, and investment policies of any government strongly affect the jobs, prices, and incomes of its people. They influence conditions in many other countries as well. Inevitably, they have a major impact on international relations.

We have moved far toward resolving political differences through negotiation in recent years.

But the peace and stability we seek could be jeopardized by economic conflicts. Such conflicts breed political tensions, weaken security ties, undermine confidence in currencies, disrupt trade, and otherwise rend the fabric of cooperation on which world order depends.

It is imperative therefore that our efforts in the international economic arena be no less energetic, no less imaginative, and no less determined than our efforts to settle other complicated and vitally important problems.

In the past two years we have begun a major



effort to reform the international monetary system, improve the mechanisms of world trade, and normalize our commercial relations with the People's Republic of China, the Soviet Union, and the nations of Eastern Europe. We have moved closer to new agreements that will provide greater prosperity for us and for other nations while ensuring that economic relations reinforce traditional ties and contribute to the development of new ones. We have the chance to make economic relations a strong force for strengthening the structure of peace.

### **The International Economic System**

The economic arrangements and institutions created following World War II served well until recent years. But as nations gained strength, points of economic contact between them multiplied and relative positions shifted, their policies had a deeper and broader effect on one another. International institutions and arrangements proved incapable of coping with the major problems that arose. Conflicts, imbalances, divisions, and protectionist tendencies threatened political, security, and economic cooperation. Nations were forced to meet repeated crises but did not get at their causes. In August 1971 we decided to take strong action toward fundamental reform of the world economic system. Our initiatives and proposals in 1972 moved the international community further towards that needed reform.

Our goal is to work with other nations to build a new economic order to meet the world's needs in the last quarter of this century. We believe these new arrangements should achieve six major objectives:

- continued economic progress from which all nations benefit;
- a broader sharing of responsibility commensurate with new economic power relationships and the potential benefits to be gained;
- rules that reflect an equitable balance among the interests of all nations;
- the widest possible consensus for principles of open economic intercourse, orderly economic behavior, and effective economic adjustment;
- improved methods for assuring that those principles are adhered to; and
- sufficient flexibility to allow each nation to operate within agreed standards in ways best suited to its political character, its stage of development, and its economic structure.

The achievement of these objectives can create

a new balance between diverse national economic needs and a greater international unity of purpose. Economic relations can become a source of strength and harmony among countries rather than a source of friction.

But these objectives can be achieved only if nations make a strong commitment to them. Close and constructive cooperation among the European Community, Japan, and the United States—the three pillars of the Free World economy—will be essential. Other nations, including the developing countries, Canada, and Australia must play a major role. All have an important stake in an improved economic system. Our country, for example, will import increasing amounts of energy fuels and raw materials and therefore will have to sell more abroad to pay for them. But the stakes go beyond the problems of individual nations. Nations must be determined to channel potential conflict into constructive competition to strengthen their mutual prosperity and the prospects for a more peaceful world order.

### **International Monetary Policy**

In the late 1960's, the monetary system created at Bretton Woods a quarter of a century before was beset by crisis. By mid-1971 it had given rise to serious imbalance and instability which placed intolerable pressures on the United States. My decision of August 15—to suspend dollar convertibility and to impose a ten percent surcharge on imports—set the stage for thoroughgoing reform.

The Smithsonian Agreement of December 1971 moved toward more realistic exchange rates. By making both surplus and deficit nations responsible for balance of payments adjustment, it had important implications for the future. But its greatest significance was as the essential prologue to full reappraisal and reform of the system.

The Agreement was not designed to resolve all the problems. Heavy speculative pressures developed periodically; the substantial deficit continued in America's balance of payments, and many countries reinforced exchange controls.

**Proposals for Reform.** Early in 1972 we sought to establish a new forum to examine the problem. The members of the International Monetary Fund established the Committee of Twenty with representatives of both developed and developing nations for this purpose.

After consultations with other governments we took advantage of the annual meeting of the

International Monetary Fund/World Bank in September 1972 to put forward our views on needed reform in specific and comprehensive terms.

Of the proposals we put forward at the September meeting, one in particular—improvement of the balance of payments adjustment process—has important foreign policy implications. Because it deals with trade, investment, and monetary flows affecting the lives of people in all nations, balance of payments adjustment is an extremely sensitive issue. Relative competitive positions are particularly vital to the economic well-being of those living in nations that depend substantially on foreign trade. Exchange rates have a major impact on the international competitiveness of nations and thus affect the jobs and incomes of their people. When exchange rates are seriously out of line, the prospect of abrupt change in currency markets creates uncertainty, disrupts trade, and adversely affects the domestic economies of all nations. When one nation believes that another's adjustment or failure to adjust damages its interests, serious international friction can result.

Too little attention was paid to adjustment under the Bretton Woods System. Nations put a high premium on holding their exchange rates fixed. Remembering the dollar shortage of the early postwar period, many countries came to feel more secure with substantial surpluses and were reluctant to undertake adjustments to reduce them. Even after they had achieved large payments surpluses and growing reserves, some governments continued to help certain export industries and inefficient domestic industries. Yet precisely because of their large surpluses and reserves, balance of payments adjustments should have been made. Once the psychology of building surpluses and emphasizing exports had taken firm root, countries were concerned with the domestic repercussions of changing course.

There were other deficiencies in the system:

—there was no agreed way to determine when an imbalance should be corrected;

—there were too few means to induce surplus nations to reduce imbalances;

—there were too few methods used to adjust imbalances. In the industrialized countries, domestic fiscal and monetary policies were considered the most appropriate methods, but we and others have learned that such measures are not always adequate or feasible.

Eventually these deficiencies produced intoler-

able pressures. For a time after World War II the world benefited from American deficits. Others needed our dollars to restore their liquidity, to buy our goods, and to finance expanding trade. When our deficits grew large, other countries urged us to bring our balance of payments into equilibrium and to stop using what they saw as the "special privilege" of having our trading partners hold dollars indefinitely. But our ability to adjust unilaterally was severely limited. Moreover, the effects of doing so by a change in exchange rates, when most transactions were valued in dollars and most reserves were held in dollars, were almost certain to be disruptive. Ironically, countries accumulating dollars they did not want were reluctant to revalue their own currencies for fear of losing their competitive advantage.

By August 1971 dollars held abroad far exceeded U.S. reserve assets. Some countries with large dollar reserves continued to maintain substantial balance of payments surpluses. The world became increasingly skeptical of the ability of the United States to convert outstanding dollars into other reserve assets and doubted the ability of other countries to maintain the exchange value of the dollar at its then current rate. As confidence waned, the rush to sell dollars and buy other currencies accelerated. The stability of the world's economic system was at stake and the need for reform was clear.

The history of the adjustment problem demonstrates the need for more effective and balanced adjustment machinery. Obviously no nation can fully control its balance of payments. The action or inaction of one country affects the domestic and international economic situations of others. Nations naturally want as much control as possible over their economic policy to meet the social and economic needs of their citizens. But failure to accommodate the interests of others weakens the world economy, to the disadvantage of all. Our proposals would give each nation maximum discretion in choosing ways to adjust its payments imbalance, but would give the international community the means to ensure effective adjustment.

We believe governments should employ a variety of methods to achieve balance of payments adjustment. They should continue to use fiscal and monetary policy that fits their circumstances. Beyond this, they should have more latitude to adjust the international price of their currency when they face a payments imbalance. For countries choosing to maintain

set par values for their currencies, greater flexibility could be achieved by allowing a "band" of permissible exchange rate fluctuation around parity wider than that under Bretton Woods. Under agreed conditions, countries might sometimes seek adjustment by a transitional float to a new par value, by a float on an indefinite basis, or by a move directly to a new set rate. All three techniques have been used in recent realignments.

Countries in surplus should also use trade and investment liberalization to contribute to adjustment. In exceptional circumstances, temporary trade restrictions may be an appropriate supplementary adjustment action for deficit countries. If imports are to be restrained for this purpose, it should be by barriers such as a surcharge rather than by quotas. Surplus countries also can contribute importantly to adjustment by increasing the amount of foreign aid which they give without requiring purchases from them.

We believe that criteria should be established which will identify when an adjustment is needed. The need should be demonstrated before an imbalance becomes so great that the adjustment to correct it would pose serious difficulties either domestically or internationally for the nation involved. These criteria should apply even-handedly to surplus and deficit nations alike. In our view the disproportionate gain or loss in a country's reserves should be the primary indicator that balance of payments adjustment is needed. If in a particular case a country believed the reserve indicator to be misleading and the adjustment inappropriate, a multilateral review could help determine the proper action. But if that review did not override the indicator and if the country did not take action, the international community should apply pressures and inducements to bring it about.

**Recent Events.** Repeated crises over recent years have clearly demonstrated that need for closer international cooperation to speed progress toward monetary reform and improved payments equilibrium. In February and March of 1973, the United States and several other countries jointly acted to deal with the latest in a series of major crises. The high degree of international cooperation that marked the handling of these critical monetary issues can produce the fundamental reforms the system requires. We hope the outlines of a new approach can be agreed upon at the International Mone-

tary Fund meeting in Nairobi this September, and we will work closely with others to attain that objective.

### Foreign Trade

In determining their trade policies, governments must balance the desires of all their people. Some workers, farmers, and businessmen want greater access to foreign markets; others want to limit imports; and consumers want the widest variety of goods at the lowest possible prices.

Recent problems in the international trading system reflect in part the high priority some countries place on promoting certain exports and protecting favored producers. Over-emphasis by some countries on promoting certain exports has forced their own consumers to pay more for these products by reducing their availability at home and has sometimes led to disruptive increases in imports in the markets of other nations. Over-emphasis by countries on protection has penalized their domestic consumers and limited exports of other nations.

When such excesses by one nation occur, adversely affected groups in other countries demand retaliation or protection. These demands are particularly hard for governments to deal with in the present climate. International rules adopted in the 1940's to prevent or solve these and other problems have often been ignored. In some cases they do not meet contemporary needs. Nations on occasion have felt they had no choice but to accommodate particular domestic interests in ways that not only further complicate the international problem but also damage other domestic interests. The result has been an erosion of confidence in the trading system, and economic and political friction.

**The U.S. Response.** Balancing domestic and foreign interests in this environment has been one of the most difficult problems faced by the United States. Early in 1972 the United States secured agreement from Japan to reduce trade barriers on a variety of industrial and farm products. At our meeting in Honolulu later that year and in subsequent talks as well, Japan agreed to take additional steps to boost imports of American products and to liberalize its internal distribution system. Although these activities have benefited American exporters, they have not been adequate and we are seeking further progress in these areas. In talks with our trading partners and in the forum provided

under the General Agreement on Tariffs and Trade we are pressing for solutions to other problems including compensation for the impairment of our trade interests as a result of enlargement of the European Community and its new arrangements with other European countries.

Special problems caused by rapidly rising steel and textile imports into the United States have been eased by export restraint agreements reached with major foreign producers. Enforcement of anti-dumping and countervailing duty laws, which protect American workers and industry from injury due to unfair import competition, has improved markedly.

We have also taken steps to cut inflation and to benefit American consumers. We suspended import quotas on meats and relaxed them on certain dairy products. The entire oil import program was recently restructured to help ensure adequate supplies for the domestic market. The measures also have helped foreign exporters. Moreover, we have eliminated export subsidies on farm products, contributing to a sounder balance between exports and home supplies and to a better world agricultural trading order.

But despite the actions we and other nations have taken to meet domestic needs and to help establish more sustainable trade arrangements, problems and grievances remain. Although farmers, workers, businessmen, and consumers together benefit overwhelmingly from foreign trade, trade issues continue to be the subject of intense debate. In some cases, pressures such issues generate prevent nations from reducing trade barriers even though to do so would be in their overall interest. In other cases, they produce pressures for new barriers that adversely affect both their own domestic consumers and other nations.

In the United States, these pressures—magnified by a period of high unemployment and a large payments deficit—have created demands for erecting high barriers against foreign competition. For both domestic and international reasons I do not favor this course. This approach might ease a few problems, but it would cause many more of a serious and permanent nature. Our consumers would have to pay higher prices. The many American industries that depend on imported materials and components would be seriously hurt and their products would become less competitive. This course could also trigger an escalation of international trade barriers which would cut American in-

dustrial and agricultural exports and strike at the roots of international cooperation and prosperity. The collective result would be highly damaging to our domestic well-being and to our foreign policy interests. We have agreed with our trading partners to pursue a wiser and better alternative.

**The Need for a Multilateral Response.** The solution to the problems we face lies in a major international effort to develop an improved world trading system. We must build a system which allows nations to satisfy their domestic needs while participating fully in mutual gains from trade. Such a system should expand export opportunities and give consumers the benefit of less expensive and more varied goods. It should establish a set of rules under which a country could limit imports temporarily where necessary to give workers and industries time to adjust smoothly to sudden disruptive increases in foreign competition. And it should bring about an improvement in international trading rules and arrangements. Together these will enable us to better meet the needs of American agriculture, labor, business, and consumers.

The international commitment to multilateral trade negotiations provides the opportunity to achieve these goals. In February 1972, the United States, the European Community, and Japan agreed to "initiate and actively support multilateral and comprehensive negotiations in the framework of GATT beginning in 1973 . . . with a view to the expansion and greater liberalization of world trade . . . on the basis of mutual advantage and mutual commitment with overall reciprocity." At Honolulu, Prime Minister Tanaka and I reaffirmed that commitment. In October leaders of the enlarged European Community reemphasized their pledge to work toward a reduction of tariff and non-tariff barriers, expressing the hope that the negotiations could be concluded in 1975. Responding to these expressions, I sent new trade legislation to the Congress and announced my intention to work toward the timetable suggested by the European leaders.

**The Task of Negotiations.** We now have the chance to move from confrontation to negotiation in the field of trade. The negotiating process holds the greatest hope for reducing barriers to our exports, for resolving trade differences with friends, and for developing the improved trading system the world needs.

The impending negotiations can substantially

lower world tariff barriers. But we do not look upon this effort merely as another round of tariff reductions—an area in which much progress has already been made. They also provide a major opportunity to settle a variety of other trade issues. Most nations employ a variety of non-tariff trade barriers. A number of these are erected for social, political, and security reasons. Others exist because of government procurement, health, and safety standards. It will be hard to eliminate these barriers or reduce their trade distorting effects without affecting the domestic interests that fostered them. But minimizing their adverse trade effects will open broad new areas for international commerce.

The majority of the world's people, in all nations, will benefit from more open agricultural trade and the resulting lower cost and increased availability of farm products. It is particularly important to the United States to remove the barriers which stand in the way of expanded agricultural trade. We are efficient producers of many farm commodities, and our farm policies are predicated on a more open, more market-oriented agricultural trading system.

Preferential trading arrangements, which discriminate against the trade of those who do not participate in them, cannot be reconciled with the Most Favored Nation principle, the basic tenet of world trade. In certain cases we have actively encouraged closer regional political and economic relations. But close relations, where the objective is not a fuller economic and political union, need not include discriminatory trade arrangements. Where they do, we believe steps should be taken to reduce or eliminate their adverse trade effects. Regional arrangements that are part of a broader economic or political unity must be distinguished from preferential arrangements that primarily divert trade from other countries.

We also need a multilateral agreement on safeguards that nations can apply for a limited time to permit smooth adjustment to rapid increases in imports. As we pursue a more open trading world for the benefit of all, it is self-defeating to ignore the fact that adjustment to more open competition may be difficult for some. Effective procedures to ease this process are the most realistic way to ensure that open trade will bring the benefits we expect.

We also need better means to avoid trade conflicts and to settle them in an orderly way

when they develop. One nation's efforts to promote some segment of its economy or to protect it against external competition can significantly damage other countries. One way to avoid the resulting frictions is to agree on more effective rules for trade. Another is frequent consultations so that nations consider the views of their trading partners before making decisions and assure that problems are faced promptly and candidly. At a time when we are moving from confrontation to negotiation in other areas, we need new trading arrangements and rules to solve trade problems in the same spirit.

**Principles for Success.** The coming trade negotiations will have the best chance of achieving their major objectives if they are based on sound political and economic principles:

—Negotiations should seek maximum feasible reliance on market forces as a means of guiding trade. Such arrangements will allow us to sell the goods we produce most competitively and to buy goods others produce most competitively, increasing the earnings of workers and farmers and giving the consumer more for his money. This is the most efficient way of using each nation's resources; it avoids the vicious circle of protection and counterprotection. The temptation to dwell on the "cost" of particular concessions must be avoided in favor of the overall objective of lessening trade barriers and improving the world trading system. The benefits that will accrue to all nations—not only economically but also in their broader relationships—should be the guiding objective.

—Negotiations should significantly reduce barriers in all trade sectors. Only all-inclusive negotiations permit a full weighing of broader national interests of participating countries. From our point of view, it is especially important that the negotiations reduce barriers in certain areas of agricultural trade. Other nations have areas in which they want similar results. To pay less attention to one nation's priorities will make that nation less inclined to meet the priority needs of others.

**Prospects for the Future.** Over the past year this Administration has stressed the importance of creating a more open and equitable trading order. We have worked to get other nations to pledge full cooperation in this effort. We do not expect the coming negotiations to solve all trade problems, but they can successfully launch us toward that goal. Last October's

declaration by leaders of the European Community and similar statements by Japanese leaders demonstrated their dedication to this effort. Other nations are similarly committed. But we must seize the moment, or the momentum that has developed could be lost.

I recently sent the Congress my proposed Trade Reform Act of 1973. This legislation would give the President authority to negotiate a system that will increase world trade, give the United States an opportunity to share fairly in that increase, and insure that trade becomes a source of stability and cooperation among nations. Meanwhile we are dealing with individual trade problems using, where available, the procedures of the General Agreement on Tariffs and Trade. Effective action on such matters could clear up some existing differences and improve the climate for broader negotiations. We look to other nations to work with us in forthcoming negotiations in a test of joint statesmanship to bring about a world trading order which serves the needs of all.

### The Developing Nations

Despite a record of significant accomplishment—including an average annual increase in economic growth of more than 5.5 percent in the last decade, the success of the Green Revolution, and rapid advances in health and education—hundreds of millions of people in the developing countries still exist in conditions of extreme hunger, poverty, and disease. Basic humanitarian considerations call on us to assist these countries in improving the lives of their people. But we also have a major economic and political interest in the growth and stability of these countries and in their active cooperation.

Many of these countries have energy resources and raw materials that we will need in significantly increasing amounts. Some of them have become fast-growing markets for our exports. Almost one-third of U.S. exports went to developing countries in 1972 and the future growth of these countries will expand our markets.

But an increased pace of development is essential. Unless substantial progress occurs—through efforts by developed and developing nations alike—the stability of many countries and regions can be jeopardized as essential needs of people go unsatisfied.

There has been a growing tendency to question our commitment to help developing nations. Attracted to rapid solutions and under-

estimating the time and effort needed to stimulate development, Americans are frustrated by the slow pace of visible progress. But, our future economic and political needs will be far better served by actively cooperating with the developing countries for our mutual benefit than by negotiating their needs. We must pursue a realistic policy of development assistance and find better ways of dealing with the trade and monetary interests of developing nations.

**Foreign Assistance.** I have long been convinced that we needed major improvements in our foreign assistance program. Numerous statements in committees responsible for aid legislation and by individual Congressmen suggest that broad support exists for the modified approach to aid.

We have already improved our aid system in several ways. Bilateral aid is now focused on a few key areas—such as population planning, agriculture, health, and education—in which the Agency for International Development (AID) has a high degree of experience and expertise. Development assistance has been separated organizationally from assistance given for security reasons. A new International Narcotics Control Assistance Program is helping developing countries improve their ability to control the production and flow of illicit narcotics. And we have strengthened our capacity to provide urgently needed emergency assistance to countries that have suffered disasters.

Effective coordination of aid has increased its efficiency and benefits for recipients. AID is increasingly coordinating its programs with those of other nations and international bodies. In cooperation with other nations, we have provided short-term relief to countries whose debt burden was so overwhelming that it threatened their growth and stability.

We deal with recipient countries as partners recognizing their growing expertise and their ability to determine their own development needs. While we help in the planning, funding, and monitoring of development programs, we no longer take the lead in setting priorities or in detailed execution.

We have made substantial contributions to development assistance through international institutions such as the World Bank, the Inter-American Development Bank, the Asian Development Bank, and the United Nations Development Program. Because of their multilateral and non-political character, these institutions frequently can be more rigorous and frank on

issues of development policy with recipient states. They have done an outstanding job in providing the framework for coordinating donor contributions and in assuming their appropriate role of leadership in the development assistance effort. The funds I have requested for these institutions and for our bilateral programs are essential to the peoples of the developing countries and to the structure of our relationship with the developing world.

**Development Through Trade.** While foreign assistance is important, developing nations have to earn by far the largest part of their foreign exchange through trade. Traditionally, they have exported mainly raw materials, though manufactured goods have increasing potential for expansion. They must export these goods in increasing amounts in order to buy the machinery and other products necessary for their future development. Recognizing this fact, we have included in our proposed trade legislation a provision for generalized tariff preferences which would allow many products of the developing countries to enter the U.S., as they already enter Europe and Japan, without duty.

In the 19th and early 20th Centuries there was considerable friction among developed nations as a result of their discriminatory commercial arrangements with the poorer areas of the world. Today's special preferential arrangements are also a source of such friction. And they run counter to the interests of many developing countries. We seek a system that improves developing country access to the markets of the developed countries without discrimination and without restricted preferential arrangements. Our legislation reflects this approach.

In the forthcoming trade negotiations, developing countries have an opportunity to help create a general improvement of trade conditions. Most of them want greater freedom in agricultural trade and increased exports to developed countries of their manufactured and semi-manufactured goods. We and the developing countries which share these objectives have an interest in working together to achieve them. And, reductions in the import barriers of developing countries could benefit their economies and help make the system work more effectively.

**Monetary Policy and the Developing Nations.** The developing countries have a major interest in the reform of the world's monetary system.

Their trade, exchange reserves, and debt positions are directly affected by monetary events. Yet in the past they have had little voice in monetary negotiations. The inclusion of nine representatives of the developing nations on the Committee of Twenty on international monetary reform is a significant and positive step. We are working closely with these nations to achieve reforms that serve our mutual interests.

#### **Future Issues**

1972 began an era of negotiation and reform in international economic policy. We laid the groundwork for a thorough restructuring of the international economy and opened doors to new commercial relations with the Communist world. The critical task facing us now is to carry forward the work of reordering the world economy to make it more responsible to the needs and realities of our time. We must develop new rules for international economic activity that reflect changing circumstances. Nations must share the responsibility for making the system work so that all can benefit from a more open and equitable world economy. All nations must work together cooperatively so that we can move into a new era of broadly shared prosperity.

Our goals will be to:

—carry forward negotiations in the Committee of Twenty to devise a monetary system that meets the needs of all nations;

—begin multilateral negotiations aimed at substantial reduction of barriers to open trade and improvement of the trading system;

—widen public understanding of our international economic goals and obtain necessary legislative authority for our active participation in building a stronger world economy;

—expand cooperation with the lower income countries to help their development efforts through improved aid policies and by opening the international system to their more effective participation;

—continue to broaden economic exchanges with the Soviet Union, the People's Republic of China, and the nations of Eastern Europe.

We must take advantage of the foundation laid in 1972 to build an international economic structure that will promote healthy competition, enhance prosperity for us and other countries, and contribute to a peaceful world order in the decades to come.

## Part VI: Maintaining Security

### DEFENSE POLICY

Of all the changes in the international situation over the postwar period discussed in this Report, one of the most fundamental has been the shift in our strategic position.

#### The Challenge We Faced

When I entered office we faced a situation unique in American postwar experience. An era was behind us. In the immediate aftermath of World War II challenges to our security could be met with the assurance that our strategic nuclear position was overwhelmingly superior. By January 1969, the United States no longer enjoyed this strategic preponderance.

The Soviet Union had embarked on a formidable expansion of its nuclear arsenal. We could chart with some certainty when the Soviet Union would surpass us in numbers of intercontinental and submarine launched ballistic missiles; we could also project when they could close the technological gap in strategic weapons. Our own offensive building program had virtually ceased, as we had shifted our effort to qualitative improvements. We had developed a concept for ballistic missile defense of our territory, but had no active deployment. We faced a negotiation on strategic arms controls, but had only begun to analyze the relationship to strategic weapons decisions.

At the same time, our spending for defense had grown substantially. Almost all the increases, however, had been absorbed by the war in Vietnam. The costs of new weapons were escalating, as were the expenses of maintaining the men of our armed forces. In addition, we were bearing burdens abroad for the common defense that seemed out of proportion to those borne by our allies. More than a million Americans were stationed overseas, and our reserves at home were minimal.

Yet, I found that our strategic doctrine called for an American capability to fight in two major theaters simultaneously. The confrontation atmosphere of the Cold War persisted in both Europe and Asia. But the inter-

national environment after 25 years suggested new opportunities for diplomacy and, accordingly, for adjustments in military planning. The rigidity of the confrontation between East and West was easing, and the conduct of nations could no longer be viewed in the simple bipolar context of military blocs.

The need for an urgent reexamination of our national security policy and programs was obvious. There were four overriding questions:

—What doctrine was appropriate for our strategic forces in an era when the threat of massive retaliation alone was no longer credible in all circumstances and decisive nuclear superiority was probably unattainable?

—What should the interrelationship be between the programs required for maintaining our strength and our proposals for limiting strategic arms through negotiations?

—How could we simultaneously satisfy pressing domestic needs, meet our responsibilities in Vietnam, and maintain the capabilities of our other forces in a period when non-nuclear challenges were an important dimension of the security problem?

—How could we, in coordination with our allies, strengthen our mutual defense in a manner that retained their confidence in our reliability but permitted them to play a more prominent role?

Early in my first term, I made a series of decisions that resulted in a new concept of national security, reflected in the Nixon Doctrine.

In strategic nuclear policy, we adopted the doctrine of sufficiency. We could no longer be complacent about the strategic status quo merely because we could cause a certain level of destruction in response to an attack. We therefore began to develop a sounder and more flexible doctrine for our forces that would provide other retaliatory options besides a direct attack on millions of people.

Concurrently, in order to reduce our vulnerability and to compensate for the Soviet buildup, we launched a program to modernize our strategic forces. We continued to convert our land and sea-based missiles to multiple independently targetable warheads (MIRVs).



Thus, our missiles which would survive an attack would be able in retaliation to strike their targets with greater assurance of eluding defenses. We laid plans for a new long-range missile and submarine that would reduce vulnerability by allowing operation in a larger ocean area while still in range of targets. In addition, to increase the survivability of our retaliatory forces, we began planning a new strategic bomber to replace the aging B-52 force. We also initiated the Safeguard anti-ballistic missile (ABM) program to protect our land-based retaliatory forces.

Each of these decisions was taken, however, with the full understanding that, as an integral part of our national security policy, we also would seriously pursue negotiations for arms limitations. We would offer the Soviet Union the opportunity to reach agreement on measures that would enhance the security of both sides.

Finally, we began to assess our security obligations to determine how our alliance defense posture might be strengthened through mutual effort. We examined whether U.S. forces in some forward areas might be reduced; in those regions where security required a strong and continuing American presence, as in Europe, we and our allies initiated new programs for sharing the defense burden.

In the past four years we have laid a solid foundation for safeguarding American security for the remainder of this decade. We are now entering a period of promising prospects for increasing international stability. But the outcome is by no means guaranteed. We are still in a challenging period of transition. We still face difficult decisions.

There have been a number of positive developments since 1969. Unprecedented progress has been made in strategic arms controls. For the first time in two decades there is a genuine possibility of mutual and balanced force reductions in Europe. Our allies in Western Europe and Asia have become stronger, both economically and militarily, and are contributing more to mutual defense. Tensions in these two regions have been easing. A Vietnam Peace Agreement has been signed and our force of a half million men has returned home.

On the other hand, we cannot ignore the negative trends that persist. Even though Vietnam is entering a new phase, conflict remains in Indochina and ferment persists in other key areas of the world such as the Middle East where the interests of major powers

are involved. Modern weapons are still being delivered to areas of great instability. The Soviet Union is strengthening its armed forces in every major category, including those in which the United States traditionally has had a substantial margin of superiority. A Soviet military presence now has been established in many strategic areas of the world.

As we determine the requirements for our defense in these circumstances and approach ongoing arms control negotiations, five factors of the current situation are of particular importance:

—There is approximate parity between the strategic forces of the United States and the Soviet Union. Soviet numerical advantages are offset by superior American technology.

—In such an era greater reliance must be placed on non-nuclear forces.

—Technological change while creating new opportunities also poses a potential threat to existing strategic stability.

—Manpower costs have increased substantially. They now absorb more than 56 percent of our entire defense budget, compared with 42 percent a decade ago. Now that we have chosen to rely on all-volunteer forces, the proportion devoted to manpower is not likely to decrease.

—The costs of increasingly complex modern weapons are also spiraling, further constraining our ability to maintain conventional force levels.

At the same time, the political climate at home has changed. In spite of the adjustments we have already made to new conditions, we face intensified pressures for further withdrawals of our deployed forces and for greater reductions. In the post-Vietnam environment, some Americans seem eager to return to the prevalent philosophy of the 1930's, and resist U.S. involvement in world affairs. The consensus which sustained our national commitment to a strong American military posture over the postwar period is no longer unchallenged.

The emerging global order, however, has neither exact historical parallels nor a predestined outcome. American actions will be a decisive determinant of its shape. In a period of developing detente, it is easy to be lulled into a false sense of security. Threats are less blatant; the temptation is greater to make unilateral reductions and neglect the realities of existing forces of potential adversaries.

In such a fluid period we have no responsible

choice but to remain alert to the possibility that the current trend toward detente with the Soviet Union and China may not prove durable. We have only begun an era of negotiations. We must not now ignore fundamental changes in the balance of forces or in the potential strength of our adversaries in an era of rapid change. To do so would only tempt challenges to our security interests and jeopardize chances for achieving greater stability through further agreements.

Military adequacy is never permanently guaranteed. To maintain security requires a continuing effort. But faced with escalating costs of manpower and weapons and competing domestic demands, we must insure that defense spending is based on a realistic assessment of our security requirements, and we must endeavor to reduce expenditures through more effective management.

There is, however, an irreducible minimum below which we cannot go without jeopardizing the very foundations of our diplomacy, our interests, and our national security. This Nation cannot afford the cost of weakness. Our strength is an essential stabilizing element in a world of turmoil and change. Our friends rely on it; our adversaries respect it. It is the essential underpinning for our diplomacy, designed to increase international understanding and to lessen the risks of war.

While taking the necessary steps to maintain the sufficiency of our strength, we are seeking a sound basis for limiting arms competition. Both elements are fundamental to a national defense that insures a more stable structure of peace.

### **Strategic Policy**

Deterrence of war is the primary goal of our strategic policy and the principal function of our nuclear forces. Thus, our objectives continue to be:

—to deter all-out attack on the United States or its allies;

—to face any potential aggressor contemplating less than all-out attack with unacceptable risks; and

—to maintain a stable political environment within which the threat of aggression or coercion against the United States or its allies is minimized.

Strategic forces are the central component of our military posture. It is on them that our security and that of our allies is most heavily dependent.

While our goals are unchanged, there have been fundamental changes in the strategic military environment. Approximate nuclear parity between the United States and the Soviet Union is now a strategic reality and has been confirmed in strategic arms control agreements. Certain technological advances, however, could become destabilizing. So it is, therefore, imperative that we continue to assess the adequacy of our strategic policy and programs in light of advances made by potential adversaries.

The task is greatly complicated by the long lead time required to make significant changes in these forces. Because of the extended development phase for new systems, a lengthy period could pass before a nation perceived that it was falling dangerously behind. From that point, it would require another considerable period before the imbalance could be corrected.

We must plan now to have a strategic force that will be adequate to meet potential threats of the next decade. We must develop our programs in the context of an uncertain world situation and accelerating technological possibilities.

During the 1960's missiles were relatively inaccurate and single warheads were the rule. Today, accuracies have improved significantly and missiles carry multiple warheads that can be independently targeted. In the present environment it would be misleading to measure sufficiency only by calculating destructive power in megatonnage. The quality of weapons systems, and their survivability, are vital determinants of sufficiency.

The SALT Agreement of May 1972 halted the rapid numerical growth of Soviet strategic offensive systems. Within the limits of the current SALT Agreement, however, strategic modernization programs may continue. We must, therefore, carefully assess the efforts the Soviets are making to improve their capabilities and must pace our programs accordingly.

—At least three new Soviet Intercontinental Ballistic Missiles (ICBMs) are being developed: a new, very large missile which could have greater capability than the SS-9, which is now the largest operational Soviet missile; a smaller ICBM, possibly intended as a follow-on to the SS-11 missile; and a solid propellant ICBM, probably designed to replace the SS-13 or possibly to provide a mobile capability.

—These new missiles may well carry MIRVs

with accuracies which would increase the vulnerability of our land-based missiles, thus jeopardizing the current strategic stability.

—The Soviet Union has begun deployment of a new submarine capable of submerged launch of a 4,000-mile-range missile.

—The Soviet ABM research and development program continues unabated.

If present trends continue and we do not take remedial steps, the forces which we currently rely upon to survive an attack and to retaliate could be more vulnerable. At some time in the future we could face a situation in which during a crisis there could be a premium to the side that initiated nuclear war. This would be an unstable and dangerous strategic relationship. Such a strategic environment is unacceptable.

In the late 1960's the effectiveness of American strategic nuclear forces was measured by a criterion known as "assured destruction." This concept assumed that deterrence could be maintained if it were clear that following a large-scale nuclear strike the United States could retaliate and inflict an unacceptable level of damage on the population and industry of the attacker.

In the 1970's strategic doctrine must meet different criteria. While the specter of an unacceptable response is fundamental to deterrence, the ability to kill tens of millions of people is not the only or necessarily the most effective deterrent to every challenge. Such a drastic course can be credibly reserved only for the most overwhelming threats to national survival. Moreover, the measurement of the effectiveness of our strategic forces in terms of numbers of dead is inconsistent with American values.

A different strategic doctrine is required in this decade when potential adversaries possess large and more flexible nuclear forces. The threat of an all-out nuclear response involving the cities of both sides might not be as credible a deterrent as it was in the 1960's. An aggressor, in the unlikely event of nuclear war, might choose to employ nuclear weapons selectively and in limited numbers for limited objectives. No President should ever be in the position where his only option in meeting such aggression is an all-out nuclear response. To deal with a wide range of possible hostile actions, the President must maintain a broad choice of options.

Credible deterrence in the 1970's requires greater flexibility:

—Lack of flexibility on our part could tempt an aggressor to use nuclear weapons in a limited way in a crisis. If the United States has the ability to use its forces in a controlled way, the likelihood of nuclear response would be more credible, thereby making deterrence more effective and the initial use of nuclear weapons by an opponent less likely.

—Therefore, to extend deterrence over a wider spectrum of possible contingencies we should ensure that our forces are capable of executing a range of options.

—If war occurs—and there is no way we can absolutely guarantee that it will not—we should have means of preventing escalation while convincing an opponent of the futility of continued aggression.

Greater flexibility in the employment of our forces does not necessitate any drastic change in our nuclear programs. The fundamental objective of military forces remains deterrence. Potential aggressors must be aware that the United States will continue to have both the resolve and the capacity to act in the face of aggression in all circumstances.

### Strategic Programs

Our weapons programs are planned within the framework of this strategic policy. We must also consider Soviet strategic developments, arms limitations, and the potential for technological change. In light of the current strategic situation, I have determined that the U.S. must continue its modernization programs to ensure the future sufficiency of our nuclear forces.

—We are therefore improving our ICBM force. Silos for Minuteman missiles are being hardened, and 550 Minuteman III missiles with multiple independently targeted warheads will be deployed by the mid-1970's.

—Development of a new strategic submarine, the Trident, has been undertaken to provide a highly survivable replacement for our current ballistic missile submarines.

—We are developing a generation of submarine launched missiles with substantially greater range. With these new missiles our Trident and Poseidon submarines will be able to operate in a much larger ocean area while still within range of targets, and thus will be less vulnerable.

—The survivability of B-52 bombers has been increased by decreasing the time required for take-off on warning of an attack and by developing new basing concepts. This will

reduce the threat from the growing force of Soviet ballistic missile submarines.

—We have also begun engineering development of the B-1 bomber as a potential replacement for the aging B-52s. The B-1 would maintain our bomber force as an important element in our mix of retaliatory forces, providing assurance against technological breakthroughs, complicating an enemy's offensive and defensive planning, and ensuring flexibility of response.

—The ABM facility at Grand Forks, North Dakota, is being completed. This installation will give us operational ABM experience while directly enhancing the survivability of Minuteman ICBMs. We will also continue our planning for the Washington, D.C. ABM site in order to provide additional security for the major control center of our forces.

—Similarly, we are improving facilities for command and communications to control our responses in crisis situations.

We cannot prudently ignore the long-term strategic requirements of our security. But at the same time we are conscious of a serious responsibility—to preserve an environment which enhances stability and encourages further efforts to limit nuclear arms. Our forces, therefore, are not designed to provide a capability for a disarming first strike. Moreover, our programs are not so substantial that our objectives could be misunderstood, conceivably spurring a Soviet building cycle. There is not necessarily a direct relationship between every change in the strategic forces of the two sides. Some changes reflect an action-reaction cycle in the strategic arms programs of the two nations. In other cases, the similarity between American and Soviet forces results simply from the fact that roughly the same technologies are employed.

This year we will continue to assess how to deal more effectively with the implications of parity and to guard against unanticipated technological breakthroughs. At the same time, our efforts will reflect the essential defensive and deterrent purposes of our doctrine and forces.

### **General Purpose Forces**

In a strategic environment of approximate parity, nuclear weapons alone are less likely to deter the full range of possible conflicts. Our success in negotiating strategic limitations has thus increased the importance of maintaining

other deterrent forces capable of coping with a variety of challenges.

In recent years conventional forces have played a critical role in numerous conflicts involving great power interests, including Arab-Israeli and Jordanian-Syrian fighting in the Middle East; the India-Pakistan war; and the North Vietnamese invasion of Laos, Cambodia, and South Vietnam.

The United States cannot protect its national interests, or support those of its allies, or meet its responsibilities for helping safeguard international peace, without the ability to deploy forces abroad. In the Jordan crisis of 1970, for example, our forces helped stabilize an explosive situation. When warnings went unheeded and the North Vietnamese launched an all-out invasion of the South in the spring of 1972, our determination to act decisively with conventional forces was tested. The bombing and mining of North Vietnam complemented the defensive action of our South Vietnamese allies on the battlefield and provided a convincing incentive for serious negotiations. In both instances the combination of local superiority and a strong U.S. defense posture decreased the likelihood of challenge to these forces.

When I came into office, I ordered a reassessment of the rationale upon which our conventional force planning was based. Our analysis concluded that a coordinated attack by the major Communist powers simultaneously in both Europe and Asia was unlikely. We determined, however, that our forces should still be adequate to meet a major threat in either Europe or Asia and to cope simultaneously with a lesser contingency elsewhere.

The specific potential threats we face in Asia or Europe continue to be the primary determinants of the size, composition, and disposition of our general purpose forces. Our principal forward deployments are in these areas where, supplementing the forces of our allies, they help counterbalance the strong forces of potential adversaries. The strength of the defenses of Western Europe remains the cornerstone of our own security posture. The American presence in Europe and Asia is essential to the sense of security and confidence of our friends which underpins all our common endeavors—including our joint efforts in the common defense. Our forces are deployed to provide a responsive and efficient posture against likely threats.

But planning based on the threats in these two areas alone is not sufficient. We also need

forces to deal with lesser contingencies that pose a threat to our interests—a capability not necessarily provided by units positioned for a major conflict overseas.

Moreover, even in a period of developing detente, we cannot ignore the reality of a modern Soviet navy operating increasingly in the Caribbean, Indian Ocean, the Mediterranean and along the coasts of Africa; newly established Soviet security commitments, support facilities, and communications networks in key areas of the Third World; or increasing Soviet arms programs in these areas.

The credibility of our force posture has two basic determinants; overall size and the level of forward deployments. Our general purpose forces are now substantially below the peak levels of the Vietnam buildup and well below even the levels maintained prior to the Vietnam war. This is the result of changing assessments of security requirements, our success in developing allied capabilities, and the increasing costs of replacing obsolescent systems and maintaining existing forces.

Our ground, naval, and air forces have now reached the absolute minimum necessary to meet our commitments and provide a credible

conventional deterrent in an age of strategic parity. Compared to levels in June 1964, we have a third fewer combat ships, 37 fewer aircraft squadrons and 3 and 1/3 fewer ground divisions.

Manpower has been cut to a comparable degree. In the last four years we have reduced our forces by more than a million men. They are now one-third smaller. They are at the lowest level since the Korean War, and are nearly half a million below levels prior to the Vietnam War.

About one-third of our general purpose forces are necessarily deployed abroad to provide a capability for responding rapidly to threats to American and allied interests, for guaranteeing the credibility of our joint defense, and for underpinning our diplomacy. The forces remaining in the United States serve as a ready reserve for reinforcing our forward deployments, and for protecting our interests in other parts of the world. The largest portion of our overseas forces is stationed in Western Europe; a smaller increment is stationed in the Mediterranean and Asia.

—Our NATO force in Europe consists of 4 1/3 Army Divisions, 21 Air Force attack and fighter squadrons, and naval units in the North Atlantic.

—In the Mediterranean we maintain two attack carrier task forces and a Marine amphibious group which help protect NATO's southern flank as well as meet non-NATO challenges in this volatile area.

—United States forces in Asia consist of those still supporting operations in Indochina and normal forward deployments not directly related to Vietnam needs. The basic forces include: one Army division stationed in Korea and two-thirds of a Marine division located in Okinawa; ten Air Force and five Marine fighter/attack squadrons distributed in Korea, Japan, Taiwan, Thailand, Okinawa, and the Philippines; and three attack carrier forces and two Marine amphibious groups operating in the Western Pacific.

Although NATO deployments have been relatively constant in recent years, Asian force levels are now substantially below those maintained prior to the Vietnam War.

Given our broad requirements, the uncertainty of the current international situation, and the post-Vietnam contraction of our armed forces, it would be unwise to make further unilateral cuts in deployments or significant reductions in overall force levels in the foresee-

#### *Pre and Post Vietnam Force Levels*

	<i>Pre-Vietnam June 1964</i>	<i>Peak Vietnam June 1968</i>	<i>Current June 1973</i>
<i>Ships:</i>			
Attack carriers . . . .	15	15	14
Anti-submarine, including attack submarines . . . . .	381	379	252
Fleet air defense . . .	53	75	73
Amphibious assault . .	134	148	65
	583	617	404
<i>Attack and Fighter Aircraft Squadrons:</i>			
Air Force . . . . .	90	103	71
Navy . . . . .	85	80	70
Marine . . . . .	28	27	25
	203	210	166
<i>Ground Force Divisions:</i>			
<i>Army:</i>			
Airborne . . . . .	2 1/3	2 1/3	1
Airmobile . . . . .		1	1
Infantry . . . . .	6	7	2 2/3
Mechanized . . . . .	4	4	4 1/3
Armored . . . . .	4	4	3
<i>Marines:</i>			
Amphibious . . . . .	3	4	3
	19 1/3	22 1/3	*16

\* 1 division not shown consists of armored, air cavalry, and airmobile units.

able future. To do so would raise questions about the adequacy of our force posture to safeguard our interests. The limitations of our current force levels were illustrated by the strain placed on our forces as a whole by our effort last year to help counter the invasion of South Vietnam by a small nation with practically no navy or air force.

Obviously, American forces alone cannot balance the strong capabilities of potential adversaries. For this reason our planning under the Nixon Doctrine has emphasized the strengthening of mutual defense by bolstering allied capabilities.

In *NATO*, it is often forgotten that our allies provide nearly 90 percent of ground forces and the majority of alliance air and naval craft. American ground forces are concentrated in Germany where they constitute over one-fourth of the forces in this vital area. Along with our allies we are taking additional measures to strengthen *NATO* forces. Expenditures by individual members for force modernization have increased for the third consecutive year, and under the billion dollar five-year European Defense Improvement Program, *NATO* communications, anti-armor and air defense capabilities continue to improve. United States capabilities are also being improved, and our ground forces are being strengthened by selectively transferring men from support to combat units.

Programs in *Asia* too have achieved remarkable success in strengthening allied capabilities. In Southeast Asia, progress in Vietnamization was demonstrated by the effective Vietnamese defense on the ground against all-out invasion. In Northeast Asia, South Korean forces are growing in effectiveness as a result of our joint program for modernization, and the Korean economy is now able to support more of the recurring costs of maintaining these forces without hampering normal economic growth.

Our Asian allies are also becoming more self-sufficient in dealing with subversion and guerrilla warfare, which remain a potent threat. As our friends develop greater local and regional military sufficiency under the Nixon Doctrine the need for our direct involvement diminishes. In the meantime, the stabilizing presence of our forces in the area enhances the wider framework of security and gives encouragement to further allied efforts to develop their capacity for self-defense.

In the current delicate international balance of forces, I believe our general purpose forces are now at the minimum level consistent with

our safety and our interests. However, as we assess our requirements for the late 1970's and beyond, we will not let the perceptions and experiences of the past drive our planning for deterrence of wars of the future. We will ensure that our planning and doctrine are attuned to the evolving international situation and to our strategic needs in a new era.

### Security Assistance

Many nations in the world whose security we consider important to our own face military challenges, often instigated or supplied by third countries. A stable international system requires that small countries be secure and independent, and that they be able to protect their security and independence mainly by their own efforts.

For this reason, American support of other nations' defense efforts has always been a vital component of our security policy and an essential element in maintaining international stability. In today's multipolar world, and as the United States adjusts its role from one of preponderance to one of sharing responsibilities more widely, this supportive role becomes all the more central to our policy.

As great as our resources are, it is neither possible nor desirable for the United States to pay most of the costs, provide most of the manpower, or make most of the decisions concerning the defense of our allies. Nor, is it necessary. Our allies are determined to meet the threats they face as effectively as possible within the limits of their resources. Under the Nixon Doctrine, our role in our Security Assistance programs is to share our experience counsel, and technical resources to help them develop adequate strength of their own.

We provide this support through various programs of Security Assistance: grant military assistance to friendly countries unable to afford equipment which is essential to their self-defense; foreign military sales for cash or credit; and supporting assistance, which provides budgetary support to a few key countries in spite of unusually heavy defense requirements.

These programs have been a part of our policy for more than 25 years. They have met specific needs in a wide variety of cases. Our programs and means have reflected a careful and continuing assessment of our interests and needs in changing conditions.

The success of these programs is strikingly

evidenced by the changes over time in the composition of the program. The growing self-sufficiency and self-reliance of our friends—which our assistance is designed to promote—are reflected in the declining necessity for grant aid and the dramatic increase in their ability to take financial responsibility for their defense needs. Our grant military assistance has dropped from over \$4 billion twenty years ago to less than \$1 billion today, exclusive of South Vietnam. Where once our program was almost entirely on a grant basis, today sales make up by far the major portion of the program.

In 1966 the largest military assistance grants went to the Republic of Korea, Turkey, the Republic of Vietnam, the Republic of China, Greece, and Iran. In 1974, in contrast, Iran will purchase all military equipment, paying fully for everything received. Greece and the Republic of China will receive no grant materiel, and both are turning increasingly to cash and credit sales. The security requirements of South Korea and Turkey continue to require grant assistance, but both are moving toward increased use of credits as their economies continue to expand. The success of our programs in helping South Vietnam and South Korea build capable forces of their own has permitted us to withdraw all our forces from South Vietnam and 20,000 men from South Korea. These are two of the most significant demonstrations of how Security Assistance is precisely what enables allies to take up more of the responsibility for their own defense.

The assistance of the United States cannot be effective unless an ally is willing and able to mobilize its own people and resources for its national defense. No country can escape responsibility for its own future. None of our friends would wish to do so. The encouragement, counsel, and assistance we provide can make a crucial difference to their success.

## **Resources for National Defense**

**Managing Modernization.** In today's conditions, maintaining modern forces at adequate levels is a major challenge. General purpose forces now take three times as much of the defense budget as strategic forces. Yet the Soviet Union has made significant qualitative improvements in conventional forces, while many of our essential programs have been deferred because of more pressing Vietnam requirements.

A major modernization effort is underway to provide our forces with adequate weapons for

the decade ahead. Our national technological base is one of the foundations of our national security. But the continual escalation of weapons costs and complexity limits our ability to exploit all the latest technical advances. Even with adjustments for inflation, weapons today cost, on the average, two to three times more than those ones they replace. Sophisticated equipment is often more difficult to repair. Complexity frequently results in higher operating costs and lower reliability. These trends make it difficult to replace older weapons on a one-for-one basis. But the higher performance of new systems does not always compensate for the severe reduction of flexibility caused by fewer numbers.

This cost problem is most acute with respect to tactical aircraft. New first-line aircraft are four to five times more costly than the older planes being replaced, primarily because of their sophisticated electronics and fire control systems. The same problem arises in modern ship and ground force systems.

The long lead time for new weapons development has far-reaching implications. It is therefore imperative that proposed programs provide sufficient improvements to justify their expense, and that once adopted they do not exceed planned costs or fail to perform as intended. Unless we improve management performance in this area, we simply will not be able to maintain the minimum force levels necessary to meet the needs of our security without drawing increasingly on funds required for such essential intangibles as force manning, training, and readiness.

We are taking a number of innovative steps to grapple with this problem. In evaluating proposals for increased technical sophistication, more weight is now being given to cost, and greater care is being devoted to assessing the real gain in terms of mission relevance and military effectiveness. In addition, combinations of high and low cost weapons are being developed for major missions. For example, a less costly light-weight fighter is being developed at the same time as the highly sophisticated F-15 fighter. This approach also has been used in meeting diverse ship requirements. Low-cost patrol frigates are being purchased for convoy duties while more expensive nuclear-powered guided missile frigates are being constructed to escort nuclear carriers as part of a rapid reaction task force.

We also are improving techniques for closer

monitoring of the development process. Benchmarks have been established for more frequent checking of compliance with cost and performance standards. Operational testing is being emphasized to ensure that new equipment is reliable and effective under combat conditions.

**Manpower.** Rising manpower costs are one of the most significant factors limiting overall force levels and the resources available for modernization. Even after the large personnel reductions we have made, manpower today takes more than half the defense budget. These rising costs result principally from the effort to make military pay competitive with that of other professions. While the program to attract volunteers and correct past financial inequities is expensive, it is also essential to manning our armed forces at adequate levels.

Our success in attracting volunteers into the services gives us confidence that manpower constraints will not seriously limit the manning of our forces in peacetime. We are now able to support our military strategy without a draft. When I first announced my intention to end the draft, many feared we would not be able to maintain the force levels, readiness, and morale needed to support defense needs in an increasingly technical environment. But initial experience under this program suggests these fears were unwarranted. The quality of volunteers has fully met the service needs and compares favorably with the quality in the past.

Current projections indicate that the portion of the defense budget devoted to manpower should stabilize, but the expense of personnel programs will require continuing attention.

**Defense Spending.** Allocation of resources between security needs and domestic requirements is one of the most difficult tasks of the budgetary process. Though the upward pressures of manpower and weapons costs have complicated the problem, defense spending has leveled off in real terms. As a result, we have been able to shift Federal budgetary priorities markedly from security toward domestic needs. Defense today takes only six percent of our total national output, compared to eight to nine percent in the 1960's. National security once took nearly half of every budget dollar; now it requires less than one-third.

Nevertheless, unless we aggressively meet the management challenge of spiraling weapons and manpower costs, it will be nearly impossible to maintain modern forces at the levels nec-

essary for national security. I have directed the Secretary of Defense to give these matters the most urgent attention.

In the next four years, we will continue to be faced with important choices concerning national priorities. But I am determined that our military power will remain second to none. The experiences of the past four years have confirmed the wisdom and absolute necessity of a strong and committed America in the world. It is the only sound foundation on which peace can be built.

## ARMS CONTROL

The progress recorded in arms control over the past four years has been unprecedented. Four major agreements have been achieved:

—In February 1971, an international treaty was signed that bans the emplacement of nuclear weapons on the seabed or ocean floor.

—In September 1971, the United States and the Soviet Union agreed on a series of measures to reduce the danger of accidental war.

—In April 1972, an international treaty was signed that bans the development, production, and stockpiling of biological weapons and toxins.

—On May 26, 1972, I signed for the United States two agreements with the Soviet Union limiting strategic offensive and defensive armaments.

These accomplishments represent the initial fulfillment of my commitment to limit the most dangerous forms of weaponry as part of our broader objective of moving from confrontation to negotiation. Each of these agreements is important. But their cumulative impact is even greater than their specific merits. They reflect a new political attitude toward arms limitation by the United States and the Soviet Union and within the international community generally.

Arms control has taken on new significance in the nuclear age and represents an important component of national security policy. When this Administration took office there were several factors that suggested an agreement to limit strategic weapons might be attainable:

—In the classical balance of power system most national leaders were concerned with accumulating geopolitical and military power that could be translated into immediate advantage. In the nuclear era, both the United States and the Soviet Union have found that an increment



of military power does not necessarily represent an increment of usable political strength, because of the excessive destructiveness of nuclear weapons in relation to the objective.

—The accumulation of strategic power offered no guarantee of achieving a decisive military advantage, since neither the United States nor the Soviet Union would passively accept a change in the overall balance. Moreover, with modern weapons, a potentially decisive advantage requires a change of such magnitude that the mere effort to obtain it could produce a disaster.

—Modern technology, however, offered an apparently endless opportunity for the further sophistication of both offensive and defensive weaponry. In particular, a nation might be able simultaneously to develop offensive weapons that could destroy a substantial number of an opponent's retaliatory forces and a defense that could blunt a retaliatory strike. In such circumstances a high premium would be placed on striking first.

—Neither side could afford to concede an advantage in strategic defense. The gap between the rapid advances in offensive technology and the embryonic state of defense systems was growing. For a considerable period, therefore, both the United States and the Soviet Union would be vulnerable to devastating attacks. Yet, inherent in new technology is the prospect of enhanced first strike capabilities.

These were the strategic circumstances facing the United States in 1969. They suggested certain principles for our approach to arms control negotiations as an instrument of national security.

—As President, my overriding responsibility is to protect the security of the United States. We had to maintain our strategic weapons programs and develop new ones as appropriate. Unilateral restraint in anticipation of the negotiations would not advance the chances for an agreement; weakness has been the incentive for aggression much more frequently than the arms race.

—Our objective in negotiations would be to reduce the gap between the capability for a first strike and the capability to retaliate. An agreement should help ensure that a first strike could not disarm either side.

—We would seek to gain some control over military technology so that the basic political relationships with the Soviet Union would not

be dominated by competition in this area.

—Our objective would be to break the momentum and moderate the process of strategic competition. The basic decisions of war and peace would then remain in the hands of the political leaders and not be dictated by the balance of weapons.

—Finally, we recognized that any agreement would have to provide equal security to both sides. No agreement was even conceivable if its purpose was to ratify a clear advantage for one side.

These were the principles that evolved in the course of our preparation for negotiation in 1969. They were our basic criteria throughout the talks.

The advances in other areas of arms control have reflected a similar approach. We concentrated on those specific issues where it was possible to make immediate progress so that agreements would contribute to a broader improvement of relations. We looked for areas where we could strengthen the principle of mutual restraint. We decided that progress should not be tied solely to the state of technical or procedural discussions but should take into account the political relationships, especially with the Soviet Union, that would ultimately determine the success or failure of the agreements.

—In 1969–70 we concentrated on banning nuclear weapons from the seabeds, because this was an area where the nuclear powers and the non-nuclear countries had clear common interests and where the political, environmental, and strategic policies offered a chance for early progress. Moreover, by separating nuclear weapons from all other military activities affecting the seabeds, we could crystallize agreement on the aspect most important to control.

—The questions of control over biological weapons and chemical weapons had been linked, although there was no objective reason to do so. We first took a unilateral step by renouncing the use and possession of biological weapons. Then we moved to eliminate procedural questions by proposing the separation of biological and chemical issues, with priority for biological controls. This course ultimately produced a treaty prohibiting biological weaponry.

—The progress in arms control from 1969 to 1972 added to the general improvement in Soviet-American relations and helped to break the deadlock over opening negotiations on the reduction of military forces in Central Europe.

Preliminary talks began in Vienna in January 1973 to prepare for formal negotiations this fall.

In preparing for the negotiations on mutual and balanced force reductions in Central Europe we are following much the same pattern as in SALT. We have concentrated initially on a complex technical analysis to illuminate all the individual issues and on that basis to develop basic concepts of reductions.

We can be proud of the accomplishments of the past four years:

—In an area of overriding importance, we have limited the strategic arsenals of the United States and the Soviet Union and created the conditions for further progress.

—There is now momentum on a broad international front that enhances the prospects for additional agreements.

—In the region of major confrontation in Central Europe the foundations have been laid for serious negotiations to begin this year.

