



Department of State **TELEGRAM**

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DRAFTED BY ARA:RBBENTLEY:MBB  
APPROVED BY ARA:WDROGERS  
NSC:SLOW  
S/S- MR. ORTIZ  
S - DCGOMPERT

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TO AMEMBASSY CARACAS FLASH

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EXDIS

E.O. 11652: DECLASSIFY UPON RELEASE  
TAGS: PFOR, VE

SUBJECT: PRESIDENTIAL MESSAGE

FOR THE AMBASSADOR

1. PLEASE DELIVER IMMEDIATELY FOLLOWING MESSAGE FROM THE  
PRESIDENT TO PRESIDENT PEREZ. IF RECIPIENT NOT AVAILABLE,  
DELIVER TO HIGHEST OFFICIAL AVAILABLE.

2. BEGIN TEXT: DEAR MR. PRESIDENT:

I MADE THE DIFFICULT DECISION TO REQUEST SECRETARY  
KISSINGER TO POSTPONE HIS LONG-PLANNED TRIP TO YOUR  
COUNTRY WITH GREAT REGRET. THE TRAGIC EVENTS IN INDO-  
CHINA WHICH FORCED THIS MOVE ARE FAMILIAR TO YOU. THE  
PRESSURE OF EVENTS WAS SUCH THAT I HAD NO CHOICE.

MR. PRESIDENT, I ATTACH GREAT SIGNIFICANCE TO THE CONTINUED  
GUOD RELATIONS BETWEEN OUR TWO NATIONS AND IT WAS MY



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Department of State

TELEGRAM

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PAGE 02 STATE 093044

EARNEST DESIRE THAT SECRETARY KISSINGER CARRY MY PERSONAL ASSURANCES TO YOU OF THIS FACT. I LOOK FORWARD TO MEETING YOUR FOREIGN MINISTER, RAMON ESCOVAR SALOM, DURING THE GENERAL ASSEMBLY OF THE ORGANIZATION OF AMERICAN STATES, NEXT MONTH. IN THE COURSE OF THE GENERAL ASSEMBLY I AM ALSO CONFIDENT THAT MINISTER ESCOVAR AND SECRETARY

KISSINGER WILL HAVE OPPORTUNITIES TO DISCUSS THE AGENDA OF HEMISPHERIC AND GLOBAL ISSUES WHICH SHOULD HAVE BEEN COVERED DURING THE SECRETARY'S VISIT TO CARACAS.

I HAVE ASKED SECRETARY KISSINGER TO GIVE HIGH PRIORITY TO RESCHEDULING HIS TRIP TO SOUTH AMERICA.

MOST SINCERELY, GERALD R. FORD. END TEXT.

3. WHITE HOUSE DOES NOT PLAN TO RELEASE TEXT BUT HAS NO OBJECTION IF GOV WISHES TO DO SO. KISSINGER

Faint, illegible text, likely bleed-through from the reverse side of the page.

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THE WHITE HOUSE  
WASHINGTON

June 16, 1975

Dear Mr. President:

I want to take the opportunity of Secretary Butz' visit to Venezuela to convey to you my cordial greetings.

Maximizing the benefits from the land has become a subject of high priority attention in international forums as the countries of the world seek, individually and collectively, to meet the requirements of their peoples today and to plan for the growing needs of the future. Agriculture is of prime importance to both our countries. Secretary Butz will be particularly interested in the opportunity afforded by this visit to exchange views with you and other officials of your Government on the directions that agricultural policies will take in each of our two countries over the next few years.

As our two countries identify and explore areas of closer collaboration, I am sure that the Secretary's trip will further that process and contribute to bettering the areas of knowledge and understanding of our officials in this important field.

With warm personal regards,

Sincerely,



His Excellency  
Carlos Andres Perez  
President of the Republic of Venezuela  
Caracas



## THE WHITE HOUSE

WASHINGTON

ACTION  
June 16, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER *HK*

SUBJECT: Letter for Secretary Butz to carry  
to Venezuelan President Perez

Secretary Butz will be visiting Venezuela June 17 - 20 and will be seeing President Andres Perez. It would be helpful for him to have a letter to deliver from you to the Venezuelan President.