#### **Strategic Arms Limitation (SALT)**

On November 17, 1969, representatives of the United States and the Soviet Union met in Helsinki to begin the first discussions on the limitation of strategic armaments. At that time, I characterized the meetings as the "most momentous negotiations ever entrusted to an American delegation." I repeated my pledge, made at the United Nations in September 1969, that the United States would deal with the issues "seriously, carefully, and purposefully" to achieve the goal of "equitable accommodation." We were embarked on a "sustained effort not only to limit the build-up of strategic forces but to reverse it."

The agreements I signed on May 26, 1972, in St. Catherine's Hall in the Kremlin were a major step toward fulfilling this commitment. We had not only succeeded in resolving extraordinarily complex technical issues, but had also raised Soviet-American relations to a new level of mutual understanding. The political commitment reflected in these agreements was a vital element in the broader effort we were engaged in, one that culminated in the Basic Principles of U.S.-Soviet relations agreed upon in Moscow.

Since last May, Government officials have testified before the Congress at length on all aspects of these agreements, and I have discussed them with Congressional leaders. We

have fully described what we believe they accomplished and their significance for Soviet-American relations and international security. In this Report certain points are emphasized so that future prospects can be related to the perspective of these past four years.

**The Negotiating History.** In 1969 there was no dearth of ideas, suggestions, and proposals on how to limit strategic arms and conduct the talks. There was never any question that we would agree to negotiate. The task was to be sure that we had a well-defined position for a negotiation of this magnitude. We had to analyze all conceivable limitations for each of the major weapons systems to understand how they would affect our own and Soviet programs. We also had to determine whether we could verify compliance with the limitations and by what means. These building blocks enabled us to examine the strategic interrelationship caused by various combinations of limitations. Then we could go on to identify realistic alternatives and compare them with likely developments should no agreements be reached.

Our aim was to be in a position to sustain momentum in the negotiations. Meticulous preparations for the negotiations gave us the best chance of moving from general principles through specific proposals to concrete agreements. The fact that the agreements on such complex and vital issues were signed only two years after the first specific proposals were introduced by the United States testifies to the value of that approach.

We recognize that there would be deadlocks and that, with national security at stake, frequent high level political decisions would be required. But we wanted to ensure that when deadlocks did occur, they would not be over technical issues, and carefully analyzed alternatives would be ready for my immediate decision.

Certain fundamental strategic factors influenced our preparations and our initial approach to the talks:

—By 1969 the United States had stopped building major new offensive systems in favor of making qualitative improvements in existing systems. We had no current plan to deploy additional Intercontinental Ballistic Missiles (ICBMs), Submarine Launched Ballistic Missiles (SLBMs), or heavy bombers. The Soviet Union, on the other hand, was engaged in a dynamic buildup of both ICBMs and SLBMs.

—At the same time, both sides were only in the initial stages of Anti-Ballistic Missile (ABM) deployment. The Soviet Union had already deployed a small system to protect its capital, while most of the U.S. program was designed to protect our retaliatory forces.

—The United States had aircraft deployed at bases abroad and on carriers, while the Soviet Union had medium and intermediate range missiles and bombers capable of attacking our bases and the territory of our allies.

—There was a vast difference in the composition of the forces on each side. The Soviet Union had several types of ICBMs and was developing two classes of ballistic missile launching submarines. The United States had one basic class of ICBMs, a modern and more effective submarine force, and a substantial advantage in heavy bombers.

These asymmetries meant that defining strategic equivalence in individual categories or in a general sense would be technically complicated and involve significant political judgments.

The initial exploratory phase in November–December 1969 produced a general work program. Full negotiations began in the spring of 1970, and both sides outlined comprehensive programs to control a wide spectrum of armaments.

This parallel effort, however, gradually became deadlocked over two major issues. First, should both offensive and defensive limitations be included from the outset? The Soviet Union proposed that the deadlock be resolved by limiting ABM systems only. The United States thought it essential to maintain a link between offensive and defensive limits; we believed that an initial agreement that permitted unrestrained growth in offensive forces would defeat the basic purpose of SALT.

Second, what offensive forces should be defined as “strategic”? The Soviet Union wanted to include all nuclear delivery systems capable of reaching Soviet territory. The United States maintained that major intercontinental systems should have priority in negotiating limitations.

By late 1970 these two issues had blocked further progress. I decided to take the initiative in direct contacts with the Soviet leaders to find a solution. The result of our exchanges was an agreement on May 20, 1971, that we would concentrate the negotiations on a permanent treaty limiting ABM systems, while working out an Interim Agreement freezing only

certain strategic offensive systems and leaving aside other systems for consideration in a further agreement.

This left for resolution the precise level of ABMs and the scope of those offensive weapons to be included in an initial agreement. Progress was made during the next year on these matters and on technical questions so that by the time of the summit meeting in Moscow only a few key issues remained.

The ABM solution was to limit both sides to two sites. The United States would continue construction of an ABM site in Grand Forks, North Dakota, for the protection of an ICBM field, while the Soviet Union would have the right to deploy a similar site. The Soviet Union would retain the ABM site already deployed around Moscow, and we would have the right to build a similar site around Washington. Both sides would have essentially the same systems and would be limited to an ABM level low enough to preclude a heavy defense of national territory—the mode of ABM deployment that could be most strategically destabilizing.

Defining which offensive systems would be frozen in an interim agreement proved more difficult. The Soviet Union wished to include ICBMs only. We pressed for the inclusion of both ICBMs and SLBMs. These were active Soviet programs; the purpose of SALT, in our view, was to break the momentum of unconstrained growth in strategic systems. Furthermore, since we had no active building programs in these categories, the numerical gap would widen without an agreement.

A freeze on ICBM and sea-based ballistic missile systems was clearly in the United States interest. I used my direct channel to the Soviet leaders to urge the inclusion of SLBMs in the Interim Agreement. We finally reached agreement in late April 1972 when the Soviet leaders accepted a proposal to place a ceiling on their SLBM force. The final details were negotiated at the summit the following month.

**The Provisions of the Agreements.** The highlights of the two agreements are as follows:

*The ABM treaty* allows each side to have 100 ABM interceptors at each of its two sites. The two sites must be at least 800 miles apart in order to prevent the development of a territorial defense. The treaty contains additional provisions which effectively prohibit the establishment of a radar base for the defense of populated areas as well as the attainment of capabilities to intercept ballistic missiles by

conversion of air defense missiles to anti-ballistic missiles.

*The Interim Agreement on offensive arms* is to run for five years, unless replaced earlier by a permanent agreement which is the subject of the current negotiations. This agreement froze the number of strategic offensive missiles on both sides at approximately the levels operational and under construction at the time of signing. For ICBMs, this is 1,054 for the United States and 1,618 for the Soviet Union. Within this overall ceiling, there is a freeze on the Soviet Union's heavy ICBM launchers, the weapons most threatening to our strategic forces. There is also a prohibition on conversion of light ICBMs into heavy missiles. These provisions are buttressed by verifiable provisions and agreed criteria; of particular importance is the prohibition against any significant enlargement of missile silos.

The submarine limitations are more complicated. The Soviet Union is restricted to a level of 740 submarine ballistic missile launchers, some of them on an old type of nuclear submarine. However, they are permitted to build as many as 62 modern nuclear submarines and 950 SLBM launchers if—and only if—they dismantle an equal number of older ICBMs or older submarine-launched ballistic missiles to offset the new construction. This would mean dismantling 210 older ICBM launchers if the Soviet Union chooses to build up to the SLBM ceiling. The United States gave up no active offensive program.

**The Significance of the Agreements.** Two questions have been asked concerning these accords.

*Do the agreements perpetuate a U.S. strategic disadvantage?* Clearly they do not. The present situation is, on balance, advantageous to the United States. The Interim Agreement perpetuates nothing that did not already exist and that could only have grown worse without an agreement. Considering the momentum of the Soviet ICBM and SLBM programs, the ceilings in the Interim Agreement will make major contributions to our national security, while we proceed with negotiations for a permanent agreement.

Our present strategic military situation is sound. The United States is not prohibited from continuing current and planned strategic modernization and replacement programs for offensive systems. The imbalance in the number of missiles between the United States and the

Soviet Union is only one aspect. There are other relevant factors such as deployment characteristics and qualitative differences between their system and ours. For example, the Soviet Union requires three submarines for every two of ours in order to keep an equal number on station, though they are testing longer range missiles that would ultimately change this ratio.

The quality of the weapons must also be weighed. We have a major advantage in nuclear weapons technology and in warhead accuracy. And with our Multiple Independently Targeted Reentry Vehicles (MIRVs) we have a 2 to 1 lead in numbers of warheads. Because of our continuing programs we will maintain this lead during the period of the agreement, even if the Soviets develop and deploy MIRVs of their own.

Moreover, to assess the overall balance it is also necessary to consider those forces not in the agreement; our bomber force, for instance, is substantially larger and more effective than the Soviet bomber force.

Thus, when the total picture is viewed, our strategic forces are seen to be completely sufficient.

*Will the agreements jeopardize our security in the future?* The Soviet Union has proved that it can best compete in sheer numbers. This is the area limited by the agreements. The agreements thus confine competition with the Soviets to the area of technology where, heretofore, we have had a significant advantage.

Clearly, the agreements enhance the security of both sides. No agreement that failed to do so could have been signed or would have stood any chance of lasting. As I told the Congressional leaders last June, I am convinced that these agreements fully protect our national security and our vital interests. The Congress accepted this judgment and gave the agreements overwhelming approval.

I am determined that our security and vital interests shall remain fully protected. We are therefore pursuing two parallel courses:

—We have entered the current phase of the strategic arms limitation talks with the same energy and conviction that produced the initial agreements. Until these negotiations succeed we must take care not to anticipate their outcome through unilateral decisions.

—We shall continue our research and developmental programs and establish the production capacity to sustain a sufficient strategic posture should new agreements prove unattainable.

This effort also dissuades the other side from breaking the agreements.

These agreements are not isolated events. They are embedded in the fabric of an emerging new relationship, and can be of great political and historical significance. For the first time, two great powers, deeply divided by their values, philosophies, and social systems, have agreed to restrain the very armaments on which their national survival depends. A decision of this magnitude could only have been taken by two countries which had chosen to place their relations on a new foundation of restraint, cooperation, and steadily growing confidence.

The possibility always exists that the agreements will not be respected. We concluded them not on the basis of trust, but rather on the enlightened self-interest of both sides. They contain extensive and carefully negotiated provisions for verification. Beyond the legal obligations, both sides have a stake in all of the agreements that have been signed and the broad process of improvement in relations that has begun.

We are confident that the Soviet leaders will not lightly abandon the course that led to the summit meeting and the initial agreements. For our own part, we will not change direction without major provocation, because we believe our present course is in the interest of this country and of mankind. We will remain fully protected as long as we maintain our research and development effort and the strategic programs for modernization and replacement that I have recommended to the Congress.

**Future Prospects.** In November 1972 the second stage of SALT began. In this new phase we are dealing with those new issues inherent in working out permanent, rather than temporary, arrangements and with some of the problems set aside in SALT I.

There is mutual agreement that permanent limitations must meet the basic security interests of both sides equitably if they are to endure in an era of great technological change and in a fluid international environment. There obviously can be no agreement that creates or preserves strategic advantages. But each side perceives the strategic balance differently and therefore holds differing concepts of an equitable framework for a permanent agreement.

The problem of defining a balance that establishes and preserves an essential equivalency in strategic forces is no less complicated than it

was four years ago. It involves the numerical levels of major systems, the capabilities of individual systems, and the overall potential of the entire strategic arsenal that each side can develop.

The impact of unconstrained technological developments in particular must be considered. On the one hand, both sides will want to ensure that their forces can be modernized. They will want confidence in the reliability of their forces and their survivability in foreseeable strategic circumstances. On the other hand, if competition in technology proceeds without restraint, forces capable of destroying the retaliatory forces of the other side could be developed; or the thrust of technology could produce such a result without deliberate decisions. Competition could inexorably intensify to the point that there could be a high premium on striking first.

Thus a major challenge is to determine where a balance of capabilities enhances stability and where it could generate severe competition for advantage in first strike capabilities.

Given the different roads we and the Soviet Union have followed in developing our respective forces, perfect symmetry is not possible. To the extent that one side retains certain technological capacities, the other side must be conceded similar rights or some form of compensation in other areas of technology.

The Soviet Union has deployed a very large and heavy ICBM. The weight this missile can deliver to its target is several times greater than that of our Minuteman ICBM. The entire Soviet ICBM force, therefore, has a "throw weight" approximately four times greater than ours.

On the other hand, the United States is deploying MIRVs on our Minuteman ICBM and Poseidon while the Soviet Union thus far has not begun such a deployment.

Once MIRVs are developed and tested, however, the greater throw weight capacity of Soviet ICBMs will allow the Soviet Union to deploy a larger number of MIRVs than the United States.

These are the types of extremely complicated issues that arise in defining an essential equivalency. Moreover, verification of limitations on technological capabilities will be extraordinarily more difficult than monitoring limitations on the numbers of weapons.

Nevertheless, there are a number of factors which give us reason to hope for continuing progress:

—The initial agreement provides a foundation of confidence.

—For the past four years both sides have engaged in a dialogue on strategic matters that was inconceivable in 1969. We now understand each other's concerns better than we did then. We have a common language for discussion.

—The limits of ABM systems should provide an incentive for limiting further growth in offensive capabilities.

—At the present levels of strategic forces, small differences in numbers assume less importance.

A further question is the impact of future agreements on other states. We will not make agreements that reduce the security of other countries. Nor can we permit threats to our allies to develop unchecked because of SALT agreements. Such factors do not limit the prospects for further U.S.-Soviet limitation on offensive systems, but they do delimit the area for negotiation.

In sum, a future agreement should:

—establish an essential equivalence in strategic capabilities among systems common to both sides;

—maintain the survivability of strategic forces in light of known and potential technological capabilities;

—provide for the replacement and modernization of older systems without upsetting the strategic balance;

—be subject to adequate verification;

—leave the security of third parties undiminished.

#### **Mutual and Balanced Force Reductions (MBFR)**

**Preparations.** In June 1968, before this Administration took office, the North Atlantic Alliance made a proposal to begin discussions with the Warsaw Pact on a mutual reduction of forces in Central Europe. Although this overture had met with no positive response, we reaffirmed the Alliance proposal in April 1969. Troop reduction was a concrete security issue, rather than an exercise in atmospherics, and was thus consistent with the general effort to move from confrontation toward negotiations.

At the same time, we found that the idea of mutual reductions had not been systematically analyzed before 1969. The general theories were that it would be possible to maintain security at lower force levels and that force reductions

in themselves would enhance the relaxation of political tension.

We decided to follow an analytical approach similar to the one we used for SALT. We investigated the feasible reductions of all the forces that might be involved, analyzed the effect of reductions on the capabilities of each side, and examined the changing balance of forces should the agreements be violated and both sides begin reinforcing. We also studied the verification requirements and how they might affect the possible kinds of reductions.

The following considerations illustrate the complexities of the MBFR process:

—Reductions provide an inherent advantage for the side that has postured its forces along offensive lines: offensive forces would retain the initiative to concentrate and attack, while the defense must continue to defend the same geographical front with fewer forces.

—Major deployments of equipment, especially those with offensive capabilities, are therefore an important element in the reduction process.

—How can equivalence be established between different categories of equipment? What ratios would be equitable?

—Manpower, of course, is a common denominator to all the forces in Central Europe. In large forces however, reducing manpower may not necessarily be the only important aspect. If manpower is reduced, what becomes of the equipment? Should it be destroyed or reassembled in depots for continuing surveillance?

—Small reductions of manpower cannot be verified except under well-defined and stringent circumstances; demobilization of national forces on their own territory is particularly difficult to monitor except in very large numbers.

—The forces in Central Europe are both indigenous and "foreign" but this is a political as well as a military distinction. Should all forces be treated equally? If so, what compensation is necessary for the fact that the United States would withdraw its forces across the Atlantic, while the Soviet Union would withdraw only several hundred miles?

—Following actual reductions, control on the reintroduction of forces into the area for maneuvers or for replacements needs to be considered along with related verification requirements.

—How quickly each side could restore its

forces to a pre-reduction level through mobilization and reinforcement becomes a significant factor. Compensation for advantages that one side may have should be considered.

As in SALT, the analysis of such questions provides us with the building blocks which can be put together in different ways to help us understand the implications of different reduction processes:

—Proportionately equal reductions. Each side would apply a common percentage to reduce its forces. This appears to be a simple but equitable approach. If applied to all forces, however, it could create an imbalance because it would favor the offense and because of the geographical advantages of the Warsaw Pact.

—Reductions to equal levels. This would in effect produce a common ceiling for Central Europe. There would be some unequal cuts in absolute numbers, but the residual capabilities would be more balanced and offensive potential would thereby be reduced.

—Mixed, asymmetrical reductions. This means reductions would be made by different amounts in various categories of weapons or manpower. It could prove extremely complex to define equivalence between different weapons systems.

We have now completed our technical evaluation. We understand the major issues related to actual reductions and which approaches are realistic. We have shared the results of our studies with our NATO allies and have contributed to studies within the Alliance.

**Allied Consultations.** We now enter the final and most important stage in building an Alliance position. In addition to the completion of technical studies and diplomatic plans, we face one basic question: what security concept will the Alliance follow in developing its position for the negotiations next fall?

The Alliance is committed to "undiminished security" in the MBFR process, but we must agree on what this means in concrete terms. Different political viewpoints shape the attitudes of each ally, especially if its forces or territory may be involved. Issues of this magnitude could become divisive if there were no common concept. The Alliance must approach force reductions from the standpoint of their effect on military security in a period that may be marked by a further amelioration of tensions. Some of the key questions are:

—How do we reconcile reductions in roughly balanced conventional forces with the fact that the strategic balance is no longer clearly favorable to the Alliance?

—What are the capabilities to sustain a conventional defense of NATO territory with reduced forces?

—Could a substantial reduction in conventional defense lead to a greater or earlier reliance on nuclear weapons?

—Can reduced forces be maintained and improved in the present political environment?

—What would be the net effect of a new balance in Central Europe on the flanks of NATO?

—How would reductions affect the relative burdens of American and European forces?

To deal with these kinds of issues effectively, the Alliance must first set its security goals and relate them to technical MBFR analysis. Then, however the negotiations may unfold, the Alliance position throughout will be determined by a common concept of security rather than by negotiating tactics or abstract political formulas. We can then rationally address the questions of which forces and equipment should be reduced and by what amounts. We can translate our technical analysis into detailed proposals that both protect our interests and offer the other side a proposal for reductions that will enhance military stability in the heart of Europe.

Our security and that of the Alliance is inextricably linked. We will pursue these negotiations in full agreement with our allies. We will negotiate with the same dedication we displayed in SALT. We will also observe a fundamental principle of those talks; we will not enter into agreements that undermine international equilibrium or create threats to other countries.

#### **Other Arms Control Issues**

During the past year we have pursued arms control on several multilateral fronts.

**Biological Arms Control.** On April 10, 1972, the United States, the Soviet Union, and over 70 other nations signed an international treaty banning the development, production, and stockpiling of biological and toxic weapons and requiring destruction of existing stocks. The treaty has now been signed by more than 100 nations. I submitted it to the Senate on August

10, 1972, for advice and consent. Meanwhile, we are taking steps to implement some provisions.

The facilities that once produced these weapons are now doing research for peaceful purposes. The former biological warfare facility at Pine Bluff Arsenal in Arkansas has become a center for research on the adverse effects of chemical substances in man's environment. The former military biological research facility at Fort Detrick, Maryland, now houses a national center for cancer research. Scientists from all nations are being invited to share in the humanitarian work of these centers.

**Chemical Arms Control.** This Administration remains firmly committed to achieving effective international restraints on chemical weapons.

During the past year the United States played a leading role in the discussion of chemical weapons controls at the Conference of the Committee on Disarmament in Geneva. We presented a comprehensive work program on the prohibition of chemical weapons and several technical studies of this subject.

The basic problem is that several nations may have these weapons and the capacity to produce them is widespread. It is exceedingly difficult to verify existing stocks, let alone their reduction, or to distinguish between civilian and military production. Furthermore, however remote the threat may be that any nation would use chemical weapons offensively, that threat must be countered with certain defensive capabilities.

The major issue is whether competition will continue or whether, as in SALT, some partial measures can be adopted to facilitate more comprehensive measures.

**Comprehensive Test Ban.** The United States has continued to support the objective of an adequately verified agreement to ban all nuclear weapons testing.

Some countries maintain that national means of verification would be sufficient to monitor such a ban with confidence. We disagree. Despite substantial progress in detecting and identifying seismic events, including underground nuclear tests, we believe that national means of verification still should be supplemented by some on-site inspection.

The United States shares the view of many other nations that an adequately verified comprehensive test ban would be a positive contribution to moderating the arms race. For this reason we are giving high priority to the problem of verification. We will continue to cooperate with other nations in working toward eventual agreement on this important issue.

The responsibility for controlling arms does not rest with the great powers alone. As the United States and the Soviet Union seek to curb the nuclear arms race, and the nations with forces in Central Europe seek to reduce conventional forces, other countries should develop regional arms control arrangements which will enhance mutual security and reduce the danger of local conflicts. External powers should respect such arrangements by restricting the flow of weapons into such areas. The United States is prepared to do so.

## Part VII: New International Challenges

### THE UNITED NATIONS

In this increasingly interdependent world, a more effective United Nations continues to be an important goal of our diplomacy. There is no inconsistency between our search for a better equilibrium among the major powers and our commitment to global cooperation through worldwide institutions. Success in adjusting and improving big power relationships should reinforce the multilateral framework in which all nations can work together in dealing with worldwide problems.

We should not exaggerate the present capacity of the United Nations for strong action, particularly in the field of peace and security. But neither can we discount or ignore the significant and constructive role that multilateral organizations can and do play in coping with matters of world interest. What is essential is to discern how and when the United Nations can act effectively for the benefit of mankind. This Administration, like its predecessors since the founding of the United Nations in 1945, is committed to strengthening



the world organization as a dynamic instrument for constructive international action.

### **Maintaining the Peace**

The capacity of the United Nations to reconcile political disputes and curb outbreaks of violence is limited, depending as it does on the willingness of members to utilize its machinery and, in particular, on the attitudes of the permanent members of the Security Council. This was starkly illustrated by the inability of the Security Council to act in the India-Pakistan conflict in December 1971, when Soviet vetoes frustrated ceasefire resolutions which had the support of an overwhelming majority of members. Differences among the major powers on the authorization, conduct, and financing of peace-keeping missions have yet to be resolved, but improvement of relations among these powers may enable the United Nations to act more effectively in the future. In view of America's objective that responsibilities for maintaining peace be widely shared, the strengthening of the United Nations peace-keeping role is an important goal of American policy.

A way must also be found to assure the continuous representation on the Security Council of those states whose resources and influence could facilitate the Council's action. Any formula for such a restructuring of the Council, however, should not result in an unwieldy body whose operations would be slower and more uncertain than they now are.

We believe that Security Council procedures must be improved. A far greater effort must be made to base decisions on impartial fact-finding. It is also imperative that the Council not allow itself to be used for the blatant promotion of the views of one party while that party is in negotiations with another, as happened during the meetings in Panama in March 1973. At the time, we said that this was an unwise and improper use of the Council; the atmosphere of the meeting and its outcome showed that our misgivings were justified.

### **The Human Rights Dimension**

The Universal Declaration of Human Rights guides our actions in the United Nations to ease the plight of those whose basic rights have been denied. Our stand against apartheid and other forms of racism has been clearly articulated in many United Nations forums. Our commitments to the basic rights of freedom of movement has caused us to speak out in the

United Nations against restrictions on the right to emigrate.

In other areas of human rights concern, our United Nations representatives have played a leading role in promoting the development of new rules for the observance of rights in armed conflicts. Responding in part to initiatives taken in the United Nations, the International Committee of the Red Cross (ICRC) held a series of consultations of experts to frame proposals for enlarging the protections now provided in the four Geneva Conventions on war victims, including prisoners of war. The ICRC's proposals will be submitted to an international conference for the adoption of new protocols to the Geneva Conventions.

### **Decolonization**

Much attention in the United Nations continues to be focused on colonial issues. We support self-determination for all peoples. But we have made clear that in supporting this objective we cannot condone recourse to violence or interference across established frontiers. We do support proposals which encourage communication and peaceful change. But we view with concern the efforts to give formal international status to insurgent movements that are still contesting for territorial control. The United Nations is an organization of established governments founded to bring parties together and to work for peace. We cannot accept its use as an arena for sanctifying the use of force. It is not in the spirit of the United Nations Charter.

### **International Order**

The rule of law in a world beset by global problems must of necessity be a matter of priority for the United Nations. We cannot limit armaments, exploit the seas' riches, travel through the skies and the seas, control narcotics trafficking, or combat terrorism unless international legal norms are created and universally respected.

Despite the obvious urgency of many of these problems, the United Nations has failed to address some of them seriously. On hijacking, members of the International Civil Aviation Organization continue to balk at the prospect of the tough measures needed to curb air piracy. The failure of the 27th General Assembly to take effective action to combat international terrorism was a major disappointment.

The world community suffers when its most respected international institution fails to deal

with elementary questions of international order. Even so, those who wish an orderly world must persevere in their efforts to achieve United Nations action to these ends. United Nations conventions on narcotics and earlier hijacking conventions are examples of what can be done by a united world community.

### **The United Nations System**

Controversies in the United Nations over questions of peace and security have often overshadowed other ongoing activities of the organization. The United Nations plays an important, if less dramatic, role in transferring skills to the developing nations and in dealing with a variety of worldwide problems brought on by the quickening pace of social and technological change. It is well to recognize that the United Nations is a system of interlocking organizations and that more than nine-tenths of its resources are devoted to activities in the economic, social, technical, and scientific fields.

These functions, which we have encouraged and continue to support, encompass virtually every transnational government activity. They include promoting disarmament, assuring the safety of civil aviation, combating epidemics, protecting the environment, checking the illicit flow of narcotics, setting guidelines for the orderly exploitation of seabed resources, providing technical assistance to developing countries, and organizing relief for victims of disaster.

About one-fourth of the United Nations system's expenditures for these purposes are devoted to activities of a regulatory, standard-setting, or exchange-of-information character. They are, in effect, global public services managed by the United Nations system for the world community. The remaining three-fourths finance economic, social, and technical activities to assist the less developed areas of the world. In an interdependent world these activities are inseparable from more traditional actions to promote peace and security.

Within the United Nations system, a dozen bodies are involved in the effort to reduce the gap between the rich and poor nations. The most important of these is the United Nations Development Program (UNDP), the world's largest technical assistance program. This vital and successful activity of the United Nations merits our continued and substantial support.

The world community's development efforts cannot make major headway unless the present rate of population growth is slowed. We will continue to support the United Nations Fund

for Population Activities and other UN agencies in addressing this critical world problem, while also maintaining our bilateral programs. We particularly welcome the UN decision to designate 1974 as World Population Year and to convene a World Population Conference.

United Nations specialized agencies are playing an important role in the multilateral response to the challenges of protecting the environment. The World Meteorological Organization (WMO) is helping to monitor the earth's atmosphere; the UN Educational, Scientific and Cultural Organization (UNESCO) is conducting basic environmental research; the Intergovernmental Maritime Consultative Organization (IMCO) is implementing rules governing the discharge of oil at sea; and the Food and Agriculture Organization (FAO) is conducting programs dealing with soil salinity and soil erosion. At United States initiative the General Assembly created a United Nations Environment Fund and institutional arrangements to direct and coordinate global action to lend further impetus to these environmental activities.

The United Nations is increasingly providing the means for a truly international response to tragedies and disasters around the world. This relatively new and very important activity of the UN system deserves the fullest support.

The role of the International Atomic Energy Agency (IAEA) in administering the program of safeguards on the use of nuclear materials under the 1970 Non-Proliferation Treaty is an essential contribution to international security.

The world values and needs these many services of the United Nations system. But all of them are increasingly costly. It is essential that they be performed—and it is also essential that they be performed in the most efficient and economical manner possible. The ongoing improvement of UN management practices will continue to receive priority support and emphasis from the United States.

### **Our Participation in the United Nations**

The United States played a leading role in the founding of the United Nations in 1945, and has been a leader in providing political and financial support. Many Americans may have thought of the United Nations as an "instant world government" that could somehow attack and solve all the problems and ills of the world. But it must be recognized that the United Nations is a body of 132 member states, each maintaining its sovereignty and pursuing its own national interests. Only when there is a

broad consensus does United Nations action become possible.

The United States takes seriously its obligations under the United Nations Charter. Except for imports of small quantities of certain strategic materials exempted by U.S. public law—accounting for no more than a minute percentage of Rhodesia's exports—the United States, unlike many others, adheres strictly to the UN program of sanctions against Rhodesia. Many in the United Nations challenged our observance of sanctions. But there should not be a double standard which ignores the widespread, substantial—but unavowed—non-observance of sanctions by others.

In last year's Report, I stated that "prudence and political realism dictate that no one country should be assessed a disproportionate share of the expenses of an organization approaching universality in which each member, large or small, has but one vote. That is particularly true when experience has shown that the major contributing countries are unable to exercise effective control over the UN budget." I therefore announced that it would be our goal to negotiate a reduction in our United Nations assessment from 31.5 percent to 25 percent of the organization's budget. This idea was not at all new; in fact, in 1946 Senator Arthur Vandenberg argued in favor of a U.S. assessment of 25 percent. This figure was also cited as desirable by the Lodge Commission on the United Nations in 1971, and it was endorsed by the United States Congress in 1972.

On December 13, 1972, by an overwhelming majority vote, the United Nations initiated action to reduce our assessment to 25 percent as soon as practicable. This step, which required the agreement of other members, can only result in a strengthened United Nations, in which the costs of membership are more evenly distributed.

We have continued to be generous in voluntary contributions to a variety of programs, including the United Nations Development Program, UNICEF, and the United Nations' funds in population activities, the environment, and narcotics control.

### Living Together

Unable to retreat into isolation in a world made small by technology and shared aspirations, man has no choice but to reach out to his fellow man. Together we must build a world order in which we can work together to resolve our common problems. That is what the United

Nations is all about. If we sometimes appear to be criticizing rather than praising the United Nations, it is because we need it and want to make it a dynamic instrument for promoting a lasting peace.

The commitment of this Administration to the strengthening of international institutions remains firm. We stand ready to cooperate with all United Nations members, large and small, in enhancing the capacity of the United Nations to deal as effectively with problems of peace and security as it does with economic and technical questions.

### THE GLOBAL CHALLENGES OF PEACE

Our purpose in building a structure of peace is not simply to prevent the outbreak of war. We also seek to foster a new spirit of cooperation among nations in meeting urgent problems that face the whole human family. Some of these can be welcomed as opportunities, such as the use of the oceans and the exploration of space. Others are vexing problems, including pollution, international terrorism, and drug abuse. But all transcend ideology and parochial conceptions of national self-interest. They involve the world's interests and the entire world community must work together on them.

Since taking office, this Administration has sought ways to focus world attention on these issues and to propose measures for resolving them. Substantial progress has been made in a number of areas, but in all areas much more remains to be done before we can feel we have effectively met the global challenges of peace.

#### The Oceans

As man's activities in the oceans intensify, the need for international accommodation is clear. Serious efforts are now being made in the United Nations to work out new rules and develop institutions to ensure the rational future use of the marine environment. If these efforts are successful, mankind's development of the sea frontier can proceed without the destructive national rivalries that characterized the earlier race for land empires. But if the effort fails, conflicting claims and bitter international disputes are inevitable.

As a major maritime power and a leader in ocean technology, the United States has a special responsibility for this international effort to reach agreement on the peaceful use of the world's oceans. Together with more than 90 other nations, we are making intensive

preparations for a comprehensive Law of the Sea Conference called for by a resolution of the United Nations General Assembly. We have introduced detailed proposals, relating to the seabed and seabed resources, living marine resources, the breadth of the territorial sea, and freedom of transit through and over international straits. These proposals are designed to accommodate the diverse interests of many nations and to permit all to use the seas more effectively and harmoniously.

An early and successful Law of the Sea Conference is essential. The demands on such a Conference will be intense if an effective new law of the sea treaty is to be realized. Each nation will have to identify with care its vital interests in the use of the world's oceans and their resources, and to enter the negotiations ready to seek accommodation of potentially conflicting national interests.

The United States shares, to a greater or lesser degree, all the fundamental interests being weighed in these negotiations. We have a crucial stake in ensuring that essential high seas freedoms are maintained. We also have important interests in the areas off our coasts. Some 80 percent of all U.S. fishing is conducted in adjacent coastal waters, and offshore oil production is nearly 20 percent of the U.S. total. We are also concerned with protecting our coastline and coastal waters from pollution and otherwise preserving the marine environment.

**Territorial Seas and Straits.** The United States has presented to the UN Seabed Committee draft treaty articles providing for:

—a territorial sea with a maximum breadth of 12 nautical miles, together with and conditional on

—a right of free transit through and over straits used for international navigation.

We firmly believe that 12 miles represents the only figure on which general agreement among nations is possible, and there has been growing consensus on this view in the international community.

Many straits used for international navigation are less than 24 miles wide. Twelve-mile territorial seas might thus overlap. Accordingly, the United States has made a provision for a specific right of "free transit" a condition to our agreement to a 12-mile territorial sea. This would preserve the right of transit through and over international straits for ships and aircraft. The U.S. proposal is designed to accommodate the concerns of nations bordering

such straits with respect to traffic arrangements and pollution control.

Until the right of free transit is established the prevailing law in international straits six miles wide or less will continue to be that of "innocent passage." In straits wider than six miles, the United States' position continues to be that high seas freedoms exist. Under the 1958 Geneva Convention on the Territorial Sea and Contiguous Zone, aircraft do not have a right of overflight and submarines exercising innocent passage must navigate on the surface. Moreover, coastal states may give their own interpretation to "innocent" passage. In these circumstances, the right of innocent passage is no longer adequate to ensure free transit through and over international straits.

**Marine Resources.** All coastal states have strong interests in the living and non-living resources off their coast. Accordingly, any new law of the sea convention should provide for certain coastal state economic rights beyond the territorial sea. But the nature and extent of those rights is fundamental and must be carefully defined.

The regime for the deep seabed area beyond national jurisdiction, which is the common heritage of all mankind, should provide developing as well as other countries with the opportunity to take part in and benefit from deep seabed exploitation. It should also provide reasonable and secure investment conditions for countries whose capital and technology make such exploitation possible.

With respect to marine resources generally the United States is willing to agree to broad coastal state economic jurisdiction beyond the territorial sea as part of a satisfactory overall law of the sea settlement. But this management jurisdiction over mineral resources and fisheries should be tempered by international standards that respect the interests of other states and the international community.

Internationally-agreed limitations on seabed resources should include:

—Standards to prevent unreasonable interference with other uses of the ocean, to protect the oceans from pollution, and to safeguard the integrity of investment;

—Sharing of revenues for international community purposes; and

—Compulsory third-party settlement of disputes to help reduce the potential for conflict.

Effective harvesting of the oceans' fisheries resources, consistent with sound conservation will be required if the nations of the world are

to realize the potential of fish as a major source of protein-rich food. With both a coastal and distant water fishing industry, the United States has incentives to work toward a multi-lateral fisheries agreement that takes into account the world's supply of fisheries resources as well as the differing interests of coastal and distant water fishing nations.

We believe coastal states should have special management authority and preferential rights with regard to fisheries stocks in their coastal waters or those that spawn in their rivers. We have proposed to make these rights correspond to the biological characteristics of the fish involved. Our proposal provides for broad coastal state jurisdiction and preferences over coastal and anadromous fisheries, such as salmon, beyond the territorial sea, with international standards for conservation, maximum utilization, equitable allocation, and compulsory third-party settlement of disputes. On the other hand, our proposal provides that highly migratory fish, such as tuna, would be regulated by international organizations in which all interested fishing and coastal states could participate. We have suggested that during the law of the sea negotiations a formula be devised to determine what part of the allowable catch is to be left to traditional distant water fisheries.

If nations are to continue to gain the knowledge required for fuller, wiser use of the oceans, maximum freedom of scientific research must be maintained, and developing countries should participate. The United States has also proposed that the Law of the Sea Conference develop draft treaty articles on marine pollution to ensure that man's uses of the oceans pose minimal risks to the marine environment.

The past year saw encouraging signs that the international community as a whole is beginning to understand the pressing need to accommodate these diverse interests. This process must continue and the United States will continue to work with other concerned nations to meet this challenge.

### Outer Space

Man's ventures into outer space provide a natural arena for international cooperation. Such cooperation is not merely helpful; in some cases it constitutes the only practical means of realizing the potential of space.

This Administration has worked through both governmental and non-governmental organizations to realize the technical, economic, and other benefits offered by space activities. We are also trying through both bilateral and

international channels to develop sound and equitable legal arrangements to govern such activities.

Our dramatic moon expeditions were almost exclusively national ventures, but they provided opportunities for significant international involvement. Many experiments developed in foreign laboratories were carried to the moon by our Apollo spacecraft and more than a hundred foreign scientists shared in the analysis of the lunar samples our Astronauts brought back. We are now discussing international participation in our post-Apollo space program, including plans for a possible joint aeronautical satellite experiment.

The American capability for launching payloads into orbit has also made possible a wide range of joint space efforts. To date, we have launched sixteen satellites developed by other countries or by international organizations. I announced last October that the United States would provide launch assistance on a non-discriminatory, reimbursable basis to foreign countries and international organizations for any space project undertaken for peaceful purposes and consistent with relevant international arrangements. This policy extended to other nations the assurances we had given earlier to member states of the European Space Conference.

The Earth Resource Technology Satellite (ERTS) program of the United States is a particularly significant example of international cooperation in space. The program is designed to develop ways to use satellites in geological, hydrological, agricultural, and oceanographic surveys, in pollution monitoring, and in other types of resource utilization planning. Ninety projects from 37 nations and two international organizations are included in the present research program. The first ERTS satellite was launched in July 1972. Several earth resource survey experiments, including some proposed by other countries, will be conducted by the manned Skylab spacecraft. An additional unmanned experimental satellite is also planned.

After years of intensive negotiations, an international satellite telecommunications consortium of 83 nations, known as Intelsat, has come into existence. Intelsat is a unique multi-national venture responsible for a worldwide network of satellite telecommunications.

The United States continues to play an active role in United Nations space affairs, particularly the Outer Space Committee. International acceptance has been secured for the

1968 Astronaut Rescue and Return Agreement and for the 1972 Space Liability Convention. Work is also going forward on treaties covering the moon and other celestial bodies, and on registration of space objects.

The past year also marked a significant milestone in U.S.-Soviet space cooperation. The Space Cooperation Agreement which I signed in Moscow on May 24, 1972, provides for a variety of cooperative activities, including a joint docking mission of Soviet and American spacecraft in 1975.

Further opportunities lie ahead, including possible international cooperation in the use of a space shuttle and the development of basic international understandings regarding earth resource surveys. We will shape our response to these and other challenges in ways that enhance the prospects for the peaceful use of outer space in the interest of all mankind.

### International Exchanges

Political relations among nations are increasingly influenced by the growing range of unofficial contacts between individuals and groups in the modern world. The increase in economic and scientific interdependence, the growth of new transnational communities based on common interests and concerns, the global reach of communications, and the upsurge in travel have all radically altered the environment in which national governments develop and pursue their policies.

U.S. foreign policy has kept pace with these changes. Our policies and programs have been responsive to the opportunities. For example, as a result of agreements made last year in connection with my visit to the Soviet Union, the American and Soviet peoples are now working more closely in a host of areas—exchanging reactor scientists, sharing research findings in heart disease, cancer, and environmental health, cooperating in nearly 30 environmental projects, collaborating in the use of computers in management, and planning joint probes into space. Cultural groups and performing artists ply between the two countries in increasing numbers. Similar exchanges are occurring with the People's Republic of China. In the past year, Chinese table tennis players, physicians, scientists, and acrobats have visited the United States, and businessmen, doctors, journalists, educators, scientists, and scholars from this country have gone to China.

Scientific, educational, and cultural exchanges between the United States and scores of other countries are also steadily increasing, under

both official and unofficial auspices. These have helped open up new levels of dialogue with present and prospective leaders in much of the world.

These expanding contacts of millions of American citizens and hundreds of American organizations with their counterparts abroad must increasingly influence the way others see us and the way all societies see themselves. These trends are not a panacea but they are contributing to a climate of understanding in which governments can pursue the adjustment of official relationships. They also afford the individual citizen meaningful ways to help build the structure of peace which is America's goal.

### International Hijacking and Terrorism

Just when prospects for peace among nations are stronger than at any other time in recent decades, a new form of lawless violence is spreading like a cancer through the international community. Acts of politically-inspired terrorism against innocent persons and against commercial aircraft and other targets have increased sharply in recent years. The means chosen by these terrorists are often completely unscrupulous and their destructive effects indiscriminate. Terrorism threatens not only the safety and well-being of individuals around the globe but even the stability of some societies.

Crimes against civil aviation continue to be a major threat. The number of aircraft hijackings has grown throughout the world since the first such incident, the diversion of an American plane to Cuba in May 1961. Aircraft of nations representing the full range of the political spectrum have been affected, including Soviet, Israeli, German, Belgian, British, Mexican, and American planes.

Terrorists have also struck in many other ways. More than 100 letter bombs have been sent through the international mails. A wave of diplomatic abductions began in August 1968 when terrorists tried to kidnap the U.S. Ambassador to Guatemala, and killed him in the process. Since then, 17 diplomatic kidnapping attempts have occurred in the Western Hemisphere alone. The recent murders of one Belgian and two American diplomats in Khartoum underscore the global dimension of the terrorism problem.

The United States, in consultation with other governments, has tried to curb this rising tide of international crime and gangsterism. Over the last ten years we have pressed for adoption of international conventions to deal with sky

jacking. Three multilateral agreements are now in force:

—The 1963 Tokyo Convention, which requires states to return hijacked aircraft to the control of their lawful commanders and to facilitate continuation of air journeys interrupted by violence;

—The 1970 Convention for the Suppression of Unlawful Seizure of Aircraft, which obligates states either to prosecute or extradite suspected air hijackers found in their territory; and

—A companion convention, the 1971 Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, which deals with sabotage and other terrorist attacks against civil aircraft.

We are working for the adoption of another international convention which would establish procedures for possible sanctions, including suspension of air service, against countries which fail to punish or extradite hijackers or saboteurs of civil aircraft.

We took an important bilateral action on February 15, 1973, when we entered into an agreement with Cuba whereby each agreed to extradite, if it did not punish, individuals involved in hijacking.

The United States has also pressed for concrete results in the United Nations to deal with international terrorism generally. We welcomed Secretary General Waldheim's proposal that the UN General Assembly consider this subject, submitted a draft convention, and called for discussion. Some UN members, while sympathetic to the need for quick actions, emphasized the difficulty of defining terrorism and devising international arrangements to deal effectively with it. Some sought to sidetrack the debate. The General Assembly set up an interim working group to study the question in depth.

The Assembly also considered draft articles on the protection of diplomats and agreed to solicit member states' comments with a view to completing action on a convention at its 1973 session. We will do our utmost to secure general Assembly acceptance of this convention this year.

In INTERPOL, the mechanism for international cooperation in criminal police work, we have sought the maximum exchange of intelligence among participating countries with respect to cases of hijacking and acts of terrorism.

We have addressed these problems at home as

well. The Cabinet Committee to Combat Terrorism, which I established last September, reviewed existing procedures and adopted new measures where necessary to ensure that our Government could take swift and effective action in diplomatic, intelligence, and law enforcement channels. We have already improved our methods for screening aliens entering or transiting the United States and have taken additional precautions for the protection of foreign diplomatic missions and personnel in the United States.

The international community should examine the political causes of terrorism and seek to remedy any legitimate injustices. But political passion, however deeply held, cannot be permitted to wreak criminal violence on innocent persons. As I have made clear in the past, the United States Government will not submit to terrorist blackmail. We will continue to work vigorously to deter and prevent terrorist acts and to punish those who perpetrate them.

#### Control of Drug Abuse

As part of our drive to meet the deadly menace of narcotics abuse, this Administration remains committed to an unrelenting global struggle against illicit drug traffic.

The Cabinet Committee on International Narcotics Control, which spearheads U.S. drug control efforts overseas, requested our ambassadors in each of 59 countries to prepare narcotics control action plans. These were reviewed early in 1972 in Washington and returned to our embassies to serve as the basis for negotiating bilateral narcotics control programs.

By letter of February 16, 1972, I advised the appropriate Chiefs of Mission that the most essential element in such programs was to convince leaders of countries where drug production and trafficking occur to commit their governments to attacking the narcotics problem with urgency and determination. Last September, at a special Washington conference of senior U.S. narcotics control officers from around the world, I emphasized my readiness under the provisions of the Foreign Assistance Act both to assist cooperating countries and to suspend economic and military assistance to any country which fails to take adequate steps against illicit drug traffic. By mid-year, our embassies had initiated discussions with all target countries, and since then they have concentrated on the implementation of cooperative action programs.

The results of our international anti-drug ef-

fort have been most encouraging. Worldwide seizures of heroin and morphine base tripled in 1971 and nearly doubled again in 1972. In 1972 some of the most important figures in the world drug traffic were arrested, and a number of high level traffickers were extradited to the United States from other countries. Five heroin laboratories in the Marseilles area were shut down by the French authorities during the year. Steps have been taken, particularly in Laos and Thailand, to tighten controls on drug smuggling from Southeast Asia. We have cooperated with other countries in drug treatment, rehabilitation, and education efforts, and in crop substitution and eradication measures. The Turkish ban on opium cultivation, for example, has been implemented resolutely. Multilateral efforts to fight illicit narcotics production and trafficking have also received full U.S. support. This country has been the chief contributor to the United Nations Fund for Drug Abuse Control, which has started narcotics control programs in Thailand and Afghanistan. And we have initiated proposals to amend and strengthen the Single Convention on Narcotics Drugs.

With more and more countries now working to stop drug trafficking, seizures and arrests are up dramatically both here and abroad. This progress has helped to reduce the illicit drug supply in the United States. During 1972 the price of street level heroin in the eastern half of the country rose sharply, the quality declined, and new users had difficulty locating sources of supply.

These gains notwithstanding, a sustained vigorous campaign is still required against what has become one of the most serious of the world's social ills. The United States will continue to provide leadership in that worldwide campaign.

## Population

Twenty years ago the world's population was less than 2,600,000,000. Today it is more than 3,800,000,000. In just these two decades, the human family has increased by nearly half the total population attained in all the millennia before. In most of the developing countries, populations will double in the next 20 to 28 years.

Rapid population growth burdens and retards development, accentuates malnutrition and unemployment, and crowds cities with slums. These effects are felt particularly in developing countries. For developed and developing nations

alike, population pressure constitutes one of the principal threats to the environment. Too many people scrambling for cultivable land and resources are a danger to international peace, and this danger may sharply increase as populations double and treble in coming decades.

Efforts to moderate population growth are having important, if limited, success around the world. Many countries have already undertaken measures to bring rapid increase under control; others have national programs to provide family planning services to their people. The United States now provides bilateral assistance for such activities in 36 countries. We also contribute to the United Nations Fund for Population Activities, which supports programs in 76 countries, and to the International Planned Parenthood Federation, with programs in over 40 countries.

At the Second Asian Population Conference in Tokyo last November, the United States joined 22 other countries in calling on governments to establish goals and programs for effectively controlling population growth, and to provide family planning information, education, and services to all their citizens as soon as possible.

In order to focus international attention on the vital problem of world population growth, the United Nations has designated next year as World Population Year. A World Population Conference has been called for August 1974. I believe information and action programs undertaken as part of the observance can be a valuable means of furthering appreciation of population problems and of generating more resolute action by nations to solve them. The United States will cooperate fully with the United Nations in observing the year and working to make the World Population Conference a success.

It is imperative that the nations of the world reach agreement on means for dealing effectively with this global problem.

## Energy

Satisfying the world's energy requirements over the next several decades is a matter of urgent concern to the United States and other nations. Important factors include a rapidly increasing demand for energy, the need to choose among alternative new sources, the costs of developing these sources, and the strong emphasis on environmental protection which limits the use of many energy forms.

One major problem that will face us during the next two decades will be ensuring an ade-



quate supply of energy from secure sources at reasonable prices. This task will require broad cooperation between consumer and producer nations. It will have a major impact on international trade and finance.

This Administration has recognized the need for adjustment in our policies to meet the demands of the changing energy scene. Domestically, we plan to accelerate the development of our own oil and gas resources, including those on the Outer Continental Shelf and in Alaska, in a manner consistent with national interest and conservation. We have worked, as appropriate, with U.S. private enterprise in its efforts to develop new foreign sources of oil and natural gas, including Soviet and Algerian sources. We have been kept informed by our petroleum industry concerning its negotiations to develop new relationships with the world's major oil producing countries. Finally, we are investigating ways in which closer cooperation among producers and consumers could result in an adequate supply of oil and natural gas throughout the world—with due regard for the interests of consumers and producers alike.

We are maintaining our support for the development of nuclear energy, which has proven to be an economically viable alternative to more traditional fuels for the generation of electric power. In all aspects of U.S. cooperation with other nations in the nuclear energy field, however, we continue to insist on satisfactory safeguards against the diversion of nuclear materials from civilian use to the production of weapons.

We are also considering the feasibility of developing other alternative sources of energy—the gasification of coal, recovery of oil from shale, and the utilization of solar and geothermal resources.

In my recent energy policy statement, I announced several modifications in our domestic policies, and a major increase in funding and renewed emphasis on research and development programs aimed at creating alternative sources of energy. I am confident these programs will make possible the rapid expansion of domestic energy supplies that may be needed in the future.

The energy problem will also have major impact on our national security and foreign policy planning. Potential vulnerabilities could be created for the United States and our allies as we increase our energy imports in coming years. We will continue to consider these problems and design programs to alleviate them.

The shifting energy scene is a major challenge for international cooperation. These new common problems could introduce strains into our relations with other countries. But they also create new opportunities for cooperation that could ultimately bring countries closer together.

Cooperative research efforts with other nations can do much to speed the development of new forms of energy. Such cooperation in this difficult and expensive process is of mutual advantage to all nations. And while we search for new sources, we must move with others—producers and consumers alike—toward wider measures of cooperation to ensure that the world's remaining fossil fuels are used most effectively.

### **Pollution and the Environment**

Global environmental concerns transcend national boundaries, economic systems, and ideologies. They demand a truly global response. During the past year, we made progress on a number of fronts toward developing such a response.

**Multilateral Actions.** The most notable success was the first UN Conference on the Human Environment. Held in Stockholm in June 1972, with 113 countries participating, the Conference agreed on a far reaching program for international action on the earth's environmental ills. Specific aspects of the program include a global system to monitor the environment; international conventions to control ocean dumping of shore-generated wastes and to preserve plants and animals threatened with extinction; and creation of a World Heritage Trust to protect unique natural, historical, or cultural areas. The Conference also decided to set up an Environmental Secretariat to coordinate UN programs in this field and to establish a UN Environmental Fund, which I had proposed in February 1972, with an initial goal of \$100 million for the first five years to finance environmental activities.

At the same time, we recognize the concerns of developing countries that steps to preserve the environment must enhance, not hinder, the development process. During the Stockholm meeting we made clear that in carrying out environmental programs we will take all practical steps to prevent reduced access to our markets; we will not use environmental concerns as a pretext for discriminatory trade policies.

The success of the Stockholm Conference offers considerable promise for more effective

international cooperation on the environment. It is only a first step, however. Now we must work to translate the Conference recommendations into actions.

NATO's Committee on the Challenges of Modern Society (CCMS) also made progress in 1972. Committee projects on air and water pollution are providing valuable information and recommendations to member countries in the Atlantic Alliance, and a project in the field of urban transportation is now being developed. An inland water project is yielding important guidelines for dealing with the pollution of rivers that cross jurisdictional boundaries, and has already led to the formation of a U.S.-Canadian Joint Committee on Water Quality for the St. John's River Basin on our common border. As part of a CCMS pilot study, the United States last November signed an agreement with the principal European auto manufacturing nations to exchange information on technology for low pollution power systems.

At its May 1972 ministerial meeting, the Organization for Economic Cooperation and Development (OECD) adopted guidelines designed to avoid possible trade distortions arising from differences in the environmental policies of member countries. The United States is now working with other OECD members to develop procedures for effective implementation of these guidelines, which should permit countries to strengthen their environmental protection programs without upsetting international trade relationships.

Marine mammals, including whales, dolphins, seals, and polar bears, are increasingly endangered by man's onslaughts. Whales are probably in the greatest jeopardy, with some species on the edge of extinction. The United States advocated a ten-year moratorium on all whaling, both to permit presently depleted stocks to recover and to generate needed scientific data on whales. The UN Conference on the Human Environment endorsed this proposal, calling upon the International Whaling Commission to adopt it. While the Commission rejected the proposed moratorium at its meeting in June 1972, it did agree to significant reductions in the 1973 quotas for catches of certain whales, and it extended the current ban on hunting other varieties.

The United States joined with 91 other nations in adopting a Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter at a conference in London last November. The parties to the convention

agreed to institute national systems for regulating ocean dumping similar to the comprehensive program we now have in the United States.

The Intergovernmental Maritime Consultative Organization (IMCO) has continued its efforts to prevent and reduce oil pollution from tanker collisions, groundings, and intentional discharges of oil ballast and bilge water. In May 1972, I submitted to the Senate for its advice and consent provisions to implement standards adopted by IMCO to reduce oil outflow from tanks ruptured in vessel casualties. IMCO's 1973 Conference on Marine Pollution, to be held in October in London, will focus on measures for the complete elimination of intentional pollution from oil and noxious substances and for the minimization of accidental spills. The United States is helping to develop a new international convention to eliminate intentional discharges of oil and hazardous substances from ships by 1975, if possible, or at the latest by the end of this decade.

**Bilateral Actions.** International progress on the environment in 1972 included significant bilateral developments.

Last May in Moscow I signed the U.S.-Soviet Agreement of Cooperation in the Field of Environmental Protection, which calls for mutual cooperation and exchange of information in eleven specific areas. The Joint Commission to implement this agreement met in Moscow last September, and agreed on a number of concrete projects, including a comparative investigation of air pollution in St. Louis and Leningrad; joint studies of water pollution problems at Lake Baikal in the Soviet Union and Lake Tahoe and one of the Great Lakes in the United States; exchange of information on environmental planning in urban areas, with emphasis on Leningrad in the Soviet Union and Atlanta and San Francisco in the United States; and a range of cooperative ventures in areas such as earthquake prediction, wildlife protection, effects of environmental change on climate, and marine pollution.

In April 1972 in Ottawa, Prime Minister Trudeau and I signed the U.S.-Canadian Great Lakes Water Quality Agreement to clean up and prevent further pollution in the Great Lakes. This agreement establishes an important international precedent for cooperation between neighboring nations to protect vital shared resources. It specified both general and specific water quality objectives and set a December 1975 deadline for various programs to be completed or underway.

In a joint communique issued last June with President Echeverria of Mexico, I announced that the United States would take immediate measures to reduce the salinity level of the Colorado River, a problem which Mexico has indicated damages agriculture in the Mexicali Valley. The communique also contained an agreement that policy-level officials from our two nations would meet regularly to discuss other mutual environmental concerns and to

develop methods for dealing with them more systematically.

These, then, are the challenges which confront the entire world community. The international response during the past year to these issues has been encouraging. These efforts are providing institutional foundations for effective future action. While many problems still remain unresolved, the world has moved closer to the global solutions that are required.

## Conclusion

In the past four years, there have been fundamental changes and signal successes. We have cleared away vestiges of the past. We have erased or moderated hostilities. And we are strengthening partnerships.

The specific events or policies, however important, reflect a more profound enterprise. We are seeking the philosophical, as well as the practical, reorientation of our foreign policy. This is the primary challenge of a radically different world. If America is to provide the leadership that only it can, Americans must identify with new visions and purposes.

As we look toward this nation's two hundredth birthday, we shall continue our efforts—with the people and the Congress—to create this new consensus.

In the transition from the bipolar world of American predominance to the multipolar world of shared responsibilities, certain themes need emphasis. They indicate not only what our approach is, but what it is not.

*We seek a stable structure, not a classical balance of power.* Undeniably, national security must rest upon a certain equilibrium between potential adversaries. The United States cannot entrust its destiny entirely, or even largely, to the goodwill of others. Neither can we expect other countries so to mortgage their future. Solid security involves external restraints on potential opponents as well as self-restraint.

Thus a certain balance of power is inherent in any international system and has its place in the one we envision. But it is not the overriding concept of our foreign policy. First of all, our approach reflects the realities of the nuclear age. The classical concept of balance of power included continual maneuvering for marginal

advantages over others. In the nuclear era this is both unrealistic and dangerous. It is unrealistic because when both sides possess such enormous power, small additional increments cannot be translated into tangible advantage or even usable political strength. And it is dangerous because attempts to seek tactical gains might lead to confrontation which could be catastrophic.

Secondly, our approach includes the element of consensus. All nations, adversaries and friends alike, must have a stake in preserving the international system. They must feel that their principles are being respected and their national interests secured. They must, in short, see positive incentive for keeping the peace, not just the dangers of breaking it. If countries believe global arrangements threaten their vital concerns, they will challenge them. If the international environment meets their vital concerns, they will work to maintain it. Peace requires mutual accommodation as well as mutual restraint.

*Negotiation with adversaries does not alter our more fundamental ties with friends.* We have made a concerted effort to move from confrontation to negotiation. We have done well. At the same time, our determination to reduce divisions has not eroded distinctions between friends and adversaries. Our alliances remain the cornerstones of our foreign policy. They reflect shared values and purposes. They involve major economic interests. They provide the secure foundation on which to base negotiations.

Although their forms must be adapted to new conditions, these ties are enduring. We have no intention of sacrificing them in efforts to engage adversaries in the shaping of peace.

Indeed such efforts cannot succeed, nor can they have lasting meaning, without the bonds of traditional friendships. There is no higher objective than the strengthening of our partnerships.

*Detente does not mean the end of danger.* Improvements in both the tone and substance of our relations have indeed reduced tensions and heightened the prospects for peace. But these processes are not automatic or easy. They require vigilance and firmness and exertion. Nothing would be more dangerous than to assume prematurely that dangers have disappeared.

Thus we maintain strong military power even as we seek mutual limitation and reduction of arms. We do not mistake climate for substance. We base our policies on the actions and capabilities of others, not just on estimates of their intentions.

Detente is not the same as lasting peace. And peace does not guarantee tranquility or mean the end of contention. The world will hold perils for as far ahead as we can see.

*We intend to share responsibilities, not abdicate them.* We have emphasized the need for other countries to take on more responsibilities for their security and development. The tangible result has often been a reduction in our overseas presence or our share of contributions. But our purpose is to continue our commitment to the world in ways we can sustain, not to camouflage a retreat. We took these steps only when our friends were prepared for them. They have been successfully carried out be-

cause American backing remained steady. They have helped to maintain support in this country for a responsible foreign policy.

I underlined the vital importance of the redefined American role two years ago:

Our participation remains crucial. Because of the abundance of our resources and the stretch of our technology, America's impact on the world remains enormous, whether by our action or by our inaction. Our awareness of the world is too keen, and our concern for peace too deep, for us to remove the measure of stability which we have provided for the past 25 years.

Measured against the challenges we faced and the goals we set, we can take satisfaction in the record of the past four years. Our progress has been more marked in reducing tensions than in restructuring partnerships. We have negotiated an end to a war and made future wars less likely by improving relations with major adversaries. Our bonds with old friends have proved durable during these years of profound change. But we are still searching for more balanced relationships. This will be our most immediate concern, even as we pursue our other goals.

Where peace is newly planted, we shall work to make it thrive.

Where bridges have been built, we shall work to make them stronger.

Where friendships have endured, we shall work to make them grow.

During the next four years—with the help of others—we shall continue building an international structure which could silence the sounds of war for the remainder of this century.

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# THE DEPARTMENT OF STATE BULLETIN

Volume LXVIII • No. 1772 • June 11, 1973

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*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 U.S. foreign relations and on the work of the Department and the Foreign Service.*

*The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and 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 on treaties of general international interest.*

*Publications of the Department of State, United Nations documents, and legislative material in the field of international relations are also listed.*

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## The Essential Purposes of the Trade Reform Act of 1973

*Statement by Secretary Rogers*<sup>1</sup>

The Trade Reform Act which you are now considering has two essential purposes: first, to insure the continued prosperity of the American people and, second, to help build a more stable and secure world by developing closer economic ties among all nations.

Some seem to believe that these two purposes are mutually inconsistent, that we must choose one or the other. We hear it said that America's prosperity is threatened by our growing economic ties with other nations and by the cost of our involvement in building a more secure world.

The bill before you is based upon just the opposite view. We believe that our prosperity is increasingly dependent upon closer economic ties with other nations. And we believe that the United States can only remain prosperous in a more secure, interdependent, and peaceful world.

By pursuing these objectives we will create more rather than less jobs for American workers. And by working to improve relations with our adversaries and to share more equally the common burden with our allies, we hope to lighten the burden on the American taxpayer of our engagement abroad. This will be possible because the nature of our economy and of our international role is changing.

Following World War II the United States accepted a major share of the responsibility for the economic recovery of our friends and

the common defense against our adversaries. At that time we had an enormous competitive edge in trade, with one of the world's few sound economies, an economy which was very largely self-sufficient.

The situation today is substantially different. First, the possibilities of peaceful and mutually beneficial coexistence with the Communist countries have improved. The old image of a bipolar world, with the free and Communist worlds confronting each other as antagonists across every frontier, is no longer real. Second, other countries have grown into economic powers somewhat more comparable to the United States. The combined gross national product of the nine-member European Community was 70 percent that of the United States in 1972. Similarly, Japan's output as recently as 1967 was one-seventh that of the United States, but in 1972 it was one-fourth.

The United States has also grown immensely more prosperous. In fact, over the past decade the absolute growth in our per capita income exceeded that of Japan and the other developed countries. But we can no longer take for granted our competitive edge in trade. Our businesses and our government policies must now become more export-minded to keep pace with the greater import needs of our industries and consumers.

To many these may seem unfortunate developments, but not if they are put in the proper perspective. For many decades our best trading partners and main competitors—Canada, Japan, and western Europe—have been neither economically self-sufficient nor complacent about their ability to compete. They have prospered by exporting those

<sup>1</sup> Made before the House Committee on Ways and Means on May 9 (press release 138). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

goods which they produce most efficiently and importing from others goods produced more efficiently elsewhere.

Almost without noticing it, we have also begun to benefit from a greater involvement in international trade. The proportion of our total production sold abroad is steadily increasing. Today about 14 percent of our industrial production and 31 percent of our agricultural crops are exported, creating millions of jobs and supporting major sectors of our economy. The increasing significance of imports is evident to everyone. Without growing imports of petroleum and raw material resources our economy cannot expand. As consumers all Americans benefit from the savings and variety provided by imports. Increased imports dampen rather than increase domestic inflation.

This process of mutual growth and greater interdependence with our major allies has brought with it problems as well as benefits.

A monetary and trading system founded on American economic predominance obviously requires adjustment in a more balanced and integrated world economy. A quarter century of American balance of payments deficits fueled the world's economic growth. But these deficits combined with an overly rigid monetary system to finally cause heavy demands upon the dollar, erosion of our competitive position, and for the first time in this century a deficit in our trade balance.

We are determined to correct this situation. We have already taken dramatic action to revalue the dollar, making our exports substantially more competitive. We are making significant progress toward a more equitable, flexible, and stable monetary system.

#### **Trade Negotiations With Our Allies**

We have also begun to make progress in trade. Japan, the European Community, and other industrialized countries have agreed to join with us in far-reaching multilateral trade negotiations this September. Prime Minister Tanaka and President Nixon pledged in their communique last September to actively support trade negotiations cover-

ing both industry and agriculture. Prime Minister Tanaka agreed to work vigorously for a better equilibrium in the trade balance with the United States. And the heads of government of the European Community stated last October that they attach major importance to the upcoming trade negotiations. Sir Christopher Soames, the European Community's "Foreign Minister," has made clear that trade negotiations will be at the center of the Community's future relations with the United States.

We want to make the next round of trade negotiations as significant as the last. Since the Kennedy Round concluded in 1967 after reducing trade barriers an average of 35 percent, world trade has nearly doubled. To defend and further America's economic interests in these trade talks our negotiators must have the same authority as their European and Japanese counterparts. This is one of the major reasons why trade legislation is required at the earliest possible date.

Nothing is more important to the overall success of our foreign policy than for us to receive a mandate now to further our international economic interests. For these economic interests are intimately related to our political and security concerns throughout the world.

With our allies in Europe and Japan economic tensions could develop in a way which could affect the entire fabric of our political and defense relationship. Properly managed, economic negotiations should lead to the greater willingness and ability of our allies to shoulder a more equal share of the common burden. Left to smolder or fed by a spirit of confrontation, these tensions could weaken the alliance, which is such an important factor in our national security.

We will not allow this to happen. With American encouragement, our allies have begun to shoulder a larger portion of the defense burden. Since 1970 our NATO allies have increased their defense expenditures by 30 percent. They now provide 90 percent of NATO's ground forces, 80 percent of its seapower, and 75 percent of its air forces. Our joint success in moving from confrontation to an era of negotiations with our ad-

versaries has allowed the United States to devote a substantially greater share of its resources to domestic concerns. Since 1968 we have reduced the portion of our GNP devoted to defense from 9 to 6 percent.

As we negotiate differences with our allies, we must not forget that our economic interests coincide far more than they diverge. All of our countries have problems adjusting to the growing impact on domestic economies of rapid shifts in trade, shifts largely created by greater global economic integration. While some have lost faith in our ability to compete, the Japanese and Europeans are constantly concerned that the United States will flood their markets with our more efficiently produced goods.

Thus we have a common interest in agreeing on the safeguards proposed by this bill, safeguards which would assist workers and industries to adjust to sudden, massive, or unfair disruption by foreign goods. And in other areas of trade as well we must all devise and accept new rules and obligations. For none of us can afford a trade war any more than a military conflict.

We should approach the challenges presented by our new economic situation with confidence and traditional American enthusiasm for competition. Our businessmen, workers, and farmers should seize the great opportunities which are being opened by revaluation of the dollar and the prospect of more equitable trade relations with Japan, Canada, and the European Community.

### **Building East-West Economic Ties**

This bill is equally important for our relations with the Communist nations. While extensive East-West economic ties are not by themselves sufficient to create a more peaceful relationship, they are an indispensable ingredient. Without normalizing our economic relations, normal political relations are clearly impossible. During 1972 we took dramatic initiatives toward China and the Soviet Union. To build these initiatives into a permanent structure of peace, we must now begin to weave a network of mutual interests in trade, technology, and resource development.

Hardly anyone questions the political advantages of building closer economic ties with the Communist nations. However, we must keep in mind that our economic relations with the non-Communist developed and developing nations are much more substantial than our economic ties with the Communists. This will remain true for the foreseeable future.

We have a balance of trade surplus with the Communist nations and expect that this will continue indefinitely, easing our overall trade deficit. We want to place our businessmen in the same competitive position in these growing markets as the Europeans and Japanese. Today western Europe has 10 times as much trade with eastern Europe as we do. Japan is in substantially the same position with both the Soviet Union and China.

Extension of MFN [most favored nation] status to the Communist nations as proposed by this bill would be a major step toward political and economic normalization. It would not grant them exceptionally favorable treatment, for we extend MFN status to all of the countries with whom we have substantial trade.

I am aware of the continued active interest by the Congress in Soviet emigration practices. I share your deep concern about this matter both officially and personally. But I believe the best hope for a satisfactory resolution of this issue will come not from the confrontation formal legislation would now bring about, but from a steady improvement in our overall relations with the Soviet Union.

As these relations have improved in recent years, we have witnessed a significant and favorable evolution in Soviet emigration policy. An unprecedented 60,000 Soviet Jews have been able to emigrate. For over a year the average monthly level has exceeded 2,500. I know some of you are genuinely apprehensive over the firmness of present Soviet emigration policy, particularly in regard to the decision to waive totally collection of the education tax. However, as you already know, the President has been assured by the Soviet Government that the policy on total

waivers is to be continued indefinitely. He has also been assured that present Soviet emigration policy, which has permitted the current level of emigration, will also be continued indefinitely. I am not in a position to place into the public record the texts of confidential communications on this subject, but those assurances are firm.

Failure to grant MFN status would seriously jeopardize our relations with the Soviet Union. It would impede the gradual evolution of the Soviet Union into a more open member of the world community—an evolution which is the best long-term hope for all of us, including those Soviet Jews who wish to emigrate.

### **Generalized Tariff Preferences**

I am departing in the next few days on an extensive trip through Latin America. I will be taking with me Bill Casey, our Under Secretary for Economic Affairs, because I know that economic issues are high on the agenda of our neighbors in this hemisphere. In fact, for almost all of the countries in Asia, Africa, and Latin America economic development is the number-one priority. And generalized tariff preferences, as proposed by this act, have become both symbolically and substantively their number-one request of the United States. This is so because these countries no longer want to be dependent upon aid—they want to earn the foreign exchange required for development through expanded trade.

But why are generalized preferences in the American interest? They are in our interest because most of our increasingly important energy and raw material imports, 30 percent of our total trade, and over half of our investment income come from the developing nations. If we want these nations to take into

account our interests, not only in economic but in political fields as well, we must take into account their interests. Other industrial nations have already extended such preferences. And preferences are an important stimulus to steady economic development, which will ultimately create markets for us, decrease the military and economic assistance burden on the United States, and lead to a more stable world.

Passage of the Trade Reform Act of 1973 will allow us to pursue these major objectives:

—We will strengthen the productive and competitive qualities of the American economy, increase jobs, raise incomes, and devise safeguards to assist workers and industries to adjust to rapid shifts in trade.

—We will press the European Community, Canada, and Japan to assure fairer treatment for our exports.

—We will continue our strong offensive to create a more equitable and smoothly functioning monetary system.

—We will vigorously pursue both trade expansion and trade reform.

—We will join with the less developed nations to accelerate mutually beneficial trade

—With the Communist nations, we will construct a network of mutually advantageous economic ties to strengthen the fabric of peace. We want to reduce our mutual expenditures on arms as we increase our commitment to trade.

What we are seeking in this bill is an economic policy which will accelerate rather than impede recent progress toward a more peaceful and prosperous world. I am confident that by working together the Congress and this administration can shape such a policy.

## Using U.S. Military Strength as an Instrument for Peace

*Remarks by President Nixon (Excerpt)*<sup>1</sup>

Over the past several years, the chances for peace have grown immeasurably stronger, not only in Southeast Asia but all over the world. We have brought this long war in Viet-Nam to an end. After a generation of hostility, the United States has opened a new relationship with the leaders of one-fourth of all the people who live in the world, the People's Republic of China. We have negotiated far-reaching agreements with our longtime adversary, the Soviet Union, including the first limitation of strategic nuclear arms. We have begun revitalizing our Atlantic partnership with western Europe and our Pacific partnership with Japan.

In the explosive Middle East, we averted a major crisis in 1970. We have helped to establish a cease-fire which is now well into its third year.

There are still enormously difficult problems there and in other parts of the world, but we have come a long way over these past five years toward building a structure of peace in the world—much further simply than ending a long war, but building a structure that will avoid other wars, and that is what every American wants and that is what we are working toward today.

I know that some might interpret the achievements I have just mentioned as the

result of diplomacy, diplomacy from the President and the Secretary of State and others who have responsibility. But that interpretation would be incomplete.

The positions that a head of state or a diplomat puts forward at the conference table are only as good as the national strength that stands behind those positions.

So it has been the respect of other countries for our military strength that has been vital to our many negotiating successes during the past four years. And that same military strength helps secure our own security and that of our friends as we go forward with them in building new partnerships.

What I am saying to you today is that a large share of the credit for America's progress toward building a structure of peace in the world goes to you, the men and women in uniform. You are the peace forces of the United States, because without you we couldn't have made the progress we have made. They would not have respected us, and without strength, we would not have the respect which leads to progress. Let's keep that strength and never let it down, because our further hopes for peace also rely on you.

This year, the year 1973, we face a series of negotiations even more significant than those of the year 1972, negotiations that will help to determine the future of international peace and cooperation for the rest of this century and beyond.

Every time I see an audience like this, I look at everybody—the older people, partic-

<sup>1</sup>Made on May 19, Armed Forces Day, at pier 12, Naval Station, Norfolk, Va. For the complete text, see Weekly Compilation of Presidential Documents dated May 28, p. 685.

ularly the people that I see over here in wheelchairs; and also the young people, those that are so young, with all of their years ahead—and my greatest hope is, make this country a better country for them in the future, make this world a more peaceful world for them.

That is what leadership is all about. That is what we are dedicated to here today.

In just a few weeks, as you know, General Secretary Brezhnev of the Soviet Union will be in this country for a summit conference to build on the new negotiations that we have made in U.S.-Soviet relations in Moscow one year ago. We are ready to join with the Soviet leaders in efforts to seek additional ways to limit strategic nuclear arms, to expand mutually advantageous trade, and together with our allies, to work toward mutual and balanced reductions of the level of armed forces in central Europe.

We are moving, as I have already indicated, toward normalization of our relations with the People's Republic of China, now that our two nations are opening permanent Liaison Offices in Peking and in Washington.

We are committed to wide-ranging talks with our friends in Europe and in Japan, with particular emphasis on placing the international economy on a more secure and equitable footing.

Because all of that is at stake in the critical period ahead, we must reject the well-intentioned but misguided suggestions that because of the progress we have made toward peace, this is the time to slash America's defenses by billions of dollars.

There could be no more certain formula for failure in the negotiations that I have just talked about, no more dangerous invitation for other powers to break the peace, than for us to send the President of the United States to the conference table as the head of the second strongest nation in the world. Let that never happen in the United States of America.

Let me put it quite bluntly, particularly in the presence of my colleagues from the House and the Senate, those distinguished Virginians who presently serve there and who happen to be also on the Armed Services

Committees: Often when votes come up as to whether America will be strong enough to keep its commitments or be so weak that it will not command respect in the world, those who vote to cut our arms are said to be for peace and those who vote for strength are said to be for war.

I want to put it right on the line today, bluntly: A vote for a weak America is a vote against peace. A vote for a strong America is a vote for peace, because a strong America will always keep the peace.

If the United States were to cut back unilaterally in the strength of our Armed Forces without obtaining reciprocal actions or commitments in return, that action—and I speak with measured tones—that action of unilaterally cutting our strength before we have a mutual agreement with the other side to cut theirs as well will completely torpedo the chances for any successful negotiations, and those who vote to cut that strength will be destroying the chances, the best chance we have had since World War II, to build an era of peace. And so, support those men and women who have the courage in the Congress to vote for a strong America rather than to vote for a weak America. We need a strong America if we are going to have peace.

Let me turn to that area of the world in which we need that strength so much—Southeast Asia.

After the long ordeal we have been through, I can realize how so many Americans say, "We want to do no more"—just 100 days after the cease-fire agreements were signed in Paris. These agreements which preserve both the honor of the United States and the freedom of South Viet-Nam were achieved in principle through a combination of diplomacy and strength. They can only be maintained and upheld through that same combination—diplomacy and strength.

Now, so far there has been considerable progress in carrying out the provisions of the peace agreement that we signed just 100 days ago in Paris. Our troops, our prisoners, are home; violence in South Viet-Nam is declining; the cease-fire has been extended to Laos.

But compliance with the agreement is still gravely deficient in many respects. The cooperation which North Viet-Nam promised to give us in making a full accounting for Americans listed as missing in action has not been satisfactory. And I can assure you that we must and will insist that this promise, this pledge, this solemn agreement, be kept, because just as America never broke faith with our prisoners of war, I can assure you today we will not break faith with those who are reported missing in action. They must all be accounted for by the North Vietnamese.

North Viet-Nam, as you have probably read, has also persisted in violations of the Paris agreements. They have, for example, refused to withdraw thousands of troops from Cambodia and Laos. They have poured huge amounts of military equipment into these areas and into South Viet-Nam. And I say to you, my friends, today, it would be a crime against the memory of those Americans who made the ultimate sacrifice for peace in Indochina, a serious blow to this country's ability to lead constructively elsewhere in the world, for us to stand by and permit the peace settlement that we reached in Paris to be systematically destroyed by violations such as this.

That is why we are continuing to take the necessary measures to insist that all parties to the agreement keep their word, live up to their obligations. A peace agreement that is only a piece of paper is something that we are not interested in.

We want a peace agreement that is adhered to. We are adhering to the agreement. We expect the other side to adhere to that agreement.

It should be clearly understood by everyone concerned in this country and abroad that our policy is not aimed at continuing the war in Viet-Nam or renewing the war that has been ended. Rather, the aim of our policy is to preserve and strengthen the peace, a peace which we achieved at great cost in the past, which holds such promise in the future.

## Emperor Haile Selassie of Ethiopia Visits Washington

*His Imperial Majesty Haile Selassie I of Ethiopia met with President Nixon and other government officials during an official visit to Washington May 14-15. Following are an exchange of toasts between President Nixon and the Emperor at a dinner at the White House May 15 and remarks by Deputy Secretary Rush at a reception at the Department of State earlier that evening.*

### EXCHANGE OF TOASTS

Weekly Compilation of Presidential Documents dated May 21

#### President Nixon

Your Imperial Majesty and our very distinguished guests: As I sat here in this room tonight thinking of this very distinguished company, I thought how fortunate all of us are. This Nation is 195 years old, this house is about 185 years old, and in the whole long history of this Nation, no chief of state, no head of government has been received more often, honored more often, than is the man we honor tonight.

Many of us remember him, of course, from those days when he stood at the old League of Nations as the Lion of Judah 37 years ago and captured the imagination of everybody who loved freedom and independence all over the world.

But through the years, those of us who have followed him since know that this man, the man we receive again in this house tonight, stands for far more than his own country, great as that country is, and long as its proud history is, because His Imperial Majesty, who for 57 years has been the head of state—57 years—His Imperial Majesty is not only the revered leader of Ethiopia, as anyone who has visited that country knows—and I have visited it twice—he is the acknowledged leader of Africa, and the organization of African states, of course, is located in his capital.

And so tonight, I could propose a toast to

him as the leader of Ethiopia, a country that the United States is proud to have a long and very, very friendly relationship with over the years. I could propose a toast to him as a great leader of Africa, that continent with all of the promise that it holds for the future. But tonight we are privileged even beyond that, because in our midst, here again in this house, being honored more than any man who has ever been in this house, is the senior statesman of the world, and how privileged we are to raise our glasses to the senior statesman of the world, His Imperial Majesty Haile Selassie.

#### **Emperor Haile Selassie<sup>1</sup>**

Mr. President and Mrs. Nixon: I wish to express very sincerely my appreciation for the generous hospitality you have accorded us since our arrival in Washington and for this most enjoyable evening you have arranged in our honor tonight.

I also wish to express my appreciation for the very kind words you have said about the leadership we have provided for our people and the role we have played in the community of African nations. Those sentiments, I must add, reflect the generosity of the spirit that has always characterized your disposition toward us.

Having had the privilege to visit the United States early in your first administration, we find this particularly gratifying that we should have this opportunity once more to meet with you and exchange views on matters of common interest at the beginning of your second administration.

The four years since we last met have seen profound changes in international relations, especially in relations between the big powers. True to the promise that you have given to your country and the world at the onset of your first administration, you have helped launch an era of negotiation replacing the dangerous threats of confrontation of yesteryears.

Believing that the big powers should set an example to the rest of the world, you have

<sup>1</sup> The Emperor spoke in Amharic.

traveled far and wide, to Peking, Moscow, and the capitals of eastern Europe in search of new direction in international relations.

In renouncing the victory of arms for negotiated settlement, you have, Mr. President, led your Nation away from war and on to negotiation and peace.

Thanks to the wisdom of your leadership and the persistence of your effort, there is today a fresh breeze in the relations of the big powers. This breeze has spread to all corners of the world, carrying the message of realism and common interest.

Mr. President, your kind invitation has enabled us to share your views on recent developments in international relations. We have valued today's exchange of views as we have on several occasions in the past.

Because of the mutually beneficial cooperation of long standing that has existed between our two countries, we have also had ample opportunity to review matters of bilateral interest. These relations, covering a wide front of our mutual interests, required that they be sustained at increasing levels. Ethiopia has always appreciated the assistance she continues to receive from the United States in many spheres of national endeavors. Ethiopia is gratified to know that she can always count on the continuation of this assistance.

Distinguished guests, may I at this point ask you to kindly join us in a toast to the health and well-being of the President of the United States, Richard Nixon, and Mrs. Nixon, and of the continued prosperity of the great American people.

#### **REMARKS BY DEPUTY SECRETARY RUSH, RECEPTION AT DEPARTMENT OF STATE**

Press release 151 dated May 16

Your Imperial Majesty, Excellencies, distinguished guests: We are privileged this evening to welcome the senior statesman of the world, a redoubtable leader who has symbolized for almost half a century the fierce independence of his own ancient land and the determination of Africa to be its own



master. This is not the first time we have welcomed His Imperial Majesty, who is an old and honored friend of the United States. This is an especially appropriate occasion, however, for he is one of the founding fathers as well as one of the most distinguished representatives of the Organization that has contributed so much to unifying all the peoples and governments of independent Africa—the Organization of African Unity.

His Imperial Majesty will depart later tonight to return to his own capital, Addis Ababa—the birthplace of the OAU. There, 10 days hence, Africa's chiefs of state and heads of government will assemble to commemorate the 10th anniversary of the founding of the Organization. His visit here gives us the opportunity to extend to him personally, and to the Ambassadors of the OAU countries assembled here, both our personal felicitations and those of the government and people of the United States—albeit a few days in advance of the memorable occasion.

We have welcomed the privilege of continuing contacts with His Imperial Majesty, other African leaders, and officials of the OAU, for they add greatly to our knowledge of African preoccupations and aspirations. Although our approaches to problems may occasionally differ, we nevertheless have always found a common interest in the quest for justice, dignity, and progress in Africa, as expressed through the OAU.

Let us, then, raise our glasses to our illustrious guest—a good friend, a great African, an outstanding world statesman, and a founder and guiding spirit of the Organization of African Unity, which represents the hopes and aspirations of a great continent: To His Imperial Majesty Haile Selassie I.

## ICCS in Viet-Nam and ICSC in Laos Eligible To Receive Defense Articles

PRESIDENTIAL DETERMINATION No. 73-12<sup>1</sup>

ELIGIBILITY TO RECEIVE DEFENSE ARTICLES  
AND SERVICES

Memorandum for the Secretary of State

THE WHITE HOUSE  
Washington, April 26, 1973.

Subject: Eligibility of the International Commission of Control and Supervision in Viet-nam and the International Commission for Supervision and Control in Laos to Receive Defense Articles and Defense Services Under the Foreign Assistance Act of 1961, as Amended, and Under the Foreign Military Sales Act, as Amended.

In accordance with the recommendation contained in your memorandum of March 26, and pursuant to the provisions of section 503(a) of the Foreign Assistance Act of 1961, as amended, and section 3(a) (1) of the Foreign Military Sales Act, as amended, I hereby find that the furnishing of defense articles and defense services, by loan, grant and sale, to the International Commission of Control and Supervision in Vietnam and to the International Commission for Supervision and Control in Laos will strengthen the security of the United States and promote world peace.

So that the Congress will be informed concerning the implementation of the Foreign Assistance Act and the Foreign Military Sales Act, you are requested on my behalf to report this finding to the Speaker of the House of Representatives and to the Chairman of the Senate Foreign Relations Committee.

This finding shall be published in the FEDERAL REGISTER.



<sup>1</sup> 38 Fed. Reg. 12799.

## Encouraging a Negotiating Process in the Middle East

*Address by Joseph J. Sisco*

*Assistant Secretary for Near Eastern and South Asian Affairs*<sup>1</sup>

In this 25th year of Israel's independence, much is being said—and rightly so—about the accomplishments of this remarkable state and its remarkable people. The Second World War accelerated the striving of many people for national independence and changed the map of our world in ways few could have imagined when that war began. In one sense, Israel is simply one of the many young states that have swelled the membership of the United Nations from 51 when it was originally founded to 132 today.

But in another sense, Israel is unique among the new states of the world. There were many, well before the beginning of this century, who did envisage its creation; and for millennia, before the phenomenon of the modern nation-state appeared on the historical scene, Jews everywhere kept alive the vision of their nationhood.

In our century, out of the horrors of the holocaust, the vision of those generations of men and women was transformed into the reality of the State of Israel. Israel could not have come into being and survived had it not been for the indomitable will of its people for existence and independence. At the same time, on this 25th anniversary, it is fitting to recall also the role of others. First, the partition decision and subsequent admission of Israel to United Nations membership were an important part of the juridical foundations of the state. The United Nations

itself is only three years older than the State of Israel, and their histories have been intertwined for the past quarter of a century—occasionally for better and, particularly in recent years, too often for worse. Secondly, while Israel with some justification has often felt it stood alone, the support of other nations—above all, the United States—has been indispensable at critical moments to Israel's creation, growth, and survival. That support draws in the first instance on the help and faith of the Diaspora, but its base is far broader than that.

As these opening remarks suggest, I believe this is an occasion for standing back from the preoccupations of the moment, from the crises and headlines and tragedies and hopes of today—a time for a sober look at the past 25 years to see what lessons they teach us for the next 25.

First, Israel had to feel strong and secure and confident of its survival before it could think about tomorrow and the day after tomorrow. Israel lived so many of its first 25 years with an abiding sense of insecurity that some have not yet become accustomed to the fact that Israel today is strong, is secure, and is confident of its survival. Moreover, there is no doubt that the support of the United States, both material and moral, has made a major contribution to the strength of Israel. That support and that strength have been a principal deterrent to renewed hostilities in the area. I am confident that the United States will remain steadfast in its support for Israel's security.

Foreign Minister Eban has recently alluded to Israel's strength in this way:

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<sup>1</sup> Made at Washington on May 7 at a celebration of the 25th anniversary of Israel sponsored by the American Israel Public Affairs Committee and the Jewish Community Council of Greater Washington (press release 135).

It is of course a fact that we are still the target of perils and threats, but it is also a fact that Israel is, in the last resort, a strong and solid reality. Strong and solid in its capacities of defense; strong in the inspiration of its heritage and faith; strong in its economic resources; strong in the support that it receives from the Jewish people; strong in its science and learning; strong in the overall balance of its links with governments and peoples across the world. True, all these elements of strength and solidity are relative and not absolute, but they are impressive in relation to the resources and capacity of all our adversaries.

At the same time, I believe it is appropriate here to express a few words of caution to our Israeli friends—words expressed in the spirit of friendship and mutual confidence between us which permits us to speak frankly and without suspicions of ulterior motives. I would suggest that while Israel's strength must be maintained, the next 25 years present a corollary challenge. Again, I want to borrow the words of Israel's Foreign Minister:

... A confident and balanced national style is perfectly reconcilable with an alert security consciousness and a rational and firm political line. The problem is how to put the emphasis on freedom, tolerance, equality, social justice, spiritual and intellectual creativity and human brotherhood, as the salient characteristics of a strong and confident Israeli society ...

There is a second point regarding the past 25 years which I believe is worth making, and this relates to both Israel and its Arab neighbors. For most of the past 25 years, both have held seemingly irreconcilable perceptions of what their respective national interests required with respect to the other. Before 1967 the Arab world, with few exceptions, was unanimous in believing that its national interest required the elimination of the State of Israel. Before 1967 Israel believed its national interest required, above all, Arab recognition of its sovereignty and its right to exist in peace and was prepared to accept something like the armistice lines of 1949 as its recognized international boundaries. Since 1967, while there are still Arab voices calling for the disappearance of Israel, there are many others in the Arab world who now perceive their national interest as

compatible with the existence of a sovereign Israel, though within the former armistice lines. I believe that for most Arabs, Israel's existence is no longer the principal issue; and this is a major positive element in the Middle East today. Unfortunately, while the gap on the question of existence and coexistence of Israel has narrowed, the gap on the question of borders has widened. Since 1967, while Israelis have not agreed among themselves on what the boundaries of the state should be, they are generally agreed that those boundaries should be substantially different from the armistice lines. Sadat, in turn, insists that there can be no changes in his borders. "Not an inch of territory," he repeats time and again.

### Myths Which Obscure the Realities

Third, the vision of both sides has often been clouded by myths of the past which have persisted in obscuring the realities of the present:

—Before 1967 each side's perception of the other was compounded, in part at least, of myth. To the Arabs, Israel did not exist as a dynamic evolving reality. It was "occupied Palestine" and referred to as such. Arabs tended to think of Israel and its society as frozen in the patterns of 1947, as a state which would be made to disappear someday, leaving no trace on the land. Israel was seen as on the verge of collapse from internal decay, an artificial entity propped up by others which would not withstand the tide of history.

—The Israeli counterpart of this myth before 1967 was its perception of a monolithic Arab world, strife torn and backward. All Arabs were perceived as essentially the same, and there was little understanding of the sense of a Palestine-Arab identity in the Middle East which distinguished the Palestinian Arabs from the Arabs of Lebanon or Syria or Transjordan or the peninsula.

—In the aftermath of the 1967 war, the increasing interaction of Arabs and Israelis in Gaza, in the occupied West Bank, and across the Jordan River began a process of

breaking down these myths which each had held of the other. This is an essentially healthy process and one of the positive by-products of that war.

But other myths have arisen and persist:

—There is the myth, now accepted as reality in much of the Arab world, that the six-day war was the result of unprovoked Israeli aggression.

—There is the myth, believed still by many even though now discounted by some Arab leaders, that units of the U.S. Air Force participated on Israel's side in the six-day war. This myth has recently arisen in a new form in the "big lie" charging that the CIA and the American Embassy in Beirut were parties to the recent Israeli raid in Lebanon.

—On the Israeli side, there is the myth that the six-day war was the result of a calculated Arab plan to launch a war of destruction against Israel. In my view, the most plausible explanation is that the six-day war resulted from improvised actions and reactions by each side. Combined with each side's perception and suspicion of the other's intentions, the cumulative weight of these actions and reactions made inevitable a war neither side deliberately sought at that time.

—Next, there is the myth that security is solely a function of the physical location of territorial boundaries. As Foreign Minister Eban said recently, much more eloquently than I can:

The question of boundaries is one of the components of peace and not its sole condition. The balance of forces, the spirit and resourcefulness of our defenders, the application of science to the reinforcement of the economy, the strength of our international ties, these are all factors of equal weight. Without them our security would be undermined, no matter what boundaries we were to establish. The problem is not merely how to define our own historic rights, but how to bring them into harmony with the rights of others and with our own right to peace.

—Another myth, of which we have heard much lately in the Arab world, is that peace can be achieved by going to war. Certainly the lessons of the last three wars between Arabs and Israelis prove just the opposite.

—Finally, there is the myth that peace can be made by proxy; that powers not party to the conflict, acting independently or through the United Nations, can somehow substitute for negotiations between the parties themselves. This has not been the case in any of the successful negotiations of international disputes in recent history, and the Middle East is no exception. The United Nations and outside powers can play a responsible role in encouraging the parties to get a negotiating process started, but they cannot be part of the process itself. When they seek to substitute their views for the positions of the parties directly concerned or openly advocate the positions of one party, they do not further progress, they inhibit it.

### A History of Lost Opportunities

All of this suggests a fourth lesson, and I believe it is the principal lesson to be learned from the past. The history of the Arab-Israeli problem is a history of lost opportunities. So often opportunities have slipped through the fingers of those concerned—slipped through their fingers just when they thought they could grasp them. At such moments, the opportunities were all the more precious because they seemed near enough to be seen but too far off to be tasted.

Perhaps the greatest opportunity came after the six-day war in 1967. In November of that year the United Nations Security Council was able to agree unanimously on a set of principles, embodied in its Resolution 242 and accepted by the principal parties to the conflict, which laid a new foundation for a peaceful settlement:<sup>2</sup>

—First, the Security Council did not label one side or the other as an aggressor in the 1967 war. Rather than looking backward and seeking to apportion blame, it looked forward and sought to build a better future.

—Second, the Security Council did not call for unconditional Israeli withdrawal to the armistice lines as had been the case at the

<sup>2</sup> For text of the resolution, see BULLETIN of Dec. 18, 1967, p. 843.

time of the 1956 war in Sinai. Rather, it called for "withdrawal . . . from territories occupied" in the 1967 war as part of a package settlement in which the parties would agree to respect each other's right to live in peace within secure and recognized boundaries. The Security Council resolution established principles. It did not establish borders or define precisely the obligations of peace and security.

—Third, the United Nations recognized that a settlement could not be imposed from outside. Instead, it established the principle that peace should be based upon agreement between the parties to the conflict.

These were principles for which the United States fought hard and successfully in the deliberations of the United Nations. They remain the essential framework for peace in the area, and if the Security Council departs from these principles any future prospects for negotiation between the parties will have been seriously jeopardized.

Why have so many opportunities been missed, at great costs in lives and resources, since the adoption of the November 1967 Security Council resolution? If we had the complete answer to that question, perhaps our efforts in the cause of Middle East peace would have been more successful over the years. But I do believe I know part of the answer, and it is this: Neither side, Arab or Israeli, has collectively defined its goals in terms of what economists like to call the "opportunity costs" of achieving those goals; in other words, in terms of what it is willing to forgo in the process. To be sure, there are Arabs who still say today: We want peace but only when Israel as a Jewish state is no more. There are Israelis who say: We want peace but only if we can also keep the occupied territories.

But these are statements of individuals or political groupings, not the positions of governments. There is no broadly agreed consensus on either side as to what the acceptable tradeoffs might be. States seem to follow the patterns of human nature—the desire to have it both ways, to have their cake and eat it too, to keep their options open.

In this sixth year since 1967 of no war and no peace, I believe it is time for the parties to begin to choose options, to establish priorities, to decide what is most important and what it will cost, and to decide whether it is worth the price. I do not say that this or any other opportunity that may come along is the last one in history, but I do believe that the cost of each missed opportunity in the Middle East is becoming progressively higher than the previous one.

### **Complexities in the Pursuit of Peace**

As we stand back and view the Middle East in the perspective of time, what do we see today? We see a situation that every rational person knows in his innermost thoughts is not normal, not stable, and not durable. True, the world has lived with many such situations, and when the balance of power is properly maintained, such situations can last for a surprisingly long time. But need they? And isn't the cost in the end often greater than it would have been if both sides had seized the opportunities and taken the risks necessary to resolve conflicts sooner?

We have a 33-month-old cease-fire in the context of the reduced likelihood of a Soviet-American confrontation. However, the cycle of violence continues and has taken an appalling toll of life. The victims have included many innocent and uninvolved civilians—Olympic athletes, airline passengers, dedicated diplomats, recently a foreign national in Beirut, and countless others in Israel, in the Arab world, and elsewhere.

The Security Council on April 21 took a small step forward in facing up to this pressing problem. The resolution which was passed, while very far from the balanced outcome we sought, condemned terrorist violence for the first time. For the first time, the Security Council has recognized that terrorism is part of the problem and not simply an irrelevant byproduct. The question now is: Where do we go from here? How do we at long last begin to build on the framework for peace contained in Security Council Resolution 242, on the cease-fire along the Suez

Canal negotiated by the United States, on the stability in Jordan and the efforts to find a new stability in Lebanon, on the widely shared desire to develop further the mutually beneficial relations between high-energy-consuming countries and the oil-producing nations of the Middle East?

In this connection, there has been much speculation of late as to whether the so-called energy crisis is going to lead to changes in our Middle East policy. In my view, this is the wrong way to pose the question. The question is whether our policy of seeking to promote a peaceful settlement is going to succeed, so that there will be no temptation for some to seek to politicize the energy problem, to their own detriment as much as to the detriment of others.

For its part, the United States is continuing to press the search for answers. The present "no war, no peace" situation is unstable and unsatisfactory. As a beginning, it would be well to build on the present cease-fire. There should be a cease-fire on inflammatory rhetoric; a cease-fire on public statements of ultimate and rigid positions; a cease-fire on violence of all kinds from whatever source. Just as we called on the parties in 1970, on the eve of the U.S.-initiated cease-fire, to stop shooting and start talking, today we urge they stop shouting and start listening.

We need—the world badly needs—a period of calm and quiet diplomacy in the Middle East. For our part, we began that process during what President Nixon has described as his Middle East month. We had useful discussions with the leaders of Jordan and Israel and with a senior adviser to the President of Egypt. That continuing process has been complicated by the recent kaleidoscope of violent events, but it has not been stopped. We intend to carry it forward through diplomatic channels. We intend to continue urging on the parties the need for getting negotiations started and to continue exploring with them ways to do this. The principal parties concerned have said they want to keep the doors of diplomacy open. We intend to take them at their word.

It would not be realistic to think, after so many years of effort, that there lurks somewhere, waiting to be discovered, a magic formula which would suddenly solve the Arab-Israeli problem in a single dramatic stroke. A way must be found in the first instance to reconcile Egyptian sovereignty and Israeli security needs. In our judgment, the chasm on an overall settlement is too broad to bridge in one jump. But practical step-by-step progress is feasible, beginning with negotiations on an agreement for some Israeli withdrawal in Sinai, the reopening of the Suez Canal, and an extended cease-fire. I am convinced an interim Suez Canal agreement would not and should not become an end in itself, but would lead to increasingly productive negotiations on the larger issues. These also include the Jordanian-Israeli aspects of the settlement and the need to meet the legitimate concerns of the Palestinians. It is in the context of such active negotiations between the parties that the United States can be most helpful.

The President has said we will give high priority to moving the Middle East situation toward a settlement. Since we set that course four years ago, we have had some notable successes as well as some temporary setbacks. We see no reason to change course or diminish our efforts. I can assure you we do not intend to do so. Opportunities for diplomacy still prevail in 1973. Israel needs peace, its neighbors need peace, and the world needs peace. I would hope that we will not look back several years hence and conclude that the present period was another in the tragic catalogue of lost opportunities.

### **Senate Confirms Mr. Porges as IDB Executive Director**

The Senate on May 17 confirmed the nomination of John M. Porges to be Executive Director of the Inter-American Development Bank for a term of three years.

# The Economic Role of the State Department

*Address by William J. Casey  
Under Secretary for Economic Affairs*<sup>1</sup>

It is a particular pleasure for me to be here today with the Society of American Business Writers. I remember very well that a little over two years ago you afforded me the first opportunity to discuss publicly my plans and hopes for my chairmanship at the SEC.

Today, in much the same way, I would like to discuss with you the economic role of the State Department. To start off, let me quickly sketch as background the state of the world economy, the economic posture of our country, and the state of the economic and commercial function of State.

Fast communication and transport, a vast expansion in world trade, and the great mobility of capital and technology have made the world economy increasingly interdependent.

Our situation in this world economy is not a comfortable one. We have a \$10 billion balance of payments deficit and a \$6 billion trade deficit. Outstanding dollar claims float around the world far in excess of our reserves. But new monetary alignments have improved our position, and the political will among the nations of the world to make necessary reforms in the monetary and trading systems promises further stability and improvement. To achieve the return to a surplus in payments and trade, all we have to do is satisfy the need the world has for our food, our technology, our capital markets, and our manufacturing, construction, and management skills.

<sup>1</sup> Made before the Society of American Business Writers at New York, N.Y., on May 7 (press release 133).

When I changed hats three months ago, I found a State Department primed to help American business meet these needs. On this, let me rely on the authority of someone who has had a good observation post for the last four years. Henry Kearns, the distinguished Chairman of the Export-Import Bank, recently put it this way:

A dramatic transformation has taken place in our country's Foreign Service. Business transactions, especially exports, now have the highest priority for action. Trade centers, marketing assistance, guidance, and personal help are available in nearly every diplomatic post, and this ranges from the Ambassador to the messenger boys.

As the United States formulates and implements foreign economic policy, our aims go beyond trade and money. We see economic interdependence as a great force for peace. We seek rising economic collaboration to scale down military competition. We see the building of living standards bringing into play an economic equation which will require scaling down the commitment to arms as it becomes necessary to expand the commitment to trade and development. We see trade and all the other strands of economic relationships as threads with which a structure of peace can be woven.

## Changes in Economic Relationships

Political and economic relations are inextricably intertwined. Recognizing this basic fact early in his administration, President Nixon set out first to assure a substantial degree of stability in political affairs. To illustrate, the guiding principle behind the normalization of economic relations with

Communist countries has been that economic normalization is linked with progress toward the improvement of political relations. The pace of advancement in the economic sphere thus has been regulated by the pace of advancement in the political sphere.

An important aspect of our search for peace is to change the world view of Communist nations from one of conflicting forces hopelessly locked into a struggle for survival to one of competing forces compromising where interests conflict and cooperating where they coincide. The economic arena is where interests are most sharply perceived as being mutually beneficial by many Communist leaders at this point in time. It is in the economic arena that by tradition, practice, and their very nature, interests are most readily and necessarily compromised out and adapted to each other.

To implement this vital aspect of our overall foreign policy, our Ambassadors to Communist nations have been instructed to put trade promotion at the top of their list of priorities. Shortly we will have doubled the number of State Department employees serving in commercial positions in the U.S.S.R., eastern Europe, and China. The Department of Commerce in Washington has increased its East-West trade support staff in the past year by several multiples, and the State Department is also undergoing reorganization at home to simultaneously meet the needs of a substantial negotiating load and business assistance. In order to anticipate and more efficiently deal with policy questions as they arise, President Nixon has created an East-West Trade Policy Committee under the chairmanship of his principal economic adviser, George Shultz.

Let me turn to the broader world, in which we must relate not only to the Communist superpowers and their satellites but also to the economic superpowers, Japan and the European Community, to some 20 other advanced countries, to half a dozen oil-rich countries, and to the new and old nations of the underdeveloped world. In this vast and complicated arena, economic relationships are changing, economic opportunities and eco-

mic needs abound, and economic interests must be properly interrelated with political and security interests.

To overcome our deficit position and generate our full contribution to world economic development and progress, we must assess ourselves and our partners. On last year's figures we had huge deficits with Japan and Canada, a small deficit with Europe, a growing deficit with the oil world, and were in surplus only with the Communist and less developed nations. As we look at ourselves, we find only three out of ten of us producing goods, with over twice as many (65 percent) engaged in services, and less than 5 percent generating our food from the land and the sea. As a service-oriented economy short on energy and raw materials, we will increasingly have to pay our way in the world with invisible income from investment, financial and transport services, engineering and construction projects, and with high-technology exports, including the great flow of agricultural goods which come from a modern technology applied to good and abundant land. This is not to minimize the vital importance of enhancing our competitiveness and world market position in steel, textiles, chemicals, and other basic manufactures, but we will have to look more to high-technology exports and invisibles for the growth needed to overcome our deficit and pay for our growing energy and raw material needs. We will have to look to generating raw material and energy sources and creating better markets in underdeveloped countries and the Communist world, which account together for three out of four of us now in the world.

### **New Ways of Doing Business**

To do this we will have to redirect to some extent our economic efforts, vary our ways of doing business, reshape our policies, and become more alert and vigorous in implementing them.

To illustrate redirection of economic effort, while working toward greater self-sufficiency along the lines indicated in the President's recent energy message, we will have to help the oil-rich nations use their



money and access to raw materials and cheap energy to diversify their economies.

To illustrate new ways of doing business, we will have to develop possibilities outside the traditional patterns of trade. The Soviets take the view that buying and selling, the traditional forms of trade, are becoming increasingly less important. They point out that textiles, clothing, and other consumer goods make up a smaller percentage of trade and that price and other advantages which one country or another may have in these consumer goods are fleeting in character. All developed countries have quick access to new manufacturing techniques, while different countries have different needs and different types of natural resources to develop. This presents the opportunity for development projects along cooperative lines. Examples are gas companies going in to build pipelines and liquefaction and shipping facilities. We see French and Italian companies operating a production line, chemical companies going in with technology and equipment to utilize local resources in the production of fertilizer for U.S. and world markets outside the Soviet Union as well as inside the Soviet Union. The Soviet Union points to its natural resources and large cadres of scientific workers. U.S. firms with technology, equipment, and markets have the opportunity to work on large aggregations of ores, oil and gas deposits, and great forest resources. Projects of this kind can contribute to Soviet needs and bring out products that satisfy outside energy and raw material requirements to the extent necessary to pay American firms for the equipment, the technology, the managerial skills, and the risks.

Or there is the noncapitalist joint venture in which the American company puts in some product or investment or know-how. The other side puts in some raw materials or other resources including people. Out of this arrangement would come a manufactured product or processed material. The American business is compensated by a long-term contract for that particular product at a certain pricing arrangement. We will see more and more transactions like this with countries short of foreign exchange.

### Reassessment of Policies

The range of policies to be reassessed is a large one. We need new authority and new agreements to expand world trade and achieve monetary reform. We may need new incentives, tax and financial policies to restore our primacy in the international capital market, work toward energy self-sufficiency, and maintain competitiveness of our industry in world markets. We may need new promotion and new types of financing and other business aids to bring thousands of smaller corporations into export activity and to provide them with the marketing and servicing backup necessary to be effective in foreign markets. We may need the American counterpart of the Japanese trading corporation.

We need the amplification of the Webb-Pomerene Act which President Nixon has requested and broader and possibly more flexible export loans and investment guarantees geared to long-term contracts in order to bring in another billion or two from contracting and engineering projects abroad.

We are reviewing our development policies, and one significant issue is whether some effort should be shifted from building infrastructure for long-term progress to building economic institutions and sponsoring projects which can bring countries already close to the takeoff stage over the top, where they become self-sustaining, good markets and ultimately aid donors themselves.

We must constantly assess policies affecting transportation rates, containerization, harbors, and transportation technology to protect our exports from freight handicaps and discrimination and to look for ways to increase our earnings abroad.

We must seek understandings on industrial and government procurement policies to protect our vital high-technology industries from unfair competition from subsidized industries abroad.

All of the great departments of government are involved in some or all of these policy areas. There is what I find to be an effective machinery for collecting and reconciling their viewpoints and formulating policy through a committee system cleared by George Shultz and leading up to the

President for ultimate decision and policy formulation.

These issues have to be dealt with bilaterally with many countries and in many different international bodies. On an ad hoc basis, any organization or individual may be charged with handling a negotiation or dealing with an issue. Like the other foreign offices of the world, the State Department undertakes to monitor and keep the full range of these relationships coordinated.

The State Department's contribution to economic policy formulation is supported by economic officers in its Economic and Business Affairs Bureau, its other functional bureaus, and five geographic bureaus—as well as its economic, commercial, and political officers in missions around the world.

### **Trade Promotion Activities Abroad**

Out on the firing line, in Embassies and consulates around the world, Ambassadors and consuls general have as a top-priority mission working for economic policies that are fair to American business, searching out and reporting on export and investment opportunities, and providing commercial assistance to American firms. Trade leads, company reports, agents, and distributors are identified and assessed, and cabled back home, where the Commerce Department is charged with getting them to American firms which can use the information. By fall, this process will be fully automated from Embassy abroad to subscribers in the United States.

The important thing is that today an Ambassador can integrate overseas activity on behalf of American business so that political as well as economic-commercial officers are involved. After all, assessing economic policy, spotting commercial opportunity, and reporting on economic developments are frequently different aspects of the same thing. By commercially sensitizing all the officers in an Embassy, we can make them more effective in influencing, assessing, and reporting on economic policy. Work in any of the policy areas I listed earlier can lead an officer to the larger contracts and projects on which prime attention should be concentrated. The

support American business needs to overcome our trade deficit must be broad. To illustrate, our Embassy in the Netherlands carries on a comprehensive balance of payments program. Under the Ambassador's active leadership all elements in the Embassy are engaged in promoting industrial exports, agricultural exports, contract and other service income, tourism to America, and portfolio investment—all are under the Ambassador's leadership.

Embassies serve as overseas agencies for the Export-Import Bank and other U.S. Government agencies in seeking necessary commercial information and evaluating the quality of potential purchasers.

We seek to keep our Embassies in a state of alert regarding contract opportunities for major projects in other countries, sometimes funded by international financial institutions, or by AID, or by the foreign governments.

We have a program for encouraging the sale of military goods, in cooperation with the Defense Department, and the sale of such goods has been a major source of foreign exchange revenue in recent years.

Embassies line up appropriate contacts for trade shows, exhibit catalogues, and make arrangements for missions from localities and industries visiting from the United States to seek foreign customers and firms who may locate branches back home.

The United States Information Service can publicize American technology and goods and their capacity to meet the local needs.

These are only some of the opportunities to promote American trade abroad. The important thing is the will; the team spirit among those representing the United States abroad; training and preparation for the work, which has been intensified in the Foreign Service Institute; and the leadership of the Ambassador. It is equally vital that all of these activities be integrated so that all the influence and talent the Embassy can mobilize can be put behind American economic interests to give them the same coordinated support that other Embassies give their businesses in every foreign market. I believe solid progress is being made today on all these fronts.

# President Increases Import Quotas for Nonfat Dry Milk

## A P R O C L A M A T I O N <sup>1</sup>

PROCLAMATION AMENDING PART 3 OF THE APPENDIX TO THE TARIFF SCHEDULES OF THE UNITED STATES WITH RESPECT TO THE IMPORTATION OF AGRICULTURAL COMMODITIES

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), limitations have been imposed by Presidential proclamations on the quantities of certain dairy products which may be imported into the United States in any quota year; and

WHEREAS the import restrictions proclaimed pursuant to said section 22 are set forth in part 3 of the Appendix to the Tariff Schedules of the United States; and

WHEREAS the Secretary of Agriculture has reported to me that he believes that additional quantities of dried milk provided for in item 950.02 of the Tariff Schedules of the United States (hereinafter referred to as "nonfat dry milk") may be entered for a temporary period without rendering or tending to render ineffective, or materially interfering with, the price support program now conducted by the Department of Agriculture for milk or reducing substantially the amount of products processed in the United States from domestic milk; and

WHEREAS, under the authority of section 22, I have requested the United States Tariff Commission to make an investigation with respect to this matter; and

WHEREAS the Secretary of Agriculture has determined and reported to me that a condition exists with respect to nonfat dry milk which requires emergency treatment and that the quantitative limitation imposed on nonfat dry milk should be increased during the period ending June 30, 1973, without awaiting the recommendations of the United States Tariff Commission with respect to such action; and

WHEREAS I find and declare that the entry during the period ending June 30, 1973, of an additional quantity of 60,000,000 pounds of nonfat dry milk will not render or tend to render ineffective, or ma-

terially interfere with, the price support program which is being undertaken by the Department of Agriculture for milk and will not reduce substantially the amount of products processed in the United States from domestic milk; and that a condition exists which requires emergency treatment and that the quantitative limitation imposed on nonfat dry milk should be increased during such period without awaiting the recommendations of the United States Tariff Commission with respect to such action;

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under and by virtue of the authority vested in me as President, and in conformity with the provisions of section 22 of the Agricultural Adjustment Act, as amended, and the Tariff Classification Act of 1962, do hereby proclaim that subdivision (vi) of headnote 3(a) of Part 3 of the Appendix to the Tariff Schedules of the United States is amended to read as follows:

(vi) Notwithstanding any other provision of this part, 25,000,000 pounds of dried milk described in item 115.50 may be entered during the period beginning December 30, 1972, and ending February 15, 1973, and 60,000,000 pounds of such milk may be entered during the period beginning the day after the date of issuance of this proclamation and ending June 30, 1973, in addition to the annual quota quantity specified for such article under item 950.02, and import licenses shall not be required for entering such additional quantities. No individual, partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries) may during such period enter pursuant to this provision quantities of such additional dried milk totaling in excess of 2,500,000 pounds.

The 60,000,000 pound additional quota quantity provided for herein shall continue in effect pending Presidential action upon receipt of the report and recommendations of the Tariff Commission with respect thereto.

IN WITNESS WHEREOF, I have hereunto set my hand this tenth day of May, in the year of our Lord nineteen hundred seventy-three, and of the Independence of the United States of America, the one hundred and ninety-seventh.



<sup>1</sup>No. 4216; 38 *Fed. Reg.* 12313.

## The Foreign Assistance Program and Foreign Policy Goals

*Statement by Deputy Secretary Kenneth Rush<sup>1</sup>*

I appreciate this opportunity to appear today in support of the President's request for authorization for the fiscal year 1974 foreign assistance program. In his message to Congress of May 1, 1973, President Nixon underscored the need to renew and to revitalize the commitment of this nation to countries engaged in the struggle for security and development.<sup>2</sup> He stated:

One of the most important building blocks in erecting a durable structure of peace is the foreign assistance program of the United States. Today, in submitting my proposed Foreign Assistance Act of 1973, I urge the Congress to act on it with a special sense of urgency so that we may continue the important progress we have made toward achieving peace during the past year.

Gentlemen, I recognize that, after more than two decades of effort, many Americans wish to shift the burden of development and security to other nations. I am also aware that this year, for the first time in the history of the foreign aid program, Congress concluded its deliberations without formal authorization for the foreign assistance program.

We are all heartened, of course, by the changed climate in our relations with the Soviet Union and the People's Republic of China. We hope that this encouraging trend will continue and that it will lead to a curtailment of the international turmoil of the past two decades. Through the process of

negotiations, our hope is that the spirit of détente will be deepened. But this will not be easy. We cannot assume that the current critical period will pass without stress or crisis. This is not the time to retreat into a spirit of parochialism or to begin to pursue narrow national interests.

A most urgent need exists for the United States to continue to generate a sense of continuity in its foreign policy and, in particular, to sustain its efforts in the field of foreign assistance. If we agree that the world we would like to see is one in which all nations seek peaceful development and international cooperation, then the foreign assistance program can serve as an important vehicle for the attainment of our goals. The President underscored this imperative in the following words:<sup>3</sup>

Despite a record of significant accomplishment—including an average annual increase in economic growth of more than 5.5 percent in the last decade, the success of the Green Revolution, and rapid advances in health and education—hundreds of millions of people in the developing countries still exist in conditions of extreme hunger, poverty, and disease. Basic humanitarian considerations call on us to assist these countries in improving the lives of their people. But we also have a major economic and political interest in the growth and stability of these countries and in their active cooperation.