Attached at Tab A is a suggested letter for Secretary Butz which draws attention to the importance of agriculture in U.S.-Venezuelan cooperation. The office of Paul Theis has cleared the text of the proposed letter.

RECOMMENDATION

That you sign the letter to President Andres Perez at Tab A.

## NATIONAL SECURITY COUNCIL

6-16-75

To: ~~Bud McFarlane~~  
General Scowcroft

This needs prompt attention since  
Secretary Butz is due to leave early  
Tuesday morning.

A handwritten signature in black ink, appearing to be "J. Edgar Hoover", written in a cursive style.

## MEMORANDUM

## NATIONAL SECURITY COUNCIL

ACTION

June 16, 1975

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: STEPHEN LOW<sup>SL</sup>

SUBJECT: Letter for Secretary Butz to carry  
to Venezuelan President Perez

Attached at Tab I is a memorandum to the President transmitting a suggested letter which Secretary Butz could present to President Andres Perez of Venezuela when he sees him in Caracas during his visit, June 17 - 20.

The letter is a general one emphasizing the importance of agriculture in U.S.-Venezuelan relations. The office of Paul Theis has cleared the text of the proposed letter.

RECOMMENDATION

That you initial the attached memorandum to the President.

NSC CORRESPONDENCE PROFILE

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SOURCE/CLASS/DESCRIPTION

TO: PRES \_\_\_\_\_ FROM: *Low* KISSINGER, M. \_\_\_\_\_ S/S \_\_\_\_\_

KISSINGER *F* \_\_\_\_\_ COLBY, W. \_\_\_\_\_ OTHER \_\_\_\_\_

SCOWCROFT \_\_\_\_\_ SCHLESINGER, J. \_\_\_\_\_

DAVIS \_\_\_\_\_ ST EX SEC \_\_\_\_\_

REFERENCE: \_\_\_\_\_ CIRCLE AS APPROPRIATE

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SUBJECT: *Letter for Sec. Brito to Carrey & Venezuela Pres Perez*

DISTRIBUTION/INITIAL ACTION ASCMT.

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOP	ACTION REQUIRED
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ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK .....
STAFF SECRETARY				MEMO FOR PRES .....
FAR EAST				REPLY FOR .....
SUB-SAHARAN AFRICA				APPROPRIATE ACTION .....
MID EAST / NO. AFRICA / SO. ASIA				MEMO _____ TO .....
EUROPE / CANADA				RECOMMENDATIONS .....
LATIN AMERICA				JOINT MEMO .....
UNITED NATIONS				REFER TO _____ FOR: _____
ECONOMIC				ANY ACTION NECESSARY? .....
SCIENTIFIC				CONCURRENCE .....
PROGRAM ANALYSIS				DUE DATE: _____
NSC PLANNING				COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE				

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN)	CY TO
6/16		HAK	x	Pres to Carrey & Perez (6-16)	
6/16			c	Pres signed ltr to Perez	

NSC/S DISP INSTR

DISPATCH *Handwritten by Mary Curran (6/16)*

CY RQMTS: SEE ABOVE PLUS: \_\_\_\_\_

NOTIFY \_\_\_\_\_ & DATE \_\_\_\_\_ BY \_\_\_\_\_

SPECIAL DISPOSITION: \_\_\_\_\_

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~~CONFIDENTIAL~~  
DEPARTMENT OF STATE

Washington, D.C. 20520

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September 26, 1975

MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: Response to Letter on OPEC Pricing  
Policy Sent to Venezuelan  
President Perez

President Carlos Andres Perez of Venezuela has sent the attached response to President Ford's letter of September 9, 1975. Perez reiterated his country's support for an OPEC price increase, but expressed a positive view toward our efforts to resume the producer-consumer conference.