Our economic interdependence is increasing. Just as the economic growth of developing countries is accelerated by the availability of our capital and technology, our economy benefits from access to their raw

<sup>1</sup> Made before the House Committee on Foreign Affairs on May 15 (press release 148). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

<sup>2</sup> For text, see BULLETIN of May 28, 1973, p. 693.

<sup>3</sup> The complete text of President Nixon's foreign policy report to the Congress on May 3 appears in the BULLETIN of June 4, 1973; the section entitled "The Developing Nations" begins on p. 804.

materials and energy sources. U.S. assistance can help create a climate conducive to mineral investment by stimulating broad-based economic growth, which also expands important U.S. export markets.

Almost one-third of U.S. exports went to developing countries in 1972. The success of the multilateral trade negotiations and efforts toward whole monetary reform can be enhanced by developing country cooperation. Problems such as pollution of the sea and air and inequities in international travel cannot be dealt with by the United States alone. The willingness of many less developed countries with quite different and varied forms of government to join us in seeking global solutions to these problems will depend in large measure on our support for their efforts to improve the lives of their people.

#### **The Development Assistance Program**

During the 1960's the international development effort recorded a number of significant achievements. Many of the developing countries now present a record of solid progress. While serious problems remain to be solved, these nations increasingly face their problems with a greater sense of confidence and independence. The international development assistance system now in place—both bilateral and multilateral—is functioning more effectively each year. However, bilateral assistance, which served as the primary catalyst in the achievements of the First Development Decade, is as essential today as it was in 1960.

As evidenced by the Green Revolution, a promising start has been made in the development of technologies specifically related to the economic needs of the developing countries. In the field of international trade, the industrialized countries have undertaken special obligations in the General Agreement on Tariffs and Trade to afford greater access to their markets for low-income countries. Although progress has been uneven, a number of developing countries have achieved very substantial economic growth, with GNP expanding by as much as 10 percent a year and sometimes by more.

Working from this base, a great deal remains to be done to solve the problems arising from overpopulation, poor health conditions, low agricultural productivity, and limited educational opportunities. These are problems which affect most directly the lives of the majority of the developing world's population. Our bilateral programs continue to play an essential role in the international development effort. By our example, we have encouraged other bilateral donors to play a more active role. Bilateral aid helps recipient nations become familiar with American business practices and encourages continuing contact with U.S. commercial suppliers. Bilateral assistance also provides an opportunity to draw upon the talents and experience of American universities and to utilize the American capacity for innovation and experimentation.

We are requesting \$1 billion in new obligational authority for development assistance in FY 1974. This will permit us to implement a total program of \$1.3 billion and to stress assistance to the primary problems of food production, population planning, and education. This program will also provide support through our voluntary contributions to U.N.-related programs such as the U.N. Development Program and U.N. Environment Fund. Dr. Hannah [John A. Hannah, Administrator, Agency for International Development], who is with me today, will discuss our program in greater detail on Thursday.

#### **Indochina Reconstruction**

The second major task that confronts us is reconstruction and rehabilitation in Indochina. With the signing of cease-fire agreements in Viet-Nam and Laos earlier this year, and with the hope that an effective cease-fire will soon prevail throughout Indochina, we must turn our attention to postwar needs of the area. Our representatives there are currently engaged in an assessment of overall needs. However, the primary requirement today is to facilitate the transition from war to peace.

Our desire for peace is not yet realized, and the intentions of North Viet-Nam remain

unclear. We have therefore withheld a request for assistance to North Viet-Nam until such time as she demonstrates her resolve to meet her commitments under the peace agreement. Our request is thus confined to Laos, Cambodia, and South Viet-Nam at this time.

It is important during this uncertain period to provide economic support to maintain a level of imports sufficient to sustain the confidence of the business communities in recipient countries if private enterprise is to make those investments which self-sufficiency requires; to meet immediate humanitarian needs; to help restore agricultural productivity; and to undertake development activities to assist Indochina to become self-sufficient economically.

The most urgent requirements are to maintain functioning economies, to provide sustenance and shelter for refugees and to assist them to reestablish themselves, and to rebuild hospitals, schools, public utilities, and other facilities damaged by the conflict.

For these purposes, we are requesting \$632 million in new funds for FY 1974.

### **The Security Assistance Program**

The security assistance program we are presenting to you takes cognizance of the fact that the situation confronting us in the 1970's differs from the 1950's. Our relations with the Soviet Union have improved over the past year, and we currently are engaged in a major effort to develop productive ties with the People's Republic of China. As Secretary Rogers has indicated, our goal is not merely to move from hostility to détente but, rather, to move from détente to cooperation.

However, we must keep in mind that important differences remain. We continue to be separated from Moscow and Peking by differing perspectives on man's role in society, international as well as domestic. Important differences continue to mark the strategic relationship between the Soviet Union and the United States. For these reasons, we believe that strength through security must remain an important element of our national policy.

The program that this administration has

formulated for FY 1974 represents a balanced approach, one which will permit us to continue grant military and supporting assistance to a decreasing number of countries. We also propose to establish a more realistic division of roles and responsibilities between ourselves and countries that count us as friend and ally. We believe that the United States cannot, and should not, attempt to do all that it has in the past. We expect other countries to do more in their own behalf. The foreign military sales program is an important vehicle for promoting such efforts. We are confident that in the years ahead allied and friendly nations wishing to carry a greater share of their defense burden increasingly will turn to foreign military sales to meet their needs.

### **Grant Military Assistance**

We are proposing a number of basic changes in the structure and direction of security assistance for FY 1974. For the first time in the history of the grant military assistance program (MAP), training is not included but is placed in a separate part of the Foreign Assistance Act. This change should facilitate consideration of MAP, particularly progress we are making in reducing the number of countries receiving U.S. assistance. The Republic of China, Greece, and Liberia are but the most recent countries to have terminated their dependence on grant military aid. Of those that we propose to continue to support in the coming year, we believe that MAP will help to contribute to international peace and security in the following ways.

It will:

—Reinforce efforts to secure an effective cease-fire throughout Indochina and thus enhance prospects for a lasting peace in Southeast Asia.

—Provide the Republic of Korea with the means to defend itself and to negotiate with North Korea from a position of strength.

—Assist Turkey in its efforts to modernize its forces and thereby provide a credible deterrent on the southern flank of NATO.

—Strengthen Jordan's capacity to cope

with pressing external and internal security problems.

—Sustain in Latin America the spirit of cooperation in military matters that has been the hallmark of U.S. relations in that region since World War II.

We are requesting authorization for \$652 million in new funds for grant military assistance in FY 1974.

### **Military Education and Training**

Since the inception of U.S. foreign assistance, military training has been in the forefront of our support for the defense of other nations. However, with the passage of time, the scope and nature of this training has changed significantly—a decreasing portion of the training effort is directed toward familiarization with equipment furnished by the United States. Instead we are emphasizing professional education oriented toward management of resources, financial planning, and program evaluation. These are fields in which the state of the art is changing rapidly and frequent updating of knowledge is required.

At the same time, the professional training we provide serves to promote communication and understanding between our military and the military of the nations we are assisting. This professional interchange contributes importantly to an international environment in which peace can prevail.

For these reasons, we propose that military education and training be placed on a permanent footing within the framework of the Foreign Assistance Act. The legislation we have presented would authorize the President to arrange for foreign military personnel to attend U.S. schools, including participation in special courses of instruction at U.S. universities and other institutions of learning.

We will request \$33 million in funds to initiate this program in FY 1974.

### **Security Supporting Assistance**

I also request your endorsement today for the security supporting assistance component of our foreign aid program. Supporting assistance has been an important instrument

of our foreign policy over the past two decades. Although the international situation has significantly improved over the past several years, the need for supporting assistance continues to exist. However, the program that the President proposes for FY 1974 reflects the improved international climate both by reducing the number of recipient countries and the level of funds requested.

We are requesting authorization for \$100 million in security supporting assistance for five countries in FY 1974. These are Israel, Jordan, Thailand, Malta, and Spain. In addition, the program will provide for the U.S. contribution to U.N. forces stationed in Cyprus.

South Viet-Nam, Laos, and Cambodia are no longer included under security supporting assistance. With the signing of cease-fire agreements in the first two of these countries earlier this year, it seems appropriate that economic assistance for these countries—principally for relief, reconstruction, and rehabilitation—be presented separately, as a new chapter V within the Foreign Assistance Act.

### **Foreign Military Sales**

In 1965, foreign military sales, that is, the outright purchase by others of U.S. defense equipment, exceeded military grant aid for the first time since the inception of the program in 1950. Today, sales run at about eight times the level of grant military aid. During fiscal year 1972, for example, almost \$3.5 billion of U.S. defense equipment and articles were sold to our friends and allies around the world, improving their defense posture and helping to relieve some of the pressure on our own balance of payments.

The importance of the credit and guarantee portion of our sales program should be clearly understood. Through these instruments we are able to establish a more realistic division of responsibilities between our friends and our allies. Credit and guarantee arrangements encourage self-reliance and a more mature relationship with the United States.

Gentlemen, many of our allies and friends

are ready to assume primary responsibility for their own defense and to commit to it a significant share of their manpower and economic resources. To help them, we are proposing a foreign military credit sales program of \$525 million in new obligational authority. These credits are planned for 25 nations in four regions. Of a total program of \$760 million, almost two-thirds of that amount is projected for four nations—Israel, Turkey, Greece, and the Republic of China. I also must point out that of the 20 countries that are to be recipients of grant military assistance in FY 1974, 12 plan to secure additional equipment through foreign military sales credit or cash sales agreements—clear evidence of the growing capacity of these nations to determine their own needs and to mobilize their own resources to fulfill them.

#### Structuring of Aid Programs

Mr. Chairman, I would like now to make a few observations on the structuring of our aid to developing countries.

Bilateral aid must serve the specific interests of the United States over and above those generalized interests which we support through our contributions to international agencies and financial institutions.

Our programs must be focused on the recipient country. They must be designed to lend maximum support to our foreign policy interests in a given country.

This necessarily requires a flexible approach. It is appropriate that we stress activities that share our technical expertise and the products of our farms and factories with the other people of the world. But it is also important that we avoid rejecting other approaches that can be more effective in certain instances in attaining our foreign policy objectives.

It is efficient and makes good sense for us to target our efforts on a limited number of activities to provide maximum benefit to the recipient country through programs such as agricultural development or education.

But we must avoid the pitfall of assuming that recipient countries invariably assign the same values to their problems as we do.

Our assistance should be responsive to the needs of the recipient country as perceived by the government to which we are accredited, provided, of course, there is no inherent conflict over program goals between ourselves and the recipient.

Indeed, the type of program we undertake should be determined by interaction between ourselves and the recipient. Our role in the planning process should be minimized—conditioned by the needs and capacities of the recipient to develop mutually acceptable programs.

In general it is desirable to extend the benefits of our assistance to as many people as possible. Yet we should not confuse numbers of persons affected with the successful furtherance of U.S. interests, or for that matter, the economic development of the recipient country.

The use and development of the private sector, both in the United States and the recipient country, is an important ingredient of our assistance policy. Our programs must be designed with that in mind. It is unfortunate that some technical assistance programs such as health, education, or public administration are less amenable to private sector involvement and development than others. This problem will require substantial and imaginative attention in the future.

The development and execution of foreign policy, as the members of this distinguished committee are so well aware, is a complex and many-faceted endeavor. The development of bilateral assistance programs to further that policy is likewise complicated and if done well is a process resistant to dogma.

There is a need for constant flexibility and interaction between those developing policy and those designing programs to support policy. I do not share the view of those who would narrowly define development assistance and create yet another independent agency to carry it out. One must after all ask independent of what—foreign policy?



In the national interest, responsibility for policy development and program design and implementation cannot be separated. It must reside in the Department of State.

I can assure you, Mr. Chairman, that within the existing relationships in the Department of State and AID, further efforts will be made to focus and coordinate more completely all U.S. development activities abroad to assure that they are as effective as possible in promoting the totality of U.S. interests.

Finally, gentlemen, I ask you to support the President's foreign assistance program for fiscal year 1974. This committee will play a critical role in determining what resources will be available and, in so doing, will strongly influence the course the United States is to follow in international affairs for the remainder of this decade.

## **Secretary Rogers Discusses U.S. Objective in Cambodia**

### *Statement by Secretary Rogers<sup>1</sup>*

I appreciate this opportunity to appear before you in support of the administration's request to transfer already appropriated funds within the Defense budget. Yesterday Secretary [of Defense Elliot L.] Richardson discussed with you the specific need for transfer authority for these funds. This morning I would like to talk with you about the broader issue: How do we end this war?

One invitingly simple answer that is being offered to us is that the United States can bring about peace unilaterally by just stopping the bombing in Cambodia. But it is not that simple.

Just 10 weeks ago we did unilaterally stop

<sup>1</sup>Made before the Senate Committee on Appropriations on May 8 (press release 141 dated May 10). The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

bombing in Cambodia. And we all know what happened. The North Vietnamese and the Cambodian insurgents took advantage of this opportunity for peace by launching a major military offensive. They responded to the Cambodian Government's unilateral cease-fire and call for negotiations with a demand for "total victory" and a refusal to negotiate. The choice they posed then, and the choice before us today, is whether to allow a military takeover of Cambodia by North Viet-Nam and its allies or insist upon observation of a negotiated peace.

When we analyze these two options, I believe the choice is clear. Just three months ago we signed an agreement in Paris with the North Vietnamese.<sup>2</sup> Article 20 of that agreement stipulated:

Foreign countries shall put an end to all military activities in Cambodia and Laos, totally withdraw from and refrain from reintroducing into these two countries troops, military advisers and military personnel, armaments, munitions and war material.

The United States did cease its only military activity—the bombing. We had no troops in Cambodia. By contrast, about half the estimated 70,000 to 75,000 enemy forces in Cambodia are North Vietnamese. To the best of our knowledge, none have been withdrawn. In fact the sustained offensive which began when we stopped bombing was instigated, led, and supported by North Vietnamese troops.

Is this a civil war when half of one side's armed forces are foreign?

What should U.S. policy be under such circumstances? First, our actions will be strictly limited to our limited objective.

—We will not slide into another Viet-Nam.

—We will not introduce American ground forces.

—We are not committed to any particular Cambodian government.

Our only purpose is to insure that the Paris peace agreement is observed. We have

<sup>2</sup>For text of the Agreement on Ending the War and Restoring Peace in Viet-Nam, see BULLETIN of Feb. 12, 1973, p. 169.

no other objective. The reason we are bombing in Cambodia is to bring about the implementation of this agreement. We are just as eager to stop the bombing as it is possible to be. And of course we will do so just as soon as there is a cease-fire. This is in accord with our mutual agreement with North Viet-Nam. This is our only condition.

It is clear to everyone that the fighting in Cambodia would stop if North Vietnamese forces were withdrawn. I understand that a recent Senate report came to just this conclusion. For the war in Cambodia has always been a product of the struggle in Viet-Nam. In fact the fighting first erupted in Cambodia when the Cambodians ordered the North Vietnamese and Viet Cong to leave their country. The aggressors in 1970 and the aggressors today are the North Vietnamese.

Peace must come to all of the nations of Indochina or it will not come permanently to any of them. The fall of Cambodia into North Vietnamese hands would endanger the framework of both the Viet-Nam cease-fire and the entire Indochina situation.

Cambodia is a small country involved in a conflict not of its own making, which only wants to be left alone. We are perfectly willing to allow the Cambodians to determine their own political future. Now the North Vietnamese must demonstrate the same approach by observing the peace agreement.

The appropriations bill which you are considering today is not an open-ended commitment to prolong this war. It simply requests funds until the end of this fiscal year. We all understand that it takes time to finally bring to an end a war which has lasted for over a quarter of a century. We are greatly concerned over the repeated and serious violations by the Communist side. But we should not lose hope that the Paris peace agreement will be carried out.

Fortunately there are positive signs as well as continuing problems. Fighting in Viet-Nam recently has been at a low level. In Laos, fighting has markedly declined and the two sides are discussing implementation of their

agreement. And in Cambodia the government has formed a new leadership council to achieve more broadly based public support. We believe that cease-fire negotiations in Cambodia are still possible. With our support the Cambodian Government is continuing attempts to initiate direct negotiations with its opponents.

We all want to see the bombing stop, but our broader objective is a lasting peace throughout Indochina. A halt in one kind of fighting, a cease-fire by only one side, is clearly not enough.

By remaining firm with the North Vietnamese, we have come a long way toward peace. The Paris agreement provides a mutually acceptable framework upon which a lasting peace can be accomplished. For the United States, it has freed our prisoners of war and allowed us to withdraw all of our forces from Viet-Nam. For the people of Indochina it has brought the first hope of genuine peace for over a quarter century. Surely this is an agreement worth defending.

A period of adjustment is required to overcome the tensions and distrust which have accumulated during this long war. But our objective is to help Indochina and all of Asia turn away from confrontation and toward the common tasks of economic development and political cooperation.

New relationships are developing in Asia which could provide the basis for long-term stability. These relationships are still fragile, and transition to stability is a delicate process. A sudden reduction in the American commitment to this process could sacrifice the progress already achieved. Lack of concern over implementation of the Paris agreement would certainly be interpreted as just such an act.

We have been able to make concrete progress toward a more stable world in recent years not by wishful thinking about our adversaries nor by abandoning our friends and allies. We have done it by demonstrating strength, perseverance, and a willingness to negotiate. It is this approach which can still bring the peace to Indochina we all want.

## Department Reports to Congress on Soviet Exit Fee Policy

*Statement by Walter J. Stoessel, Jr.  
Assistant Secretary for European Affairs<sup>1</sup>*

The Subcommittee on Europe has invited the Department of State to testify on the change in Soviet exit fee policy and its effects on Soviet Jews.

I am very pleased to be able to appear before the subcommittee this afternoon, and I shall be glad to shed whatever light I am able upon this very important problem. As you know, the President has followed this matter personally for a number of years. He is committed to progress, and there has been remarkable progress. This has come about through delicate negotiations pursued at the highest level and through traditional diplomatic channels as well. The President recognizes, as we all do, that not all of the problems have been resolved, and he wants to see further progress. He has been in touch with the leadership of both the House and Senate on the latest developments. The President also has kept in personal touch with American Jewish leaders, reviewing the situation with them most recently on April 19. I would like to acquaint you with the situation as we now see it.

Soviet understanding of the importance to Americans of Soviet emigration policy—particularly as applied to Soviet Jews—is evident, I believe, in the recent evolution of Soviet emigration practices. Emigration of Soviet Jews, the Soviet ethnic group evincing the most interest in emigration, averaged not more than a few hundred annually throughout most of the 1960's. In 1969, the number jumped to 3,000, and although it fell to 1,000 the following year, it went much higher in 1971—to 14,000. This level of emigration was

unprecedented. In 1972 the level rose further—to over 31,000. An average monthly rate in excess of 2,500 was attained, and that level is holding for 1973. We are gratified by these developments.

At the same time we are aware that problems remain. It has been called to our attention in particular that harassment of persons applying to emigrate is still taking place in many instances. We are constantly looking at this aspect of the problem, and the President has agreed to a continuing discussion of it with American Jewish leaders.

As you are perhaps aware, emigration has not been a right traditionally exercised under the Soviet system. The Soviets have, however, permitted some 60,000 Jews to leave over the last four years. This was a period during which U.S.-Soviet relations, including trade, significantly improved. The concurrence of these two developments—the improvement in our relations and the favorable evolution of Soviet emigration policy—is important.

It seems reasonable to me to speculate that as long as there is a Soviet desire to see U.S.-Soviet relations continue to improve and U.S.-Soviet trade continue to expand, the Soviet leadership will see that it is in its own best interest to pursue an emigration policy which will not arouse public and congressional hostility in this country. They are deeply committed to expanding economic ties with this country, and there can be no doubt that they know of the deep American commitment to continued progress in the area of emigration. It would seem fair to conclude that they know that favorable developments in the field of trade must be accompanied by a reasonable policy in regard to emigration.

Some believe that the best way to influence the Soviets in this matter is to tie the issues of emigration and trade together legislatively and to place restrictions on trade in the hope of achieving our goals on emigration. The administration is persuaded that this is not the best way to go about it. Principally, we have no way of predicting with any certainty how the Soviets would react to a legal U.S.

<sup>1</sup> Made before the Subcommittee on Europe of the House Committee on Foreign Affairs on May 1. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

proscription on a matter affecting their internal jurisdiction. On the other hand, we have the experience of recent years in which improved relations and expanded trade have coincided with significant and favorable changes in Soviet emigration policy. It seems reasonable then, to postulate that a more effective way of fostering the evolution we favor is to continue in a positive rather than a punitive vein. An essential step in this direction, I believe, would be congressional approval of title V of the Trade Reform Act of 1973, which would facilitate expanding U.S.-Soviet trade in the years ahead.

I am well aware of the apprehension in the Congress that the incentive for trade and for generally improved bilateral relations may not be enough, once MFN [most-favored-nation] is voted, to persuade the Soviets to continue their present more liberal emigration policy. It was precisely because of our concern on this point that the President obtained the assurances of the Soviet Union reported to the Senate and House leaders on April 18.

Specifically, the President was assured by the Soviet Government that it was completely waiving the education tax and that it would continue to do so. Since these waivers of the education tax are within the terms of the implementing decree of August 1972 and since the policy on total waivers is without a time limit, the Soviets feel that this obviates any need to suspend or rescind the decree itself. According to the Soviets, the only exit fees which are charged are the ones in effect prior to August 1972.

The President was assured that applications to emigrate were considered on an individual basis and as a rule were approved. Exceptions to this rule were cases where permission to go abroad had been denied for reasons of state security. The President has received firm assurances that the present Soviet emigration policy, which has permitted the current level of emigration, will also be continued indefinitely. This certainly does not mean that we are satisfied that Soviet emigration policy has reached accept-

able world standards. We know there are hardships and bitter disappointments which can be relieved given the good will to do so. I would reiterate that the President hopes that progress will continue to be made, and he follows the matter carefully.

I must say nonetheless that the Soviet assurances which were given the President are a very significant development. While they are general in character, I believe that they are firmly given. In the light of these important modifications of Soviet policy, we believe that the justification for enactment of rigid legislative conditions to the granting of MFN to the Soviet has been removed. We are therefore hopeful that the Congress will enact the Trade Reform Act of 1973 and title V authorizing MFN for the Soviet Union without such conditions.

## **President Proposes New Guidelines on Strategic Stockpiles**

*Message to the Congress*<sup>1</sup>

*To the Congress of the United States:*

In our current fight against rising prices, one weapon which has not yet been effectively employed is our national strategic stockpile. Today I am asking for authority from the Congress to sell those items in the stockpile which we no longer need to keep in reserve in order to protect our national security.

Because the world economy has grown so rapidly, short term demand for many industrial commodities has outpaced short term supplies. As a result, prices for industrial commodities have recently been increasing at unacceptably high rates—in some cases by more than 30 percent in the past 12 months alone.

These increases will eventually be felt

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<sup>1</sup> Transmitted on Apr. 16 (White House press release).

in higher prices for the American consumer if we do not act decisively now.

By disposing of unneeded items in the strategic stockpile, we can strike a critical blow for the American consumer.

The purpose of the American strategic stockpile is to ensure an adequate reserve of vital materials in time of war without imposing undue hardships on our civilian population. The basic concept is an old one, dating back to the Strategic and Critical Materials Stock Piling Act of 1946. Ninety-five percent of the current stockpile was acquired before 1959—the bulk of it during the Korean War.

The present strategic stockpile totals \$6.7 billion worth of material, ranging from metals, minerals, rubber and industrial diamonds to unusual items such as iodine.

Because our economy and technology are dynamic, our capability to find substitutes for scarce materials is far greater today than in the past. We are now able to meet defense requirements for materials during possible major conflicts without imposing an excessive burden on the economy or relying on an enormous stockpile, as was once necessary.

After a careful and searching review of the current stockpile, I have approved new guidelines that would tailor the kind and quantity of materials in the stockpile to the national security needs of the 1970's. The new stockpile would be substantially reduced, but it would contain the critical materials that we need in quantities fully adequate for our national security requirements.

Our new guidelines would provide the needed commodities to cover our material requirements for the first year of a major conflict in Europe and Asia. In the event of a longer conflict, these 12 months would give us sufficient time to mobilize so that we could sustain our defense effort as long as necessary without placing an intolerable burden on the economy or the civilian population.

Under existing law, the Administration has the authority to sell approximately \$1.9 billion worth of stockpile material, including substantial amounts of zinc, aluminum and lead. However, to dispose of the remaining

\$4.1 billion in unnecessary items, Congressional authorization is needed.

Historically, the sale of each commodity has been subject to individual legislation, but this procedure is time-consuming and redundant. To improve on it, the authorizing legislation I am recommending to the Congress takes the form of a single omnibus bill for all excess stockpile commodities; it includes individual authorizations for 16 major commodities.

At the same time that they fully provide for our national security and economic health in the event of an emergency, our new stockpile guidelines also enhance national efficiency and thrift. Specifically, they would permit us to sell \$6 billion in no longer needed stockpile material over the next several years.

I urge the Congress to take prompt and favorable action on the stockpile legislation I am submitting. By doing so, the Congress will demonstrate its willingness to act in positive cooperation with the executive branch in a way that is in the best interests of all Americans.

RICHARD NIXON.

THE WHITE HOUSE, *April 16, 1973.*

## Congressional Documents Relating to Foreign Policy

### 93d Congress, 1st Session

Twenty-second Annual Report of the Activities of the Joint Committee on Defense Production, with material on mobilization from departments and agencies, together with supplemental views. Part 1 of 2 volumes. H. Rept. 93-5. February 5, 1973. 538 pp.

Briefing on Major Foreign Policy Questions. Hearing before the Senate Committee on Foreign Relations, with Secretary of State Rogers. February 21, 1973. 52 pp.

Foreign Assistance Act of 1973. Hearing before the Senate Committee on Foreign Relations. February 22, 1973. 88 pp.

United States-Chilean Relations. Hearing before the Subcommittee on Inter-American Affairs of the House Committee on Foreign Affairs. March 6, 1973. 97 pp.

A New Initiative To Liberalize International Trade. Report of the Subcommittee on International Economics of the Joint Economic Committee, together with additional views. March 8, 1973. 24 pp.

National Science Foundation Annual Report 1972. Message from the President of the United States transmitting the 22d Annual Report of the National Science Foundation, covering fiscal year 1972. H. Doc. 93-58. March 12, 1973. 102 pp.

Report on Aeronautics and Space Activities During 1972. Message from the President of the United States transmitting the report of the National Aeronautics and Space Council. H. Doc. 93-63. March 19, 1973. 99 pp.

## TREATY INFORMATION

### U.S. and France Sign Agreement on "Advance Charter" Flights

The Department of State announced on May 7 (press release 134) that the United States and France had that day concluded a memorandum of understanding on travel group charters (TGC's) and advance booking charters (ABC's) under which each party will accept as charterworthy transatlantic traffic originated in the territory of the other party and organized and operated pursuant to the "advance charter" (TGC or ABC) rules of that party. Other provisions deal with enforcement and arrangements to minimize administrative burdens on carriers and organizers of "advance charters." The understanding was brought into force by an exchange of notes at Washington. While the understanding is not an exchange of economic rights, it is expected to facilitate the operation of "advance charter" flights between the United States and France by carriers of both countries. The understanding with France is the third of a series of such agreements the United States hopes to conclude soon with other countries to facilitate the operation of "advance charters." (For text of the memorandum of understanding, see press release 134.)

### U.S. and Yugoslavia Sign Agreement on Science and Technology

Press release 159 dated May 18

The United States and Yugoslavia on May 18 signed an agreement providing for joint financing of cooperation in science and technology. This agreement represents a new approach to cooperation which has been successfully carried out for the last decade with mutual benefit and satisfaction to both sides. Under the agreement both governments will undertake to encourage research organizations and institutions not only to continue with present forms of cooperative projects but also to develop new means and sources of financing.

As a part of the agreement, there will be established the U.S.-Yugoslav Board on Scientific and Technological Cooperation to approve new projects, allocate funds, and give appropriate guidance to the cooperative program.

Both sides are convinced that the agreement represents true progress toward equal partnership in science and technology.

The agreement was signed on behalf of the United States by Herman Pollack, Director, Bureau of International Scientific and Technological Affairs, Department of State, and on behalf of Yugoslavia by Krsto Bulajic, Director General, Federal Administration for International Scientific, Educational, Cultural and Technical Cooperation.

### Current Actions

#### MULTILATERAL

##### Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty. Adopted at Wellington November 10, 1972, at the Seventh Antarctic Treaty Consultative Meeting.<sup>1</sup> *Notifications of approval:* France, April 11, 1973; South Africa, May 22, 1973.

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

## Aviation

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal September 23, 1971. Entered into force January 26, 1973. TIAS 7570.

*Ratifications deposited:* Byelorussian Soviet Socialist Republic (with a reservation), January 31, 1973; Ukrainian Soviet Socialist Republic (with a reservation), February 26, 1973.

## Biological Weapons

Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow April 10, 1972.<sup>1</sup>

*Ratifications deposited:* Philippines, May 21, 1973; Tunisia, May 18, 1973.

## Fisheries

Convention for the establishment of an Inter-American Tropical Tuna Commission. Done at Washington May 31, 1949. Entered into force March 3, 1950. TIAS 2044.

*Adherence deposited:* France, May 22, 1973.

## Health

Constitution of the World Health Organization, as amended. Done at New York July 22, 1946. Entered into force April 7, 1948; for the United States June 21, 1948. TIAS 1808, 4643.

*Acceptance deposited:* German Democratic Republic, May 8, 1973.

## Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London October 12, 1971.

*Acceptance deposited:* Greece, April 13, 1973.

## Meteorology

Convention of the World Meteorological Organization. Done at Washington October 11, 1947. Entered into force March 23, 1950. TIAS 2052.

*Accession deposited:* German Democratic Republic, May 23, 1973.

## Narcotic Drugs

Convention on psychotropic substances. Done at Vienna February 21, 1971.<sup>1</sup>

*Accession deposited:* Mauritius, May 8, 1973.

## Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force March 5, 1970. TIAS 6839.

*Ratification deposited:* Honduras, May 16, 1973.

## Ocean Dumping

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington December 29, 1972.<sup>1</sup>

*Signatures:* Argentina, May 15, 1973; France (with statements), May 22, 1973; Spain, April 27, 1973.

## Oil Pollution

Amendments to the international convention for the prevention of pollution of the sea by oil, 1954, as amended (TIAS 4900, 6109). Adopted at London October 21, 1969.<sup>1</sup>

*Acceptance deposited:* Belgium, April 27, 1973.

## Postal Matters

Additional protocol to the constitution of the Universal Postal Union with final protocol signed at Vienna July 10, 1964 (TIAS 5881), general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Signed at Tokyo November 14, 1969. Entered into force July 1, 1971, except for article V of the additional protocol, which entered into force January 1, 1971. TIAS 7150.

*Ratifications deposited:* Algeria, January 25, 1973; Kenya, February 26, 1973; Norway, March 29, 1973.

Money orders and postal travellers' cheques agreement, with detailed regulations and forms. Signed at Tokyo November 14, 1969. Entered into force July 1, 1971; for the United States December 31, 1971.

*Ratifications deposited:* Algeria, January 25, 1973; Norway, March 29, 1973.

## Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Done at New York December 21, 1965. Entered into force January 4, 1969.<sup>2</sup>

*Signature:* Bhutan, March 26, 1973.

## Satellite Communications System

Agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annexes. Done at Washington August 20, 1971. Entered into force February 12, 1973. TIAS 7532.

*Ratification deposited:* Netherlands, May 23, 1973.<sup>3</sup>

## Sea, Exploration of

Convention for the International Council for the Exploration of the Sea. Done at Copenhagen September 12, 1964. Entered into force July 22, 1968.

*Accession deposited:* United States, April 18, 1973.

*Entered into force for the United States:* April 18, 1973.

## Space

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow March 29, 1972. Entered into force September 1, 1972.<sup>2</sup>

*Ratifications deposited:* Cyprus, May 23, 1973; Tunisia, May 18, 1973.

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

<sup>2</sup> Not in force for the United States.

<sup>3</sup> Extended to Surinam and Netherlands Antilles.

## Telecommunications

International telecommunication convention, with annexes. Done at Montreux November 12, 1965. Entered into force January 1, 1967; for the United States May 29, 1967. TIAS 6267.  
*Accession deposited:* German Democratic Republic, April 3, 1973.

## BILATERAL

### Canada

Agreement extending the agreement of May 12, 1958, as extended (TIAS 4031, 6467), relating to the organization and operation of the North American Air Defense Command (NORAD). Effected by exchange of notes at Washington May 10, 1973. Entered into force May 10, 1973.

### Italy

Agreement on the matter of social security. Signed at Washington May 23, 1973. Enters into force on the first day of the month following the month in which ratifications are exchanged.

### Mexico

Agreement extending the provisions of minute 241

dated July 14, 1972, as extended (TIAS 7404, 7561), of the International Boundary and Water Commission (United States and Mexico) concerning the Colorado River salinity problem. Effected by exchange of notes at México April 30, 1973. Entered into force April 30, 1973.

### Romania

Agreement relating to investment guaranties. Effected by exchange of notes at Bucharest April 28, 1973. Entered into force April 28, 1973.

### Saudi Arabia

Memorandum of understanding concerning the Saudi Arabian National Guard modernization program. Signed at Jidda March 19, 1973. Entered into force March 19, 1973.

### Union of Soviet Socialist Republics

Protocol to the agreement of May 25, 1972, on the prevention of incidents on and over the high seas (TIAS 7379). Signed at Washington May 22, 1973. Entered into force May 22, 1973.

### Yugoslavia

Agreement on scientific and technological cooperation. Signed at Washington May 18, 1973. Entered into force May 18, 1973.

### Check List of Department of State

#### Press Releases: May 14-27

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

Releases issued prior to May 14 which appear in this issue of the BULLETIN are Nos. 133, 134, and 135 of May 7, 138 of May 9, and 141 of May 10.

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†145	5/14	Rogers: arrival statement, México, May 12.
*145A	5/14	Rogers: news conference, May 12.
†146	5/14	Rogers: Colorado River salinity proposal, May 13.
*146A	5/14	Rogers: departure statement and news conference, México, May 14.
†147	5/15	Rogers: arrival statement, Managua, May 14.
148	5/15	Rush: House Committee on Foreign Affairs.
*149	5/15	Rogers: news conference, México, May 13.
†150	5/15	Rogers: arrival statement, Caracas, May 14.
151	5/16	Rush: reception in honor of Emperor Haile Selassie I.
*152	5/16	Shipping Coordinating Committee subcommittee meeting, May 30.
*153	5/16	Secretary's Advisory Committee on Private International Law study group meeting, May 24.
*154	5/16	Study Groups 10 and 11 of U.S. National Committee for CCIR meeting, May 31.
*155	5/16	Rogers: luncheon remarks, Caracas, May 15.
*156	5/16	Rogers: departure statement and news conference, Caracas, May 15.
†156A	5/16	Rogers: arrival statement, Lima, May 15.
*157	5/17	Rogers: Andean Pact junta, Lima, May 16.
†158	5/17	Rogers: statement and news conference, Lima, May 16.
159	5/18	U.S. and Yugoslavia sign science and technology agreement.
†160	5/18	Rogers: arrival statement, Bogotá, May 17.
†161	5/18	U.S. swimming and diving team to tour P.R.C. (rewrite).
†162	5/18	Rogers: Casa Bolívar, Bogotá.
*163	5/21	Rogers: dinner remarks, Bogotá, May 17.
*164	5/21	Rogers: news conference, Bogotá, May 18.
†165	5/22	Rush: Southern Council for International and Public Affairs, Atlanta, Ga.
†166	5/23	Award for Valor to State-AID-USIA returned POW's.
†167	5/23	Rogers: arrival statement, Brasilia, May 22.
*169	5/23	Rogers heads U.S. delegation to Argentine inauguration, May 25.
†170	5/24	Tarr: House Committee on Foreign Affairs.
†171	5/24	Rogers: statement and news conference, Brasilia, May 23.
*172	5/24	Juilliard String Quartet tours Southeast Asia.
*173	5/25	Foreign policy conference for educators, June 28-29.
†174	5/25	U.S.-Swiss Treaty on Mutual Assistance in Criminal Matters.
†175	5/25	Rogers: arrival statement, Buenos Aires, May 23.

\* Not printed.

† Held for a later issue of the BULLETIN.



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# THE DEPARTMENT OF STATE BULLETIN

Volume LXVIII • No. 1773 • June 18, 1973

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# THE DEPARTMENT OF STATE **BULLETIN**

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## The NATO Alliance: The Basis for an Era of Negotiation

*Address by Deputy Secretary Kenneth Rush<sup>1</sup>*

Nineteen seventy-three promises to open a new era in our relations with western Europe. At the same time the United States and western Europe are working together to transform relations with eastern Europe and the Soviet Union. In a period of such profound change it is easy to neglect central elements of continuity. It is easy to allow existing institutions to become outmoded, to be overtaken by the pace of change.

The central element of continuity in our relations with Europe is the Atlantic alliance. The existing institution which embodies this alliance is NATO. We are determined that 1973 will see not an erosion of this alliance and this institution, but rather their strengthening and adaptation to meet current realities.

We are embarked upon a far-reaching re-orientation of our entire postwar foreign policy. We are seeking to lower the burden of our international responsibilities and military spending while maintaining the present military balance and increasing the stability of that balance. NATO is an essential element of this evolving global policy.

Looking to the future we perceive two major roles for NATO. First, in this era of negotiations between East and West, NATO is assuming a role of "détente management." Once considered primarily a military alliance designed to control East-West tensions, NATO must increasingly assume the responsibility for reducing these tensions.

Without attracting a great deal of attention, the alliance has already come a long

way in this direction. NATO is playing a central role in the formulation of Western positions for both of this year's major multi-lateral negotiations with the East—the talks on mutual and balanced force reductions (MBFR) and the Conference on Security and Cooperation in Europe (CSCE).

Both of these negotiations treat a variety of highly sensitive issues. Each of the allies feels that its national interests are directly involved. These negotiations come at a time of unprecedented testing of the overall Atlantic relationship—in monetary, trade, and investment matters, in far-reaching changes with the Soviet Union and eastern Europe, and in the attitude toward NATO of a younger generation with no recollection of the early days of the cold war. These conferences might have been enormously divisive for the alliance.

In fact, when the alliance began to prepare for these conferences several years ago, there were disagreements on a number of important issues. Starting from this point, NATO is moving toward agreement on basic issues and is strengthening itself considerably in the process. At no time in its history has political consultation been more successful nor more important. The alliance has grown as it faced new challenges.

For both of these conferences, overall alliance policy is being established in NATO's North Atlantic Council. After intensive study of the issues within NATO, our representatives in the Council reach coordinated positions which serve as general guidelines for negotiators from allied countries in Helsinki and Vienna, where initial talks are underway. This consultation, both in NATO

<sup>1</sup> Made before the Southern Council for International and Public Affairs at Atlanta, Ga., on May 22 (press release 165)

and at the talks themselves, demonstrates the allies' willingness and ability to compromise and reach consensus on specific issues in the interest of continuing allied unity.

### **Aims of Security Conference**

Let me just say a few words about each of these conferences. In the Conference on Security and Cooperation in Europe we will be seeking with our NATO allies to lower the political barriers that divide Europe. While it would be unrealistic to expect a dramatic transformation of East-West relations as a result of a single conference, we are encouraged by the positive atmosphere of the preparatory talks in Helsinki. All of the states concerned are prepared to think in terms of a conference in three stages—an initial meeting this summer of Foreign Ministers, detailed negotiation and drafting of texts in committees, and a concluding meeting.

The subject matter for the conference is being discussed under four major headings:

—First, questions of security. We believe that a major political act by the conference should be to make clear the unacceptability of interference by one state in the affairs of another, whether or not they are in the same political, economic, or social system. We also support the establishment of military confidence-building measures such as the exchange of observers at maneuvers.

—Second, the human contacts field. It is of particular importance that the conference achieve objectives shared not only among the NATO allies but generally among Western states participating in CSCE: closer, more open, and freer relationships among all peoples in Europe and a wider flow of information and ideas.

—Third, cooperation in economic, scientific, and environmental fields. We firmly believe that such cooperation will not only bring mutual benefits in each of these fields but, perhaps more importantly, will provide the Soviet Union with concrete incentives for a more peaceful relationship in Europe. This is at the heart of President Nixon's

plan to build a structure of peace in which all nations have a stake.

—Fourth, permanent machinery. The Soviets have proposed the creation of a committee to carry on the work initiated by the CSCE after the conference is over. This proposal will be considered by the conference.

Whether or not this conference establishes permanent East-West machinery, it is clear that NATO will have a considerable role to play after the conference. NATO logically should be the forum for allied consultations on East-West military security issues. As there will be a continuing need to coordinate allied positions on freer movement of people, a NATO role in this area would also be appropriate, particularly if there are prospects for further liberalization through East-West negotiation. And there undoubtedly will need to be a framework for coordinating allied views in connection with other East-West initiatives.

### **Development of Allied Approach to MBFR**

There is a fundamental difference between the Conference on Security and Cooperation in Europe and the talks on mutual and balanced force reductions. CSCE is general and broad in scope; MBFR addresses the specific issue of reducing forces in central Europe. But while the issue is specific, troop reductions are as complex and difficult an issue as NATO has ever addressed. Such reductions are even more complex than the strategic arms negotiations the United States is conducting with the Soviet Union. We know of the difficulty in deciding upon an approach on sensitive issues within just one government. The problem of reaching agreement among many countries is obviously greater.

Mutual confidence within the alliance will develop only through an agreement on the basic security framework for the negotiations. That NATO is working toward consensus on such a framework is the best possible proof of its continuing vitality and ability to adapt to changing circumstances.

We have recently submitted to our allies a study setting forth some alternative approaches to MBFR. In considering these ap-

proaches we believe the allies might be guided by some of the following concerns. We believe that the allied position on MBFR should be aimed at "undiminished security"—by which we mean an outcome that will maintain and if possible enhance the security posture of the alliance by lowering the level of confrontation.

While the allied approach could entail proportionately equal reductions, this could result in an imbalance unfavorable to the West because of existing factors favoring the Warsaw Pact. These include differences in the size, composition, and offensive orientation of Warsaw Pact forces and the geographic advantages of the Soviet Union over the United States in reinforcement. To reduce these advantages the allied objectives in MBFR could include achieving approximate parity in ground forces and reducing elements in the Warsaw Pact threatening to NATO security. The American and Soviet forces are comparable in that they are not indigenous to central Europe and might be candidates for reduction.

It should be an important goal of the allied approach to insure that the provisions of any MBFR agreement will not be circumvented or undermined. The allied position should provide for verification of both sides' military activity to increase political confidence.

Reductions on the allied side should not impair the ability of the allies to take the necessary military steps to fulfill NATO strategy: forward defense, flexible response, and nuclear deterrence.

Development of an approach to MBFR which takes these factors into account, and is still negotiable with the other side, will not be a simple matter. But we are confident that such an approach will emerge before the negotiations themselves begin this fall.

By working together in CSCE and MBFR, we are now giving the alliance a new sense of common purpose, a new set of objectives. This is vitally important at a time when our relationship is being challenged by economic strains and suspicions of unilateral dealings with the Soviet Union. Allied unity in these two negotiations strengthens the overall Atlantic relationship and enhances its ability

to deal with other economic and political strains.

### Continuing Need for Strong Common Defense

Let me turn now to the second major role we believe NATO can and must play in the future. Success in this era of negotiation requires allied agreement on goals and the ability to act in concert which I have already discussed. But it also requires that we be able to negotiate with confidence in our strength. For it is in the very nature of negotiations that relative weakness invites pressure tactics and an outcome satisfactory to only one side. This is a prescription for instability.

There is in Europe today an approximate balance of forces. But there is no guarantee this balance will continue. Over the past decade the Soviet Union increased its military manpower by 30 percent, doubled its published military budget, and vastly increased its nuclear forces. There are approximately 400,000 Soviet ground forces in central Europe as compared with just 191,000 American forces. During the same period, pressures to spend more on domestic needs in both the United States and western Europe have led to a decline in the share of allied GNP devoted to defense—in the United States by one-third, from 9.3 to 6.2 percent, and a much less sharp decline in western Europe by one-fifth, from 5 to 4.2 percent.

As President Nixon stated last month, ". . . we are seeking to negotiate a mutual and balanced reduction of armed forces in Europe which will reduce our defense budget and allow us to have funds for other purposes at home so desperately needed."<sup>2</sup> But the Soviet Union will clearly not negotiate seriously with us if we unilaterally reduce our own forces.

There are political as well as economic pressures to reduce our common defense. As a more peaceful atmosphere emerges, many

<sup>2</sup> For President Nixon's television and radio address to the Nation on Apr. 30, see Weekly Compilation of Presidential Documents dated May 7, p. 433.

in both Europe and the United States believe a strong defense is no longer necessary. This attitude disturbs me for two reasons. First, it is premature. We must wait for concrete and reciprocal results from this year's many negotiations—SALT [Strategic Arms Limitation Talks], MBFR, CSCE—before we should seriously contemplate force reductions in Europe. Second, this attitude fails to take into account historical realities.

In the early part of this century, Europe was an area typified by continuing instability. This instability proved to be the incubator for two massively destructive wars within a generation. The United States learned to its sorrow that, however much we said and acted otherwise, we could not remain aloof from those wars. As a result, following World War II we were the leaders in constructing a peacetime structure in which our voice and our interests would be permanently represented.

Toward this end we led in the establishment of NATO, in signing a treaty which provides that an attack on any of the members shall be deemed an attack on all. Our European allies continue to base their foreign policies upon the security provided by this treaty and the American presence in Europe. All of them want us to maintain this presence and to maintain NATO. To risk the dismantling of this accomplishment of wise diplomacy, to risk a return to instability in Europe, is both unnecessary and dangerous.

There are sound military as well as political reasons for maintaining our forces in Europe. In the 1950's American superiority in strategic weapons was so substantial that it not only served to prevent a strategic attack on the United States but was also sufficient to deter aggressive behavior against western Europe, even in relatively minor crises.

By the 1960's the United States recognized that reliance on "massive retaliation" was not a viable strategy and began to press for a doctrine of flexible response, a doctrine ultimately accepted by NATO as a whole.

But during this past decade our strategic superiority was still sufficient to provide strategic deterrence and to support broader political goals. Viewed from this perspective, flexible response was somewhat ahead of its time.

That time has now come. The United States has entered an era of rough parity in central strategic systems with the Soviet Union. The strategic forces on both sides are sufficient to make immediately devastating any direct attack. Accepting such a parity situation not only makes sense in terms of deterrence but is probably the only long-run alternative to a debilitating arms race.

However, a byproduct has been that the United States can no longer be assured of deterring aggressive behavior below the strategic level. Both conventional and tactical nuclear capabilities have gained very substantially in importance as strategic parity has developed. It is no longer possible to think of conventional forces serving only to prevent or deal with minor skirmishes. They have become a very significant factor in deterrence and in considering a conventional response to a conventional thrust by the other side.

Thus a major issue facing the alliance in the coming decade will be how to maintain and improve its conventional forces in the face of these economic, political, and military challenges.

Our western European allies already do far more for their own defense than is generally recognized. They maintain approximately 3 million men under arms, or 25 percent more than the United States. For every American soldier in Europe, there are 10 allied soldiers. And they maintain almost precisely the same percentage of their population in the military. Quantitative improvements by either the United States or western Europe appear unlikely.

Therefore, to assure that allied conventional capabilities keep pace with growing Warsaw Pact capabilities, qualitative improvements and improved reserve forces take on new importance. Making these qualitative



improvements will not be easy. All of us will face the enormous expense of more sophisticated equipment and sharply rising personnel costs.

Better utilization of resources may thus be the most promising route by which NATO's conventional capabilities can be improved. The European members of the NATO alliance have formed the Eurogroup, an organization of European Defense Ministers which already has made significant progress in more cost-effective utilization of resources. We must all concert to define more precisely what we really need for an adequate NATO defense.

Some have suggested that defense cooperation within the European Community could diminish or remove the need for American forces in Europe. This is a longer term development which must be accompanied by a greater degree of west European political unity. The United States firmly supports such an evolution.

But in the interim, the present alliance relationship is necessary to keep open that desirable option for alliance development. The substantial presence of U.S. forces in Europe and the availability to NATO of U.S. nuclear power will remain essential to an East-West political equilibrium. Neither the likely results of current U.S.-Soviet and East-West negotiations, nor any early broadening of European Community functions to defense, will permit an end to the U.S. military commitment in Europe.

Strengthening détente and a strong defense, making progress with our adversaries and maintaining close relations with our allies—these are not contradictory concepts. In fact they are essential to one another. I hope that my brief remarks this afternoon have convinced you of this point. For we believe that a strong NATO is essential to make this era of negotiation a success. Thus we believe that our commitment to the Atlantic alliance will be just as important over the next quarter century as it has been over the past quarter century.

## International Organization Immunities Granted to Intelsat

### AN EXECUTIVE ORDER<sup>1</sup>

DESIGNATING THE INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION (INTELSAT) AS AN INTERNATIONAL ORGANIZATION ENTITLED TO ENJOY CERTAIN PRIVILEGES, EXEMPTIONS, AND IMMUNITIES

The International Telecommunications Satellite Organization (INTELSAT) was established pursuant to the Agreement Relating to the International Telecommunications Satellite Organization (INTELSAT), which entered into force February 12, 1973, and the Operating Agreement signed pursuant thereto, TIAS 7532. The United States participates in the Organization pursuant to the authority of the Communications Satellite Act of 1962 (76 Stat. 419; 47 U.S.C. 701-744).

Now, THEREFORE, by virtue of the authority vested in me by section 1 of the International Organizations Immunities Act (59 Stat. 699; 22 U.S.C. 288), it is ordered as follows:

Section 1. (a) I hereby designate the International Telecommunications Satellite Organization (INTELSAT) as an international organization, as that term is defined in section 4(i) of the International Organizations Immunities Act, entitled to enjoy, on and after February 12, 1973, all of the privileges, exemptions, and immunities provided by section 2 (a) and (d) and section 4 (a), (e), (d), (e), and (f) of that act.

(b) The foregoing designation is not intended to abridge in any respect any privileges, exemptions, or immunities which such organization may have acquired or may hereafter acquire by treaty, Congressional action, or other Executive order.

Sec. 2. The representatives to the Board of Governors of INTELSAT and their alternates shall enjoy the same privileges, exemptions, and immunities that the representatives to the Interim Communications Satellite Committee and their alternates enjoyed pursuant to Executive Order No. 11227 of June 2, 1965.

Sec. 3. Executive Order No. 11227 of June 2, 1965 (except for the purpose referred to in section 2 hereof), and Executive Order No. 11277 of April 30, 1966, are hereby revoked.



THE WHITE HOUSE, May 14, 1973.

<sup>1</sup> No. 11718; 38 Fed. Reg. 12797.

## Aircraft Hijacking and Sabotage: Initiative or Inertia?

*Address by Acting Legal Adviser Charles N. Brower*<sup>1</sup>

I propose to advance the proposition this afternoon that international law efforts to combat hijacking and sabotage of civil aircraft, which achieved such stunning successes in the past, may be deteriorating from the initiatives of recent years to near-inertia and to suggest precisely how this incipient inertia can be overcome and the initiative regained.

Repeated hijackings in the decade of the sixties, culminating in the events of Labor Day 1970, galvanized the international community into fast and effective action. Operating through the International Civil Aviation Organization (ICAO), concerned nations concluded the Hague Hijacking and Montreal Sabotage Conventions in 1970 and 1971, respectively, and each of them achieved the requisite number of ratifications during the year following conclusion. The speedy drafting and conclusion of these independent substantive conventions, in a manner permitting their early entry into force, provided a timely and firm response to the scourge of aerial piracy and sabotage.

The international aviation community decided to proceed through means of independent conventions requiring a limited number of ratifications, as contrasted with revision or expansion of the 1944 Chicago Convention. An amendment to the Chicago Convention could never provide a timely and effective response to a pressing threat; it requires the convocation of an Extraordinary Assembly of the entire ICAO membership, approval by two-thirds of the nations attending the As-

sembly, and subsequent ratification by two-thirds of the members of ICAO, meaning 85 countries. A quick look at the history of amendments to the Chicago Convention confirms the wisdom of the decision to proceed by means of independent conventions. In the nearly 30-year history of the convention, only seven amendments have been approved by an Assembly, and only one of them was of a politically substantive nature. It provides that states expelled or suspended from the United Nations shall be automatically expelled or suspended from ICAO. It was adopted May 27, 1947, and entered into force March 20, 1961, nearly 14 years later. Of the other six amendments, all fundamentally technical in nature, neither the proposal adopted in 1971 to increase the number of members in the ICAO Air Navigation Commission nor the amendment adopted in 1962 increasing the number of states required in order to call an Extraordinary Assembly of ICAO has yet entered into force. The remaining noncontroversial amendments moving ICAO headquarters, establishing triennial Assemblies, and increasing the size of the ICAO Council have required as much as four years to enter into force, and only one has taken as little as just over a year.

These historical realities provide persuasive proof of the fact that important issues of substance touching on what could be described as political matters cannot effectively be handled in timely fashion by the procedure for amending the Chicago Convention. By contrast, the speed with which the international community was able to move through development of independent treaties requiring fewer ratifications was almost elec-

<sup>1</sup> Made before the International Aviation Club at Washington on May 31 (press release 187).

trifling. The Hague Hijacking Convention was signed December 16, 1970, and entered into force not quite 10 months later, on October 14, 1971. The Montreal Sabotage Convention required only a few months longer; it was signed September 23, 1971, and entered into force January 26, 1973. This experience proved that the development of independent conventions could provide a rapid response which the process of amending the Chicago Convention historically proved incapable of producing.

I have imposed on your patience in recounting this history at some length because I believe it makes a very important point; namely, that timely new action to combat hijacking and sabotage necessarily must be taken by means of an independent convention. The history of Chicago Convention amendments by itself shows that while such an amendment might be regarded as offering a remedy for hijacking in the distant future it cannot seriously be regarded as an effective current measure against the threat we all know.

I am certain that no one interested in the safety of international civil aviation would contend that the recent reduction in hijackings and related events renders unnecessary further new international legal measures in this area. The history of crimes of this nature should be ample proof of the fact that major incidents in this area have a way of materializing when least expected. It would clearly be a great tragedy if the current relative calm were to result in international complacency—a tragedy imperiling passengers and crews and touching all those in governments around the world responsible for their welfare. Having produced important new international legal instruments in 1970 and 1971, it is high time that the international community overcome two years' inertia and once more pursue new legal initiatives in this area.

Against this background let me now turn to concrete proposals. You are all aware that the latest legal projects to be considered by ICAO relate to measures which might be taken with respect to states which act contrary to the principles recorded in the Tokyo

[Convention on Offenses and Certain Other Acts Committed on Board Aircraft, 1963], Hague, and Montreal Conventions. For over two years the United States and Canada spearheaded efforts in ICAO to develop an independent convention which would have provided for the imposition of sanctions in such cases. These efforts were sidetracked by the Vienna Assembly in the summer of 1971 but were recommenced when the ICAO Council on June 19, 1972, called for a special subcommittee to meet on the question in Washington. This meeting took place last September and ultimately led to a meeting of the full ICAO Legal Committee last January in Montreal. While the Legal Committee ultimately failed to accept the strong measures which the United States and Canada proposed, it approved for submission to a diplomatic conference an independent convention sponsored by several Nordic countries which if suitably modified could be a useful additional weapon in the fight against aerial crime.

The draft convention would provide for a two-phase response to state conduct contrary to the principles reflected in the Tokyo, Hague, and Montreal Conventions: first, factfinding designed to produce full disclosure of the situation and, subsequently, recommendations by the states parties to the convention designed to remedy the situation. The U.S. Government believes strongly that the factfinding should be conducted by an independent commission of experts and that the states parties should have broad latitude in their recommendations. We believe that the potential benefits of factfinding can be seen in the investigation of the Sinai air disaster by a team of experts impaneled by the ICAO Council pursuant to a resolution of the 19th ICAO Extraordinary Assembly. The draft convention will be the subject of a diplomatic conference meeting in Rome beginning August 28, and the United States will continue to urge that it be strengthened and adopted as the only available new and immediate response to the continuing threat of hijacking and sabotage.

Most of you know that there will at the same time be an Extraordinary Assembly

of ICAO which will consider three proposed substantive amendments to the Chicago Convention, one of which has been proposed by France, another of which is sponsored by the United Kingdom and Switzerland, and the third of which has recently been sponsored by all three. All have been promoted by their supporters as preferable alternatives to the independent-convention proposal, but we are not aware that any of their proponents have currently taken a position of rigid opposition to the concept of an independent convention. In this regard, the proponents of the amendments have in the past indicated a general concern about the possibility of actions against any state by a group of states which might be unrepresentative of the entire international community. Whatever merit these concerns might have had with regard to a mandatory-sanctions convention certainly is dissipated in the case of an independent convention limited to fact-finding and recommendations. We doubt that the sponsors of the proposed amendments would seriously assert that all further legal initiatives after the Tokyo, Hague, and Montreal Conventions must carry an arbitrary requirement of 85 ratifications in order to be internationally acceptable. We are confident that careful study of the independent-convention proposal will reveal to any doubters its moderate nature and will resolve the apparent concerns which have been mentioned.

Concerning the various proposals to amend the Chicago Convention, the French proposal would incorporate the Hague Convention into the Chicago Convention verbatim, would omit mention of the Montreal Convention, and would apply article 94(b) of the Chicago Convention to expel from ICAO all states failing to ratify the amendment after its entry into force. The U.K.-Swiss proposal would incorporate by reference into the Chicago Convention the substantive provisions of the Hague and Montreal Conventions. It would also amend article 85(b) of the Chicago Convention to require states to bar use of their airspace by states acting contrary to the amendment. Finally, the French-U.K.-Swiss proposal would incorporate by reference into

the Chicago Convention the substantive provisions of both Hague and Montreal but only as and if the amendment and each of the two conventions received the 85 ratifications representing two-thirds of the membership of ICAO. The three nations appear to have agreed to permit their competing "sanctions" proposals to remain on the table.

We believe that the practical realities of amending the Chicago Convention make it unlikely in the extreme that any early measure against hijacking will ever be adopted through this procedure. This seems particularly so regarding the latest French-U.K.-Swiss proposal, which to be fully operative would require approval of at least 85 countries four different times: approval of the amendment by the Extraordinary Assembly, ratification by that number of countries of both the Hague and Montreal Conventions themselves, and, finally, ratification of the amendment by the same number.

I do not wish to be misunderstood as necessarily rejecting the substance of the amendment proposals. The sponsors of the proposals, I know, sincerely condemn aircraft hijacking and sabotage. It is conceivable that one of the proposed amendments could, with a certain amount of modification, be acceptable to the United States. In that case, it is possible that it would be deserving of support as a long-term measure which could be of utility in this struggle, if and when it enters into force some years hence. I do say, however, that any proposal requiring ratification by 85 states is not an effective current answer to a very real and pressing problem.

I believe it is worthwhile to have expounded on these problems to the extent I have because I feel there has been some confusion on the subject. The tendency has been to regard the Nordic proposal for an independent convention, on the one hand, and the Chicago Convention amendments proposed by France, the United Kingdom, and Switzerland, on the other hand, as competing proposals. While a suitably modified Nordic independent convention could well meet the same needs to which the proposed Chicago Convention amendments are addressed, the reverse clearly is not true. If an acceptable

amendment to the Chicago Convention were ever to receive the necessary 85 ratifications, an independent convention conceivably might in time become obsolete. Unless an independent convention is adopted, however, which in itself might provide an incentive to ratification of an eventual amendment to the Chicago Convention, there will be no new international law measures to combat hijacking and sabotage for a period of five or ten years, if ever.

I therefore leave you today with a simple message: Nations seriously interested in the adoption of new international law measures to combat aircraft hijacking and sabotage which can be effective in less than five or ten years must, regardless of their attitude toward the proposed amendments to the Chicago Convention, support the conclusion of an independent convention at the diplomatic conference in Rome this summer. To do otherwise would lead to inaction and inertia and would abdicate present responsibility in favor of a highly uncertain future possibility. Sole reliance upon an amendment to the Chicago Convention would clearly constitute a prescription for procrastination.

## **President Receives Report on Radio Free Europe and Radio Liberty**

*Statement by President Nixon<sup>1</sup>*

For millions of listeners on the European Continent, Radio Free Europe and Radio Liberty are sources of reliable, comprehensive information. They make available a broad range of news and news analysis which we in the West take so much for granted that we sometimes forget that such information is denied to others.

Radio Free Europe and Radio Liberty are

not spokesmen for American official policy—a broadcasting job that belongs to the Voice of America. Rather, they are highly professional media of news and news analysis, functioning as a kind of substitute free press for a crucial part of the world.

Today I am making public the report of the Presidential Study Commission on International Radio Broadcasting.<sup>2</sup> It is a thorough and thoughtful statement concerning the need to maintain and strengthen the free flow of information among nations and the unique role that Radio Free Europe and Radio Liberty play in that process. It also contains constructive and detailed recommendations on ways that support for the radio stations should be organized and financed for the future.

I shall soon send to the Congress legislative proposals for continuing Federal financial support for the two stations.

I endorse wholeheartedly the conclusion of the Commission that these voices of free information and ideas serve our national interest and merit the full support of the Congress and the American people. As I have said before, the free flow of information and of ideas among nations is a vital element in normal relations between East and West and contributes to an enduring structure of peace.

To the Chairman of the Commission, Dr. Milton Eisenhower, and to the other members—Mr. Edward Ware Barrett, Ambassador John A. Gronouski, Ambassador Edmund A. Gullion, and Dr. John P. Roche—I express my deep appreciation for their report.

<sup>1</sup> Issued on May 7 (White House press release, Key Biscayne, Fla.).

<sup>2</sup> Copies of the 91-page report entitled "The Right to Know: Report of the Presidential Study Commission on International Radio Broadcasting" are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (stock no. 4000 00289; 70 cents postpaid).

## Human Rights in Armed Conflict: Development of the Law

*Address by Deputy Legal Adviser George H. Aldrich<sup>1</sup>*

It is a pleasure to have the opportunity to speak to you this evening on the prospects for development of the laws of war and to share the platform with Hans Blix, the distinguished Legal Adviser of the Swedish Ministry of Foreign Affairs. I note that the program is entitled "Conflicting Views," and it is likely that Hans and I shall not say entirely the same things, but I think it only fair to warn those of you who are hoping to see a fierce combat that you are liable to be disappointed. Although Hans and I differ in our judgments of how far and how fast it is possible to go in the development of the law at this time, we share a common dedication to that development and a common conviction that the time has arrived for major improvements in the law to make it a more effective protection for the victims of war.

It is apparent that the laws of war (by which I mean both the law protecting prisoners, sick and wounded, and civilians under the control of a belligerent on the one hand and the law governing the conduct of hostilities on the other) are in large part old and in considerable part obsolete. The Geneva Conventions of 1949, the most recent major international instruments in this field, cover the protection of prisoners of war, the sick and wounded, and civilians in occupied territory. But they reflect the experience of World War II, and their applicability to more recent types of warfare is not always easy. Civil wars, mixed civil and international conflicts, and guerrilla warfare in general all raise problems under those conventions. Moreover, all too often nations refuse to ap-

ply the conventions in situations where they clearly should be applied. Attempts to justify such refusals are often based on differences between the conflicts presently encountered and those for which the conventions were supposedly adopted. Other aspects of the laws of war—except for the use of poison gas and bacteriological weapons (which were the subjects of the 1925 Geneva Gas Protocol) and the protection of cultural property (the subject of a 1954 convention)—have been left untouched since the Hague Conventions of 1907. The expansion of military objectives and changes in weaponry and firepower have increased manifold the vulnerability of non-combatants. The law has not developed apace.

The International Committee of the Red Cross (ICRC) has taken the lead in reexamining those laws of war specifically applicable to the protection of war victims. Acting under a mandate given by the 21st International Conference of the Red Cross in 1969, the ICRC sponsored conferences of government experts in both 1971 and 1972 to consider where progress may be possible. Those conferences, the second, and broader, of which was attended by experts from 77 governments including the United States, considered ways in which the international humanitarian law applicable in armed conflict can be further developed. Preliminary drafts were discussed with a view to advising the ICRC in its further drafting efforts. The ICRC intends to produce drafts to serve as the basis for negotiations at a diplomatic conference to be convened by the Swiss Government in Geneva in February of next year. Probably these drafts will take the form of two protocols to the Geneva Conventions of

<sup>1</sup> Made before the American Society of International Law at Washington on Apr. 13.

1949, one dealing with international armed conflicts and the other with noninternational armed conflicts.

The United States has welcomed this initiative by the ICRC and its careful preparatory work. The forthcoming diplomatic conference will be a major step in the process of bringing the law up to date, and I can assure you that we shall participate fully and enthusiastically.

I should note that there has also been some helpful activity in the United Nations with regard to human rights in armed conflict, in particular several extensive reports by the Secretary General and a number of resolutions approved by the last few General Assemblies. While appreciative of these contributions, I believe the drafting and consultative efforts by the ICRC and the conference to be convened by the Swiss Government will be more directly productive of new international law.

#### **Problems in Implementation of Existing Law**

Permit me to turn now to some of the deficiencies in the existing law and our hopes for improvement. Deficiencies are found in both the substance of the existing law and in its application and enforcement. Of the two, the latter is, in our view, the more important and probably the more difficult to correct. If we cannot induce compliance with the broadly accepted Geneva Conventions of 1949, it will be of little value to have new conventions for states to disregard at will.

Naturally, the example of most recent and direct concern to those of us in the U.S. Government is that of Viet-Nam. By mid-1965 it had become apparent to the International Committee of the Red Cross that the conflict in Viet-Nam had become an "international armed conflict" requiring application of the Geneva Conventions in their entirety. The committee so informed the parties to the conflict. The United States and the Republic of Viet-Nam agreed and stated that they would apply the conventions. The Democratic Republic of Viet-Nam and the National Liberation Front, on the other hand, responded negatively and have refused on

various grounds to apply the conventions.

North Viet-Nam denied the applicability of the Geneva Prisoner of War Convention on the ground that our men were "war criminals" who were not entitled to benefit from the protection of the convention. In support of that contention, North Viet-Nam referred to its reservation to article 85 of the convention (which parallels that of other Communist governments) exempting convicted war criminals from its protection. That argument is specious for several reasons—most fundamentally because to deny the protection of the convention to all captured military personnel on the basis of a unilateral assertion that they are all war criminals is to make a mockery of both the convention and the customary law upon which it rests. Beyond that, the reservation was distorted by North Viet-Nam to make it applicable even before trial and conviction.

The ICRC stated, first privately to Hanoi and finally publicly, that this position was unacceptable. This could not have surprised the North Vietnamese leaders, as they must have known that the argument had no merit. It is obvious that for various reasons they decided in 1965 to isolate and mistreat the prisoners they were taking, to prohibit or severely restrict their contact with the exterior, and to refuse to acknowledge which men were prisoners. Since the Geneva Convention inconveniently proscribed each of these measures, some excuse had to be found to ignore it. Although their excuse was untenable, neither the convention nor general international law has provided any effective remedy for this flagrant disregard of international obligations, and our persistent efforts to bring about some type of impartial inspection of detention conditions continued to be rebuffed.

However much our preoccupation with it, Viet-Nam is not the only example of inadequate compliance with the law. The conflict in the Middle East has also produced some more limited refusals to apply the Geneva Conventions. In 1967, at the time of the six-day war, arrangements were made quickly, with assistance from the ICRC, for the release and repatriation of prisoners of war.

However, in subsequent years there have been instances in which Egypt has refused to return several seriously sick or wounded Israeli pilots. Israel, as occupant of the territory seized during the fighting in 1967, is bound by the Fourth Geneva Convention—that for the protection of civilians—but Israel refuses to apply the convention. Israel maintains that it treats the inhabitants of the occupied areas better than the convention requires, and that may well be in many respects, but there are a number of Israeli actions that seem inconsistent with the convention. For example, the convention forbids collective punishments; yet private homes have been destroyed without the requirements of proof or a trial when the owners are suspected of having knowledge of Arab terrorists and not reporting that knowledge. Also, despite the prohibition in the convention on the forced relocation of persons, there have been cases in which Arab residents were deported, rather than fined or imprisoned, for criminal offenses. Again, judicial safeguards are often unavailable.

Other examples can be cited. I would note that Pakistan in Bangladesh and the United Kingdom in Northern Ireland have refused to acknowledge the applicability of article 3 common to the four Geneva Conventions concerning noninternational armed conflicts. India and Bangladesh, while acknowledging applicability of the Prisoner of War Convention to Pakistani prisoners, have thus far refused to repatriate them until Pakistan recognizes Bangladesh.

One very clear lesson from these experiences, particularly from Viet-Nam, is that the conventions provide inadequate mechanisms to establish and carry out independent observation of performance. The conventions assume the establishment of protecting powers; they do not explicitly require the appointment of either a protecting power or a substitute for a protecting power. The ICRC, whose traditional humanitarian functions are recognized by the conventions, is given no treaty right to operate on the territory of a party unless that party decides to authorize it in a specific case.

As we made clear in the recent confer-

ences of government experts in Geneva, we believe first priority must be given to improving the application and enforcement of the existing law. The United States presented certain proposals to the conference to establish procedures for the appointment of a protecting power and to commit states to accept the ICRC as a substitute therefor in the absence of a protecting power. We intend to pursue this question at the diplomatic conference. Our basic aim, of course, is to make it more likely that there will in fact be some external observation of compliance. We recognize there can be no guarantee that a nation will not flout its international obligations, but the law should be so framed as to increase the costs of such conduct and thereby make it less likely.

Turning now from the implementation of the existing law to its substantive inadequacies, there are three which I would like to discuss this evening. Many others could be added, and they are important, but time does not permit. Present law seems clearly inadequate to (1) prevent unnecessary suffering in civil wars or mixed international and noninternational conflicts, (2) deal realistically with the treatment of guerrillas, and (3) protect the civilian population from combat operations.

### **Noninternational Armed Conflicts**

It is not really surprising that international law, which is principally concerned with the relations between nations, should deal very gingerly with civil wars, for I think we can all agree that the international protection of human rights has developed only slowly and within a very limited scope. International humanitarian law, as it applies to civil wars, is found in a single article common to all four Geneva Conventions. That article, article 3, establishes certain minimum humanitarian standards which are applicable to government and rebels alike. It provides for humane treatment of non-combatants including prisoners and the sick and wounded and forbids murder, torture, the taking of hostages, humiliating and degrading treatment, and the passing of sen-



tences without benefit of fair judicial process. Although limited in scope and precision, that article, if consistently applied in practice, would go far to reduce the suffering caused by civil wars. Perhaps its most significant omission is any requirement for independent external observation of compliance.

Any effort to expand these protections must take into account the very real difficulties. In the first place there is a general concern of governments that the acceptance of international standards for a civil war connotes international recognition of the insurgents. This concern results from the historical development of the law; in customary law the international laws of war become applicable to a civil war upon international recognition of the rebels as belligerents. This concern persists despite an explicit provision in common article 3 that its application shall not affect the legal status of the parties to the conflict. Personally, I deplore the fact that this concern so often effectively prevents official admission that an internal armed conflict is one to which article 3 applies, but we cannot ignore that political reality. Governments will predictably remain unwilling to do anything that could enhance the perceived status of rebels or give any appearance of legitimacy to their actions.

Despite these difficulties, there are a number of important advances in the law that should be attainable, and it would be inexcusable if we made less than a maximum effort to achieve them. For example, it should be possible to add considerably to the specific requirements for humane treatment contained in common article 3 by referring to the types of outrages that have become all too common, particularly the taking of hostages, terroristic violence, and cruel treatment of all sorts. Moreover, special protections should be accorded women and children, medical units and personnel, and all persons captured or detained. It should be possible to prohibit attacks on noncombatants and on the civilian population as such and also certain types of forced movements of civilians. I hope that it may prove feasible to include meaningful obligations to permit the passage of food and relief supplies

for noncombatants. Perhaps the most important improvement that could be made would be a clear statement that the protocol on noninternational armed conflicts comes into force at such a low level of conflict as to make it more difficult than at present to deny its applicability.

### **Treatment of Guerrillas**

With respect to the treatment of guerrillas—combatants who are not members of regular armed forces—the experience of the Second World War resulted in a provision in article 4 of the Geneva Prisoner of War Convention which accords to certain guerrillas involved in international conflicts the right to be treated as prisoners of war. Previously, as unprivileged belligerents, guerrillas enjoyed no protected status and could legally be executed. However, this entitlement to POW treatment in the convention is limited to guerrilla groups which meet the following five criteria: (1) they belong to a party to the conflict; (2) they are commanded by a person responsible for his subordinates; (3) they have a fixed sign recognizable at a distance; (4) they carry arms openly; and (5) they conduct their operations in accordance with the laws and customs of war. When viewed in the light of guerrilla war as we have known it in recent years, some of these criteria seem a bit quaint. In Viet-Nam, for example, thousands of the Viet Cong troops had no fixed sign, did not carry arms openly, and frequently did not abide by the laws of war. Nevertheless, except for terrorists, spies, and saboteurs, the United States and the Government of the Republic of Viet-Nam have treated them as prisoners of war. We took the position that any member of the North Vietnamese armed forces and any member of a main-force Viet Cong unit should be treated as a POW. In addition, we treated other guerrillas as POW's whenever they were captured with weapons in battle.

If our experience in Viet-Nam could be applied generally, it would be a relatively simple matter to liberalize the strict standards of the convention. However, it is not

yet clear that it can be easily applied to different situations. Much depends on the circumstances of each conflict. In the Middle East, for example, a serious problem has been the independence of guerrilla groups that are often not subject to control by any government. What means are there to induce groups such as these to abstain from the use of terrorism against civilians, which they may see as their only effective weapon? And if they will not abstain, government forces that take them into custody can scarcely be expected to regard them as prisoners of war.

On the other hand, we should not overlook the possibility that, within limits, the prospect of POW treatment can be used as an incentive. In other words, guerrilla groups might be induced to conduct their operations in accordance with law if they knew that doing so would result in their being treated as POW's if captured and provided that doing so would not make it impossible for them to fight effectively. I think it likely, for example, that states may be able to agree to drop the requirement of having a fixed sign recognizable at a distance and to limit the requirement of carrying arms openly to such times as the guerrillas are engaged in their military operations. This subject is full of difficulties, but a workable compromise should not be beyond our reach.

### **Protection of the Civilian Population**

Issues of a totally different—and I fear much more formidable—sort are presented by our efforts to develop law that will give meaningful protection to civilians. The history of the 20th century should quickly dispel any notion that the rise of humanitarianism and the protection of human rights, which have strongly influenced modern developments in international law, are effective pressures for the protection of noncombatants from the effects of war. What we have seen is all too clearly a general acceptance of the view that modern war is aimed not merely at the enemy's military forces but at the enemy's willingness and ability to pursue its war aims. Thus, in the Second World War the enemy's will to fight and his

capacity to produce weapons were primary targets; and saturation bombing, blockade of food supplies, and indiscriminate terror weapons such as the German V-bombs were all brought to bear on those targets. In Viet-Nam political, rather than military, objectives were even more dominant. Both sides had as their goal not the destruction of the other's military forces but the destruction of the will to continue the struggle. To that end the United States bombed and mined ports, rivers, and other lines of communication without invading North Viet-Nam, and our enemies launched rockets against cities, assassinated government officials and other influential civilians, and tortured prisoners to obtain propaganda statements, without any hope of destroying American military strength.

Given the nature and goals of contemporary warfare, quick and easy answers will not solve the problem of protecting civilians—at least not in the context of a negotiation on the laws of war. One could imagine prohibiting attacks on urban areas except by weapons so controlled and so discriminate that only military installations would be damaged. I believe we would all agree that this would be an excellent rule, but we have to accept the fact that it would fundamentally change the nature of modern conventional war and would preclude nuclear war almost completely. This is why we cannot seriously expect such dramatic results from the 1974 diplomatic conference. Proposals along these lines are, in reality, proposals for revolutionary change which would require a fundamental reordering of national security planning. However desirable they may be, I submit that they demand more than the lawyers and diplomats who attend the conference to supplement the Geneva Conventions can be expected to produce, and we must see them as longer range objectives.

I do not want to suggest that additional protections for civilians are not essential results of the 1974 conference. On the contrary, I believe significant and worthwhile improvements in civilian protection can be achieved if we concentrate on proposals that are more limited. For example, I believe

we can and should devise rules to promote care by armed forces in avoiding unnecessary injury to civilians and damage to civilian property and to make safety zones a workable concept in the real world. While I believe it unrealistic to prohibit all attacks on hydroelectric dams and power stations as some have suggested, we should try to clarify the rule of proportionality and particularly its applicability to such situations. We need rules as concrete as possible so as to be conducive to application by the troops in the field as well as by governments in their national security planning.

One example of a specific rule that may be feasible is one prohibiting the use of starvation as a weapon of war. This is, of course, one of the oldest weapons, and it tends to be one of the least discriminate since civilians are more likely to go hungry than are soldiers. The generally accepted rule today is that crops and food supplies may be destroyed if they are intended solely for the use of armed forces or if their destruction is required by military necessity and is not disproportionate to the military advantage gained. As you know, in Indochina we tried a limited program of crop destruction in isolated areas where the evidence was strong that the crops were intended for enemy troops. Although this program was legal, President Nixon ended it several years ago, and I believe that we should give serious consideration to agreeing to prohibit deliberate crop destruction in the future. I would hope that new rules can also be developed to reduce or eliminate the possibility that starvation will result from blockade, perhaps by requiring the passage of food supplies provided only that distribution is made solely to civilians and is supervised by the ICRC or some other appropriate external body.

With respect to prohibitions of specific weapons on the ground that they cause unnecessary suffering or are inherently indiscriminate, I believe most efforts in this direction are misconceived. Virtually any weapon can be used indiscriminately, and even weapons of mass destruction can be used discriminately in certain circumstances.

It is obviously much more difficult to avoid indiscriminate use within a populated city than in a desert or at sea. Whether the suffering a weapon causes is "unnecessary" in the sense required to make it unlawful requires a balancing of this suffering against the military necessity for its use. Thus, napalm, which certainly causes terrible suffering, is generally viewed as lawful, because it is uniquely effective for certain military purposes, particularly against underground fortifications and against armor. Perhaps the development of laser-guided weapons or other new weapons will reduce the necessity for napalm to the point where it can be prohibited, but it seems doubtful that we have yet reached that point.

International law can and should compel governments to refrain from developing weapons that cause unnecessary suffering and to renounce the use of such weapons. It does not follow, however, that negotiating through general international conferences is a satisfactory way of doing this. States which, for whatever reason, do not possess or use certain weapons will doubtless be more willing to prohibit them than states that rely on them. Similarly, states which rely more on massed manpower for military strength than on firepower and mobility would be likely to see security advantages in prohibiting many weapons. There should be little wonder that many governments—and particularly those of the technologically most advanced states—hesitate to submit questions of importance to their national security to such procedures. I suggest that there will probably be greater prospect of success in efforts to devise procedural rules that require governments to justify thoroughly and carefully the legality of weapons they develop and retain than in attempting to negotiate an agreed list of prohibited weapons. I am afraid that either any such list, or the parties to it, or both, would be embarrassingly brief.

In this, as in any survey of the laws of war, the deficiencies are writ large for all to see. Given the stakes, progress is imperative. An attitude of mere openmindedness and detachment will not suffice. There must be added a sense of commitment to the goal

of reducing by means of law the human suffering that always accompanies resort to armed force. The United States has that sense of commitment. If anything, it has been sharpened by our grim experience with guerrilla warfare and counterinsurgency in Indochina. In cooperation with others who share that commitment, we shall do our best to forge a better law and promote respect for human values. That is a worthy task, and one for which I believe the time is right.

## Prayer for Peace—Memorial Day, May 28, 1973

### A PROCLAMATION<sup>1</sup>

This day of memorial to those who have given their lives to preserve America's freedom over the centuries has special meaning for us in 1973. The longest and most difficult war in our history is over. The brave men who served so well in that conflict are home again; our valiant prisoners are free at last and reunited with their loved ones—all made possible by the firm resolve of the American people. Thus our prayers for peace this day are also prayers of thanksgiving.

Through our history we have seen despotisms and ideologies come and declare themselves the wave of the future, crushing freedom under foot—but each has passed, and freedom, sure as spring, has pushed up through the ruins again to reaffirm the essential dignity of man.

Americans have been on the side of that dignity in every war we have fought. Today, freedom survives in South Vietnam, and generations hence, the literature of liberty will tell that America demonstrated fully and finally its great commitment to its founding principles by fighting on behalf of just eighteen million people half a world away—and by achieving at last what we fought for.

Those who stood at Hue and Khe Sanh were the spiritual descendants of the heroes of Chosin, Bastogne, Gettysburg, and Lexington. The patriotic line continues unbroken. America called, and the answer came back yes.

Now those soldiers and sailors and airmen who have kept freedom's faith look to America—not for

thanks, but to know if we have marked their deeds and if, in the way we live our freedom, we are determined to be worthy of those deeds.

Only by working to make war obsolete in the future can we truly redeem the sacrifices of patriots who fell in the wars of the past. The tensions which still exist among nations will yield to negotiation if we are steadfast in our purpose and patient in our endeavor. New relationships are already taking shape, pointing to the creation of a more stable and open world, a world in which hatred and discrimination are replaced by brotherhood and understanding—above all, a world free forever of fear and want and war.

This is the dream for which generations of American fighting men have made the ultimate sacrifice, from the bridge at Concord to the jungles of Vietnam. It can be achieved. Their sacrifices have moved us ever closer to it.

The Congress, by a joint resolution approved May 11, 1950, has requested the President to issue a proclamation calling upon the people of the United States to observe each Memorial Day as a day of prayer for permanent peace.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, do hereby designate Memorial Day, Monday, May 28, 1973, as a day of prayer for permanent peace, and I designate the hour beginning in each locality at 11 o'clock in the morning of that day as a time to unite in prayer.

I urge the press, radio, television, and all other information media to cooperate in this observance.

As a special mark of respect for those Americans who have given their lives in the war in Vietnam, I direct that the flag of the United States be flown at half-staff all day on Memorial Day on all buildings, grounds, and naval vessels of the Federal Government throughout the United States and all areas under its jurisdiction and control.

I also request the Governors of the United States and of the Commonwealth of Puerto Rico and the appropriate officials of all local units of government to direct that the flag be flown at half-staff on all public buildings during that entire day, and request the people of the United States to display the flag at half-staff from their homes for the same period.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-fifth day of May, in the year of our Lord nineteen hundred seventy-three, and of the Independence of the United States of America the one hundred ninety-seventh.



<sup>1</sup> No. 4218; 38 *Fed. Reg.* 14151.

## Priorities in the Development Assistance Program

*Statement by John A. Hannah  
Administrator, Agency for International Development<sup>1</sup>*

I welcome this opportunity to appear before this committee to discuss the programs of the Agency for International Development and to answer your questions.

The two-year authorization we are requesting for development assistance will enable us to move forward effectively with the new directions AID has been pursuing for the past 15 months.

I will cover the entire AID program this morning, leaving the specifics of particular programs and geographic areas to those who will appear before you over the next several days to go into the specific details.

Since we last discussed these matters, important progress has been made toward our fundamental goal of a durable structure of peace. A settlement of the Viet-Nam conflict has been negotiated, and American troops have returned home. Relations have turned from confrontation to negotiation as our contacts with the U.S.S.R. and the People's Republic of China have entered a new, less sterile phase. Steps are underway to reduce the threat of nuclear war. Association with traditional allies and trading partners is being reinvigorated.

Encouraging as these developments with the industrialized nations are, they do not obscure the condition or importance of the poor nations. The developing countries—

often referred to as the LDC's [less developed countries]—occupy two-thirds of the earth's land area and control vast amounts of its natural resources. They contain 74 percent of the world's total population.

Some of the developing countries have made significant economic progress in recent years. These gains have been unevenly realized and too often overwhelmed by unchecked population growth. The enormous gap between small groups of citizens who have benefited from modernization and the much larger groups who remain trapped in conditions of severe deprivation continues to grow. Serious social and political problems result. Mass unemployment faces the flood of young workers entering the job markets. Up to two-thirds of the people in some of the developing countries suffer from malnutrition. For one-half of all mankind there is no health care. Unless further substantial and more equally distributed progress takes place—through efforts by developed and developing nations alike—such grinding deprivation in the lives of hundreds of millions will continue.

This situation appeals to American sympathies. But it is more than a moral dilemma. It is an increasingly dominant factor in determining the kind of world in which we and our children will live. Peace cannot be sustained in conditions of social upheaval or a growing confrontation between rich and poor.

Equally important from the perspective of our own interests, the United States and the

<sup>1</sup>Made before the House Committee on Foreign Affairs on May 17. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

other industrial countries are linked to the developing countries by considerations of trade, investment, and critical resource needs. We share with them a common interest in an open international economic system in which all nations benefit from an increased flow of goods and services.

With 6 percent of the world's population, the United States consumes nearly 40 percent of the world's annual output of raw materials and energy. Increasingly, we depend on other countries for these supplies. U.S. imports of energy fuels and minerals are expected to increase from \$8 billion in 1970 to more than \$31 billion by 1985. By then, half or more of our petroleum imports may need to come from a dozen traditionally underdeveloped countries. The known reserves of many minerals are largely located in the developing countries. A comprehensive study of U.S. mineral use and resources released by the U.S. Geological Survey last week sets forth in sobering terms the implications for the U.S. economy of any failure to continue to obtain adequate raw materials.

On the other side of the trade ledger, the developing countries are becoming increasingly important as markets for U.S. goods. In 1970, they accounted for 30 percent of all U.S. exports. The investments of U.S. corporations in the developing countries presently total some \$30 billion and are growing at about 10 percent a year.

The solution of such world problems as environmental pollution, narcotics control, and security of travel requires broad international cooperation with the developing countries. The development of a satisfactory international monetary system requires the participation of the developing countries.

For all of these economic, political, and moral reasons, a sustained U.S. response to the challenge of underdevelopment is as much in our interest as it is in that of the developing nations.

#### **Bilateral Development Assistance**

The United States has a variety of means—within the general categories of aid, trade, and investment—by which it can express na-

tional purpose and policies in international economic development. The instrument which is most responsive to national guidance is bilateral aid.

We have carefully redesigned the bilateral aid program to focus on applying the scientific and technological resources of this country to a few of the major human problems which are common to the developing countries.

The program emphasizes greater use of the U.S. private sector, coordination with other donors, a collaborative style which recognizes the responsibility of the developing countries for their own development, and a smaller AID staff organized for more effective performance.

The new AID program is people-oriented. We believe that the fundamental purpose of all AID projects and programs must be to help the governments and peoples of the developing countries move in the direction of providing lives of better quality for all of their people.

AID's priorities for the next two years and beyond are:

Specific problems common to the LDC's

- Food production and human nutrition
- Population growth and health
- Education and human resource development

Indochina reconstruction

Development assistance for selected countries of major U.S. interest in Latin America, Africa, and Asia

Humanitarian assistance and disaster relief

*Food and Nutrition:* At present population growth rates, the food production of the world will have to double by the end of this century just to maintain current inadequate levels of diet, and increase by 2½ times to provide adequate diets. Since there is little arable land not already in use, this increase must be achieved by breakthroughs in agricultural productivity and technology.

Providing adequate food is the first step toward meeting the needs of people and for energizing the whole process of development.

Our food production and nutrition pro-

grams emphasize the application of the United States unparalleled scientific and technological resources in agriculture to the particular problems of agricultural production and nutrition in the poor countries. The program—undertaken in collaboration with U.S. and international institutions—includes assistance to help countries train agricultural technicians, build irrigation systems and fertilizer factories, develop effective marketing and extension services, develop agro-industries and other institutions needed to support effective agricultural production, marketing, and distribution.

We propose \$299.6 million for food production, nutrition, and rural development in FY 1974. In addition, \$1,028 million of Food for Peace commodities will be provided under P.L. 480 in FY 1974. This includes \$830 million of title I sales and \$198 million in title II grants to improve nutrition and promote development through Food for Work projects.

Our agriculture development and P.L. 480 programs not only reduce poverty in developing countries and close the world food gap; they also increase U.S. exports and improve the U.S. economy. U.S. agricultural exports to the developing countries have increased sharply since 1955, while concessional sales have dropped since their 1965 peak. Time and again we have found that as countries develop they become better commercial customers.

*Family Planning and Health:* The developing countries account for about 85 percent of the annual world population growth. Family size in the developing countries now averages about six children per family. At this fertility level, world population will grow from today's 3.7 billion to about 6.8 billion by the end of this century. If it continues at this rate thereafter, total world population could reach 10 to 12 billion people in the next 50 years.

The population boom is perhaps the most intractable problem facing the developing countries today. Curbing it is only partly a matter of increasing the availability of contraceptives and family planning information.

High birth rates are inextricably linked to the problem of health and the problem of poverty generally. Low income and poor health do not act as incentives to limit families. This is particularly true where the only security for old age is the hope of having two sons to share the responsibility for caring for the aged parents.

Half of all the deaths in the developing world are accounted for by children under the age of five. The population program must be concerned with the health and welfare of the whole family—children and parents and particularly the mothers.

Some 50 developing countries have family planning programs, and there has been a rapid worldwide spread of population activities in the past decade. The United States, through its aid programs, will continue to give high priority to cooperating with other nations to curb the massive, unmanageable increases in world population which are now before us.

We propose \$152.8 million for population and health in FY 1974. \$74.6 million is to help developing countries extend family planning and health services to rural and urban couples. Family planning services now are available to less than 15 percent of all of the people in the developing countries. We propose \$11.2 million for research into better contraceptives and finding out more about what motivates families in poor countries to accept family planning. Funds are included for programs to develop low-cost health care systems and combined family planning and health programs. Contributions are proposed for the U.N. Fund for Population Activities, the Planned Parenthood Federation, and other international organizations.

*Education and Human Resource Development:* Although developing countries have doubled and tripled the size of their school systems in the past 10 years, there are more children out of school than there were 10 years ago. There are no schools at all for more than 300 million of their children. The developing countries cannot afford to copy the high-cost school systems of the West. They require new low-cost systems within

their ability to pay for if they are to roll back the tide of illiteracy.

AID's education program is concentrating on helping to develop such new means of low-cost education. It emphasizes training for the management skills needed to deal with the basic problems of development.

We continue to provide training opportunities in this country for advanced training and practical experience for technicians in many areas of development and government service.

The AID participant training program has helped to identify and finance the training of technicians and administrators who are today the backbone of trained personnel in most of the LDC's. More than 160,000 of these former trainees are now working in their own countries. Among them are cabinet ministers, members of the legislative bodies, university presidents, and deans and faculty members, rural health officers, agriculture technicians, engineers, teachers, government officials, and all the rest.

We propose \$113.8 million for education and human resource development in FY 1974.

*Application of New Technology:* In concentrating on these priority development problems, we are moving beyond the traditional concept of transferring existing technology and resources from rich to poor countries. We are seeking to link educational and technological institutions in the less developed world with developed country institutions in a common, systematic problem-solving effort. This approach is already beginning to pay dividends.

—AID-financed researchers at the University of Nebraska, working with local research stations in 27 countries, have more than doubled the protein values of wheat and obtained new scientific understanding of the physiological process by which plants make protein. This brings us closer to the day when we will be able to reduce worldwide malnutrition by building protein-rich plants "by prescription" to meet human needs.

—AID and Rockefeller Foundation-financed researchers at the University of Illinois are in the final stages of developing a biodegradable DDT, a development which, when completed, will have major ecological benefits for both rich and poor countries.

—AID is supporting promising research to develop a malaria vaccine which, if successful, will be the first vaccine ever for a blood parasite disease and could represent a breakthrough of major importance for control of malaria and similar diseases worldwide.

These advances underline the truism that joint work on the human problems of developing countries can benefit the citizens of all nations.

The redesigned AID program moves beyond the traditional approach of concentrating on rapid GNP growth under the assumption that the benefits of growth will trickle down to all people. Up to 40 percent of the total population in all the developing countries are trapped in conditions of poverty beyond the reach of market forces and without minimal levels of food, health services, and literacy. Rapid aggregate economic growth is still the prime requisite of development, but our development program seeks to find means of achieving rapid economic growth which will also provide improvements in employment opportunities.

#### **Indochina Reconstruction**

A successful transition from war to peace in Indochina requires more than the cease-fire agreement.

Special attention is being given to reconstruction assistance for Viet-Nam, Laos, and Cambodia, in an international context designed to maximize contributions from other countries and reinforce the peace.

It also requires a major reconstruction and development effort to overcome the effects of the war. In our proposals for economic assistance in FY 1974 we have requested \$632 million for reconstruction, rehabilitation, and humanitarian programs in Indochina for



the three nations—South Viet-Nam, Cambodia, and Laos. At this time there is no request for aid to North Viet-Nam.

The reconstruction programs which we have proposed are in four categories. First priority is humanitarian programs, primarily involving refugees. There are large costs inherent in the resettlement process, whether it be for new settlement or return to old homes, as well as the maintenance of those refugees who cannot yet be resettled. Much of this effort is in South Viet-Nam, but it includes Laos and Cambodia.

A second major component is the reconstruction of facilities physically damaged during the war, including transportation systems, communications, and irrigation structures.

A necessary condition for peaceful reconstruction is the maintenance of economic stability in each of the nations concerned. In the first instance this requires coherent economic, fiscal, and monetary policies on the part of the individual nation, but it also requires a continuing flow of external resources. In the case of South Viet-Nam, the foreign exchange problems of the nation are at the moment overwhelming, inasmuch as export levels have been at extraordinarily low levels because of the war. Now, with the departure of U.S. troops, South Viet-Nam's earnings from troop and related expenditures have been reduced to a low level. Consequently the need for import financing will continue at high levels for at least the next two years.

Finally, longer term economic development is essential if these countries are to achieve eventual economic self-sufficiency. In South Viet-Nam the primary effort will be to insure that the private sector receives the capital financing necessary to move ahead rapidly with new investment. Beyond this, we are working closely with the South Vietnamese in the design of new peacetime development institutions and the improving of existing ones in the agricultural, industrial, and educational sectors.

The economic aid budget for part V of this bill was prepared before the cease-fire, and we have not yet completed our reexamination of these requirements. It is possible that additional resources will be necessary to support the reconstruction program in South Viet-Nam. When these studies are completed and the President has had an opportunity to consider the conclusions thereof together with the budgetary consequences, there may well be a supplementary request. We are now seeking only that level of funding proposed in the original budget presentation.

The international lending organizations and all other donors are being encouraged to participate fully in the financing of Indochina's reconstruction. The World Bank, working with the Asian Development Bank, has started its exploratory efforts with other donors on the establishment of a consultative group to deal with the complex problems of reconstruction, and we are working very closely with them in this undertaking.

#### **Aid for Selected Countries and Programs**

*Transportation, Power, and Urban Development:* In addition to loans and technical assistance in the priority sectors of food, population, and education, we propose \$177.6 million in FY 1974 for transportation, power, and urban development. \$103.7 million will be for development infrastructure, which is a prerequisite to further development in many countries. For illustrative purposes, these include such projects as assisting the Government of Mali in a multidonor program to improve trunk roads and participating with other donors in assisting Indonesia build modern power and road systems. We also propose \$50.5 million for urban development, primarily in Latin America.

*General Economic Loans:* AID proposes loans for general economic growth in five key developing countries in FY 1974: Indonesia, Pakistan, India, Ghana, and Sudan.

These loans are undertaken to alleviate shortages of foreign exchange, which have been identified as key impediments to growth

in these countries. The loans stimulate development by providing needed imports of industrial equipment, raw materials, and agricultural inputs from the United States. They are generally undertaken as part of a consortium of donors led by the World Bank. They encourage and are conditioned on substantial self-help measures by the recipients. We propose \$185 million for this purpose in FY 1974.

#### **Humanitarian Assistance and Disaster Relief**

*Humanitarian Assistance:* Among the steps we have taken to focus our assistance programs more effectively on the basic needs of people is the creation of a new Bureau for Population and Humanitarian Assistance. In addition to its work in population, this Bureau is in charge of AID's expanding relationships with U.S. private voluntary agencies and AID's disaster relief program.

The energy of private and voluntary groups is a familiar and creative resource in many aspects of our life. Perhaps more than any other of our national institutions, they represent the individual conscience and the special concerns of the citizens in our open society. Some 800 voluntary agencies have programs related to the needs of people in the poor countries. About 80 of these, officially registered with AID, raised nearly half a billion dollars in private contributions of cash and supplies in 1972 to support their own programs overseas.

AID is encouraging further involvement of these private groups in bettering the lives of people of the poor countries. Many of the voluntary agencies are complementing their normal child feeding and welfare programs with development programs. In addition to the traditional voluntary groups, a number of other private and nonprofit groups with special technical skills have begun overseas development programs in recent years. AID is supporting this effort with grants and is seeking ways in which private agencies can participate in AID-financed development programs abroad. In FY 1974, we propose \$33.4 million in assistance to U.S. and international private groups.

*Disaster Relief:* AID continues to provide relief and reconstruction to areas torn by manmade or natural disasters: typhoons, earthquakes, floods, famines, and civil disturbances. As population grows, people are moving into ever more marginal areas—lowlands, dry lands, mountain regions—land increasingly susceptible to drought and flood and earthquake. This has made the probability of major disasters greater today than in the past.

In the last two years, AID has responded to mammoth disasters in Bangladesh, the Philippines, and Nicaragua, plus 47 smaller disasters in 39 other countries. U.S. disaster relief administered by AID during this period has totaled more than \$483 million (including food aid) in disasters affecting some 52 million people. Funding for AID's disaster relief is handled initially under the contingency fund, for which we are requesting \$30 million in FY 1974. If there are large-scale disasters needing sustained relief and rehabilitation assistance in FY 1974, we will need to request additional funding from the Congress. The legislation before you requests permanent authorization for appropriations for disaster relief assistance in case of extraordinary disasters of large magnitude.

Immediate relief is only the first step in AID's response to disaster. It is followed usually by rehabilitation and longer term reconstruction assistance. Further, a disaster may set back development efforts underway, requiring reprogramming of all aspects of economic development. Disasters may alternatively open possibilities for expediting development because of the need to establish new or strengthened planning and administrative mechanisms and to increase attention to human and economic priorities. AID organization and procedures are designed for maximum operational coordination of all these aspects.

A coordinated U.S. response is enhanced by the management of all these phases by a single agency.

*Least Developed Countries:* At the 1972 UNCTAD [United Nations Conference on

Trade and Development] meetings in Santiago, all multinational and bilateral aid donors agreed to increase their emphasis on assistance to the world's poorest 25 countries. These are the countries whose income and natural endowments are so low that very little of the basic prerequisites for growth exist. These countries contain 150 million people—about 10 percent of the total population of the developing countries (excluding People's Republic of China).

AID has pledged its support for this special effort. Initially, we are concentrating on least developed countries which have long established AID programs, such as Afghanistan, Nepal, Haiti, Tanzania, Lesotho, Botswana, and Ethiopia. The special measures for these countries include more liberal use of grant funding, simplified contracting procedures, and encouraging U.S. private and voluntary agencies to expand their programs in these countries.

*Public Law 480*: The Food for Peace Act, which expires in December, has become an increasingly important part of the development and disaster relief activities carried out by AID in cooperation with other U.S. Government agencies. The need for U.S. agricultural commodities is considered in the context of overall development in various countries and is tied directly to their efforts to increase their own food production. The Food for Peace program also provides important support for the programs of many American voluntary agencies which are actively engaged in the development process and in assistance in natural disasters and resettlement of refugees.

The P.L. 480 program should continue at present levels—about \$1 billion annually—to help meet the food gap projected into the 1980's. We should take this requirement into account in domestic agricultural planning in the United States. The very heartening increases in U.S. agricultural exports over the past few years need not have the effect of diminishing P.L. 480 availabilities. The productive capacity of our U.S. agricultural system can accommodate expanding commercial exports and a sensible concessional program.

### **Management of Bilateral Aid**

We are improving the efficiency of AID's program by consolidating administrative functions and reducing staff. The management profile we have in mind is for small field missions and a reduced Washington staff.

At the height of the Indochina involvement in 1968 the total direct hire AID staff worldwide reached a high of almost 18,000 persons. This level had been reduced to 14,486 at the end of fiscal 1970, to 13,477 at the end of FY 1971, to 11,719 at the end of FY 1972, to 10,800 now, and is scheduled to decrease to 9,900 in FY 1974, an overall reduction of almost 50 percent.

Substantial additional reductions can be accomplished through the approval of the recommendations in the legislation before you to include AID career Foreign Service employees under the terms of the Foreign Service retirement provisions that now cover State and USIA personnel. This would encourage AID employees who are eligible to retire to do so and would move the mandatory retirement age from the present 70 years with 15 years of service to normal retirement at age 60 with possible extension to age 65. The authorization act voted by the House last year included a similar provision.

### **Multilateral Assistance, Trade, and Investment**

Multilateral assistance is the other major channel through which U.S. economic aid is made available for development purposes. U.S. participation in the multilateral institutions—World Bank, the regional development banks, and the United Nations system—has been instrumental in creating a network of international development agencies in which both contributing and recipient nations participate and in stimulating increasing contributions from other donor countries. In recent years, 20 to 25 percent of U.S. development assistance, other than food aid and Southeast Asia assistance, has been provided through multilateral institutions.

While total worldwide official development

assistance from all donors increased from \$4.7 billion in 1960 to \$6.8 billion in 1970, the U.S. share decreased from 60 percent of the total to 45 percent, reflecting substantial increases in the levels of assistance from other bilateral donors, particularly West Germany, Canada, and Japan. The World Bank group has become the primary source of capital development funds. Loans from the World Bank, IDA [International Development Association], and the regional banks grew from \$1.2 billion in 1962 to \$4.0 billion in 1972.

Multilateral and bilateral aid are complementary, not substitutes for one another. Both are needed now and will continue to be needed for the foreseeable future.

We should continue to provide our fair share of the support costs of the multilateral institutions. The authorization request before you proposes \$134.8 million for the U.N. programs, including the UNDP [United Nations Development Program], the U.N. Children's Fund, the FAO [Food and Agriculture Organization] World Food Program, and the U.N. Environment Fund.

The international economic system consists of interrelated elements: foreign trade, investment, and other capital flows, of which development assistance is one part. In this perspective, the most important element in relations with developing countries is the structure of world trade and investment. Export earnings account for four-fifths of the total foreign exchange available to the developing countries.

The United States has committed itself in conjunction with other developed countries to seek specific tariff preferences for the developing countries. The tariff legislation now before the Congress proposes tariff preferences for certain manufactured products from developing countries. These preferences would allow developing countries to better compete in the developed world's markets.

The U.S. stake in foreign trade, investment, and access to critical resources underscores the essentiality of maintaining mutually advantageous economic relationships with the less developed countries.

Progress on proposals such as tariff preferences can be an important stimulus to gain LDC support for an open international economic system with a minimum of restrictive regional trading arrangements and discriminatory practices.

### Security Supporting Assistance

Another category of assistance in our legislation for FY 1974 is supporting assistance—aid designed to provide economic support for those countries which are experiencing economic problems as a consequence of extraordinary political, military, or security events. You will note that in the proposals now before you aid to the Indochina nations has been separated from supporting assistance. The problems of post-hostilities reconstruction and development have a different character from those of supporting assistance. For the next year we are requesting \$100 million in new obligational authority for supporting assistance to assist Israel, Jordan, Malta, Spain, and Thailand. Supporting assistance is under the overall policy direction of the Under Secretary of State for Security Assistance. Under Secretary Tarr will be testifying before the committee next week.

*Narcotics Control:* The FY 1974 legislation contains a request for \$42.5 million for the President's international narcotics control program. This program is designed to help foreign countries control drug abuse and impede international drug traffic. It operates under the policy guidance of the Cabinet Committee for International Narcotics Control chaired by Secretary Rogers. Requests for assistance are considered by interagency committees which include State, BNDD [Bureau of Narcotics and Dangerous Drugs], the Bureau of Customs, as well as AID. We urge authorization of the requested \$42.5 million as a separate line item apart from our regular development program.

The FY 1974 budget request for economic assistance activities totals \$1,743,850,000. Of that amount, \$1,011,850,000 is for development assistance programs. The remaining

\$732 million is allocated for reconstruction activities in South Viet-Nam, Laos, and Cambodia and the security supporting assistance programs carried out in Thailand and the Middle East.

This is a reduction of over 20 percent from the AID request for economic assistance in FY 1973. The development assistance request is almost one-third below that of FY 1973 and some \$50 million below what we actually received under the terms of the current continuing resolution. We do not believe that this level of funding responds adequately to the needs of the less developed world, but it represents the administration's judgment as to what we should provide in light of the Federal Government's overriding need to economize its operations.

Together with other availabilities, the development assistance request would fund a total program of \$1,338,314,000. Of this amount, \$645,550,000 is for development loans in Latin America, Asia, and Africa, and \$394,467,000 is for development grants, including population programs totaling \$125 million, in those same regions. Other programs totaling \$298,297,000 would provide support for international organizations such as the UNDP, the U.N. Environment Fund, the Indus Basin Development Fund, the American Schools and Hospitals Abroad program, the contingency fund, international narcotics control, and administrative expenses for AID and the Department of State.

In closing, Mr. Chairman, I would like to make one final comment.

What life in the United States will be like

for our children and grandchildren depends largely on what the world will be like in the decades ahead. Human problems do not stay bottled up behind national borders. Uncontrolled human reproduction vitally affects the well-being of all nations. Diseases ignore national boundaries. Polluted air and polluted waters flow freely between countries.

My children and grandchildren, like yours, must live in the same world with the children and grandchildren of the peoples of all continents, all colors, and all religions. That is why I believe with deep conviction that we owe it to our own interest in the future of our own country to shape with utmost care the role our country is going to play in determining the kind of world it is going to be.

That is what AID's development assistance program is all about.

## **Congressional Documents Relating to Foreign Policy**

### **93d Congress, 1st Session**

Foreign Service Buildings Act, 1926. Report to accompany H.R. 5610. H. Doc. 93-82. March 20, 1973. 10 pp.

Creating an Atlantic Union Delegation. Report to accompany S.J. Res. 21. S. Rept. 93-79. March 21, 1973. 4 pp.

Peace Corps Act Amendments of 1973. Report to accompany H.R. 5293. H. Rept. 93-89. March 21, 1973. 12 pp.

Creating an Atlantic Union Delegation. Hearing before the Subcommittee on International Organizations and Movements of the House Committee on Foreign Affairs. March 26, 1973. 61 pp.

## New Directions for the Security Assistance Program

*Statement by Curtis W. Tarr  
Under Secretary for Security Assistance<sup>1</sup>*

I appreciate this opportunity to testify today in support of the President's request for authorization for the fiscal year 1974 security assistance program. As Under Secretary of State for Security Assistance, a position that the committee was instrumental in creating, I have responsibility to coordinate the program, both in the formulation of policy and in realizing the President's policy objectives.

With your indulgence, I should like to outline these objectives and to present a general overview of the new directions we have planned for the security assistance program.

This administration has recognized the need to adopt a different approach in the area of foreign assistance, one that takes into account the changes that have occurred in the international community over the past two decades. We make no claim to have evolved solutions to all of the problems that change and new circumstances have produced. But I have been struck, as a relative newcomer, by the attention this administration has devoted to the program. It has developed both a new set of goals and a way of evaluating security requirements that, hopefully, will better meet the needs of this nation and the nations we assist in the years immediately ahead.

The President has set forth our new perspective in the following terms:<sup>2</sup>

<sup>1</sup> Made before the House Committee on Foreign Affairs on May 24 (press release 170).

<sup>2</sup> The complete text of President Nixon's foreign policy report to the Congress on May 3 appears in the BULLETIN of June 4, 1973; the section entitled "Security Assistance" begins on p. 812.

As great as our resources are, it is neither possible nor desirable for the United States to pay most of the costs, provide most of the manpower, or make most of the decisions concerning the defense of our allies. Nor, is it necessary. Our allies are determined to meet the threats they face as effectively as possible within the limits of their resources. Under the Nixon Doctrine, our role in our Security Assistance programs is to share our experience, counsel, and technical resources to help them develop adequate strength of their own.

It is evident that the situation in the 1970's differs markedly from that in the 1940's when our foreign military assistance programs first were conceived. The President's initiatives are moving us away from the locked-in hostility of the last two decades. This administration's withdrawal of more than 600,000 troops from East Asia underlines our belief that the defense of our allies is primarily their responsibility. The President's visit to China accentuates our conviction that an improved bilateral relationship will serve peace in the Pacific. His visit to Moscow, the strategic arms limitation agreement, and other actions underscore our desire further to improve our relations with the Soviet Union.

However, these dramatic changes since the early days of the Marshall plan have by no means provided an international environment in which all nations and peoples are determined to resolve their disagreements through peaceful means. Recent events in Lebanon, Khartoum, and Munich suggest that recourse to armed conflict and acts of terrorism could become the norm rather than the exception in some areas. Elsewhere, particularly in Asia, problems of insurgency

persist—most notably in the Philippines and Thailand.

I can well understand how, after a long and frequently frustrating military struggle, a desire to withdraw from the burdens of an active role in world affairs can exist. However, I believe we can all agree that the security and well-being of the United States does not begin at its shores but, rather, depends on peace, stability, and an environment in which sustained economic growth is possible throughout the world. The importance of security assistance lies in its contribution to the achievement of such an environment.

The security assistance program that we propose for FY 1974 rests upon a view of the world as it is today—not a perception of what the best of all worlds might be. Indeed, a serious danger lies in confusing the aspirations for peace shared by the vast majority of Americans with the realities that confront our friends and allies—be they Israel and Jordan, South Korea, Turkey, or others. For this reason the administration's security assistance program has been shaped with the following major objectives in mind:

—To deter aggression and to reduce the attractiveness of force as an instrument of change.

—To use our security posture and relationships to provide positive incentives for negotiation as a means of settling major unresolved issues.

—To reassure allies and friends of our continuing interest and determination to play a major role in world affairs.

—To encourage our allies' self-help efforts, efforts which over time will raise the threshold and limit the scope of potential U.S. involvement in any future conflict.

#### **Changing Criteria for Assistance**

As the Department of State's coordinator for the program, I have been struck by the many and complex factors that must be taken into account before providing security assistance—whether in the form of economic help, training, military equipment, or credit

for sales. I also am aware of the distress that exists in some quarters with respect to the need to make arms and other forms of military materiel available to allied and friendly nations. I understand the desire to dispense with instruments of war, but it is the attainment of this goal that has proved elusive throughout history.

I suspect that part of the problem lies in man's genius for developing new technologies. For example, the most deadly medieval weapon, called Greek fire, was invented by an architect named Callinicus. It was made of pitch, gum, and sulfur and, because it could be squirted, served as the forerunner of napalm. The French historian, Joinville, complained that the "Turks" had engines which flung "such quantities of Greek fire that it was the most horrible sight ever witnessed." Various unsuccessful attempts were made to ban its use. Pope Innocent II, at the Lateran Council (1139), also sought agreement to outlaw arbalests, crossbows, arrows, and poisoned darts, which violated the laws of chivalry demanding hand-to-hand combat. I mention this not in a capricious vein, but merely to illustrate the point that security has been one of the overriding imperatives of man for a period far back into history before the cold war.

We of course have sought to establish stringent criteria for the provision of military aid, both within the grant and the credit sales programs. In doing so, we try to take into account the complex interrelationship among economic, military, political, and arms limitation factors, and the dilemmas they pose. These dilemmas are illustrated by the existing situation in the developing countries. Contrary to appearances, most of these countries do not allocate large sums to a military establishment. In general, their military imports are relatively small. In 1971, for example, the value of arms imports for the developing countries was approximately 15 percent of the value of military expenditures and less than 1 percent of the value of total developing world GNP. In the case of Latin America, the ratio of defense expenditures to gross national product was about 2 percent.

For many years the United States has encouraged the developing countries to continue to devote their resources to economic and social development. We have also sought to discourage them from buying advanced weapons systems, which are expensive and, in many instances, not required for their defense. The record of our success in this area has been good on the whole. However, changing circumstances compel us to modify this policy. The circumstances in question are the following:

—The United States has begun to alter its international security role, a change that lays greater stress than heretofore on the principle of shared responsibility.

—Within this framework, we are reducing the number of countries under our grant military materiel assistance program. (The number has declined from more than 40 five years ago to 20 in FY 1974.) At the same time, to ease the strain of transition, we have placed increased emphasis on foreign military sales (FMS) credits and guarantees, as well as commercial arrangements for deferred payment.

—As our friends and allies assume responsibility for their own defense, they expect to make the basic decisions with respect to security needs. This includes the type, number, and mix of equipment required to update their military forces.

—Continued imposition of restrictions on the type of equipment that can be sold by the U.S. Government merely feeds local frustration and undermines the credibility of our policy which stresses self-reliance.

To avoid both an unnecessary arms escalation and a waste of needed resources for development, it is U.S. policy to discourage where possible the purchase of advanced weapons systems. However, as the President's task force on international development has pointed out, legislative restrictions on the use of U.S. military and economic assistance have not proved effective. In many cases, the military equipment is purchased elsewhere, while the restrictions leave a residue of ill-feeling toward the United States. Removing them would put the United

States in a better position to work out with these countries, on a mature partnership basis, military equipment expenditure policies that are consistent with their means.

#### **Thrust of the FY 1974 Program**

I should now like to turn to the proposed FY 1974 security assistance program and to outline for you some of the approaches that we have in mind.

You are aware, of course, of shifts in emphasis that have been taking place in recent years. Since 1969, we have been moving actively to terminate the client-state relationships of the past. Most of our economic and military missions are no longer intimately involved in the internal planning and decisionmaking processes of aid recipients. Recipient countries are assuming full responsibility for their defense planning, as well as the allocation of local resources among competing claims. This approach also commands adjustments in the size and structure of U.S. missions abroad—these currently are taking place in Korea, in Turkey, in Thailand, and elsewhere. For example, in Latin America alone, we have reduced the number of U.S. military advisory personnel from 1,000 in 1968 to somewhat less than 300 as of May 1, 1973.

We are now proposing a number of basic changes in the structure and direction of security assistance for FY 1974. For the first time in the history of the grant military assistance program (MAP), we have not included training, but have placed it in a separate part of the Foreign Assistance Act. This change should allow this committee, during consideration of MAP, to focus on the progress we are making in reducing the number of countries dependent on grant military aid. The Republic of China, Greece, and Liberia are but the most recent countries to have shifted to reliance on military credit sales and commercial arrangements. I might mention that we also propose supporting assistance for only five countries in FY 1974—our request for supporting assistance funds is \$100 million for the upcoming fiscal



year, as against \$844 million for FY 1973, when the Indochina countries were included.

I can assure you, gentlemen, that we expect to make additional reductions in our grant security assistance program over the next few years. However, we must make every effort to plan these changes in as orderly a way as is possible. As the President has noted, we must not try to shift the full weight of responsibility too quickly:<sup>3</sup>

A balance must be struck between doing too much ourselves and thus discouraging self-reliance, and doing too little to help others make the most of their limited resources. The latter course would spell defeat for the promising progress of many developing nations, destroy their growing self-confidence, and increase the likelihood of international instability. Thus it is critical that we provide a level of foreign assistance that will help to assure our friends safe passage through this period of transition and development.

Finally, I want to draw your attention to several areas in which the administration expects to register very real progress in the period immediately ahead. We are:

—Planning further reductions in the size of advisory missions abroad, as well as a realignment of assigned missions and roles.

—Laying increased emphasis on the sale of ships from the U.S. Navy register in an effort to phase out the existing loan program.

—Moving grant military assistance recipient countries toward self-dependence in meeting operational and maintenance costs of the program.

—Exploring ways to strengthen the capacity of the private U.S. sector to carry a greater share of the load with respect to export effort and financing of contractual agreements.

—Refining our excess defense article program to develop a better correlation of effort with the security assistance program.

—Integrating military assistance and economic planning within the U.S. Government to insure that our programs do not distort the development efforts and budgetary priorities of aid recipient countries.

I would be happy to elaborate on our efforts in these areas if the committee so desires.

### Program Requests

We are requesting authorization for \$1.28 billion in new obligational authority for the FY 1974 security assistance program. Of this total, \$652 million is for grant military assistance, \$525 million for foreign military sales credits and guarantees, and \$100 million for security supporting assistance. In addition, we are requesting \$33 million for the separate international military education and training program. I believe it important to note that almost all of the funds involved in this request will be spent in the United States for U.S. products.

*Grant Military Assistance:* As in the past, the major portion of MAP would be directed to: East Asia—\$550.5 million for the Republic of Korea, the Khmer Republic, Indonesia, the Philippines, and Thailand. (Military assistance for Viet-Nam and Laos are to be funded in the Defense Department budget in FY 1974); Near East—to support U.S. interests in this area, we are requesting \$137.5 million for Turkey and Jordan. Other recipients of grant military aid include: Ethiopia and Tunisia, \$14.2 million; nine countries in Latin America, \$10.7 million; Spain and Portugal, \$5.5 million.

*Foreign Military Credit Sales:* The bulk of these funds would be allocated to the Near East: \$465 million for Israel, Greece, Turkey, Lebanon, and Saudi Arabia. The remainder would be apportioned as follows: \$150 million for 12 countries in Latin America; \$127 million for five countries in East Asia; \$18 million for four countries in Africa—Morocco, Tunisia, Zaire, and Ethiopia. The overall FY 1974 credit sales program would be \$760 million.

*Security Supporting Assistance:* We propose to allocate \$65 million to Jordan, \$25 million to Israel, \$15 million to Thailand, \$9.5 million to Malta, \$3 million to Spain, and \$4.2 million for the United Nations Force in Cyprus.

<sup>3</sup> For President Nixon's message to Congress on May 1, see BULLETIN of May 28, 1973, p. 693.

A brief comment on the administration's recommended reduction in supporting assistance for Israel is warranted. This assistance serves primarily to bolster Israel's balance of payments position, which situation has improved quite markedly. From a low point of \$400 million in 1970, Israel's foreign exchange reserves have risen to over \$1.2 billion. AID provided \$50 million in supporting assistance both in FY 1972 and in FY 1973. The amount proposed for FY 1974—\$25 million—reflects Israeli progress and represents a small reduction in terms of the total assistance program we plan to provide. Jordan, by comparison, remains in a precarious financial and economic position. The Jordanian economy is extremely fragile, and the country is poor. It cannot meet its economic needs without outside support. Economic stability is essential for political stability, and if the present moderate regime were replaced by a radical one, it could be a substantial threat to Israel. Thus an adequate level of aid for Jordan is as important to Israel's security as aid to Israel itself.

With respect to grant military assistance, approximately 90 percent of the requested funds will be spent in only seven countries.

—*Republic of Korea*: The \$261 million we propose for the Republic of Korea will go a long way toward completion of the program for modernization of Korean armed forces and thus make possible the early attainment of Korean self-reliance.

—*Philippines*: Our program in the Philippines is for the internal security and stability of that country. As you are aware, the United States maintains military facilities in the Philippines, and stability in that country is of particular importance to us.

—*Indonesia*: Since the departure of President Sukarno in 1965, the Government of Indonesia has made strenuous efforts to put

its economic house in order. Our grant military assistance program for Indonesia is intended to provide the Indonesian armed forces with a bare minimum capability to maintain their equipment and their training effort.

—*Cambodia*: The administration proposes a grant military assistance program of \$180 million for Cambodia. We firmly believe that this program is an important instrument in our efforts to produce an effective cease-fire throughout Southeast Asia.

—*Thailand*: We are proposing a program to bolster Thailand's self-defense capabilities and its ability to cope with internal security problems. The extensive military facilities that Thailand makes available to the United States are of critical importance in Southeast Asia.

—*Jordan*: Our program for Jordan forms a particularly significant element in our efforts to insure a military balance and to produce a settlement of Arab-Israeli differences. We will need to continue assistance to this country so long as the Middle East remains a troubled area.

—*Turkey*: We also believe that Turkey's security is of considerable importance to NATO and to our own interests in the area and that we should continue to provide grant military assistance (\$98 million) and FMS credits (\$75 million) in FY 1974.

I firmly believe, gentlemen, that we cannot effectively pursue our national objectives in the 1970's without a commitment to the development and security of other countries. Foreign policy, as the President has observed, is not a one-way street. We should not expect understanding of our needs if we are not prepared to make an effort to meet the requirements of other people. Thus, I urge you to support the President's security assistance program for fiscal year 1974.

## United States Notes Progress and Expectations for U.N. Drug Abuse Control Program.

*Statement by Harvey R. Wellman<sup>1</sup>*

The United States has long subscribed to the importance and necessity of international cooperation for the prevention of drug abuse and the elimination of the illicit traffic in narcotics and other dangerous drugs of abuse. Our commitment in recent years to intensified cooperation in order to deal effectively with a spreading world epidemic of drug abuse is a matter of record in this Council. President Nixon has made clear that the United States will continue to pursue such cooperation as a priority objective of our foreign policy.

It is increasingly clear that most, if not all, governments share the conviction that drug abuse is a serious danger and must be brought under control through cooperative efforts. Thus, the Convention on Psychotropic Substances has been negotiated, and an amending protocol to strengthen the Single Convention on Narcotic Drugs has been adopted. Throughout the world, governments are cooperating bilaterally to an unprecedented extent. The United States alone has cooperative arrangements with 58 countries. In addition governments are taking the initiative in regional organizations in Asia, in Europe, and in the Americas to

work together in programs of drug abuse control, prevention and education, and treatment and rehabilitation. Globally, the United Nations has assumed the leadership which the world expects through an expanded Commission on Narcotic Drugs, a strengthened Division of Narcotic Drugs, and a concerted action program of both short and longer term measures drawing upon the special resources of the new Fund for Drug Abuse Control and the experience and expertise of the specialized agencies.

All governments can take pride in the progress that has been made until now. International efforts against the illicit traffic and traffickers have become increasingly effective. To take an example, law enforcement agencies of the United States and other cooperating governments together seized in 1972 more than 800 tons of narcotic drugs, more than twice the amount seized in 1971. Even more important, cooperating agencies of the United States and other governments arrested 19,000 traffickers, almost twice as many as in 1971. Through joint action, involving where necessary the extradition of traffickers apprehended, the United States and other governments have prosecuted and convicted prominent traffickers, broken up international trafficking rings, and generally made the illicit trade as dangerous for the traffickers as the merchandise is for the drug users. We all owe a debt to these cooperating governments for reducing by this extent the capacity of the illicit traf-

<sup>1</sup>Made in the Social Committee of the U.N. Economic and Social Council (ECOSOC) May 2-3 (USUN press release 12). Mr. Wellman, who was U.S. Representative in the committee, was Acting Senior Adviser to the Secretary of State for International Narcotics Matters.

fic to continue to injure and to destroy for profit.

Like many other countries the United States has pursued a balanced, comprehensive approach to drug abuse. Increased law enforcement efforts have been coupled with expanded treatment programs. More Federal funds are being spent on treatment, rehabilitation, prevention, and research in drug abuse than are budgeted for drug law enforcement. Federally funded treatment programs have been increased from 16 to 400 since 1969. Federally funded treatment is now available for 100,000 addicts per year, and funds are available to expand facilities to treat 25,000 addicts if required. In the United States the rate of new addiction to heroin has registered its first decline since 1964, and the trend in narcotic-related deaths is also on its way down.

In the research area there have been important new developments. One federally funded research program in the United States, for example, has discovered new substances which show potential to block the effects of narcotic drugs in the human body. This enormously increases treatment possibilities.

The United Nations can also take pride in what it has accomplished during the past two years. Two years ago the action program was only a piece of paper; now it is beginning to take form in the shape of facilities and projects under the leadership of the United Nations Fund and with the special resources the Fund provides in this period of crisis. This has been a joint effort of the family of United Nations agencies. The Division of Narcotic Drugs has contributed its expertise in the field of enforcement and legislation; a central training unit in Geneva is already providing instruction to drug control officers of many countries. The World Health Organization has contributed its expertise and experience in treatment and rehabilitation, the United Nations Educational, Scientific and Cultural Organization in preventive education, the Food and Agriculture Organization in the development of substitute crops, the International Labor Organi-

zation and other agencies in their special fields.

As a result the United Nations and Thailand have together launched a comprehensive program in that country. If it can be demonstrated on a pilot basis that there are viable economic alternatives to the growing of opium for the illicit traffic, it can be a prototype for programs in other countries. More recently, the United Nations and the Food and Agriculture Organization have been developing with Afghanistan a program to assist that country in improving law enforcement and in rural development in the main opium-growing areas. A cannabis replacement program in Lebanon is under active consideration. Assistance can be made available to other countries which need and request it provided the members of the United Nations make the necessary resources available.

These programs of assistance which many countries need and from which all benefit can only be continued if governments increase and maintain their financial support for the United Nations Fund for Drug Abuse Control. We must all be sustaining members; one-time contributions, no matter how generous, are not adequate. Over two years after the Fund's establishment less than \$6 million has been contributed. And only one government has availed itself of the opportunity to make contributions in kind. We hope that all governments will find it possible to contribute in some way to the general fund, including contributions of services or in kind.

The United Nations itself must increase its capacity to respond promptly to requests for assistance.

It was to be expected that the United Nations would have financial and organizational problems in organizing itself to participate and, indeed, to take the lead in this important area. The search for qualified individuals to supplement the existing professional staff goes on. Facilities for acquainting governments with the resources available to assist them are far from adequate. The appointment of regional drug advisers to the Fund could help to meet this need.

Coordination among the involved members of the United Nations family is a recurring problem which must be worked out. Jurisdictional disputes between various agencies of the United Nations system must not be permitted to slow down this important endeavor. The relationship of the United Nations Fund for Drug Abuse Control to the United Nations Development Program should be worked out. The cooperation between the United Nations Fund and the Food and Agriculture Organization in Thailand is an example which could well be emulated elsewhere. The competent specialized agencies must be made to feel that they are active participants in the United Nations program. We look forward, therefore, as one example, to early approval by the United Nations Fund of the World Health Organization project for an epidemiological survey and study.

The time is also approaching for an evaluation of the programs and projects which the United Nations is conducting under the leadership of the Fund and mainly with its resources. We would hope that the next meeting, in 1974, of the Commission on Narcotic Drugs would provide an opportunity for the Acting Executive Director to report in as specific terms as possible on the progress of the program in Thailand as well as the many other programs and projects undertaken or supported by the United Nations since the establishment of the Fund.

Mr. Chairman, my delegation extends its best wishes to Dr. Sten Martens upon his appointment as Acting Executive Director of the United Nations Fund for Drug Abuse Control. We assure him of our full and continuing support.

We also wish to express our appreciation for the outstanding contribution of Ambassador Carl Schurmann to the organization of the Fund and to its administration during its first two years. We are very happy that Dr. Martens has asked him to coordinate the arrangements for international assistance to Afghanistan in narcotics control.

As an active member and strong supporter of the Commission on Narcotic Drugs, the

United States is gratified at the manner in which the Commission has discharged its responsibilities to this Council. The Commission, the principal intergovernmental organ for drug abuse control and the only one concerned with the drug traffic, also has significant obligations under existing treaties and will have new ones under the new convention and protocol when they become effective. We particularly welcome the manner in which the 25th session has focused its report to the Council upon those actions which seem to be required by recommending a series of resolutions for adoption by the Council.<sup>2</sup> We hope that the Commission on Narcotic Drugs will continue to present action-oriented reports and that it can abbreviate future reports in the process.

My delegation strongly supports the resolution calling for a special session of the Commission on Narcotic Drugs in 1974. In this period of expanding drug abuse and uncontrolled traffic and production of drugs for purposes of abuse, there are urgent matters which require the Commission's attention in 1974. It is hoped this special session could so schedule its work so as to complete it within a two-week period. The Commission would at the session give further study to the questions of the frequency of regular meetings and make appropriate recommendations to the Council. As noted by the 25th session, the Commission meeting should not be scheduled before March, in order to give adequate time for governments to receive and consider the International Narcotics Control Board's report for the previous year.

The Commission recommends that the Economic and Social Council authorize a Subcommission on Illicit Traffic for the Near and Middle East. By accepting this proposal, the Council will endorse an important initiative by the countries in that area to improve regional cooperation against the illicit traffic and will facilitate followup action on the useful recommendations of the ad hoc committee, which met with general approval at

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<sup>2</sup> U.N. doc. E/5248.

the 25th session. We urge adoption of this recommendation.

The Commission established an Ad Hoc Committee for the Far East to explore the possibilities of more effective cooperation and mutual assistance in the suppression of the illicit traffic in that region. We believe the Council should support this initiative by endorsing this decision. A draft resolution to this end stands before the Council in the names of the United States and other delegations. My delegation views with satisfaction the activity already underway in South America to develop regional arrangements for better coordination of national efforts to suppress the drug traffic and to prevent drug abuse.

I would like to call attention to one other resolution, adopted by the Commission, which requests the World Health Organization to prepare timely reports on the epidemiological patterns of drug abuse in order to help the Commission develop a more comprehensive view of that problem. In my delegation's view it would be appropriate for ECOSOC to endorse that request to the World Health Organization. The World Health Organization is uniquely qualified to evaluate and to advise in this area. We would hope that additional resources for this purpose could be made available within the current limits of the World Health Organization's resources. If supplementary funds should be needed, we would hope that the United Nations Fund for Drug Abuse Control could provide them.

We wish to congratulate the International Narcotics Control Board on its report for 1972.<sup>3</sup> It is a most knowledgeable review of the world drug abuse situation, the principal problem areas, and the principal programs which are in progress.

The report confirms there are no grounds for complacency. Abuse of narcotics and other dangerous substances is still increasing in volume and in geographical extent. The growing prevalence of multidrug abuse creates additional hazards.

It is gratifying to note the Board's com-

ments that there is steady improvement in cooperation from governments. Visits of Board missions to countries at the invitation of governments provide it opportunity to gain information at first hand and to discuss control matters with national authorities.

The report is particularly valuable in describing situations in individual countries and in suggesting remedial action. We urge governments concerned to give particular attention to these comments.

The United States believes the Board is faithfully discharging its functions in an independent manner as envisaged by the treaties. In no small measure this is due to the outstanding competence of the International Narcotics Control Board Secretariat under the leadership of Mr. Joseph Dittert. The Commission on Narcotic Drugs has recommended the Council adopt a resolution requesting the Secretary General to continue the existing administrative arrangements to insure the full technical independence of the Board. We urge unanimous support for this resolution.

It is of the greatest importance that the Board have a secretariat adequate in size and function to perform its obligations under the treaties. We urge the Secretary General to give early and favorable attention to justifications presented by the Board for additional staff.

Mr. Chairman, no discussion of the work of the International Narcotics Control Board would be complete without taking note of the important contribution made by its members. In particular we pay tribute to the distinguished service of Sir Harry Greenfield (U.K.) and Dr. Leon Steinig (U.S.), who are retiring in 1974. Both have made unique and enduring contributions to the work of the Board and to international narcotics control.

Mr. Chairman, the United States delegation along with several other delegations has introduced a resolution which endorses the work of the Board and commends it for its report for 1972. I hope this resolution will be adopted unanimously.

Mr. Chairman, the United Nations organization for drug abuse control is in place.

<sup>3</sup> U.N. doc. E/INCB/17.

Guidelines for the coordination of the contributions of the various international agencies have been established. A plan extending through 1976 has been drawn up. Useful programs have been identified; priorities have been established. Some projects are in operation, and others are being launched.

The international legal organization based on treaties is ready to be utilized and further extended in support of the international effort. The Single Convention on Narcotic Drugs, with almost a hundred parties, has become practically universal in its application and represents an international consensus. Through the convention of 1971 means have been established for bringing psychotropic substances also under international control. The 1972 protocol will supplement and reinforce the controls over narcotic drugs. The Council by approving two resolutions recommended by the Commission on Narcotic Drugs can help to hasten the day when both instruments will enter into effect and the international control system will be complete. The United States has ratified the 1972 protocol, and the 1971 convention is before the U.S. Senate with an urgent recommendation from the President for its advice and consent to ratification.

The resources, technical and financial, can be made available to achieve the international objectives. It depends on all of us, upon our governments and our citizens, whether these resources will be committed in sufficient amounts and in timely fashion. The channels for contributions have been established and are open to both governments and private organizations to use.

The organizational phase, then, is over. The United Nations is now at the critical stage of execution and operation of programs and concrete projects. It is up to the United Nations to demonstrate that it can respond to the needs of countries for international assistance—for the assistance which they may require to comply with their international obligations to limit the production and use of drugs to medical and other legitimate purposes.

The next step will be that of evaluation of the results. The United Nations, the

Council, the Commission on Narcotic Drugs, will soon be at the point where an accounting will be expected of what has been accomplished with the organization and resources available to bring drugs of abuse under the effective control which the interests and the welfare of humanity require.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Consular Relations

Vienna convention on consular relations. Done at Vienna April 24, 1963. Entered into force March 19, 1967; for the United States December 24, 1969. TIAS 6820.

*Accession deposited:* Viet-Nam, May 10, 1973.

Optional protocol to the Vienna convention on consular relations concerning the acquisition of nationality. Done at Vienna April 24, 1963. Entered into force March 19, 1967.<sup>1</sup>

*Accession deposited:* Viet-Nam, May 10, 1973.

Optional protocol to the Vienna convention on consular relations concerning the compulsory settlement of disputes. Done at Vienna April 24, 1963. Entered into force March 19, 1967; for the United States December 24, 1969. TIAS 6820.

*Accession deposited:* Viet-Nam, May 10, 1973.

##### Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna April 18, 1961. Entered into force April 24, 1964; for the United States December 13, 1972. TIAS 7502.

*Accession deposited:* Viet-Nam, May 10, 1973.

##### Finance

Articles of agreement establishing the Asian Development Bank, with annexes. Done at Manila December 4, 1965. Entered into force August 22, 1966. TIAS 6103.

*Admission of members:* Bangladesh, March 14, 1973; British Solomon Islands Protectorate, April 30, 1973; Burma, April 26, 1973; Tonga, March 29, 1972.

##### Ocean Dumping

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington December 29, 1972.<sup>2</sup>

*Signature:* New Zealand (with a statement), May 30, 1973.

<sup>1</sup> Not in force for the United States.

<sup>2</sup> Not in force.

## Wheat

International wheat agreement, 1971. Open for signature at Washington March 29 through May 3, 1971. Entered into force June 18, 1971, with respect to certain provisions, July 1, 1971, with respect to other provisions; for the United States July 24, 1971. TIAS 7144.

*Accession to the Wheat Trade Convention deposited:* Algeria, May 23, 1973; Venezuela, May 24, 1973.

## BILATERAL

### Guinea

Agreement amending the agreement for sales of agricultural commodities of March 15, 1973. Effected by exchange of notes at Conakry March 30 and April 11, 1973. Entered into force April 11, 1973.

### Korea

Agreement amending annex B of the agreement of January 4, 1972 (TIAS 7499), concerning trade in wool and man-made fiber textile products. Effected by exchange of notes at Washington May 14 and 23, 1973. Entered into force May 23, 1973.

Agreement amending the agreement for sales of agricultural commodities of April 12, 1973 (TIAS 7610). Effected by exchange of notes at Washington May 29, 1973. Entered into force May 29, 1973.

### Paraguay

Treaty on extradition. Signed at Asunción May 24, 1973. Enters into force upon the exchange of ratifications.

Agreement relating to establishing and maintaining monitoring premises and installations of the Foreign Broadcast Information Service (FBIS). Effected by exchange of notes at Asunción May 24, 1973. Entered into force May 24, 1973.

### Portugal

Agreement amending the agreement of December 22, 1972 (TIAS 7539), concerning trade in wool and man-made fiber textiles with Macao. Effected by exchange of notes at Washington May 14 and 18, 1973. Entered into force May 18, 1973.

### Switzerland

Treaty on mutual assistance in criminal matters with related notes. Signed at Bern May 25, 1973. Enters into force 180 days after exchange of ratifications.

## Yugoslavia

Agreement amending the agreement of December 31, 1970 (TIAS 7032), relating to trade in cotton textiles. Effected by exchange of notes at Washington May 23, 1973. Entered into force May 23, 1973.

Agreement relating to investment guaranties with aide memoire. Effected by exchange of notes at Belgrade January 18, 1973.

*Entered into force:* May 30, 1973.

Agreement relating to guaranties authorized by section 111(b)(3) of the Economic Cooperation Act of 1948, as amended. Effected by exchange of notes at Washington August 15, 1952 (TIAS 2688).

*Terminated:* May 30, 1973.

## PUBLICATIONS

### Recent Releases

*For sale by the Government Bookstore, Department of State, Washington, D.C. 20520. 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.*

**The Availability of Department of State Records.** This article, based on an address by Dr. William M. Franklin, Director of the Historical Office, describes in historical context the three principal methods of making Department of State documents available to the public: by publication, by granting access to files, and by providing copies on request. Reprinted from Department of State Bulletin of January 29, 1973. Pub. 8694. General Foreign Policy Series 273. 8 pp. 20¢ postpaid.

**Taking of Evidence Abroad.** TIAS 7444. 23 pp. 30¢.

**Agricultural Commodities.** Agreement with Israel. TIAS 7472. 4 pp. 15¢.

**Social Security Pensions.** Agreement with Poland. TIAS 7473. 5 pp. 15¢.

**Double Taxation—Taxes on Income and Property.** Convention with Norway. TIAS 7474. 62 pp. 45¢.

**Status of United States Navy Personnel.** Agreement with Greece. TIAS 7475. 3 pp. 15¢.



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†176	5 29	Casey: Getulio Vargas Foundation, Rio de Janeiro, May 21.
*177	5 29	Kubisch sworn in as Assistant Secretary for Inter-American Affairs (biographic data).
*178	5 29	McCloskey sworn in as Ambassador to Cyprus (biographic data).
*179	5/29	Wright sworn in as Assistant Secretary for Congressional Relations (biographic data).
†180	5 29	Rogers: statement and news conference, Buenos Aires, May 26.
†181	5 29	Rogers: arrival statement, Kingston, May 27.
*182	5/30	Southern University jazz ensemble to tour Africa.
*183	5 30	Sanchez sworn in as Ambassador to Honduras (biographic data).
†184	5/30	U.S. and El Salvador sign cotton textile agreement (re-write).
†185	5/30	Rogers: proposed USIA budget cuts.
†186	5/30	Rogers: swearing in of Assistant Secretary Kubisch, May 29.
187	5 31	Brower: International Aviation Club, Washington.
†188	5 31	Casey: U.S.-China Business Council.
†189	5 31	Casey: CIAP review of U.S. economic policies.
*190	6 1	U.S.-Japan Committee on Trade and Economic Affairs, Tokyo, July 16-17.

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 †Held for a later issue of the BULLETIN.

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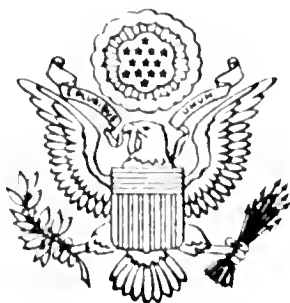
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# THE DEPARTMENT OF STATE BULLETIN

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June 25, 1973

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*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 U.S. foreign relations and on the work of the Department and the Foreign Service.*

*The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and 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 on treaties of general international interest.*

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## Secretary Rogers Makes 17-Day Visit to Latin America

*Secretary Rogers visited eight Latin American countries May 12-28. Following are a statement by Secretary Rogers issued May 9, statements and news conferences during the trip, and remarks by Secretary Rogers made on May 29 at the swearing-in of Jack B. Kubisch as Assistant Secretary for Inter-American Affairs.*

### STATEMENT ISSUED AT WASHINGTON MAY 9

Press release 139A dated May 9

I will be departing at the President's request on May 12 for a 17-day visit to eight Latin American countries: Mexico, Nicaragua, Venezuela, Colombia, Peru, Brazil, Argentina, and Jamaica. I will be holding business talks in each capital on bilateral, hemispheric, and worldwide issues in which we are mutually involved, and I will be representing the President at the Argentine inauguration. I hope that the visit will contribute to making our evolving inter-American partnership as firm, as realistic, and as equitable as friends can make it.

President Nixon's decision four years ago to pursue a less intrusive role in the hemisphere has been erroneously perceived in some quarters as an attempt to disengage from our close association with the hemisphere. The fact is that the United States has not the slightest interest in diminishing its close association with the hemisphere. We want to strengthen and perpetuate it by placing it on a sounder basis of equality.

We believe that we and the other nations of this hemisphere have overcome past relationships colored by U.S. paternalism. What we are seeking instead is an association based on trust, confidence, and a firm commitment to mutual accommodation. It is my hope that

this trip will contribute substantially to building such a relationship. I hope, in fact, that it will help establish the same sort of atmosphere of cooperation, equality, and pragmatism that characterizes our relations with the other community we are so intimately associated with—western Europe.

As in any community, differences are to be expected. On occasion, U.S. interests and those of particular Latin American nations diverge. More general differences of perspective also sometimes arise, particularly in the context of differences in our economic development. And there are many divergencies among the policies of Latin American nations themselves. Our intention is that when such differences do emerge they can be dealt with in a manner which will promote accommodation and resolution rather than contention and confrontation. That is the way in which we will continue to deal with those differences that currently exist. It is the way in which I will be dealing with them on this trip.

More importantly, we are convinced that along with diversity the community of interests in the Western Hemisphere remains a wide and deep one. I will be seeking to build upon that community of interests and upon the interdependence of the hemisphere.

If our common interests are to reach their true potential, we must take into account changes that are taking place in global economics and politics. These changes compel us all to confront many issues and challenges in concert with the world community. Thus I would expect a substantial part of the trip to deal not only with bilateral and hemispheric issues but also with how we and Latin America can together make a contribution in the global community.

Economic growth naturally continues to

be a preoccupation in most of the countries of the hemisphere. We remain committed to continued support of Latin America's efforts to bring a better life to its citizens. But promoting satisfactory rates of development requires a comprehensive economic approach—one covering not just grant and loan assistance but also such other factors as trade, debt relief, foreign investment, monetary matters, and population restraints.

Under Secretary for Economic Affairs William J. Casey, who is coordinating such a comprehensive development policy for us, will accordingly be accompanying me, as will, of course, our new Assistant Secretary-designate for Inter-American Affairs, Jack Kubisch, and the Counselor of the Department, Dick Pedersen.

I am pleased, in connection with our economic relations, that we have now been able to proceed with a request to Congress for authorization to grant generalized preferences and to be able to confirm that we intend to meet our bilateral and multilateral assistance commitments. I hope this visit will contribute to closer economic, developmental, and commercial relations among us.

Finally, we recognize that the inter-American system and, in a broader sense, inter-American relations, are currently undergoing intensive scrutiny by all members of the inter-American community. My trip will provide an opportunity to consult on what should be done to best shape the system's present and future needs.

I intend that our discussions on all these matters will be candid. Only through frank exchanges will I be able to fulfill President Nixon's request that I return with recommendations for action for better relations with our friends to the South.

I have long wanted to visit Latin America. The time is now especially opportune. The substantial progress we have made toward peace elsewhere in the world is freeing our energies for constructive advances with our friends. Europe, of course, rates high in this endeavor. So does Latin America. My visit now and the visit that the President subsequently plans are intended to insure that it will.

## ARRIVAL STATEMENT, MEXICO CITY, MAY 12

Press release 145 dated May 14

My visit to Mexico, Central America, South America, and the Caribbean at this time will be concerned with a new relationship of realism, equality, and equity between the United States and the other members of the American community.

The United States recently has been preoccupied with problems throughout the world dealing with matters of war and peace, and consequently the world is a more peaceful place than it was four years ago. Now we can direct more of our efforts toward our traditional friends. The United States is entering a new era of interest and cooperation with Latin America. That is what my trip signifies. That is what President Nixon's visit to Latin America will demonstrate.

It is particularly appropriate that I begin a journey in Mexico, because Mexican-American relations are founded upon the elements which form the basis of a firm, productive American community:

—They are as pragmatic as friends can make them;

—They are conducted in an atmosphere of mutual respect; and

—They are directed toward deepening and broadening our cooperative endeavors.

My visit to Mexico also is opportune in the context of the growing contribution of the states throughout this hemisphere to international affairs. For example, it comes at a time when President Echeverría has just completed an extensive visit to many world capitals. Mexico is actively involved in efforts to restructure the world's trade and monetary systems so that they will contribute to an expanded and equitable global economy. There are many such issues before the world community in which we and Mexico share common interests.

We also look forward to consultations on how we and our hemispheric partners can make the inter-American system responsive to the realities of the present and to our future needs.

Geographic proximity contributes a special element to Mexican-American relations:

—Mexico is our fifth largest trading partner, ranking ahead of such close European associates of ours as France and Italy; and we absorb approximately two-thirds of Mexico's exports.

—Last year, over 3 million Americans visited Mexico, and Mexican airlines carry more passengers to and from the United States than those of any other country except Canada.

But this relationship also produces challenges that arise uniquely among nations which are neighbors. I hope that this visit will contribute to the resolution of such issues in a spirit of justice and good will.

President Echeverría has said that there can be no friendship without frankness. We share this belief. I know that during my talks here we will speak with the candor that befits two important sovereign nations.

I also do not wish to let this opportunity pass without expressing publicly my appreciation to the Mexican Government for its concern and successful efforts to obtain the safe return of Consul General [Terrence G.] Leonhardy in Guadalajara earlier this week. I convey the thanks of President Nixon and the thanks of the people of the United States to President Echeverría and to the Mexican people.

Let me express a personal note in closing. Mrs. Rogers and I spent two weeks in Mexico City as private citizens during the Olympic games in 1968. We will never forget the warmth and the friendship of the people of Mexico. We hope that the spirit of Mexico, so convincingly demonstrated during those Olympics, will always prevail in the relations between our two countries.

#### **STATEMENT ON COLORADO RIVER SALINITY PROPOSAL<sup>1</sup>**

Press release 146 dated May 14

I am most pleased to deliver to President Echeverría this morning, at the request of President Nixon, my government's proposal

<sup>1</sup> Issued at Mexico City on May 13 following presentation of the proposal to President Echeverría.

to resolve the Colorado River salinity problem.

Pursuant to the joint Presidential communique issued with President Echeverría last June, President Nixon took immediate steps to improve the quality of water delivered to Mexico. He also appointed Mr. Herbert Brownell, former Attorney General of the United States, as his special representative to find a permanent solution to the salinity problem.

The salinity of the water made available to Mexico at the boundary has already been reduced by the average of more than 100 parts per million called for in the communique.

Mr. Brownell made an on-the-spot investigation and subsequently submitted concrete recommendations to the President on December 29. After careful study of his report within the U.S. Government, President Nixon approved those recommendations early this week.

We believe that the U.S. proposal, with accompanying related understandings, can constitute the basis for an agreement providing a permanent, definitive, and just solution to the Colorado River salinity problem.

I understand that President Echeverría now wants to study the proposal. Mr. Brownell would be glad to come to Mexico City to discuss and explain the proposal if that should be President Echeverría's wish.

I am hopeful that this proposal will now make it possible for the two governments to reach the kind of agreement which would make yet another contribution to our already excellent relations.

#### **ARRIVAL STATEMENT, MANAGUA, MAY 14**

Press release 147 dated May 15

President Nixon asked that I make this trip to Latin America because of his desire to make U.S. relations with the nations of the hemisphere as realistic, as productive, and as cooperative as possible. Such a relationship requires a respect not only for what links the Americas but also a deep appreciation of what makes each nation and each area distinct from the rest.

Thus I am pleased that my second visit to Central America should bring me to Nicaragua. The people of this country and the people of mine have a long history of friendship and cooperation. We expect them to have a long future as well. Because of those bonds, let me express to you once again our deepest sympathy and concern at the dreadful human and material destruction caused by last December's earthquake. You are the ones who are shouldering the burden of recovering from that national disaster. We respect you for your courage and your determination.

We are pleased that together with other nations we were able to contribute quickly and responsively to the amelioration of the immediate suffering.

Now the task is to rebuild. We want our support of your efforts to restore your nation to be as effective as possible. During my visit here, I will accordingly be primarily concerned with finding ways to fulfill President Nixon's intention that "the United States will do everything possible to be of further assistance" in meeting this challenge.

Let me express the hope of Mrs. Rogers and myself that our presence here now will be taken as a visible expression of the sympathy and support of the American people for the people of Nicaragua.

#### **ARRIVAL STATEMENT, CARACAS, MAY 14**

Press release 150 dated May 15

It is a special pleasure and honor for me as I set foot on the continent of South America for the first time to touch it to the soil of Venezuela.

The early leaders of our nations were linked by common ideals, common interests, and mutual purposes. These factors still exist today. We have faith in our democratic institutions. We are engaged in a mutually productive economic relationship. And our joint purpose is to build a more just, more cooperative, more prosperous world.

These are the considerations which President Nixon had in mind when he asked me to undertake this trip. The age of paternal-

ism is behind the Americas. Today the United States seeks a new relationship based on political equality and close economic and commercial cooperation. This relationship requires a modern spirit of mutual accommodation and understanding. To achieve these objectives, we must embark upon a new era of interest and cooperation in the hemisphere. But this is not to suggest hemispheric separateness.

The days when the hemispheric community could isolate itself are gone. Instead, the Americas must seek to identify common global concerns so as to pursue them more effectively in concert with the world community. For it is in the world community that we all must seek the answers to many of the challenges that confront us. Venezuela and the United States share many common interests in the global monetary and trade talks and in the pending world Law of the Sea Conference. I hope my visit here will make a contribution to developing close collaboration among us on these and other matters based on realism, candor, and seriousness of purpose.

In addition to global matters, our two nations both feel that a healthy hemispheric community is essential to human welfare. Venezuela has taken the lead in seeking to improve our inter-American system. The United States is prepared to give full support to this important initiative. We recognize the importance of the many elements that link the nations of Latin America. A true partnership in the Americas, of course, must be built on the realistic acknowledgment of our diversity, but we believe that the differences that exist are relatively minor compared to the links that bind the nations of this hemisphere.

So I am looking forward to useful and frank discussions with President Caldera, Foreign Minister Calvani, and other officials dealing with matters of interest to our two countries, dealing with world affairs, and dealing with matters of common interest in the hemisphere that can benefit all people who are fortunate enough to live in the Americas.



**REMARKS AT LUNCHEON AT CARACAS MAY 15  
HOSTED BY FOREIGN MINISTER CALVANI**

Press release 155 dated May 16

Mr. Minister, distinguished members of the government, distinguished members of the diplomatic corps, distinguished members of the business community: Let me tell you how pleased I am to be here today, and I know I express the views of my colleagues, Mr. Minister. I want to begin by saying that sometimes when I hear a speaker express his views frankly and directly and eloquently, as you did, I am fearful that somehow the audience may think that we disagree with those views. I want to say that the views that you express are the views of my government. We support very strongly the feeling of nationalism. We totally support the concepts of sovereignty. That is how our nation was built, and we respect nations who conduct their domestic affairs and their foreign policies in that spirit.

I hasten to say, however, that we don't feel at all that that is contradictory to very active involvement in world affairs, a very active involvement in regional affairs. In fact, we think it is necessary for a constructive involvement in world affairs to be strong and sovereign. And our policy that you refer to so kindly is based on that premise. I was interested in a question I had from a newspaperman in Mexico who asked me if we were opposed to nations developing strong economies to gain strength, and I said, of course not, that is what we hope happens in the world, because it is quite clear that if there is a great division in the world between rich nations and poor nations it creates instability.

And I suppose that the most dominant part of our policies, the thing that occupies us most, is the issue of war and peace, as I said to you this morning and to your colleagues. We have been put in a position in the world where war and peace is of great importance not only to the United States but to other nations in the world and they look to us for their security. Japan, for example, is a case in point. So it is true that we have been very much concerned about

issues of war and peace. But the world is a much safer place than it was four years ago, and one of the ways we think we can build a structure for peace is to see that other nations have an opportunity to make progress and that they develop strong economies.

That is the second part of our foreign policy. The first part is to do everything we can to develop conditions of peace in the world. And, as you know, we have treaty obligations with 43 nations which say, in effect, that the United States will come to their assistance in the event of an attack by a foreign power. So a good deal of the stability in the world, we believe, is a result of those alliances. But we recognize this, as you pointed out—that it is important for the future to have social international justice, if you will. We recognize the moral obligation on the part of the United States to help. And that is one of the reasons why I am particularly pleased to be here and say that to you and your colleagues and to the people in Venezuela. I regret very much that I don't have more time to stay here, but I hope that in a short time I can make it clear to you and your colleagues that this is the attitude of the United States. As you pointed out, we have a long relationship and friendship, and you mentioned some of the history of that relationship. We have solid bonds that continue today.

We are linked by common democratic institutions. We believe democratic freedoms enrich the life of those who are privileged to enjoy them, that pluralism enables man to reach his fullest potential.

We are linked in mutually productive economic relationships—Venezuela is one of the United States largest trading partners; we rely on Venezuela for about one-third of our oil imports and consider your country a secure source of supply.

The mutually beneficial nature of our relationship is also evidenced by the fact that roughly 40 percent of your total trade is with the United States—a trade in which you enjoy a \$350 million surplus. Your oil and iron exports have earned income for

your purchase of the sophisticated machinery and transportation equipment that are helping you forge such a powerful and rapidly developing country and economy. And we applaud that.

And we have a third mutually beneficial tie in a national passion for baseball. Venezuela, after importing baseball from us, now supplies us with many of our most outstanding baseball players, an import that those of us who are more idealistic than materialistic would rank close to petroleum in significance.

Petroleum, of course, dominates our economic relationships. President Caldera spoke to President Nixon when he was in Washington in 1970 of Venezuela's interest in maintaining and expanding its substantial share of the U.S. petroleum market.

The prospects for that are good. Demand for petroleum in the United States has been rising rapidly for many years. We expect it to increase even more rapidly in the near future. Our petroleum imports, which totaled \$4.7 billion in 1972, are likely to reach \$6 billion this year and may rise as high as \$12 billion in 1980. Thus there is no doubt that over the next few years there will be ample room for Venezuelan petroleum exports to the United States to increase substantially from the present level of 1.6 million barrels a day.

There seems to be little doubt that the United States will be able to buy all the oil that you want to export to us so long as that oil meets our environmental standards and is competitive in price.

Venezuela's interest in its position in the American market and our interest in insuring continued petroleum ties with Venezuela were taken into careful consideration in the oil import program which President Nixon announced just a month ago.

—There are, as you know, no longer any quota limitations on petroleum imports to the United States. Thus Venezuela need not be concerned about the effects of quotas on its ability to enter the U.S. market.

—Tariffs have been eliminated on petroleum imports up to the amount that Vene-

zuelan exports to the United States will enter free to the extent that Venezuela is able to maintain its historical level of exports.

—License fees on higher quantities, applying evenly to all oil producers, are set at existing levels and pose no present barrier to increased exports from Venezuela.

—We are in a position to take all the No. 2 fuel oil Venezuela can provide at a competitive price and quality suitable for the independent deep water terminal operators who are entitled to import it.

The world's demand for energy, and particularly fossil energy from petroleum, is growing. The problem for the international community is to find ways to assure that there will be an adequate, secure worldwide supply at prices beneficial both to consumer and supplier. Neither petroleum reserves nor the resources and technology needed to develop them are evenly distributed among nations. Close cooperation of nations in this continually expanding industry is therefore essential. That is one of the reasons we especially value the good relations we have with Venezuela, and that is one of the reasons I am particularly pleased to have these very constructive thoughts with you this morning and with your President this afternoon. We hope we can continue them on a regular basis in the months and years ahead.

Venezuela has vast deposits of heavy oil, whose development would double the exploitable reserves of the Western Hemisphere. When or how you intend to develop those resources and who should participate in it, of course, is for Venezuela to decide. But their development will require a massive application of advanced technology not yet in general use and very large infusions of capital, running into many billions of dollars. The cooperation of many is likely to be required to bring to fruition the potential of the Orinoco Zone.

The United States would welcome the development of the Orinoco heavy oils.

Last September the United States and Venezuela initiated conversations on the eventual negotiation of a long-term energy

agreement providing for the development of Venezuela's future petroleum potential. Should you wish to enter into a long-term arrangement that would facilitate the mobilization of the necessary capital and technology and establish stable trading arrangements, the United States is prepared to cooperate.

Minister Calvani, it is at your initiative that the nations of the hemisphere are now undertaking a review of the purpose and mission of the Organization of American States. It is just this sort of enlightened and forward-looking initiative that is turning this hemisphere toward the relationship of equality, realism, and equity to which the U.S. policy is now committed.

The United States concurs in the view of many nations of the hemisphere that our regional cooperation can and must be modernized. We share the views you expressed at the OAS General Assembly both that this regional organization is necessary and that it must be constantly revised.

And we endorse the concept that the nations of the hemisphere cannot be separate from the world community—certainly that concept is not inconsistent with a strong and vigorous OAS.

The United States will participate actively and constructively in the deliberations of the special study commission established by the recent General Assembly to make recommendations on making the OAS a better instrument for our collective needs. I will be seeking the views of Latin American leaders on this trip on how they believe we can accomplish this purpose.

Here again I would like to underscore that in addition to improving our bilateral relations with the countries in Latin America, which is one of the reasons President Nixon asked me to take this trip, we also encourage regional development. Somehow I get questions from the press which suggest that maybe we favor bilateral relations because we want to divide the hemisphere. Nothing could be further from the truth—utter nonsense. We favor regional development. We favor cooperative efforts in any region of the world that can provide better opportunities

for the people who live in those regions. And that is one of the reasons, Mr. Minister, that I particularly applaud the initiative that you are taking in the OAS.

We have also been pleased to see Venezuela sharing increasing leadership in matters of concern to the global community, as well as in the hemisphere. The contribution you and like-minded Latin American states are making to efforts to evolve a new international regime for the oceans can be of particular significance. The success of this international effort, focused on the coming United Nations Law of the Sea Conference, will determine whether the sea's resources become a source of conflict or of cooperation among nations.

Together the nations of this hemisphere could exert leadership on this issue. Views in the continent continue to be diverse, but we would hope we will be able to draw closer together.

Venezuela and the United States both believe a solution could be found that would include a broad economic jurisdiction beyond a 12-mile limit of national sovereignty. We are convinced that if all the nations of the hemisphere concentrate on (a) reaching a mutually acceptable definition of the nature and extent of the economic jurisdiction beyond a 12-mile territorial sea and (b) maintaining the right of free transit through and over international straits, we will be in a position to make a decisive contribution to the Law of the Sea Conference.

I might say, in that connection, gentlemen, that there are great resources beyond the 12-mile limit. And the United States favors a forward-looking program which would provide an opportunity for developing nations to share in those resources. It is an opportunity. The resources that are untapped are for all nations to benefit from on a fair and just basis. Here again we applaud you for the leadership role you have taken in this regard.

As we seek a new partnership in the Americas, we believe the more prosperous states of Latin America can make increasingly larger contributions to the development efforts of the less prosperous. Regional ap-

proaches such as the Andean Group can be particularly helpful.

The Caribbean basin, of mutual great concern to the United States and Venezuela, is also an area where regional cooperation can be especially meaningful. The United States and Venezuela have a common interest in a stable, more prosperous, more cooperative relationship among the nations of the Caribbean. And Venezuela, with the advanced technology and the second highest per capita income in Latin America, will be an important factor in the efforts of Caribbean states to bring a better life to their citizens.

Thus we welcome the recent Venezuelan decision to seek association with the Caribbean Development Bank, an institution that the United States is supporting with a \$32 million loan. And your efforts to promote joint ventures between Venezuelan firms and those in various Caribbean states will also make a contribution. As we each seek to encourage and support modernization elsewhere, we make a substantial contribution both to the countries that receive our assistance and to our mutual interests. This sort of cooperation is the substance of true partnership.

Mr. Foreign Minister, the United States and Venezuela have a relationship of equality. We are able together to identify and seek our common interests. We discuss our differences with realism and candor and seek to resolve them through mutual accommodation. The hemisphere seeks such a relationship of equity, equality, and cooperation. I know that the United States and Venezuela will contribute to the achievement of this goal of true partnership.

I look forward, Mr. Minister, to working very closely with you and your colleagues in the years ahead. I know I speak for all Americans when I say that they feel a special bond of friendship with your country. All of the Americans that I know, those who have lived here or who have had association with your country, are great boosters, and there is no reason at all why the relationship that exists between us will not continue to be friendly and productive, but also there is no

reason why we can't together work to contribute to the common good throughout the hemisphere.

I want to thank you and all the gentlemen who are here today, and to express the appreciation of President Nixon, my colleagues, and myself for the very warm reception we have received in Venezuela. We look forward to long years of constructive friendship and cooperation.

#### ARRIVAL STATEMENT, LIMA, MAY 15

Press release 156A dated May 16

I want to first say how pleased Mrs. Rogers and I, and all the members of my party, are to be in Peru, to be here in Lima. It's an occasion that we've looked forward to for a long time.

I am pleased to be welcomed by the Foreign Minister and his wife and Ambassador Berckemeyer [Fernando Berckemeyer, Ambassador to the United States] and many of my friends here tonight. I want to tell them how pleased we are that we are going to have the opportunity to discuss matters of common interest during the next day and a half.

This is the first opportunity Mrs. Rogers and I have had to be in Peru, and we're especially pleased because we've heard so many wonderful things about your country from President Nixon and Mrs. Nixon and from many other Americans who have had the opportunity to visit your country.

I want to take the opportunity, in behalf of my government while I'm here, to express to your leaders and to the people of Peru that we have great respect for your government and what your government is trying to do to improve the conditions of living in the country. We respect your nationalism, we respect your sovereignty and independence, and I want to make that perfectly clear while I am here at every opportunity.

As I have said before, we do not consider that the United States should follow a policy of paternalism. We think every nation in this hemisphere is sovereign and politically equal, and I hope that I can make it clear that that is our policy on this visit. We also

want to say that we think that nations which are nationalistic and sovereign and independent can work together in the common interest and for the common good, and that is what we hope we can do with Peru. We have a long period of friendship between our two countries and we want that to continue.

We have some differences, as most nations of the world have. We want to talk with your government officials about those; we want to discuss them in terms of friendship and as mature partners.

I hope I'll have the opportunity, ladies and gentlemen, to meet with you again before I leave. In order not to keep you up any longer—I realize it is getting late—I'll stop talking and just again express to the Foreign Minister and all the officials who have come out to the airport to greet us how pleased I am to be here and how much I am looking forward to the discussions. I am sure they will be very constructive and beneficial to our two countries. Your Foreign Minister and I are good friends, and I look forward to renewing our friendship while I am here.

**STATEMENT TO ANDEAN PACT JUNTA,  
LIMA, MAY 16**

Press release 157 dated May 17

I welcome this opportunity to stop here briefly today and pay my respect to the Andean Group, to the members of the Junta, and to the members of the technical staff. You know that the United States very much favors regional groupings. We think it is a very sensible way to make progress, and that is why we are happy to have made a small contribution to your efforts. We will continue to watch with interest and hopefully give support in the days ahead.

Because I am a lawyer by profession, I have had a lot of experience with joint ventures and I have seen a lot of organizations that are regional in character. Because of this I would like to say that I think it presents a great challenge for all of you because if it is successful it can provide tremendous benefits for the people of the countries represented here.

On the other hand, regional organizations

can bog down in questions of justice, fairness, sovereignty, and the like. It is not easy, of course. As you gentlemen know, in our own experience as a nation, we have had tremendous problems—when you are only 13 States and you try to figure out how to adjust between the conflicting interests of the States and so forth. So in a very large measure, it seems to me that what you are faced with is how you can approach the problem—is it possible to really be successful pragmatically? We think it is, and as I say, it is a challenge but also it is a great opportunity.

It is in that spirit that I am here today to tell you that we wish you well and we think that one of the best ways to make progress is to cooperate and particularly to have cooperation among the nations. I think it is really much preferable to competition in the usual sense because you can put your expertise together; you can figure out which nations are best qualified to do certain things. But that is not an easy process, as you know.

As I say, we will watch with great interest because this kind of an organization holds out tremendous hope for the Latin American countries. I can see in the Organization of American States a great many conflicts among Latin American countries. Sometimes these problems are below the surface and sometimes on the surface; and yet, since you have such great problems in terms of providing a better life for the people, it is a great challenge. So I tell you again how pleased we are at the Andean Group as a group and that we wish you the very best of success. We hope as a nation that we can be helpful and cooperative as you proceed into the future.

On behalf of my colleagues I want to thank you very much for providing this brief opportunity to stop and pay our respects and to wish you our best of everything in the future.

**ARRIVAL STATEMENT, BOGOTA, MAY 17**

Press release 160 dated May 18

Mr. Minister [Foreign Minister Alfredo Vazquez]: I want to tell you how pleased I am to be in Colombia, how pleased Mrs.

Rogers and all of our party are to have this opportunity to visit Colombia. You and I have had many very useful and friendly discussions in other forums, but I am particularly pleased to be here today and to have the opportunity of discussing subjects of great interest with your President, with you, and with members of your government.

As you said, Mr. Minister, we do have many things in common. We believe in democracy, we have a long history of friendship, and we have worked very well together in international meetings and in international groupings. It is true that the world is a more peaceful place than it was four years ago; and the United States plans to devote more attention, more interest, to the problems of the hemisphere.

It is in the spirit of mature partnership that President Nixon has asked me to make this visit to your country.

Fortunately there are no fundamental problems that exist between our two countries. We do have some matters to discuss about how we can cooperate together to improve conditions of life in the hemisphere and to deal with some problems of improvement of the structure of the OAS—an initiative you are very interested in, and an initiative for which you provided the leadership.

I am looking forward very much to our discussions in the next couple of days and to renew my friendship with President Pastrana, whom I much enjoyed knowing when he was in Washington.

Now I must thank you, Mr. Minister, for this very warm welcome that you have given us, for these very impressive men that I have had the chance to see. I want to tell you again how pleased we are to be here today.

**ADDRESS MADE AT CASA BOLIVAR,  
BOGOTA, MAY 18**

Press release 162 dated May 18

Mr. President, Mr. Foreign Minister, distinguished members of the government, gentlemen: It is with great satisfaction, President Pastrana, that I have come to Colombia

at the midpoint of my visit to Central and South America and the Carribbean. There is a special feeling of warmth and friendship between the countries which are dedicated to the free election of their leaders. I appreciate your generous remarks about the close cooperation that prevails between our two countries.

It is because this house—this Casa Bolivar—was the home of a great patriot not only of Colombia but of all of South America that I am especially pleased to be speaking here about our relations with the hemisphere.

When President Nixon came to office four years ago, he set as a goal of his Presidency the building of a stable structure of world peace. It was essential to begin by transforming relations with adversaries. It was the tense nature of those relations that most immediately affected prospects for peace—for us and for others. Those relations, I believe, have now been transformed.

Today the world is more secure than it was four years ago. Secure enough that we may with some confidence increase our attention to our closest associates, Latin America, western Europe, and Japan. Secure enough so we can now concentrate on cooperation among friends to build a better and healthier world.

The states of Latin America of course will be close collaborators in such an effort.

The President asked me to take this trip to convey that U.S. policy toward the Americas is a modern policy of mature partnership. What we want to achieve is a relationship characterized by a realism, frankness, and mutual respect that distinguishes productive collaboration among states.

First, our policy is based on respect for the sovereignty and independence of each nation in Latin America. In our bilateral relations the reality is that there are 23 nations, each with its own policies, each different from the other, and each expecting the United States to deal with it separately. The United States with its long tradition of extensive and unique ties with each of the countries of the hemisphere, respects that wish to be dealt with separately.

It has been asserted by some that because

we deal with selected problems bilaterally in Latin America the United States seeks to "divide and conquer" the region. Nothing could be further from the truth. We deal bilaterally with each nation in the hemisphere because of the reality of the hemisphere. Latin America is not homogenous. Latin America consists of 23 independent, diverse, proud nations. We respect that diversity.

Second, it is our policy to make our relations with each Latin American state as equal as friends can make them. Obvious disparities exist in size, wealth, and economic development among the nations of the hemisphere. But speaking in terms of political equality and need for a better life for your people, the nations of Latin America are equal.

Long ago the nations of this hemisphere established a relationship of juridical equality. But in practice that equality was often marred. Early in the century the United States pursued a policy in some parts of the hemisphere that has been described as hegemony. And even after the reversal of that policy many years ago it is claimed that a paternalistic attitude has persisted.

But today the nations of this hemisphere have self-confidence, strength, and a surging sense of nationalism. And so in the reality of today's world it may be said that the paternalism of the past has been replaced by nationalism and a growing sense of fraternalism. The United States strongly supports this change.

Third, our policy is to encourage regional cooperation. Individuality—nationalism, if you will—does not contradict this. In some cases, such as the OAS, regional cooperation involves the United States. But we also favor regional cooperation not involving participation by the United States. Thus we welcome growing regional efforts as in the Central American Common Market, the Andean Pact, and the Caribbean.

Fourth, our policy will be to resolve differences among us with mutual good will.

In our relations with Latin America, the United States intends, of course, to uphold its interests and we expect the other nations

of the area to do likewise. But we do not seek to impose our views on others. Rather, when differences do arise, our policy will be patiently and thoughtfully to resolve them through negotiation and reciprocal adjustment. We know of no dispute in the hemisphere which will not yield to the mutual application of these principles if we work together for the common good.

Certainly on this trip I am seeking to apply those qualities—in the proposals I presented to President Echeverría on a solution to the problem of salinity in the Colorado River, in the conversations I had with President Caldera about our future in petroleum relationships, and in the productive discussions I had with President Velasco about relations between Peru and the United States.

Fifth, it will be our policy to work out with the states of Latin America comprehensive economic policies which will bring a better life to your citizens.

From 1960 to 1971, overall economic growth in Latin America averaged 5.6 percent per year, higher than the goal set in the U.N.'s first decade of development and about the average of all developing areas. The result of that progress is clearly evident. The dynamism of Caracas and Mexico City are unmistakable. The performance of the Brazilian economy has been impressive. Colombia's recent achievements have been substantial. Argentina enjoys a high per capita production. And there is much progress throughout Latin America. Such progress has not been easy. The difficulties encountered have been formidable. Progress has not been uniform, and rapid population increase has reduced the overall 5.6 percent growth rate to a more modest 2.8 percent per capita.

The United States intends to give substantial support to Latin American efforts to assure a decent life to all the citizens of this hemisphere. We want to assist because it is right that we do so. And we want to assist because it is in our political and economic interest that Latin America become more prosperous. A Latin America locked in poverty serves no one's interest and would be a perpetual source of tension and conflict.

We would both like to see a higher per

capita rate of increase in the gross product of Latin America. That goal must be approached through comprehensive economic measures. Official grants and loans can only supplement fundamental measures of trade expansion, increased investment, and a population growth that the economy can reasonably support, and only a truly cooperative effort involving close coordination between developed and developing countries can make any substantial difference.

That is why last month President Nixon included generalized tariff preferences for developing nations in his trade bill. And it is why we attach such importance to close cooperation among the American states in the forthcoming world trade talks.

External financing certainly closely follows trade as an essential element of the development efforts of most countries. It has been a critical element in the development of the United States. It is important elsewhere in the hemisphere now. For the past few years the rate of capital investment in Central and South America has remained steady at about 19 percent of gross domestic product. Most of that investment naturally came from domestic savings, but a critical tenth of it came from external sources.

Official assistance can provide only a part of that external flow. We will fulfill our bilateral grant and loan assistance commitments to the hemisphere. We are requesting Congress to approve the next \$693 million installment of our contribution to the Inter-American Development Bank. And we will make every effort in the years ahead to maintain a high level of assistance.

But private flows, now twice as large as official flows, can become even larger. Each Latin American country must decide for itself whether it wants to and how to attract private investment. And it has the sovereign right to determine the rules under which such investment operates. Foreign investors must, however, be able to depend on the reliability of that determination, just as they must have confidence in the rules under which they are welcomed. If investors do not have confidence, the flow that is now supporting the hemisphere's 19 percent capital development

rate would certainly decline. Two-thirds of our private foreign investment already goes into the developed world. With the further strengthening of the economic position of Europe and Japan and with new prospects of long-term ventures elsewhere, the competition for available funds can only increase.

Sixth, it is our policy to strengthen the OAS. It was clear at the recent session of the OAS General Assembly that there is concern in the continent about the ability of our inter-American system to serve the changing requirements of the hemisphere. We share that concern and want to examine together with you and others such matters as how the OAS can be an improved instrument for peaceful settlement of disputes, what role the nations of western Europe and Japan can usefully play in the hemisphere, and how we can improve our consultation on matters before the global community. But as we look at such issues, we should also consider how we can increase the realism and candor of hemispheric relations, how we can enhance a sense of collaboration in achieving progress through consultation rather than contention. The attitudes we bring to bear on the task may be as important as the task itself.

Seventh, our policy is to encourage increased hemispheric leadership in building a more peaceful and cooperative world. When Manuel Torres helped establish the first official ties between Latin America and the United States, leaders on both our continents sought to protect our fragile independence from the pressures of contemporary Europe. In the United States that policy was embodied in the Monroe Doctrine. The ability of the Americas to emerge without interference from outside contributed to the security and the development of the two continents. But as time progressed, an overlay of hemispheric separateness from the rest of the world also developed.

Today the security of the continent is incorporated in collective undertakings in inter-American treaties. It is augmented by the generally improving international situation. So today a concept of separateness is giving way to a policy of hemispheric contribution to a world at peace. We are convinced, too,



that an outward-looking American community can make a decisive contribution in the constructive tasks that now occupy so much of global diplomacy: In the world of monetary and trade talks Latin America and the United States have common interests; in the U.N. Law of the Sea Conference the nations of this hemisphere could together make the critical contribution to the benefit of all people; in the continuing battle against international terrorism the nations of the hemisphere should work closely together in the U.N. and in the International Civil Aviation Organization; and we can work even more intensively in our common endeavor to destroy the international traffic in narcotic drugs which is becoming increasingly a worldwide problem.

The task of adjusting inter-American relations to the challenges of today's world will not be an easy one. It will not be accomplished by rhetoric or recriminations. It will not come about merely by restating general principles. We can accomplish the task only by realistically and practically working together. It will require concentration on those things that unite us. It will require careful planning and determined implementation. Above all, it will require understanding and mutual trust.

I pledge to you, Mr. President, and to the other leaders of Latin American nations, that the United States is prepared to do its part in this spirit.

#### **ARRIVAL STATEMENT, BRASILIA, MAY 22**

Press release 167 dated May 23

I am most pleased to begin my official visit in Brasilia after a very pleasant rest in Rio de Janeiro.

President Nixon asked that I undertake this trip because he wants to build a new relationship of partnership and understanding in the hemisphere. I have found our new approach well received wherever I have gone, and I am confident that we are entering a new era of cooperation among the states of the Americas. Certainly bilateral relations between Brazil and the United States are excellent.

I will be discussing with the President and the Foreign Minister ways in which the inter-American system can be modernized. I want to exchange views on the rapidly evolving global environment, and I hope to discuss our common interests in restructuring the world's monetary and trading systems to support an expanding and more equitable world economy.

Brazil's rapid development has been most impressive, and I hope to learn more about your future plans while I am here. Above all, I want to insure that my visit further strengthens the close ties that have long characterized our relationship.

#### **NEWS CONFERENCE, BRASILIA, MAY 23**

Press release 171 dated May 24

As you know, I have had meetings with several members of the government. I spent a considerable amount of time yesterday with the Foreign Minister, both in a fairly long meeting and then we had a private lunch together at his Ministry. And I spent about one hour and a half with President Médici this morning. I am not at liberty to go into details of the discussions that I had with President Médici, but I will tell you some of the subjects we covered.

We talked to a large extent about global matters. We discussed the situation in Europe, particularly the upcoming security conference involving all the European nations. We talked some about the Middle East and the problems of oil shortage that exist in the world and the shortage that is probably going to be more aggravated as time goes on. We talked about the situation in the Pacific, the conditions that presently exist in Indochina, our relations—when I say ours, I mean relations of the United States with the People's Republic of China, and covered the whole globe in a fairly broad basis. We also talked about bilateral matters; and as we said yesterday, the matters we discussed are really matters of interest that we will develop in the future. We don't have any problems really, at the moment, at all between Brazil and the United States. But I think we did have a very useful discussion about

the participation of Latin American countries in global affairs. Especially, we talked about the leadership that could be provided by this hemisphere, particularly by Latin American countries, in the Law of the Sea Conference, which is a matter of real importance to all of us and to the world community. We talked about problems of pollution that are going to face all of us—face some of us now in serious ways—but are going to become aggravated in the future. We talked in particular about monetary problems, and Brazil, as you know, is participating as one of the group of 20 in the monetary talks which are going to assume greater importance in the days ahead. We discussed problems of trade and trade negotiations that will be undertaken this fall and the attitude of the United States toward an active participation by Latin American countries in those talks and particularly Brazil because of its position in trade.

I think that the visit here has been a very useful one, as it is being conducted exactly in the climate I had hoped it would be—serious discussions, thoughtful discussions, between good friends. And I will leave Brazil with the firm conviction that this has been a useful visit, a visit that is important not only bilaterally but in the hemisphere itself. Of course I talked with President Médici about the upcoming trip of President Nixon to Latin America.

I will take some questions now. My comments were not intended to include everything we spoke about, but to give you some ideas.

*Q. Mr. Secretary, I would like to know why on this trip you have chosen to bypass Chile and if you have any intention to visit with President Allende in Buenos Aires.*

*Secretary Rogers:* As to the meeting with President Allende, no meeting has been scheduled. He is attending the inauguration in Argentina, and undoubtedly I will meet him. Whether we will have a formal meeting, scheduled meeting, or not has to be determined. As to the first question, why didn't I visit Chile, I'll tell you that it is a problem to work out a schedule when there are 23 na-

tions that you would like to visit and you don't have time to visit them all. There is always the question, "Why the selection?" The reason for us is that we were only able to visit eight countries. I will tell you the story of the man who had an unpleasant wife; no matter what he did, she didn't like it. She gave him two neckties for his birthday in order to please him. He put one on and came down to dinner. She looked at him and said, "That's what I thought. You don't like the other one." I think we all have that problem. If we go to one country, the suspicion is that we are not having good relations with another one. As you know, we have diplomatic relations with Chile, and we are in communication with it. Just before I left I met with the Foreign Minister, or rather the Ambassador, who is now becoming the Foreign Minister, and had him in my house for a drink for about an hour. We have diplomatic relations in a very normal way with Chile.

*Q. Your reference to a more aggravated oil shortage in the Middle East—should we infer from that that you didn't do as well in Venezuela as you had hoped to do?*

*Secretary Rogers:* No. I just discussed the oil situation generally with President Médici because it is a worldwide problem and there is going to be an energy crisis unless we find new sources of supply. But there was nothing immediate, and it has no relationship at all to my discussions in Venezuela. Brazil and Venezuela are both oil-consuming countries, and as Brazil's economy develops there will be greater need for oil; and certainly we are going to have much greater need for oil in the years ahead.

*Q. Would the United States be willing to cooperate with Brazil in offshore oil research?*

*Secretary Rogers:* We didn't really discuss this, and I don't want my answer to suggest that there is any program on the way. But certainly we would be willing to cooperate if that is the desire of Brazil.

*Q. The trade bill that is being discussed*

now that President Nixon has introduced seems to have two principal aspects. One is that the President will be in a position to take measures with the purpose of reducing duties and customs tariffs to benefit developing countries, but on the other hand he will be in a position to take measures, to take restrictive measures, as well. Now, to what extent can this legislation be used to help further the economies of underdeveloped countries and to what extent may it be used to hold back the developmental efforts of these countries?

*Secretary Rogers:* As you know, it is a fairly complicated piece of legislation. Its purpose is to provide President Nixon with the negotiating tools that he will need in the upcoming negotiations on trade. It is not intended in any way to be an instrument of restrictions insofar as developing nations are concerned. On the contrary, it provides, as you know, generalized preferences for the developing countries. So I have on several occasions on this visit explained that there is no reason for any concern on the part of the developing nations, that this legislation is not intended to be used to restrict imports to the United States. I should add that probably it does not provide any greater authority for the President of the United States than other developed nations have at the present time. In other words, it puts him on an equal footing with the other developed nations as we enter negotiations.

*Q. Of course we could imagine that in the case of Brazil there may not be any intent of restrictive use of this type of legislation inasmuch as last year Brazil had a trade deficit of \$300 million with the United States. But in the case of other countries which have a trade surplus?*

*Secretary Rogers:* I don't think so. I wouldn't want to suggest that if some provision of the act is applied worldwide that it might not have some indirect effect on the developing nations, but that certainly is not the intention. As you know, our trade deficit is not a result of any trade we have with developing countries. On the contrary, our

trade deficit results from our trade with Japan and Canada and to some extent with the Common Market. So I don't really think that developing countries need have any concern about this legislation. The whole point of the legislation, as far as the United States is concerned, is to open our markets to the developing countries to a greater extent than they are now.

*Q. Mr. Secretary, what effect will Watergate have on the American image in Latin America?*

*Secretary Rogers:* The matter has never been raised with me in any official talks. The only time is with you ladies and gentlemen of the press. I don't detect that it will have any effect at all. And I think that is confirmed by the reports from other parts of the world. I notice that the press is reporting that from Europe. So I don't think it will have any effect.

*Q. Why does President Nixon want to change his policy of sales of arms to Latin America? Do you think that this will lead to increased sales of M-5 and other sophisticated weapons?*

*Secretary Rogers:* The U.S. policy related to arms sales to Latin America is to do what we can to prevent arms races from developing in the hemisphere. That has been a constant policy of the United States, and we will continue to pursue that policy. On the other hand, we do recognize that every government desires to have a defense capability, a defense establishment, and I think that is probably without exception in the world. Governments will get equipment from some sources, and therefore we think that we should not be excluded in that regard. So we will continue to provide for sale to Latin American countries, in accordance with their wishes, a restrained flow which will not stimulate an arms race. But it is important for reasons of sovereignty and prestige for countries to have a defense establishment; and the United States just has to recognize that as a fact, and we do recognize that as a fact. We want to have good relations with Latin American countries, and within those

limitations, within those restrictions, we will pursue that policy.

*Q. And about the sales of the M-5?*

*Secretary Rogers:* Well, that depends on who wants planes and how many they want and other materiel. But each one of these decisions will be based on reasonable calculation as to whether it stimulates an arms race and whether it seems to be something that the nation concerned will be able to get anyway. We want to cooperate with Latin American countries, recognizing their sovereignty, recognizing they have the same rights to a defense capability as any other nation.

*Q. Was the topic of sales of additional armaments part of your conversations in Brazil?*

*Secretary Rogers:* No, and I want you to know, and I want to be sure that there is no misunderstanding. It may be that some of the subjects that didn't come up in my talks are being discussed on another level. The fact that we did not discuss it does not mean that there are no discussions on the way, but that there were no discussions in our meetings.

*Q. How about coffee and the soluble coffee agreement?*

*Secretary Rogers:* It may seem difficult to believe, but we did not talk about it. I think it is a tribute to our Ambassador that such good relations exist.

*Q. Will you have any formal meetings with President Campora, and how do you view the relations between Washington and the new Argentine Government?*

*Secretary Rogers:* We have none scheduled yet. I don't believe the government there has decided on a schedule yet for any of the delegations or members of the delegations. That will be decided a little later on. It is a little early to predict, but I hope that I can have some discussions while I am in Buenos Aires and we would hope very much to have good relations with Argentina.

*Q. When talking about President Nixon's*

*trip to Brazil, was it decided when he will come?*

*Secretary Rogers:* Well, as I say, we don't know. We hope it will be this year but it is possible that it will be the first couple of months of next year.

*Q. About President Nixon's visit, is there any idea of how many countries he might visit?*

*Secretary Rogers:* No, that hasn't been decided.

*Q. Do you have any comments with regard to the external debt of Brazil?*

*Secretary Rogers:* No. Fortunately they did not make any comments about our debt either.

*Q. Do you think that the decision of the U.S. Government to dispose of strategic stockpile materials will worsen or have undue effects on the economies of the Latin American countries?*

*Secretary Rogers:* No, I don't think so. We are going to consult very closely with Latin American countries which would be affected by the disposition of the stockpiles. And we are going to try to do it in a way which is not too disruptive to the market, as we do realize the importance that some of these metals have in terms of the economy of some Latin American nations.

*Q. I'd like to have your opinion—does the United States see in Brazil any attitude of exercising hegemony within the continent?*

*Secretary Rogers:* No, we don't. But we do recognize the influence of Brazil because of its size, because of its economic growth, its very surprising progress. Brazil is a very important country, but we don't think of it as having any hegemony. And in our relations with Brazil, we try to conduct them on the same basis that we conduct our relations with other countries in the hemisphere.

#### **ARRIVAL STATEMENT, BUENOS AIRES, MAY 23**

Press release 175 dated May 25

I am most pleased to be in Buenos Aires as a representative of President Nixon to

the inauguration of President-elect Campora and to convey to him and to the people of Argentina the best wishes of President Nixon and the people of the United States of America.

The United States wants to cooperate with the nations of this hemisphere to build a new and strong relationship based on realism, equality, and mutual respect. Such a new relationship requires contributions from all American states. Strong bonds between nations of the hemisphere are essential. Such bonds will enable us to improve the inter-American system and to exert productive leadership on global issues of common interest.

The United States and Argentina share many political and economic ties, and we are linked by a common faith in democracy as this inaugural occasion so well demonstrates. We look forward to working cooperatively, frankly, and on a basis of equality with your new government, both with respect to our bilateral relations and on many global issues where we have similar interests.

Argentina is a country with cultural, intellectual, and economic achievements so well known throughout the world. It is also a country with a strong sense of national identity. So is the United States.

In enunciating our new policy in the hemisphere last week in Bogotá, I said that we hope a new partnership can be forged in the Americas, rooted in constructive nationalism and in fraternalism. Those concepts should provide a firm foundation for future relations between the United States and Argentina, relations which we very much hope will be cordial, productive, and in the best possible interest of the hemisphere and of the world.

Ladies and gentlemen, I would like to close on a personal note to express the great pleasure that Mrs. Rogers and I have, and all the members of my party have, in being here and having this opportunity to be here on this important occasion. As you may know, it is the first opportunity we've had to visit your country, and we have heard so much about it. We heard so much about the friendliness of your people and the achievements

that you have made over the years, that we express from the bottom of our hearts our genuine pleasure at being here.

*Q. When you began your trip, Mr. Secretary, you said that we must put an end to paternalism on the part of the United States vis-a-vis the Latin American countries. Could we ask you what you mean by paternalism?*

*Secretary Rogers:* There has been criticism of the U.S. policy in the past based on the fact that we were too intrusive and that we attempted to interfere in the internal affairs of Latin American countries. So what we are trying to do is to take into consideration those views of Latin American countries, to make it clear that we respect the sovereignty of every nation in Latin America, that we want to work cooperatively with the nations in Latin America, but only to the extent that they want us to.

Secondly, we recognize that every nation has a right to determine its own system of government, and we respect that right. We feel that there is no reason why we can't make that clear to Latin American countries. We certainly have been able to do it in other parts of the world. So we feel that the better definition of our policy is one of mature partnership. You, the nations in Latin America, are sovereign, important nations that we respect, and we will deal with you as mature partners—cooperatively, in the hope that we can contribute to progress in the hemisphere, but with full respect for your sovereign rights.

In order that I am not accused of favoritism, I shall take one question from a man.

*Q. Mr. Secretary, I wonder if the U.S. Government is aware that Argentina is going to have to bring about certain changes, particularly within the economic framework of the conduct of this international relation. Could we ask you what the expectations are on the part of your government with regard to its relations with the Argentine Government after the 25th of May, based on equitable dealings in the area of international relations?*

*Secretary Rogers:* Well, we have a long

history of friendship with Argentina and we expect that to continue, and we certainly will respect changes of policy that your government may put into effect. I am looking forward to having discussions here, if it could be worked out, in order to have some better idea of the policies that you may pursue. But we don't expect to have any difficulties with your country; we expect that we will continue to have very good, friendly relations.

#### NEWS CONFERENCE, BUENOS AIRES, MAY 26

Press release 180 dated May 29

I want to begin by apologizing for being late, but I had a meeting with President Campora and just completed it. That is the reason I am late.

I want to express my thanks and appreciation to the Government of Argentina and to the people of Argentina for the privilege of attending the inauguration. I was able to deliver a letter from President Nixon to your President today at my meeting, expressing the hope and desire on the part of the United States that we continue to have very good relations with the new government. Traditionally we have had good relations with Argentina and hope to work very closely together in the months and years ahead.

The meeting I had with the President was also attended by the new Foreign Minister, Juan Carlos Puig, and Assistant Secretary of State Jack Kubisch, who is also new in that job. We agree to continue to have very close consultations, very active consultations, in the months ahead to be sure that no misunderstandings develop between us and that we will be able in private discussions to consider the policy of the new government and to express the policy of the Government of the United States and work out any problems that might arise. I don't expect that we will have any serious problems, and certainly that is our hope.

This inauguration also provided an opportunity for me to meet with others from other countries, particularly the Latin American countries, and I was able to meet with rep-

resentatives of almost all of the Latin American countries while I was here, except for those nations I visited. I think that the policy of the United States that I have been referring to and talking about, answering questions about, since I have been in the hemisphere has been very well received. I think that it has served a very useful purpose and the misunderstandings that we had have been cleared up. We have made plans to have very active discussions about some of the areas where there are differences. I am very pleased about the success of the trip I have made here, and I am particularly pleased that I was able to meet with the President at such a busy time and had the opportunity to spend an hour with him.

Now I'll be happy to take a few questions, if I may.

*Q. I would like to know to what extent these misunderstandings that you mention may be the result of a change in policy in Latin America on the part of the Latin American countries.*

*Secretary Rogers:* Well, I am not sure that I can answer that specifically. I think that it has been clear to me that there is a growing sense of nationalism in every country in Latin America, and I think there is a feeling somehow that that is not acceptable to the United States or that we are opposed to a growth of nationalism. That is not true. We think that it is vitally important that each nation feel a strong urge, inner urge, to improve itself, and in fact that is the only way that improvement can come about—it can't come about by what some other nation does. I think by expressing that, as I have been able to do, it has helped a lot. Now we also hope and express the hope that the nationalism does not appear to be antithetical, is not opposed to somebody else, that it is nationalism in a constructive sense. By that I mean that each nation feels that it has a strong drive to improve. As far as the United States is concerned, we are happy to cooperate with each nation as much as we can, as much as it is practical for us to do, in a way that the nation wants us to. We have no intention of interfering or intruding, but

we are glad to cooperate if that is what is desired; if that is not desired, that is OK with us.

Just to add a word, we believe that constructive nationalism means a strong feeling of national pride and a desire of a nation to improve, but we also believe that in today's world cooperation among nations is necessary, and we don't think that nationalism necessarily suggests opposition to some other nation's policies. I will try to make my answers shorter. I agree with what the gentleman says.

*Q. Following your meeting with President Campora, what chances do you think exist for the stepping-up of the trade and political relationships for the two countries, and also what are the prospects for the new government as you see it?*

*Secretary Rogers:* Well, I wouldn't want to answer the last part of the question, because that is not appropriate for me to comment about in this country. As to the first part of your question, let me say that I think the prospects are good, and we certainly hope that our trade legislation which provides for general preferences will be enacted by our Congress and that that will serve to improve the trade deficit that Argentina had over a long period of time.

*Q. Mr. Secretary, in three of the seven countries that you visited, there were anti-American demonstrations; that is, Colombia, Venezuela, and Argentina. Were these demonstrations what you expected, or were they less?*

*Secretary Rogers:* Well, I didn't see any anti-American demonstrations; most of it was manufactured by the press. I read one account to the effect that there was a large demonstration—I think it was in Venezuela. I read of another one in Colombia. I haven't seen a hostile demonstration of any kind since I've been in Latin America. I even read that my car was stopped in Argentina and I was not able to go to the meeting yesterday, and that wasn't true.

There hasn't been anything that has been obvious to me. I guess that in some of the

countries there was an attempt to organize a student demonstration, but it certainly was not reflected in what I saw in the street or heard.

*Q. You don't think there is such a thing as anti-Americanism in Latin America?*

*Secretary Rogers:* No, I didn't say that. You asked me what I thought of the three demonstrations, and I said I didn't see any of them.

*Q. Then I wonder if I can modify my question.*

*Secretary Rogers:* Sure.

*Q. How do you feel about anti-Americanism?*

*Secretary Rogers:* Well, I don't know because I didn't have any way of judging it.

I am sure that there is a feeling, because of our size and position in the world, that the United States is to blame for a lot of problems that exist in the world, and I suppose that is to be expected. But as far as I am concerned, based on my experience in eight countries, or seven countries so far, and seeing a good many people in the streets—and they knew who I was because I had the American flag—I didn't see a hostile gesture, and there was a lot of applause and friendly gestures. Now, I heard a couple of women say as I went into the last meeting, "Yankee, go home." That's the first time I heard something, and I was able to say, "I am going." [Laughter.]

*Q. I would like to pose two questions in one, and I believe they are interrelated. General Perón has expressed—and he is trying to carry it into practice—to head or lead a Latin American movement that seeks a basic understanding in the economic field and aims at what is called the Third World. I would like to know, how does the United States feel—and Mr. William Rogers—about this movement of Latin American unity closely related to the Third World?*

*Secretary Rogers:* The United States favors regional cooperation and regional development. Whatever nations feel will be

constructive in an area by way of regional cooperation is certainly something we would favor, not only in Latin America but all over the world. And the form that regional cooperation takes really depends on the region, what they want.

*Q. If Latin America would follow the world tendency toward socialism, would that worry the United States?*

*Secretary Rogers:* I don't want to suggest that we think that socialism—communism, if you will, however you describe it—that we favor it, because we think that the system we have is successful and we like it. But we also recognize that a nation has a right to decide what it wants to do. And obviously there are very few nations that are alike; governments are different all over the world, and that is just a fact. We recognize that.

*Q. This nationalism that you describe as constructive has manifested itself in a number of countries in the form of adoption of policies which the United States has found completely unacceptable in the past—seizure of hundreds of millions worth of U.S. property without compensation and adoption of the 200-mile fishing limit being only two examples. Now, are you saying that the nationalism that has manifested itself in that form in the past is now acceptable to the United States?*

*Secretary Rogers:* No, I didn't say that.

*Q. OK then, if it is not, would you clarify please, sir, by explaining how you feel that those differences—*

*Secretary Rogers:* Well, yes. I don't want to take too much time on the questions because there are a lot of other questions. But let me explain. Nationalism, when I refer to it, means the right of a country to decide what it wants to do and a strong urge and drive to improve the working conditions in the life of the people in the country. Now, on the question of expropriations without compensation, that is a violation of international law. Nationalism doesn't mean that you can violate international law; and if we are going to have a world community that can

live together in peace and stability, we have to recognize some rules of conduct, just as we do in our domestic life. So the fact that I speak about nationalism, which really is the essence of our own success in the United States—we are very nationalistic; we have great pride in our country—that is what I am speaking about.

So that there is no misunderstanding: Expropriation with compensation does not violate international law; expropriation without compensation or without fair compensation violates international law. Now, we don't happen to favor expropriation; we think it discourages foreign investment, and therefore I would not like my answer to suggest expropriation is a good policy. But it is a sovereign right of a nation, if it wants to do it, as long as compensation is made fairly to the expropriated company.

*Q. How would you characterize or describe your meetings with Presidents Campora and Allende?*

*Secretary Rogers:* Well, I thought the meeting with President Campora went very well. I think it was a very good beginning of the relationship between the new government in Argentina and the government in the United States. We discussed matters very frankly, and I was very satisfied with the meeting. In the case of President Allende, we discussed matters for more than an hour. They were very active discussions. We just have to wait to see what the result of the discussion with President Allende will be.

*Q. In general, the Secretary of State is the man who formulates and orients and carries out foreign policy. The question is, has the Secretary's role not been preempted by the role of and by the activities of Mr. [Henry A.] Kissinger?*

*Secretary Rogers:* No. Actually the premise is wrong. In our country the man that formulates foreign policies is the President of the United States. As far as the cooperation between Dr. Kissinger and myself in the Department of State is concerned, it's good, and I think it has been very successful and think most people in the world think



so. Don't believe everything you read in the newspapers. [Laughter.]

*Q. Would you recommend that President Nixon continue his plans to visit Latin America this year?*

*Secretary Rogers:* Yes, I certainly will.

I think that I will only be able to take a few more questions. As that lady said, the Yankee has to go home.

*Q. Mr. Secretary, how long were you with Dr. Campora?*

*Secretary Rogers:* About an hour.

*Q. You said that expropriation without compensation violates international law. Do you consider, then, that the countries which expropriate have the right, as in Chile and Peru, to charge for alleged excess profits?*

*Secretary Rogers:* I don't want to get into any specific cases.

*Q. And are there any countries that you would recommend that President Nixon not visit in Latin America at this moment? Can he visit all of them safely?*

*Secretary Rogers:* Oh, yes, I think so.

*Q. With regard to what you said about nationalism, what are the precise limits of what you call constructive nationalism in the difference in its manifestations in various Latin American countries from the standpoint of the United States?*

*Secretary Rogers:* Well, as a philosophical question it would take a long time to answer. Let me try to make it brief.

It seems to me that every nation can perceive its national policy to invigorate the people, to make the people in the country realize to a very considerable extent that the future of that country depends on what they do and not on what someone else does, but at the same time not necessarily make it appear that the policy is based on opposition to some other country. It seems to me that the kind of nationalism I am talking about does not exclude close cooperation with other nations, cooperation based on the rules that the country wants to establish, but still be active in the international community.

Let me give you an example. Canada is a very important sovereign nation. It has its own foreign policy and is not affected or controlled by anybody else's foreign policy. Canada has a great deal of trade with us, more than any two nations in the world have ever had. It used to be a favorable balance to us; now it is favorable to Canada. We have large capital investment in Canada, but interestingly enough, Canada has more capital investment in the United States per capita than we have in Canada. We are both strongly nationalistic. We have tremendous investment in each other's country; we have strong trade, a lot of trade with each other. And it is to our mutual benefit.

*Q. What do you think about the Itaipu Dam conflict?*

*Secretary Rogers:* That is a regional matter. We have enough problems of our own. [Laughter.] I wouldn't want to express a view on that. I don't mean to be sarcastic, but it is something that we wouldn't want to express our view on. It is a Latin American matter.

*Q. But after all, it is an international issue, and it has come to the attention of the different countries, and there should be some sort of an expression on the part of an important country such as the United States.*

*Secretary Rogers:* Well, that illustrates the difficulty we have. If we don't say anything, we are criticized. If we do say something about it, then everybody will say, Why don't you stay out of that? [Laughter.] All I can say is that I hope it can be worked out satisfactorily, because we are very friendly with all the nations involved in the problem.

This is the last question. I really have to go.

*Q. Will your trip and the experience that you have had on your trip influence the U.S. position in the OAS?*

*Secretary Rogers:* Well, I have done a good deal of listening [laughter], and I think I have some new insights. I think I have benefited by the visit, and I have had dis-

cussions with Foreign Ministers, not only in the countries that I have been in but several others. I think that it probably will have some influence on my thinking, yes.

*Q. Concerning kidnaping, did you discuss the subject with President Campora?*

*Secretary Rogers:* I did not.

Thank you very much, ladies and gentlemen. I want to tell you how much I have appreciated being here in Argentina, and I hope that I will have the chance to come back soon. I hope you will all have the chance to visit the United States one of these days.

#### **ARRIVAL STATEMENT, KINGSTON, MAY 27**

Press release 181 dated May 29

I just want to say to the Minister and the Ambassador and all the representatives of the Government of Jamaica and you ladies and gentlemen how pleased Mrs. Rogers and I, and all the members of my party, are to be in Jamaica again. We had the privilege of being in Jamaica when I was in private life, but this is the first chance I have had to be here since I have been Secretary of State, and I'm very honored indeed.

At the request of your government, and because I wanted to very much, I am pleased to be here to pay full recognition to the importance that Jamaica plays in the thinking of the United States. We attach great importance to our relations with Jamaica, and we also recognize that although my visit is still a Latin American visit it is more than that—it is a visit to Central America, South America, and to the Caribbean area. The stop here in Jamaica gives recognition to the fact that the Caribbean area has suffered and it is important—and that is why we are here.

I am looking forward very much to the talks that I will have with the Prime Minister and with you, Mr. Minister, and other representatives of the government. Relations between Jamaica and the United States are particularly warm, and we recognize the importance that Jamaica plays in the Caribbean area and also the growing activity of Jamaica in the Organization of American

States. We think that is the way it should be—that as we consider ways to improve the Organization, we look to Jamaica to play a very important leading role in representing the views of this area, this region.

So I am anxious to talk to your officials about how they see the future of the OAS and the part the Caribbean countries can play in that Organization. I am also anxious to talk about global matters because, although your country is not a large country, it is an important country and you will play an increasingly important role in international matters. For all of these reasons I am glad to be here, and I appreciate you ladies and gentlemen, and members of the press who are here, coming out to greet me. We look forward very much to a short stay but a very important stay.

#### **REMARKS AT SWEARING-IN OF MR. KUBISCH, DEPARTMENT OF STATE, MAY 29**

Press release 186 dated May 30

Distinguished members of the diplomatic corps, ladies and gentlemen: As you know, the occasion is to swear in the new Assistant Secretary of State for Latin American affairs, Jack Kubisch. But before doing so, I want to take this opportunity to thank all the nations represented here for their courtesy and for the way I was received in the countries that I visited in Latin America. And I might say that I also saw, in Buenos Aires, representatives from almost every country in Latin America. I am deeply appreciative of the courtesies that were shown to me.

This morning I had the opportunity to report to President Nixon on the success of our visit to Latin America, the first visit of that magnitude. Certainly no previous visit over the last 40 years has been as extensive as this one. I had the opportunity to tell President Nixon about the visit in some detail. He was of course very pleased and is looking forward to his visit to Latin America.

I also had the opportunity to talk to legislative leaders about it, and they reacted very well to the report I made. They reacted

equally well to the thought which I expressed that it was necessary for us to take an increasingly active interest in Latin American affairs.

Now, as you know, I was able to visit not only South America but Central America and the Caribbean area as well. The trip was a very active one, and I think it worked out well.

Let me say that the objective which I had in mind was to have quiet and serious discussions with the leaders and officials of each of the nations that I visited. As much as possible, I minimized social engagements and tried to maximize serious discussions. This approach was, I think, well received and reciprocated by all of the nations that I visited. Officials seemed to welcome this general approach.

I was particularly pleased at the newspaper reporting and editorial comment in the Latin American press. It was extensive and I thought fair, and I think will contribute to good relations in the hemisphere.

I think that the most significant impression that one gets, and this was my first visit to Latin America, is the growing feeling of nationalism in every country—which included a great drive to see that conditions in that country are improved, to see that the average man and woman have the better things in life, that they have better living conditions and working conditions. Now, I did not find that this growing sense of nationalism was in any way antagonistic to the United States or antagonistic to other nations in the hemisphere. Rather, I found that it was a serious, determined drive to make things better in each country. Of course the United States welcomes this nationalism; we strongly support it. And I was pleased to be able to talk to the leaders of each nation about it.

Second, I found a clear awareness that the future requires sensible economic development—that you can't feed people and house people and employ people with rhetoric; that speeches and politics are not enough. There must be thoughtful planning, consideration of what it is that makes economic systems work, a desire to work to-

gether with other nations, in some instances in regional development—overall, recognition that economic planning and thoughtful consideration of economic laws is essential to the hemisphere.

Now, these things—and nothing I saw on my visit gave me any reason to think differently—cause no difficulty for the United States. We support them. We think that they are desirable. We see no reason why we cannot cooperate fully with this new sense of nationalism—spirit of nationalism. We want to cooperate with each nation in a way that is consistent with its policies. If cooperation is sought and assistance of some kind seems to be desired, we want to consider that. If it is not, we understand that, too.

With regard to capital investment, if the nations of the hemisphere want Americans to invest in their countries, we will seek to encourage that investment. On the other hand, if such investment is not desired, we will understand that. We have had good discussions in many countries about the fact that capital is going to flow to the nations which provide the best opportunities. It is going to require stability of governments. Capital is going to require some assurance that the rules that are laid down by each nation will be lived up to. But the final judgment has to be made by the investor. The Government of the United States is in a position to encourage flow of capital—not direct it, but encourage it. And we want to do that in countries where such investment is desired. We think the nationalism which I spoke about is totally consistent with cooperative efforts on our part.

Third, we find there is a desire for more regional cooperation. In some of my discussions I was given the impression that maybe the United States was against regional cooperation unless we were in charge of it. That is not the case. We support any regional groupings that make sense, whether the United States participates or not. Recent developments in some regions have been very constructive. Some of them are going to present the United States with problems. We don't necessarily agree with everything

that is being proposed. We believe cooperating on a regional basis is a very good idea.

Fourth, as far as the hemisphere as a whole is concerned, the United States is prepared to consider fully the future of the OAS. We think the OAS is a good organization. We think the Secretary General has given great leadership to that Organization. We realize that it has to be modernized; that some changes have to be made. We are not sure there is anything wrong with the structure of the Organization—I am inclined to think the structure is all right—but we are prepared to consider with the other members any suggestions that may be made. I was encouraged by the fact that most of the leaders I talked to seemed to think that the structure of the OAS was a good one, although some improvements in the Organization were in order. For example, we might find better ways to implement some of the principles we have agreed on. The United States is fully prepared to play a role, a continuing role in the OAS, consistent with the desires of other member nations.

With regard to discussions with individual nations, there are some irritants between us—some problems between ourselves and various countries in Latin America. We are going to do everything we can to negotiate solutions to those problems. However, we hope to be able to do this in an atmosphere of negotiation, not confrontation. There is no reason why we should be confronting each other publicly over some of these problems, which are not very significant individually but assume a great significance because of the public debate about them. As I pointed out in talks during the trip, we have been able to negotiate with our adversaries. There is no reason we can't negotiate solutions to some of these problems with our closest friends. So we are going to undertake to isolate these areas of friction and to negotiate solutions.

It is quite clear that when we talked in the past about a Latin American policy, we created the impression in the public mind that there should be one policy toward Latin

America. Of course that is fallacious, as you all know. There are 23 nations in Latin America, and as far as the United States is concerned, we must have 23 policies because each nation expects to be treated differently. Each nation is different. Each nation has its own sovereign interests. And we must respect those.

On the other hand, we do have a policy for the hemisphere as a whole, and that policy is to focus on our common interests. We have many common interests, and we are going to do what we can to focus on those common interests, particularly in the field of trade. That is why in my discussions in Latin America I emphasized our strong desire to have the Trade Reform Act passed. That is why we are going to do everything we can to get Congress to enact that legislation—because it is so vitally important to Latin America.

Latin America has had a trade deficit with the United States for a long time, and this has to be changed. We must be sure that we open our markets to Latin America to a greater extent than we have in the past. They should have a preference. They are entitled to a preference. And it is time, I think, that the United States recognized that and provided for it.

With these general thoughts in mind, let me just say that, as I look to the future, I want to assure all of the Latin American representatives here that, first, we are going to deal with each country separately, as a sovereign nation, on equal terms. We are going to respect your nationality. We are going to respect your nationalism, your new drive of nationalism.

Second, we are going to encourage regional development, whether the United States participates in any particular regional grouping or not. This does not mean we are always going to have smooth sailing, because we may have some differences. But we are going to be respectful and appreciative of regional groupings.

Third, we are going to do what we can to strengthen the OAS, to take a leading role in that Organization, if that is what is desired,

or to make any other adjustments in relations with the OAS that seem to be called for.

And fourth, we are going to work with the Latin American countries on global matters, because Latin American countries have assumed a new importance in the world. These countries are taking an active interest in global affairs. And you don't have to be the largest nation in the world to be active in international forums. There is the Law of the Sea Conference coming up, there are to be trade discussions, negotiations, and we have monetary discussions. And Latin American countries are going to play an important role in those global matters. We are going to do what we can to encourage and to support such participation just as we have done in the monetary field.

Finally, let me say that the future of Latin America is one of opportunity. I hope we can quit talking about the problems. We have some differences; we all recognize that. But they are minor differences. Fundamentally we agree on most things. We have the most secure area in the world. We are fortunate to live in this hemisphere. We have worked together well. We have great friendship. I was particularly pleased that I saw not one hostile act in Latin America. I read some accounts in the press which would give the impression that I was subject to demonstrations and riots and that my car was stopped. And all of that is false. I didn't see any hostility at all. And I saw a lot of people in the street, a lot of people who had an opportunity to be hostile, but there wasn't one. Well, there was one woman on the last night who said, "Yankee, go home." and I told her that I was going to. [Laughter.] Except for that, I didn't see one hostile gesture.

I thank all of the governments for making the trip so useful and satisfactory from our standpoint.

So we look to the future as a time of maturity, of opportunity rather than of problems, a time for discussing our problems quietly to see what we can do to help each other. And I assure you, in behalf of Presi-

dent Nixon and our government, that the United States is going to do everything it can to cooperate fully with the countries of Latin America. We are going to take a very active interest in Latin American affairs, and we want to work very, very closely with all of you. I think that is why this occasion is significant. We have a new Assistant Secretary of State who has great personal interest in Latin America, who has served there with distinction, who feels as the President does and as I do about Latin American affairs. For that reason, I am very pleased that so many of you have turned out today. I thank you very much for being here.

## **Tenth Anniversary, Organization of African Unity**

*The 10th Assembly of Heads of State and Government of the Organization of African Unity met at Addis Ababa May 25-29. Following is a message dated May 25 from President Nixon to King Hassan II of Morocco, outgoing President of the Organization, together with remarks made by Deputy Secretary Kenneth Rush at a reception at the Embassy of Morocco in Washington that evening.*

### **MESSAGE FROM PRESIDENT NIXON**

White House press release dated May 25

YOUR MAJESTY: To the distinguished leaders of Africa assembling in Addis Ababa to observe the Tenth Anniversary of the Organization of African Unity, I extend my warm personal greetings and best wishes of the American people on this occasion. The United States has followed closely and with deep admiration the accomplishments of the Organization of African Unity in promoting peace and progress on that continent. We share your aspirations for the progress and development of Africa and for the dignity and well-being of all African peoples. We look forward to a continuing close relationship

between the United States and the countries of your continent. To all member nations and their leaders, we extend our warm congratulations on past accomplishments and our very best wishes for the future.

Sincerely,

RICHARD NIXON.

#### REMARKS BY DEPUTY SECRETARY RUSH

Ambassador [Badreddine] Senoussi, Your Excellencies, ladies and gentlemen: The first 10 years for any organization with aims as ambitious as those of the Organization of African Unity are bound to be years of challenge. Tonight, on the 10th anniversary of the OAU, we pay a fitting tribute to a major regional organization which, in dealing effectively with diverse problems and proving its capacity to act as arbiter and spokesman for the African Continent, has risen to the challenge. In adhering steadfastly to the principles of its charter—territorial integrity, national sovereignty, peaceful settlement of disputes, and economic and social progress—the OAU has become the focal point for Africa's collective endeavors to satisfy the just aspirations of its peoples. For its accomplishments, the member states can be justly proud of their Organization and enter upon its second decade with growing confidence in achieving the worthy ideals and goals that inspired them at its founding.

We share with the nations of Africa a common hope for justice, dignity, and progress. In the short but eventful decade since they created the Organization of African Unity as their common instrument to give greater substance to these hopes, we in the United States have come to place increasing value on our relations with the OAU and its members—both collectively and individually. The OAU has laid foundations for cooperative endeavors in a growing number of scientific, technical, economic, and social fields. The United States particularly welcomes the opportunity of contributing to economic development through close ties with its members in the fields of aid, trade, and investment.

We are ready to share with you the benefits of technology and to assist, on mutually agreed terms, in realizing the vast potential of your rich continent. Together we can continue to work for an international climate in which the world's energies and resources are mobilized for peaceful and productive pursuits. The United States will remain responsive, in a spirit of mutual cooperation, to all who seek with us a more secure and rewarding future.

#### Department Honors Returned Civilian Prisoners of War

*Following is the text of a citation read by Deputy Secretary Rush upon presenting the Department's Award for Valor to the six returned Viet-Nam prisoners of war from the Department of State, the U.S. Agency for International Development, and the U.S. Information Agency at a ceremony at the Department of State on May 24. In his informal remarks the Deputy Secretary paid tribute to Steven Miller and Steven Haukness of the Department, killed or missing during the Tet offensive, 1968, and Thomas Ragsdale of the Department of Agriculture, captured at the same time, who died during the march north.*

#### AWARD FOR VALOR

To

Michael D. Bengé—USAID  
Norman J. Brookens—USAID  
Philip W. Manhard—State  
Douglas K. Ramsey—State  
Richard W. Utecht—USAID  
Charles E. Willis—USIA

For exceptional courage and stamina while held as prisoners of war in Viet-Nam.

These six men were each captured by Communist forces in South Viet-Nam. Douglas Ramsey was captured January 5, 1966—the other five during the Tet offensive, 1968. All were captured on duty for the U.S. Government in South Viet-Nam. They were held

by enemy forces for over five years—Mr. Ramsey over seven years—under arduous and primitive conditions, experiencing hardship and physical mistreatment so severe that it caused the deaths of many of their fellow prisoners. For long periods they were denied adequate medical treatment, food, and shelter. They were forced to travel many miles on foot while suffering from malnutrition and disease.

Each of these men was held in isolation and solitary confinement, cut off from the human comfort of contact with fellow prisoners. They were denied the right to communicate with their families and loved ones, who waited for years with no word from them. Even the fact of their captivity was concealed by the Communist authorities. In these and countless other ways their treatment was in serious violation of the Geneva Convention of 1949 Relative to the Treatment of Prisoners of War.

Each of them demonstrated exceptional valor in helping care for fellow prisoners, in resisting efforts of their captors to break their spirits, and in preserving their own mental and physical strength. Their very survival under the grim conditions of their captivity—conditions which took each of them to the brink of human endurance—fully merits official recognition by bestowal of the Award for Valor.

## **U.S. Seeks Constructive Outcome of U.N. Review of Middle East**

*Following is a statement of John Scali, U.S. Representative to the United Nations, after a meeting at the White House on May 29.*

USUN press release 50 dated May 29

I was pleased to have had this opportunity to discuss with the President a number of matters currently before the United Nations, including the upcoming meetings of the Security Council to review the Middle Eastern situation.

In his discussions with me today, the Pres-

ident made clear he is continuing to give high priority to the situation in the Middle East. We believe that the key to a settlement is the start of a serious negotiating process, whether direct or indirect, between the parties. In this way, practical step-by-step progress can be made as soon as possible toward a just and lasting settlement of the Arab-Israeli dispute based on the November 1967 Security Council resolution. As you know, the Security Council is about to undertake on June the 4th or thereabouts a sweeping review of the Middle East problem, a review which may be the most searching since 1967.

Our attitude in the Security Council will be influenced by two main considerations. The principal parties to the dispute have each accepted the November 1967 Security Council resolution as a basis for a settlement. While we recognize that each side has long held different interpretations of this resolution, we continue to feel that it is a fundamental framework whose continuing existence is essential to the future resolution of the problem. Accordingly, we believe that the Council must avoid any action which would have the effect of altering its substance and delicate balance.

Equally important, we have noted in this regard that whenever United Nations bodies have attempted to reinterpret Security Council Resolution 242 or have suggested procedures not acceptable to both sides, they have impeded rather than promoted negotiating between the parties. We believe, therefore, that the Council must avoid any action which would make more difficult the achievement of a meaningful dialogue between the parties.

Too many opportunities have already been missed, and no one's interest is served by resort to recriminations or unworkable procedures. In the coming Security Council discussion we will work for a constructive outcome that will enhance and not impede the prospects for a just and equitable negotiated agreement between the parties. We shall be guided by our friendship and esteem for both sides and the conviction that peace in the area is essential for both, as it is for the international community.

## President Nixon Addresses Returned Prisoners of War

*Following are excerpts from an address by President Nixon made before returned prisoners of war on May 24 in the West Auditorium of the Department of State.<sup>1</sup>*

Gentlemen: As you can imagine, during my term as President of the United States and also before that as Vice President and in other offices, I have spoken to many distinguished audiences. I can say to you today that this is the most distinguished group I have ever addressed and I have never been prouder than I am at this moment to address this group.

I say that not simply because you are here and because the whole Nation shares those views—as you know, some of you, I am sure, who have traveled a bit around the Nation since you have returned home—but I say it because I feel very deeply at this moment, when we have a culmination of the program which finally has all of you returned to the United States, that this is one of those critical moments in history that can change the world and we need your help.

We do not talk to you today, and I do not talk to you today, simply in terms of thanking you as I do for what you have gone through for your country, but I think all of you would prefer to think of what you can do now, how more you can serve. We need you. The Nation needs you. I want to tell you why.

Before doing so, I want to fill you in for just a moment about the program for the balance of this afternoon and this evening.

Now let me come to the briefing and why I decided to have a briefing. Incidentally, we had first thought it would be a classified

briefing, but while we knew there was no problem insofar as leaks as far as this group was concerned, our friends in the press have vigorously objected and they said, "Look, with 600 there, let us come, too." So welcome. We are glad to have our members of the press here. This will be on the record.

I will, however, speak quite bluntly about our foreign policy and our defense policy. I will try to tell you as much as I can, without divulging any classified information, and I hope that you will take to heart some of the things that I say and particularly pick up the challenge that I am going to give you at the conclusion of my remarks today.

I begin with the question: Was it worth it? And I look over this group, and I remember having talked to a half dozen of you in my office. I think of what you went through, and I think of what you have come back to. And when you ask that question, was it worth it, you can think in personal terms, or you can think in much broader terms.

You could say, oh, yes, it was worth it because we proved that we could tough it through. And thank God you did, because your faith meant a good deal to us.

But I would like to put it in the larger sense. Your sacrifice and the sacrifice of all of your colleagues and comrades who died in Viet-Nam and the sacrifice of all who have served in Viet-Nam will have been worth it only if we build a world of peace now. That is what it was all about.

We didn't go to Viet-Nam for the purpose of conquering North Viet-Nam. We didn't begin this war. We haven't begun any war in this century, as you know. That is the greatness of U.S. foreign policy. We make our mistakes, but we always have as our motives defending peace, not breaking it, defending freedom, not destroying it.

<sup>1</sup> For the complete text, see Weekly Compilation of Presidential Documents dated May 28, p. 702.



But when we think in terms of whether your sacrifice then was worth it, we have to think then about the broader aspects of peace, whether or not the world you come back to, the America you come back to, is a better world or is it, shall we say, a world that is not as safe as when you went to Hanoi or whatever area you were kept in captivity.

I cannot put it in the context of 6½ or 7 years, which some of you, of course, have been away. But I can put it in the context of the years I have been in this office. And perhaps we can see in perspective where we have been and where we are, but more important, where we are going to go.

First, when I came into this office 4½ years ago, 300 a week were being killed in action in Viet-Nam. There was no plan to end the war, no hope that it was going to be ended. Many of you were already prisoners of war. You had no hope.

Looking at the world scene, the United States had no communication whatever, in any meaningful sense, with the leaders of one-fourth of all the people in the world, those who govern the People's Republic of China. We were in constant confrontation with the Soviet Union, the other superpower on the earth, with no thought or even hope that there was a chance for arms control or trade or a lessening of tension between these two great superpowers.

There were other troubled areas in the world. Some of them still are troubled. But looking at those three areas and seeing what has happened since, and then looking at the United States, we see some progress has been made.

Also 4½ years ago, this Nation was torn by riots. Hundreds of campuses were in flames. The American people seemed to have lost their way. There was a desire to move away from responsibilities in the world. There was a lack of national pride, a lack of patriotism. I don't mean among all the people, not even among a majority, but it was there. There was a crisis in terms of whether America, the greatest hope for peace in the world today, would dash that hope or

whether it would be worthy of that hope. That was the situation 4½ years ago.

Now, in describing that situation, I do not speak critically of those who preceded me in this office. President Eisenhower, John Kennedy, Lyndon Johnson, loved this country. They worked for peace as I have tried to work for peace. They felt for you as I feel for you.

What I am simply saying is that in January of 1969 we did have a critical situation and we started to move on it. And how I wish we could have moved faster. I remember that first Christmas in '69. I met with a group of the representatives of the League of Families down in the library, and I talked to these wonderful, remarkable women, and I saw their faith and their courage and their love of country, and I heard them tell me that their husbands had not gone to Viet-Nam simply for the purpose of getting back. In other words, they rejected totally the idea of "Get out, if you will give us our prisoners." They said, in effect, and they didn't put it this way, but one of you put it very well, "Bring our men home, but bring them home on their feet and not on their knees." And that is what we have done.

And so that was our goal over those four years. That is why we couldn't achieve it perhaps quite as fast as we would have liked.

### **Progress Toward World Peace**

But the year 1972 saw remarkable progress, as you know. The year 1972, moving into 1973, in January, saw the return of all Americans from Viet-Nam, all of our combat forces, the return of all of our prisoners of war, the end of the American involvement in Viet-Nam, a peace agreement, which, if adhered to, will mean peace for Viet-Nam and Southeast Asia.

That was one accomplishment. That is the one that most people talk about. They say, "Thank God that war is over. Thank God we have got peace." But in a broader sense, other events took place that will have even more meaning to the world and to peace than

your return and the end of the war in Viet-Nam.

China, for example. That initiative, which was undertaken in early 1972, began in '71, the negotiations, has finally started communication between the leaders of the People's Republic of China and the leaders of the United States of America. Oh, it doesn't mean they aren't still Communists and that we are not still people who love freedom, but it does mean that instead of having hanging over us, looking down the road 10, 15, 20 years from now, a possible confrontation with a nation of the most able people in the world, armed with nuclear weapons equal to our own, instead of having that, there is a chance, a very good chance now, that we will have negotiations with them rather than confrontation, and that is the key to peace in the Pacific.

And then the second development was the meetings with Soviet leaders. This did not happen just over a period of 1972. We worked for the whole four years. But it culminated in the summit in Moscow. You perhaps heard something about it since your return. But looking at that summit agreement, a great deal of emphasis can be placed on the aspects of trade and our cooperation in space and other areas which are important, but the most significant development undoubtedly was the first step, and a very important step, in limiting the arms race in the nuclear field. We have, therefore, an agreement with the Soviet Union on defensive nuclear weapons, where we are both limited, and we are moving now toward getting a limitation in the offensive field.

And so those were the developments that occurred in the year 1972.

#### **Military Strength and Diplomacy**

The other day I was talking to a Congressman. He is a Congressman who has always voted for strong national defense. He said, "Mr. President, give me an answer to my constituents to this question. They say, 'Since we have made such great progress toward peace, we have ended the war in Viet-Nam,

we have had this initiative with China and this initiative with the Soviet Union, why can't we now reduce our defenses regardless of what the other side does and turn that money that we take away from defense to the very urgent problems at home?"

Let me tell you, gentlemen, there is nothing I would like to do more. A President never likes to veto a bill when it is going to help somebody anyplace in this country—our schools or our hospitals or anything that you say.

But, on the other hand, when we talk now about national defense, let me tell you what the challenge is—and you can help in this respect—and what the danger is, a mortal danger that we face insofar as reduction of our defenses is concerned.

First, our defense budget has been reduced. With a new volunteer armed force, considering the increased costs and the like, we find that it is approximately a third reduction of what it was in 1968.

But second, we must also look at this situation: When they say, "Now that we have made all this progress in 1972 toward peace, let's reduce our defenses regardless of what the other side does," what you are doing, in effect, is advocating changing a game plan that has worked.

Let me put it this way: We wouldn't have ended the war in Viet-Nam with honor, we wouldn't have had the initiative with China, and we would not have had, without question, the arms control and other agreements with the Soviet Union, had the United States not been strong and respected.

Strength without respect is meaningless. That was another reason why this war had to be ended on an honorable basis—because otherwise we would have lost respect, not only of our allies and the neutrals but also of our potential adversaries in the world.

But when we see what has happened then, we find that the Soviet Union, at the present time, is preparing to come to the United States for a return summit visit in just a few weeks. We are going to have some very intensive negotiations. They are even more

important than the negotiations we had last year—although those were the first and therefore the most newsworthy—because they will move in arms control and other fields of enormous importance to the future of the world.

But, gentlemen, let me tell you, in the event that the President of the United States goes into meetings with the Soviet leaders with the Congress of the United States having unilaterally cut our defenses, then all hope for an arms control agreement is completely destroyed. Because when you really get down to it in the field of international diplomacy—and this is true of all fields in life—you can't get something from anybody else unless you have something to give.

And I say to you, we must never send the President of the United States into any negotiation with anybody as the head of the second strongest nation of the world.

Now, gentlemen, if you should go out and make that kind of a statement, you sometimes may find people say to you what they say to me: "Those who are for a strong defense are for war, and those who are for disarmament are for peace." It is just the other way around. Disarmament can lead to peace only if it is mutual. But let the day never come when we disarm and the other side arms, because that will enormously increase the danger of war.

Let me describe it in more specific terms. For example, in the field of offensive nuclear weapons, we are ready, and we believe they are ready, for an agreement in which we will mutually agree that we will have a limitation on the development of offensive nuclear weapons.

But in the event, before we go into the negotiations, we already have reduced our own strength in that area, then their incentive for making a deal is completely out the window and we are second and they are first.

Let's go further. Many of you have served in Europe, I know, and you know one of the points that is going to come up in this Congress will be the problem with regard to what we do about our forces in Europe. And Amer-

icans, 25 years after World War II, justifiably are concerned about the fact that we carry such a heavy load in Europe.

Very well-intentioned men in the House and the Senate therefore say it is time for us to bring our men home—half of them or a third of them or a fourth of them, or what have you—regardless of what the other side does.

But here again, let's look at what would happen. In the fall we are going to have very significant negotiations with the Warsaw Pact countries for a mutual reduction of forces in Europe, a reduction on our side and on theirs. As long as it is a mutual reduction, the stability which is essential for peace in that critical area of the world will be maintained.

But if, on the other hand, before we go into those negotiations this fall, the United States unilaterally reduces its forces, all incentive that the Warsaw Pact forces and that the Soviet Union would have to reduce theirs is gone, and you would create that imbalance which would enormously increase instability and the chances for war.

So what I am saying to you is this: I am for limitation of armaments, and I know every one of you is. I am for, certainly in the nuclear field, doing everything that we can to reduce that danger that is hanging over the world today.

But I also know that it is vitally important that in this field of limitation of armaments that we remember that the United States of America is not a threat to the peace of the world.

I have traveled in most of the countries of the world. I have been to the Communist countries and to the free countries. I have yet to talk to a world leader who believes that the United States of America threatens his peace or his freedom. A strong United States is a force for peace; a weak United States means that the peace will be threatened.

And so that is why I say at this point, not that we want to be strong in order to dominate anybody else. That period is long gone, if it ever did exist in our own minds. But what

we need to recognize is that we now have a balance in the world. We must maintain that balance. And that is why, let us keep our defenses up. Oh, take the fat off, wherever we possibly can, but keep them up and be sure in negotiations we go down only if the other side goes down, and if we do that, then we contribute to the peace of the world in which we are all so very much interested.

### **Confidentiality of Negotiations**

One other subject that is somewhat sensitive that I will touch upon only briefly, that I would like to ask for your support on, is with regard to the security of the kind of negotiations that we have.

I want to be quite blunt. Had we not had secrecy, had we not had secret negotiations with the North Vietnamese, had we not had secret negotiations prior to the Soviet summit, had we not had secret negotiations over a period of time with the Chinese leaders, let me say quite bluntly, there would have been no China initiative, there would have been no limitation of arms for the Soviet Union and no summit, and had we not had that kind of security, and that kind of secrecy that allowed for the kind of exchange that is essential, you men would still be in Hanoi rather than Washington today.

And let me say I think it is time in this country to quit making national heroes out of those who steal secrets and publish them in the newspapers.

Because, gentlemen, you see, in order to continue these great initiatives for peace, we must have confidentiality, we must have secret communications. It isn't that we are trying to keep anything from the American people that the American people should know. It isn't that we are trying to keep something from the press that the press should print. But it is that what we are trying to do is to accomplish our goal, make a deal. And when we are dealing with potential adversaries, those negotiations must have the highest degree of confidentiality.

And I can assure you that in my term of office as President in the first four years, and

also in this second four years, I am going to meet my responsibility to protect the national security of the United States of America insofar as our secrets are concerned.

And by our secrets, what I am saying here is not that we are concerned about every little dribble here and there, but what I am concerned about is the highest classified documents in our National Security Council files, in the State Department, in the Defense Department, which if they get out, for example, in our arms control negotiations with the Soviets, would let them know our position before we ever got to the table. They don't tell us theirs. They have no problem keeping their secrets.

I don't want, and you don't want, their system and that kind of control, but I say it is time for a new sense of responsibility in this country and a new sense of dedication of everybody in the bureaucracy that if a document is classified, keep it classified.

### **The World Role of the United States**

Now, gentlemen, I turn to the challenge for the future. I have talked about the need for strength if we are going to have a mutual reduction of armaments in the world, and therefore of the threat to peace in the world. I have talked about the need for national security where our highly classified documents are concerned, so we can continue these enormously important initiatives for peace.

I now want to talk about why the United States, after all that it has done for the world in World War II, after the billions that it has poured out since World War II, its sacrifices in Korea, its sacrifices in Viet-Nam, why we, the American people, have to continue to carry this load.

As I said earlier, believe me, as President, what a relief it would be to say, "Now that we have peace in Viet-Nam, we have a new relationship with China and Russia, we can simply turn away from the problems of the world and turn to the problems at home."

I can assure you gentlemen that if we were to follow that course, we would find very soon

that we would be living in a terribly dangerous world. The world is safer today than it was 4½ years ago. It can be more safe in the years ahead. But that will only happen provided we follow the course that I have tried to lay out to you here today.

As I look to that future, therefore, it is vitally important that the United States continue to play the world role.

Let's look at just this century. We don't need to go back any further than that. I can imagine some of you in those long hours of captivity were thinking back over several centuries. But in any event, looking back just over this century, World War I, the United States could stand aside. After all, there was Britain, there was France, two great powers who thought as we did about the world, and they could carry the load. And then we came in toward the end in World War II. The United States, for a time, could stand aside because Britain was still strong, and France at the beginning had some strength, but eventually we had to come in.

But today, look at the world. Among the free nations of the world there is no one else, not the Japanese, as you well know, even though they have the economic strength, they do not have the military strength and cannot be allowed to acquire it under their constitution; and not one nation in Europe by itself, or Europe collectively, has the strength to be the peacemaker in the world.

So it is all right here. It is in America. It is in that Oval Office, whoever is there, and it is there for the foreseeable future. In other words, the United States must maintain its strength in order to play a role between the great powers of the world and among the great powers of the world of reducing the danger of war, because our ideals and our goals—subject as they can be to much criticism as far as tactics are concerned in the world scene—our ideals and our goals are for a world of peace. Our ideals and our goals are for a world in which we reduce the burden of arms, and therefore it is vitally important that this Nation that has that kind of ideals and that kind of goals maintains its strength so that we can play that role.

But maintaining the strength alone is not enough. It must be respected. And that means that we must continue to have a policy which commands respect throughout the world. We must continue to insist on adherence to agreements that are made. We must continue to let the world know that while we have no aggressive intentions anyplace in the world, we will stand by our treaty commitments wherever they are in the world.

That, you see, is the language of peace rather than the language of bugging out of the world and turning to what people wistfully might think to be a fortress America. But let me tell you, fortress America might have been before World War II a concept that was viable. Today it is ridiculous. We cannot be apart from the world, not when weapons that can destroy us are 30 minutes away.

And so we must play this role. And rather than playing it in terms of whining about it and complaining about it, let us do it proudly, because what greater mission could a people have than to say that in these years—the seventies—of 1971-2-3-4 5 and 6, when we reach our 200th birthday, the United States of America played a great role in the world and made the world safer not only for ourselves but for everybody in the world. That is the stake, that is the challenge we must meet.

Today then, I ask for your support, obviously, for a strong national defense. That is like the preacher talking to the choir. But I know as far as you are concerned, you will be for that, and I hope so many of you will stay in our Armed Forces. We need you.

But also, beyond that, I ask for your support in helping to develop the national spirit, the faith that we need in order to meet our responsibilities in the world. You have already contributed enormously to that by your statements on your return, by what you have said, what you have done, and I am sure you can contribute more to it in the future.

But the young people of America need to hear the truth. They will believe you. They will believe you because you have suffered so much for this country and have proved

that you will do anything that you can to do what is best for America, not just for yourselves.

Because at this particular point America is the richest country in the world; militarily, it is the strongest, and will always have that potential because of its wealth. The only question is whether we face up to our world responsibilities, whether we have the faith, the patriotism, the willingness to lead in this critical period.

Gentlemen, by what you did and what you said on your return, you have helped turn this country around. You have helped re-instill faith where there was doubt before. And for what you have done by your faith, you have built up America's faith. This Nation and the world will always be in your debt.

Those first four years in the office were not easy ones for me in the international front, fighting for an adequate defense budget, fighting for a responsible foreign policy, but looking toward the balance of the second four years, let me say I feel better because out in this room I think I have some allies and I will appreciate your help.

## Secretary Rogers Opposes Cuts in USIA Funds

*Statement by Secretary Rogers*<sup>1</sup>

I am deeply disturbed to find that for the second year in a row the Senate Foreign Relations Committee is recommending crippling cuts in the budget of the U.S. Information Agency.

My concern arises from the fact that I regard the overseas information and cultural programs of USIA to be an important and necessary part of our overall efforts to achieve the goals of our foreign policy. Indeed, my views have been strengthened by

<sup>1</sup> Issued at Washington on May 30 (press release 185)

my observations on the trip to Latin America from which I returned Monday night. USIA officers and programs work in close support of our diplomatic missions abroad, and they are an integral part of the workings of modern diplomacy.

This year particularly, as we enter a period of lessened tensions and increased negotiations, it is vitally important that people abroad understand fully and accurately what our policy positions are—and what they are not. In a period of détente, the relations among nations tend to become more complex and the issues more complicated. Now more than ever we need to assure that USIA is operating effectively in support of the many new diplomatic initiatives we are taking.

The Senate Foreign Relations Committee has recommended an overall cut of more than \$31 million in the USIA budget for the coming fiscal year. About half of this reduction would apply to USIA operations in the foreign television, motion picture, press, and publications fields and to the support funds needed to keep all of USIA's information and cultural programs functioning abroad and in Washington.

These reductions in real terms would mean closing of 28 posts abroad, including the complete shutdown of USIA programs in six countries. These represent assets which have taken many years to develop and, once lost, could not be replaced easily or quickly.

In addition, the committee has rejected the request for \$16 million needed to replace the Voice of America transmitter we are closing as a result of the reversion of Okinawa to Japan. The loss of that transmitter, without a replacement, would seriously limit the ability of the U.S. Government to speak via radio to the people of East Asia.

I confirm again the view I expressed last year that the value of our international information and cultural programs in supporting and promoting our foreign policy should not be debilitated, and I reiterate my strong opposition to the proposed cuts in USIA funds.

## United States-Latin American Economic Relations

*Address by William J. Casey  
Under Secretary for Economic Affairs<sup>1</sup>*

I am grateful to the Getulio Vargas Foundation for affording me this opportunity to discuss the foreign economic policy of the United States with special emphasis on its relationship to our close neighbors in this hemisphere. In 1971, as Chairman of our Securities and Exchange Commission, I visited Brazil and had talks with officials of your Finance Ministry, your Central Bank, and the stock exchanges in Rio and São Paulo. I am looking forward to learning more in these few days about the forces behind the great economic dynamism which impressed me so much on that occasion.

That impression has been strengthened as I have observed and admired the performance of your economy since my last visit here. With a growth rate of 10 percent a year, with your annual rate of inflation so drastically reduced over the last decade from almost 100 percent to about 12 percent, with your exports rising 12 percent a year and your manufactured exports 20 percent, with the ability to increase your monetary reserves from \$2.5 billion to a little over \$1 billion in the last six months of 1972, with the infusion last year of \$350 million in new private investments and almost a billion dollars in new credits from the World Bank, the Inter-American Bank, and the Export-Import Bank—with this record this nation of yours obviously has an enormous contribution to make as well as a large stake in the world economy.

Last week Secretary Rogers, in the most extensive visit to Latin America made by a

Secretary of State of the United States in almost 40 years, spelled out a new policy of seeking a mature partnership with the other nations of this hemisphere. We see this as a relationship between equals, characterized by candor, by realism, and by mutual respect, in which each of us works to achieve a productive collaboration which will make all of us stronger and better partners in building a better life for all the people of the Americas and of the world.

With this purpose and in this spirit, we can have before us a great adventure which is worthy of the best that is in us for the remainder of this century. But we must undertake it with a realistic perception of the world about us and with our feet on the ground.

We stand today at a time when the international economy is undergoing fundamental change. Fast communication and transport, a vast expansion in world trade, and the great mobility of capital and technology have made the world economy increasingly one and increasingly interdependent.

We have immediately ahead of us a major multilateral effort to modernize the world monetary system and the rules of international trade.

After World War II the great economic strength of the United States allowed us to make international economic commitments with little concern for their effect on our own economy. Today the situation of the United States in the world is not a comfortable one. We have a \$10 billion annual deficit in payments and a \$6 billion trade deficit. Outstanding dollar claims float around the world

<sup>1</sup> Made before the Getulio Vargas Foundation at Rio de Janeiro on May 21 (press release 176 dated May 29)

far in excess of our reserves. New monetary alignments have improved this position, and the political will among the nations of the world to make necessary reforms in the monetary and trading systems promises further stability and improvement. But it is nevertheless now clear that there has been a fundamental change in the economic relationships between the United States and the rest of the world. Economic strength has become more widely distributed among nations. Many industrial nations have per capita incomes approaching that of the United States. Many of the developing countries have broken out of their poverty cycles and made rapid strides in improving their standards of living.

The reform of the international economic system in which we are now all engaged must reflect these changes in underlying economic realities.

It is essential in this process for developed and developing nations to work together, for economic reform must benefit all our nations and provide the framework in which the development aspirations of the Latin American people can be most readily fulfilled. That is why the United States has welcomed the participation of the developing countries of Latin America as well as the other continents in the work of the Committee of Twenty on monetary reform. That is why, on this visit to Latin America, Secretary Rogers has urged the nations of Latin America to participate in the multilateral trade negotiations to be launched at the September meeting of the GATT [General Agreement on Tariffs and Trade] in Tokyo. We desire full consultations on both monetary and trade negotiations with the nations of Latin America, and Treasury Under Secretary Paul Volcker and the President's Deputy Special Trade Representative Ambassador [Harald B.] Malmgren will be visiting Latin America for that purpose.

After all, this is vitally important to the nations of Latin America. They have a great stake in a more realistic and a more open world economy. As the most industrialized of the developing regions of the world, this re-

gion's competitive position in world trade has already been improved considerably by the more realistic exchange rates which prevail today, and its development can be enhanced by reforms which keep exchange rates at realistic levels and reduce barriers to trade.

The challenge of monetary reform is one both developed and developing countries must meet quickly and decisively. Latin America and the United States share a common objective in successful reform. It is an opportunity and important challenge for us, for if the system does not permit all nations to reach and stay in general equilibrium, restrictions on the flows of development assistance, private capital, and trade will become inevitable.

### **Reform of the World Trading System**

To be fully effective, reform of the monetary system must be accompanied by reform of the trading system. There is now a great opportunity for progress in the reduction of tariffs and other barriers to international trade. The great changes which have occurred in the structure of world economic and financial power require changes in trading rules which strike a fair balance between the legitimate interests of individual nations—including the developing nations. This requires a cooperative worldwide approach.

This is the spirit in which President Nixon has proposed broad new legislative authority for trade negotiations. The legislation has as its fundamental premise that every nation can and should benefit from expanding trade and open trading practices, within the basic framework of a competitive market system. That openness must also be combined with fairness for all nations.

It is in the elimination of nontariff barriers that the mutuality of objectives between the United States and Latin American nations is perhaps greatest. A reduction in the barriers to agricultural imports worldwide would bring major benefits to your economy and to ours.

In some instances, open markets and free trade can bring change with disruptive speed.



Our proposed legislation recognizes this. Like other nations, we need effective safeguards when excessive hardships are imposed on domestic workers and business by sudden surges and rapid changes in the pattern of trade. The aim of such safeguards is not to avoid adjustment but to ease the burdens of adjustment for a transitional period and thereby facilitate the process. Safeguards which afford time to shift resources or meet competition without protecting inefficiency indefinitely are a force for liberalizing trade. They should be worked out on an agreed and consistent multilateral basis.

The United States realizes that developing countries face special difficulties in entering world markets, particularly when first attempting to diversify into nontraditional exports. For that reason the trade bill would permit the United States to join with other industrialized countries in providing developing countries access to the markets of the industrialized nations. A broad range of manufactured products now regulated by tariffs would be accorded duty-free treatment in instances where countries in the early stages of industrialization are beginning to enter world markets.

This hemisphere's ability to compete in the markets of Europe and Africa is being impaired today by the Common Market's system of special preferences accompanied by reverse preferences for the developed nations of Europe. This could lead to a huge North-South trading bloc in the Eastern Hemisphere. It is important to all the nations of this Western Hemisphere that this system of regional preferences be broadened out into a generalized preference scheme affording all the developing countries the same opportunity in the markets of the industrialized countries and affording no disadvantage to industrialized countries in the markets of other developing countries.

### **Regional and Bilateral Cooperation**

Within this world economic system, while it is being modernized and after that has been achieved, the nations of the Americas

have much to do both on a regional basis and on a bilateral basis. In his Bogotá speech, Secretary Rogers stressed our policy of regional cooperation and our desire to deal directly as equal partners with each of the sovereign nations of the hemisphere in resolving conflicts and furthering specific goals and interests which we share with these nations.<sup>2</sup>

Regional economic integration is one of the major forces reshaping the world economy. The United States supported the formation and the enlargement of the European Common Market, and we are now working as diligently as we can in every available forum on the mutual adjustments in both policy and procedure made necessary by the fundamental fact that in our trade and economic relationship we are dealing with the world's largest trading economy rather than as in the past with nine smaller nations. In the same way, we continue to support economic integration in the Latin American Free Trade Area, the Andean Pact, the Central American Common Market, and the Caribbean Free Trade Area, and we are here today on this trip to explore how we can work more effectively with these enlarged economic structures as they take more concrete form and substance.

Similarly, the United States is prepared to work with each nation of Latin America on a one-to-one basis to improve the flow of trade and technology and capital, both private and public, to accelerate your development and enhance the contribution which your markets and your products make to the world's progress and prosperity.

We will pursue a comprehensive policy designed to help stimulate social and economic progress, particularly higher rates of per capita economic growth, in the developing world—a policy not of aid alone but employing a wide variety of economic relationships, a policy involving coordination with other developed countries and requiring serious efforts from the developing countries themselves.

<sup>2</sup> See p. 912.

We will pursue it in recognition of the fact that just as the developing nations need access to the capital and cooperation of the developed countries, so will we increasingly need their cooperation and access to what they can produce. The rapidly burgeoning needs of the industrialized world for energy and raw material resources offer new trade possibilities that will both augment production and foreign exchange earnings in the developing world.

We are reviewing our development policies to make them more effective by the fullest coordinated use of international investment, trade expansion, preferences, financing provided by multilateral institutions, bilateral grant and loan assistance, technical assistance and training, debt relief, and collaboration in social and economic institution building. You in this country and in this institute have studied economic development in great depth and practiced it with great success. You know that the art of stimulating and engineering economic development is not a static one. Depending on the stage of development, we must call into play new approaches, new techniques, new blends of internal and external financing, of technical assistance and capital infusion. We invite you and your colleagues throughout the hemisphere to a dialogue on the relationship of development policy and development assistance to such self-interest considerations as our balance of payments, foreign investment atmosphere, raw material needs, and world trade and monetary relationships. In our discussions together and in our membership in international financial institutions we should weigh the value and availability of multilateral and bilateral support, of the relative value of high-leverage hard loans against low-leverage soft loans, of financial and technical assistance. Where should development effort be focused? Should some effort be shifted to building economic institutions and sponsoring projects which can bring countries already close to the takeoff stage over the top, where they become self-sustaining, good markets and ultimately aid donors themselves?

## Investment and Ownership

Certainly, we all know that as development progresses, the costs of continued social services will have to be carried by tax revenues, and economic expansion should attract external financing generated from public savings and the international capital markets. As Secretary Rogers said last week in his Bogotá speech, "Each Latin American country must decide for itself whether it wants to and how to attract private investment. And it has the sovereign right to determine the rules under which such investment operates." But to attract private capital and the technology and the managerial skills that can accompany it, investors must know what the rules are. They must know that they will be able to repatriate earnings or sell their investment at fair value if it is successfully developed. We know and recognize and respect the strong desire in some nations on this continent for business to be locally owned and controlled. Our businessmen know this, too. It is up to them whether they come here (Latin America, not Brazil) or stay home. If another country wants them and they come, we will encourage and facilitate the relationship, we will expect them to adhere strictly to local law, and we will support them as we have been doing in their rights to fair compensation for their property if local public policy changes require them to divest or broaden their ownership. If the country wants broad local ownership, we think we understand that. After all, we think we invented the process of dispersing ownership. In the United States our corporations are owned by thousands of individuals, and no one is likely to own more than small percentage points of our 10,000 publicly traded enterprises. We are ready to share our experience in creating broad public ownership with the nations of Latin America as we have already done in Brazil and several other nations. We have provided \$5 million to the Organization of American States for this purpose and have recently loaned \$15 million to the Andean Development Corporation to encourage the development of locally owned enterprises.

I cite this area of investment and ownership to illustrate that in similar fashion, with the kind of research and analysis which you epitomize in the Vargas Foundation, we can find ways to match our interests and resolve the conflicts that will develop as both Latin America and the United States continue to build their industries and expand their trade and as artificial methods such as special subsidies are used to expand exports and provoke the countervailing demand to protect local industries.

President Nixon hopes to cooperate with our American associates in the construction of a new era of cooperation and understanding in this hemisphere. A truly vital inter-American community will not only meet the challenges of this hemisphere but also reach beyond it to supply constructive leadership on global issues of common interest. These goals will only be achieved if we reinforce sound hemispheric economic relationships. On this trip Secretary Rogers and those of us who are accompanying him are motivated by that purpose.

I hope that what I have said here today indicates some of the areas where all the nations of this hemisphere can work together to enlarge and make more productive our mutually beneficial economic ties.

## **President Nixon Appoints Members of Marine Mammal Commission**

White House press release dated May 14

The President announced on May 14 the appointment of three persons as members of the Marine Mammal Commission for the terms indicated. They are:

*For a term of three years:*

VICTOR B. SCHEFFER, of Bellevue, Wash.; retired biologist with the U.S. Fish and Wildlife Service and author of several books on marine mammals.

*For a term of two years:*

A. STARKER LEOPOLD, of Berkeley, Calif.; professor of zoology, University of California at Berkeley.

*For a term of one year:*

JOHN RYTHER, of Falmouth, Mass.; Chairman, Department of Biology, Woods Hole Oceanographic Institution, Falmouth, Mass.

The President also announced the designation of Mr. Scheffer as Chairman of the Marine Mammal Commission.

The three-member Marine Mammal Commission was established by the Marine Mammal Protection Act of 1972 (Public Law 92-522). Following the completion of the staggered terms of the initial appointees, members of the Commission will serve three-year terms. The President appoints members from a list submitted to him by the Chairman of the Council on Environmental Quality, the Secretary of the Smithsonian Institution, the Director of the National Science Foundation, and the Chairman of the National Academy of Sciences.

The purposes of the Marine Mammal Commission are: to undertake a review and study of activities of the United States pursuant to existing laws and international conventions relating to marine mammals; to conduct a continuing review of the condition of stocks of marine mammals, of methods for their protection and conservation, of humane means of taking marine mammals, of research programs to be conducted, and of all applications for permits for scientific research; to recommend to the Secretary of the Interior revisions, as appropriate, of the Endangered Species List with regard to marine mammals; to recommend to the Secretary of State appropriate policies regarding existing or proposed international arrangements for the protection and conservation of marine mammals; and to undertake other studies and make other recommendations it deems necessary to further the protection and conservation of marine mammals.

## Department Discusses Return of Prisoners of War and Efforts To Account for Missing in Action

*Following is a statement made before the Subcommittee on National Security Policy and Scientific Developments of the House Committee on Foreign Affairs on May 31 by Frank A. Sieverts, Special Assistant to the Deputy Secretary of State for Prisoner of War/Missing in Action Matters.<sup>1</sup>*

I appreciate the opportunity to report to this subcommittee on the return of our prisoners of war and on our efforts to obtain the fullest possible accounting for our missing-in-action personnel in Indochina. These subjects are not new to this subcommittee. Your hearings on them in the past five years have contributed greatly to public understanding of the POW/MIA problem; they constitute a significant public record that will be of permanent value.

The return of prisoners on both sides, with accounting for the missing and dead, is covered in article 8 of the Viet-Nam agreement signed January 27 in Paris. This article, also designated as chapter III of the agreement, reads as follows: <sup>2</sup>

(a) The return of captured military personnel and foreign civilians of the parties shall be carried out simultaneously with and completed not later than the same day as the troop withdrawal mentioned in Article 5. The parties shall exchange complete lists of the above-mentioned captured military personnel and foreign civilians on the day of the signing of this Agreement.

(b) The parties shall help each other to get information about those military personnel and foreign civilians of the parties missing in action, to determine the location and take care of the graves

of the dead so as to facilitate the exhumation and repatriation of the remains, and to take any such other measures as may be required to get information about those still considered missing in action.

(c) The question of the return of Vietnamese civilian personnel captured and detained in South Viet-Nam will be resolved by the two South Vietnamese parties on the basis of the principles of Article 21(b) of the Agreement on the Cessation of Hostilities in Viet-Nam of July 20, 1954. The two South Vietnamese parties will do so in a spirit of national reconciliation and concord, with a view to ending hatred and enmity, in order to ease suffering and to reunite families. The two South Vietnamese parties will do their utmost to resolve this question within ninety days after the cease-fire comes into effect.

Additional provisions are contained in a separate protocol on captured persons. These documents were signed by representatives of the four parties to the Viet-Nam conflict: the Democratic Republic of Viet-Nam (North Viet-Nam), the Provisional Revolutionary Government of the Republic of South Viet-Nam (the Viet Cong), the Republic of Viet-Nam, and the United States. Secretary Rogers signed on behalf of the United States.

With your permission, Mr. Chairman, I submit the Viet-Nam agreement and the protocol on captured persons for the record of this hearing.

As is clear from the provisions quoted above, and from the captured-persons protocol, the return of prisoners on both sides, with accounting for the dead and missing, formed a key part of the Viet-Nam settlement. Our government had emphasized to the Communist side the importance we attached to securing the expeditious release of prisoners of war, with the fullest possible accounting for the dead and missing. The quoted sentences embody the essential provisions on these subjects.

<sup>1</sup> The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

<sup>2</sup> For texts of the agreement and protocols, see BULLETIN of Feb. 12, 1973, p. 169.

As specified in article 8(a), lists of "captured military personnel and foreign civilians" were exchanged on January 27, the date of the signing. North Viet-Nam listed 457 U.S. personnel and the Provisional Revolutionary Government (PRG) listed 121, for a total of 578, of whom 556 were U.S. military personnel and 22 were U.S. civilians. These lists did not cover those captured in Laos; and on February 1, in response to our urgent request, a further list of nine Americans, described as prisoners of the "Lao Patriotic Front," was handed to U.S. officials by North Vietnamese officials in Paris. Those nine included seven U.S. military personnel and two civilians. The PRG subsequently informed us they held one additional U.S. prisoner, bringing the overall total of U.S. personnel released from Indochina to 588. The Communist side listed nine non-U.S. personnel on these lists: two West Germans, two Canadians, two Philippine nationals, two Thai, and one South Vietnamese.

To round out the figures, it should be noted that two U.S. military personnel and one American civilian who had been detained in the People's Republic of China were released during the same period and flown home under Operation Homecoming. Thus the total number of Americans returning home was 591.

Under article 8(a), the release of captured military personnel (POW's) was to be carried out "simultaneously" with the withdrawal of U.S. troops, at approximately 15-day intervals. The first release took place close to that schedule and was followed by a "good will" release a few days later. When further releases failed to keep to schedule, the President ordered a halt in U.S. force withdrawals to make clear the importance we attached to prompt and full compliance with the agreement. A final impasse over the release of prisoners captured in Laos was resolved when North Viet-Nam arranged their release March 28 in Hanoi. The final prisoners captured in North Viet-Nam were released March 29.

It should be noted that the majority of prisoners captured in South Viet-Nam, as

well as all those captured in Laos, were in fact moved to and held in North Viet-Nam, in most cases soon after their capture. Communist authorities went to considerable lengths to conceal this from the rest of the world, presumably in furtherance of their refusal to acknowledge North Viet-Nam's responsibility for Communist forces in South Viet-Nam. The U.S. prisoners from the South were held separately from those captured in the North until shortly before their release. Throughout the conflict, Communist officials maintained the position that they could not provide information or mail for prisoners captured in South Viet-Nam because they were held in the "war zone"; i.e., South Viet-Nam. We have confirmation now that the great majority were in fact held in North Viet-Nam, in many cases no farther from the Hanoi post office than those captured in the North.

During the same 60-day period, the Republic of Viet-Nam, with our support, released more than 26,000 Communist prisoners of war. Another 10,000 Viet Cong POW's who had entered the "New Life" program and made clear their desire to remain in the Republic of Viet-Nam had been released prior to the agreement. We were aware of the problems attached to the release of prisoners of war in the Korean conflict, when a settlement was delayed more than a year largely over the question of nonforcible repatriation, and were determined that the release of enemy prisoners of war in this conflict should not become an obstacle to a settlement. Altogether, a total of 26,508 North Vietnamese and Viet Cong POW's were released in compliance with the Viet-Nam agreement and protocols. The Communist side during the same period released approximately 5,000 South Vietnamese POW's.

From its past hearings this subcommittee has firsthand testimony on the consequences for our men of North Viet-Nam's refusal to treat them in accordance with the Geneva Convention. The Communist side never permitted impartial inspection of POW camps; mail and packages were sporadic and lim-

ited—virtually nonexistent for our men captured in South Viet-Nam and Laos (even though they were held in the North).

The following information for the Republic of Viet-Nam thus provides an interesting contrast. From 1966 through the end of 1972, there were a total of 475 separate inspections of POW facilities in South Viet-Nam by the International Committee of the Red Cross, carried out by 60 different ICRC delegates. Reports on these visits were provided to the Government of Viet-Nam, who shared them with us because of our responsibility for U.S.-captured POW's under article 12 of the Geneva Convention.

During the three years 1970-72, Communist POW's received over 510,000 letters and over 115,000 parcels, while sending over 280,000 pieces of mail. With rare exceptions North Vietnamese POW's did not avail themselves of the opportunity to send mail to their families in the North. The small number of letters sent by those men were forwarded through the ICRC, but it is not known what happened to them after they reached North Viet-Nam.

It is a matter of continuing regret to us that the Communist side persisted to the end in its refusal to accept the ICRC in its humanitarian role on behalf of prisoners of war. Our negotiators sought to have the ICRC designated to observe and assist in the release and return home of POW's on both sides under the Viet-Nam agreement. When this was rejected, agreement was reached to designate two or more "national" Red Cross societies for this purpose (article 9 of the captured-persons protocol). The Red Cross societies of Canada and Poland were nominated for this purpose, and the National Commissioner of the Canadian Red Cross went personally to Viet-Nam to head his society's team. The Communist side refused, however, to cooperate in arrangements for even this final effort at Red Cross inspection, and the POW's were released without benefit of Red Cross observation.

Article 8(b) of the Viet-Nam agreement quoted above contains far-reaching provi-

sions for exchange of information on the missing and on the dead. Although this subject has been covered in past war-ending agreements, to my knowledge this is the most specific such provision ever agreed to by the two sides in an armed conflict. This section is important in light of our experience following the Korean war, when North Korea failed to provide information or accounting for a large number of American and other U.N. Command personnel known or believed to have been in their hands.

It was also important in view of the Communist side's poor record during this conflict in identifying prisoners of war as required by the Geneva Convention. Although we had been able to accumulate information on many of our men, especially on those captured in North Viet-Nam, there was always uncertainty as to the accuracy and completeness of this knowledge. Until the day of the cease-fire, we had received no lists or other direct word on the majority of our prisoners captured in South Viet-Nam and Laos. There had been no communication from these men to their families, in some cases during periods of captivity extending up to nine years.

Thus we have long been aware of the importance of obtaining the fullest possible accounting for all our personnel. Through the years, our diplomatic efforts were part of a wide-ranging effort to gather information about our missing men. Family members and others traveled throughout the world in private efforts to seek word of loved ones. In Indochina, our Embassies and U.S. forces in the field carried out continuing efforts in this area. The Joint Personnel Recovery Center was the main repository for information on the missing as well as on those listed as dead, body not recovered.

At the time of the cease-fire, more than 1,400 U.S. personnel, including civilians, were listed as missing in Indochina. They come from all the military services and are of high rank as well as low. They include over 20 American civilians, among them contract workers, merchant seamen, and a State Department officer missing since the Tet of-

fensive in 1968. Three missionaries of the Christian and Missionary Alliance have been gone since May 30, 1962—the longest time for any Americans missing or captured in Indochina.

Our efforts to obtain information on these people are going forward on three fronts:

1. *As each POW returned, he was carefully debriefed for any information he might have on any others known to him*—U.S. military personnel, civilians, foreign nationals. It might be no more than a nickname or a glimpse of someone across a prison compound. No matter how small the bit of information, it was logged into our system and carefully analyzed. Thus a stockpile of information was acquired which has already helped resolve the cases of some of our missing men.

It should be noted that there is no indication from these debriefings that any American personnel continue to be held in Indochina. All American prisoners known to any of our returned POW's have either been released or been listed by the Communist authorities as having died in captivity. Returnees with whom I have talked, including those who appeared before this subcommittee May 23, are clear in their belief that no U.S. prisoners continue to be held.

The present situation thus differs from that following the return of our POW's in Korea. You, Mr. Chairman [Representative Clement J. Zablocki], conducted hearings on that subject and heard testimony about the large number of Americans reported by returned POW's who were neither returned nor accounted for. Despite persistent efforts by the U.N. Command and U.S. Government, the other side in that conflict failed to provide additional information, and our missing men were eventually presumed dead. As stated, there are no reports from our returned men in this conflict that other Americans are held in captivity.

2. *We are in direct contact with officials of the Communist side.* In Saigon, we are proceeding through the Four-Party Joint Military Team established under the Viet-Nam agreement. The team has already made two

trips to North Viet-Nam to visit cemeteries where Americans who died in captivity are buried. Communist officials have also acknowledged the existence of additional graves of Americans who died in aircraft crashes or of other causes. Our aim is to arrange the early repatriation of the remains of as many of these persons as possible.

At the same time, we have made clear our urgent interest in receiving information on the missing. Complete lists of our missing personnel have been provided to the Four-Party Team for this purpose.

In Laos, U.S. officials have been in direct contact with representatives of the Lao Patriotic Front (the Pathet Lao) to press for additional information on Americans missing or captured in Laos. We have told the Communist side of our concern at the small number of Americans listed as captured in Laos, in view of past hints that a larger number were held by Pathet Lao forces, and in view of evidence that at least two others had been captured in Laos. The Communist side has repeatedly told us and has recently stated publicly that there are no more Americans captured or held in Laos. They have also said that further accounting for the missing must await the formation of a coalition government, as specified in the February 21 Laos cease-fire agreement. Our efforts to convince the Communist side to proceed with this accounting without waiting for a new government to be formed have thus far been in vain.

There is little to say at this point regarding missing or captured personnel in Cambodia. In his press briefing January 24, Dr. [Henry A.] Kissinger said, "We have been told that no American prisoners are held in Cambodia." We are aware of reports gathered by journalists and others that there continue to be prisoners detained in Cambodia, possibly including some of the 20 international journalists missing in that area. Although there has been no confirmation of these reports from the Communist side, they suggest the possibility that some Western personnel continue to be held in the country. Journalists in a number of countries have formed International Committees to Free

Journalists Held in Southeast Asia, the U.S. committee of which is chaired by Walter Cronkite of CBS News. We have maintained close touch with this group and share their hope for favorable word on the missing newsmen.

3. *We are carrying out our own efforts to search for information on our missing and dead.* Specific responsibility for this has been assigned to the Joint Casualty Resolution Center, located in Thailand at Nakhon Phanom near the Lao border. The JCRC is manned by American military personnel and functions with the close assistance of our Embassies and consulates in the area. We have told the Communist side about the JCRC, making clear its peaceful, open, and humanitarian purpose. The JCRC already has carried out a number of searches, so far in South Viet-Nam. We plan to work in harmony with local people wherever Americans may be missing or dead, and we hope to have the cooperation of the Communist authorities. Our aim is to find the fullest possible information on each missing man. We recognize this is an enormous undertaking and that we cannot succeed in every case, or even in a majority of cases. But we intend to try.

We want to do the job thoroughly, but we also recognize an obligation to move quickly. Many of our men have been missing for up to eight years, some even longer. During that time wives and families have lived with the anguish—and the legal complications—of not knowing the fate of their men. Speed is also essential because information about the missing becomes more elusive with passage of time.

In conclusion, Mr. Chairman, may I express my own sense of joy at the return of our men. Seeing them last week when they were here for the President's May 24 dinner, I was reminded of the first group I saw arriving at Gia Lam Airport in Hanoi last February 12. The guards ordered the men off the bus. Suddenly, the senior American officer of the group took command away from the guards and gave the orders for the men to march in formation to the release point.

The guards tried to intervene but fell back. It was clear then that, despite the grim experience of their captivity, our men had endured and prevailed. They deserve our thanks and commendation, as do their families.

And they would be the first, I know, to join in expressing our sense of obligation to the missing and to their families. I can assure you this subject will continue to have our most serious attention.

## **U.S.-Uruguay Extradition Treaty Transmitted to the Senate**

*Message From President Nixon*<sup>1</sup>

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty on Extradition and Cooperation in Penal Matters Between the United States of America and the Oriental Republic of Uruguay, signed at Washington on April 6, 1973. I transmit also, for the information of the Senate, the Report of the Secretary of State with respect to the Treaty.

The Treaty significantly updates the present extradition relations between the United States and Uruguay and adds to the list of extraditable offenses both narcotic offenses, including those involving psychotropic drugs, and aircraft hijacking. Provision is also made for extradition for conspiracy to commit the listed extraditable offenses.

The Treaty will make a significant contribution to the international effort to control narcotics traffic. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

RICHARD NIXON.

THE WHITE HOUSE, *May 18, 1973.*

<sup>1</sup> Transmitted on May 18 (White House press release); also printed as S. Ex. K, 93d Cong., 1st sess., which includes the text of the treaty and the report of the Secretary of State.



# Congressional Documents

## Relating to Foreign Policy

93rd Congress, 1st Session

Tension and Detente: Congressional Perspectives on Soviet-American Relations. Report of a study mission to the Soviet Union by Representatives Donald M. Fraser, Benjamin S. Rosenthal, and John H. Buchanan, Jr. April 1973. 36 pp.

Convention for the Protection of Producers of Phonograms. Message from the President of the United States transmitting the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, done at Geneva October 29, 1971. S. Ex. G. April 11, 1973. 5 pp.

The United Nations Environment Program Participation Act of 1973. Report to accompany H.R. 6768. H. Rept. 93-124 April 11, 1973. 3 pp.

Providing for the Immediate Disposal of Certain Abaca and Sisal Cordage Fiber Now Held in the National Stockpile. Report to accompany H.R. 4682. H. Rept. 93-130. April 12, 1973. 9 pp.

Oil Pollution Act Amendments of 1973. Report to accompany H.R. 5151 H. Rept. 93-137. April 13, 1973. 18 pp.

### TREATY INFORMATION

## U.S. and Switzerland Sign Treaty on Assistance in Criminal Matters

*Following is a Department announcement issued May 25, together with a summary of the U.S.-Swiss Treaty on Mutual Assistance in Criminal Matters which was made available to the press by the Department that day.*

### DEPARTMENT ANNOUNCEMENT

Press release 174 dated May 25

A U.S.-Swiss Treaty on Mutual Assistance in Criminal Matters was signed at Bern on May 25 by Assistant Secretary for European Affairs Walter J. Stoessel, Jr., and U.S. Ambassador to Switzerland Shelby Cullom Davis

for the United States and by Ambassador Albert Weitnauer for Switzerland.

The treaty, which will be presented to the U.S. Senate for its advice and consent, provides for broad assistance in the investigation and prosecution of criminal matters. The treaty also provides for special assistance where organized crime is involved.

The treaty was negotiated over a period of four years with the United States being represented by representatives of the Department of State, the Department of Justice, the Department of the Treasury, and the Securities and Exchange Commission.

The treaty is a pioneering effort of the two governments. It represents the first major agreement for the United States in the area of mutual assistance in criminal matters. For Switzerland, it represents the first agreement of this type with a country having an Anglo-Saxon system of law.

The treaty should contribute to a further strengthening of U.S.-Swiss cooperation in combating crime, and in particular organized crime. It expands on current close, effective U.S.-Swiss cooperation in the illegal narcotics trade and Interpol activities.

### SUMMARY OF THE TREATY

The United States and Switzerland signed a Treaty on Mutual Assistance in Criminal Matters at Bern on May 25. The treaty contains 41 articles, grouped in nine chapters, and a schedule listing 35 categories of offenses to which the treaty is applicable. The treaty is supplemented by six exchanges of letters interpreting certain language used in the provisions of the treaty.

The treaty was negotiated over a period of four years with the United States being represented by representatives of the Department of State, the Department of Justice, the Department of the Treasury, and the Securities and Exchange Commission. The extended discussions were prompted by the need to better understand the respective American and Swiss legal systems and devise ways in which the two countries could work together in providing assistance to each other in connection with criminal matters.

The treaty is a pioneering effort. It represents the first major agreement for the United States with any country in the area of mutual assistance in

## Current Actions

criminal matters. For Switzerland, it represents the first agreement of this type with a country having an Anglo-Saxon system of law. A number of the provisions of the treaty are based on provisions in the European Convention on Mutual Assistance in Criminal Matters, to which Switzerland is a party.

In general, the treaty provides for broad assistance between the United States and Switzerland in criminal matters. This includes assistance in locating witnesses, the obtaining of statements and testimony of witnesses, production and authentication of business records, and service of judicial or administrative documents. The treaty also provides for special assistance where organized crime is involved. It was felt that organized crime with its widespread dangers to society and its international scope of operations justifies the needs for special legal assistance.

The treaty establishes an obligation to furnish assistance in connection with investigations or court proceedings involving certain types of offenses. Compulsory measures are generally required to be used only in connection with matters which are considered to be criminal offenses in both countries and are listed in the schedule to the treaty. One exception to the foregoing applies to organized crime cases which are covered by special provisions.

Tax crimes are excluded from the treaty and are governed exclusively by the convention of May 24, 1951, between the United States and Switzerland on the avoidance of double taxation except in certain organized-crime situations.

Several provisions of the treaty deal with the Swiss concept of banking secrecy. This is a complicated subject involving provisions of Swiss law and practice. The treaty overcomes bank secrecy under certain conditions in specifically delineated cases. Careful attention was paid as to how Swiss bank information could be made available to, and used by, the United States in connection with serious crimes in the United States.

The treaty does not create any new crimes in either country. It is limited to providing to each country additional evidence and information for use by it in investigating or prosecuting the crimes established by its domestic law. It is intended to allow each of the countries to overcome some of the problems presented in obtaining information or evidence concerning activities taking place outside of that country in furtherance of crimes committed in that country.

It is expected that most requests for assistance under the treaty will be executed by appropriate authorities in the two countries at the request of their respective Departments of Justice.

The signing of this treaty by the United States and Switzerland is another example of close and effective cooperation between the two countries in matters of mutual interest. Other noteworthy related areas of close U.S.-Swiss bilateral cooperation concern the illegal narcotics trade and Interpol activities.

## MULTILATERAL

### Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty of December 1, 1959 (TIAS 4780). Adopted at Wellington November 10, 1972, at the Seventh Antarctic Treaty Consultative Meeting.<sup>1</sup>

*Notification of approval:* Chile, June 1, 1973, for recommendations VII-1 through VII-3, VII-5, VII-7, and VII-8.

### Atomic Energy

Amendment of article VI of the statute of the International Atomic Energy Agency of October 26, 1956, as amended (TIAS 3873, 5284). Done at Vienna September 28, 1970.

*Acceptances deposited:* Ethiopia, May 24, 1973; Paraguay, Peru, June 1, 1973.

*Entered into force:* June 1, 1973.

### Aviation

Amendment of article V of the agreement of September 25, 1956 (TIAS 4048), for the joint financing of certain air navigation services in Iceland by increasing the financial limit for services. Adopted at Montreal March 29, 1973. Entered into force March 29, 1973.

*Deposit of consents:* Australia, March 1, 1973; Belgium, February 6, 1973; Canada, January 26, 1973; Cuba, March 12, 1973; Czechoslovakia, February 15, 1973; Denmark, January 17, 1973; Finland, March 9, 1973; France, February 19, 1973; Federal Republic of Germany, February 13, 1973; Greece, February 20, 1973; Ireland, February 15, 1973; Italy, February 12, 1973; Japan, February 20, 1973; Netherlands, February 15, 1973; Norway, March 9, 1973; Pakistan, February 15, 1973; Sweden, February 2, 1973; Switzerland, February 19, 1973; United Kingdom, January 29, 1973; United States, February 15, 1973.

Amendment of article V of the agreement of September 25, 1956 (TIAS 4049), on the joint financing of certain air navigation services in Greenland and the Faroe Islands by increasing the financial limit for services. Adopted at Montreal March 29, 1973. Entered into force March 29, 1973.

*Deposit of consents:* Australia, March 1, 1973; Belgium, February 6, 1973; Canada, January 26, 1973; Cuba, March 12, 1973; Czechoslovakia, March 14, 1973; Finland, March 9, 1973; France, February 19, 1973; Federal Republic of Germany, February 13, 1973; Greece, February 20, 1973; Iceland, Ireland, February 15, 1973; Italy, February 12, 1973; Japan, February 20, 1973; Netherlands, February 15, 1973; Norway, March 9, 1973; Pakistan, February 15, 1973; Sweden, February 2, 1973; Switzerland,

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

### Ocean Dumping

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington December 29, 1972.  
*Signature:* Somalia, April 16, 1973.

### Property—Industrial

Convention of Paris for the protection of industrial property of March 20, 1883, as revised. Done at Stockholm July 11, 1967. Articles 1 through 12 entered into force May 19, 1970; Articles 13 through 30 entered into force April 26, 1970; for the United States September 5, 1970, TIAS 6923.  
*Ratification deposited:* United States, May 22, 1973, for articles 1 through 12.

### Satellite Communications System

Agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annexes. Done at Washington August 20, 1971. Entered into force February 12, 1973, TIAS 7592.

*Accession deposited:* Iraq, June 6, 1973.

*Ratification deposited:* Italy, June 4, 1973.

Operating agreement relating to the International Telecommunications Satellite Organization (Intelsat), with annex. Done at Washington August 20, 1971. Entered into force February 12, 1973, TIAS 7592.

*Signature:* Iraq, June 6, 1973.

### Sea, Exploration of

Convention for the International Council for the Exploration of the Sea. Done at Copenhagen September 12, 1961. Entered into force July 22, 1968; for the United States April 18, 1973.

*Proclaimed by the President:* June 7, 1973.

### Space

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow March 29, 1972. Entered into force September 1, 1972.

*Ratified by the President:* May 18, 1973.

### Telecommunications

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

*Territorial application:* Australia for the Territories of Australia and the Trust Territory administered by Australia, February 27, 1973.

Partial revision of the 1959 radio regulations, as amended (TIAS 4893, 5693, 6332, 6599), on space telecommunications, with annexes. Done at Geneva July 17, 1971. Entered into force January 1, 1973, TIAS 7135.

*Notifications of approval:* Byelorussian Soviet Socialist Republic, March 16, 1973; Ireland, March 15, 1973; Singapore, (with reservation), March 19, 1973.

### Bangladesh

Agreement amending the grant agreement of May 30, 1972, as amended (TIAS 7443), for relief and rehabilitation. Signed at Dacca April 10, 1973. Entered into force April 10, 1973.

Agreement amending the grant agreement of May 30, 1972 (TIAS 7443), as amended, for relief and rehabilitation. Signed at Dacca May 29, 1973. Entered into force May 29, 1973.

### El Salvador

Agreement amending the agreement of April 19, 1972 (TIAS 7284), relating to trade in cotton textiles. Effected by exchange of notes at Washington April 10 and May 16, 1973. Entered into force May 16, 1973.

### Hungary

Consular convention. Signed at Budapest July 7, 1972.

*Ratifications exchanged:* June 6, 1973.

*Enters into force:* July 6, 1973.

### Jordan

Agreement for sales of agricultural commodities, relating to the agreement of April 4, 1968 (TIAS 6175). Signed at Amman May 20, 1973. Entered into force May 20, 1973.

### Pakistan

Arrangement concerning the agreement of May 6, 1970, as amended and extended (TIAS 6882, 7369, 7598), relating to trade in cotton textiles. Effected by exchange of notes at Washington May 22, 1973. Entered into force May 22, 1973.

### Poland

Consular convention, with protocols and exchanges of notes. Signed at Warsaw May 31, 1972.

*Ratifications exchanged:* June 6, 1973.

*Enters into force:* July 6, 1973.

### Portugal

Agreement amending the agreement of December 22, 1972 (TIAS 7539), relating to exports of wool and man-made fiber textile products from Macao. Effected by exchange of notes at Lisbon May 30, 1973. Entered into force May 30, 1973.

Agreement amending the agreement of December 22, 1972 (TIAS 7540), relating to trade in cotton textiles between Macao and the United States. Effected by exchange of notes at Lisbon May 30, 1973. Entered into force May 30, 1973.

### Romania

Consular convention, with protocol. Signed at Bucharest July 5, 1972.

*Ratifications exchanged:* June 6, 1973.

*Enters into force:* July 6, 1973.

- - -

Not in force.

Not in force for the United States.

## Thailand

Agreement amending the agreement for sales of agricultural commodities of March 17, 1972 (TIAS 7330). Effected by exchange of notes at Bangkok May 11, 1973. Entered into force May 11, 1973.

## Union of Soviet Socialist Republics

Protocol establishing and approving regulations governing procedures and other matters of the Standing Consultative Commission,<sup>3</sup> with regulations. Signed at Geneva May 30, 1973. Entered into force May 30, 1973.

## DEPARTMENT AND FOREIGN SERVICE

### Confirmations

The Senate on May 17 confirmed the following nominations:

Jack B. Kubisch to be an Assistant Secretary of State [for Inter-American Affairs].

Robert J. McCloskey to be Ambassador to the Republic of Cyprus.

Phillip V. Sanchez to be Ambassador to Honduras.  
Marshall Wright to be an Assistant Secretary of State [for Congressional Relations].

<sup>3</sup> This Commission shall promote the objectives and implementation of the provisions of the strategic arms limitation agreements.

## Check List of Department of State Press Releases: June 4-10

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

Releases issued prior to June 4 which appear in this issue of the BULLETIN are Nos. 139A of May 9, 145 and 146 of May 14, 147 and 150 of May 15, 155 and 156A of May 16, 157 of May 17, 160, and 162 of May 18, 167 of May 23, 171 of May 24, 174 and 175 of May 25, 176 of May 31, 180 and 181 of May 29, and 185 and 186 of May 30.

No.	Date	Subject
*191	6/4	Study Group 3, U.S. National Committee for CCIR, to meet July 10.
†192	6/5	Rogers: House Committee on Foreign Affairs.
†193	6/5	Rush: Industrial College of the Armed Forces, Washington.
*194	6/6	Rogers to visit Denmark and attend CENTO and NATO meetings.
*195	6/6	San Francisco Symphony Orchestra tours U.S.S.R.
†196	6/6	Kubisch: Council of the Americas, Washington.
†197	6/6	Sisco: House Subcommittee on the Near East and South Asia.
*198	6/7	Rush: Senate Subcommittee on Foreign Commerce and Tourism (summary).
*199	6/8	Bray named Deputy Assistant Secretary and Special Assistant to the Secretary for Press Relations (biographic data).
†200	6/8	Pedersen: Commonwealth Club of San Francisco.

\* Not printed.

† Held for a later issue of the BULLETIN.

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**Brazil.** Secretary Rogers Makes 17-Day Visit to Latin America (statements and news conferences) . . . . . 903

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### Corrections for Volume LXVIII

The editor of the BULLETIN wishes to call attention to the following errors in volume LXVIII:

*March 5*, p. 261, col. 1: Line 16 should read "craft or vessel itself with all goods carried".

*April 30*, p. 523, col. 1: The last two lines of the introductory paragraph should read "William D. Eberle, President Nixon's Special Representative for Trade Negotiations."

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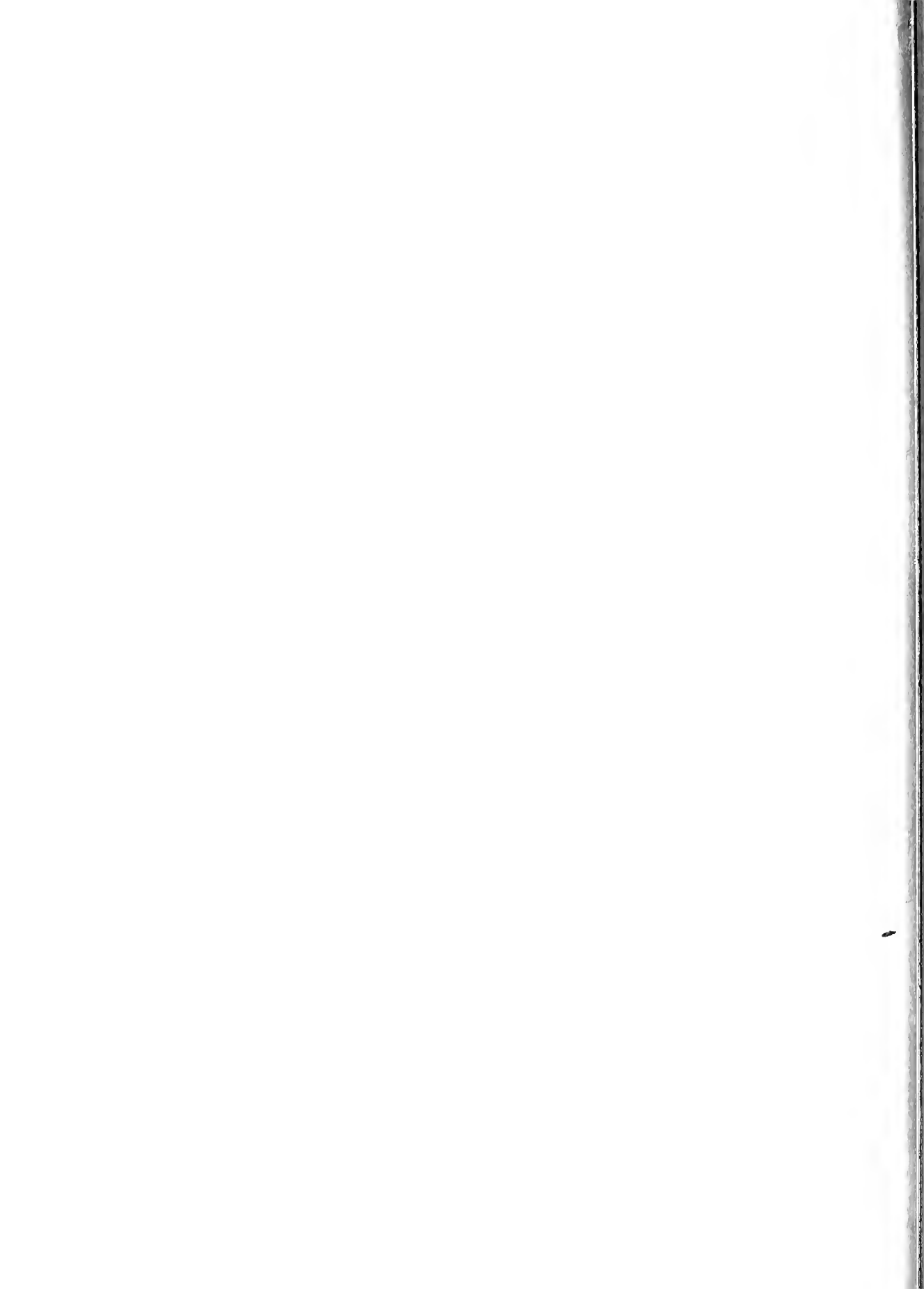
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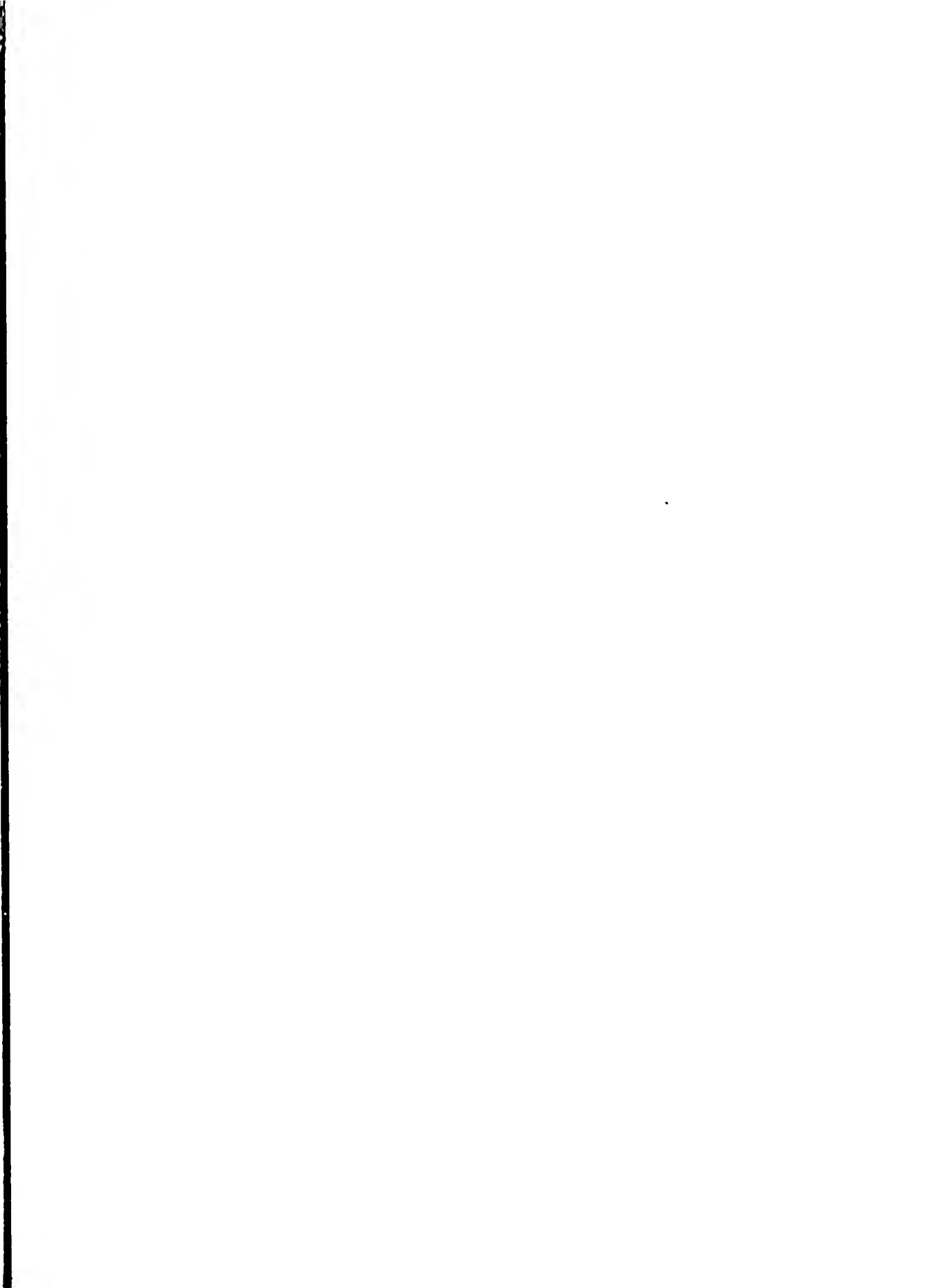
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