Specifically, Perez was pleased with the President's concern for developing-industrialized country relations and agreed that international economic problems require a universal approach and that we can progress at the October preparatory meeting. Perez recognized our efforts to achieve United States participation in this dialogue. Regarding OPEC pricing, he does not believe that a reasonable adjustment would impede the fight against inflation and recession, observing that Venezuela's responsible and moderating position in OPEC will continue. Perez referred to the difficulty in dealing with U.S. public opinion, saying that he has no less problem in his country in explaining, for example, the constant fall in the real price of Venezuela's petroleum exports, but he concluded that the important thing here was rationality. He ended emphasizing Venezuela's sincere desire to consolidate bilateral ties.

We believe no further communication is required at this time.

*Eric D. Newsum*  
George S. Springsteen  
Executive Secretary

Attachment:

Letter from President Perez,  
with translation.

~~CONFIDENTIAL~~

GDS

W 3/10/04



DEPARTMENT OF STATE  
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 51717 - B

EMBASSY OF VENEZUELA  
Washington, D.C.

Miraflores, September 23, 1975

Dear Mr. President:

It is a special pleasure for me to reply to your letter of September 9, delivered to the Minister of Foreign Affairs by your Ambassador in Venezuela, since in it you emphasize your Government's concern regarding the economic relations between the industrialized and developing countries, a subject to which my Government attributes the greatest importance, with a view to the creation of a new international economic order within the framework indicated by the United Nations.

Like you, I think that attempts to resolve international economic problems cannot and must not be made unilaterally by one country or group of countries, regardless of their degree of development or of the weight they carry within the structure of the world economy. We have always favored a truly broad and open dialogue for reforming the unjust structure of the present international economic system, in order to see to it once and for all that the policies followed by the different governments permit balanced growth of the world economy and so that inflation and

His Excellency  
Gerald Ford,  
President of the  
United States of America,  
Washington, D.C.

recession do not affect Third World countries or the well-being of the industrialized countries, and so that this well-being is not obtained at the cost of our countries' development possibilities, as has been the case up to the present.

The sovereigns and heads of State of the member countries of OPEC stated as much in the Declaration of Algiers. And we accepted with pleasure the invitation of the President of France to participate in a broad dialogue which is to cover the whole range of problems dividing the developing and developed nations, including the energy issue.

I was not discouraged by the rather unpromising results obtained at the April meeting. It was important for both groups of countries to understand the need for dialogue. As you state optimistically in your letter, I too am confident that during the October meetings we will be able to advance steadily toward a goal which is as just as it is desired and necessary for understanding among nations and for world peace itself.

I am pleased to acknowledge the efforts put forth by you and by Secretary Kissinger to overcome the original obstacles, thus enabling the United States to participate in an open frame of mind in that dialogue, the aim of which cannot be confrontation between groups of countries, but rather the achievement of a re-organization of the world economy, resting on bases which must be solid, and, above all, just and equitable, such that the framework defining the rights and duties of all countries is interdependence and not dependence in a disguised and perverted form.

I do not wish to dwell on problems which our countries' representatives must analyze and discuss in Paris in October in order to establish the new bases of the world economy, replacing the decayed supports that have been

sustaining it since the days of the Havana Charter and the Breton Woods Agreements. Convinced as we are of the need for dialogue, I agree with you that we must spare no effort in the hard work required for the negotiation and in convincing both our democratic peoples of the need for this very fundamental initiative.

It is fair to recognize that the OPEC nations have taken effective measures to cooperate in world economic recovery through their trade, investment, and financial aid policies.

With regard to oil prices, Venezuela maintains the position that the levels set by OPEC are in keeping with the value of this major, nonrenewable raw material. Despite the fact that the inflation generated in the industrialized countries has been constantly eating away at the purchasing power of our revenues, oil prices have been frozen since January 1975 in order to aid the governments of the industrialized nations in taking the necessary corrective measures to restrain and control the inflationary process. Nevertheless, we have observed how OPEC has been unjustly blamed for all the ills affecting the international economy. In our view, the economic and monetary policies of the industrialized countries have been and continue to be the major factor in the problems confronting those economies.

You mention, Mr. President, the negative impact which a new increase in oil prices would have on the world economy. We do not believe that a reasonable adjustment of those prices, aimed at protecting their purchasing power, would hinder or impede progress in the fight against inflation and recession.

With respect to Venezuela's position in OPEC, I can assure you that, aware as we are of our responsibility in the international community and of the economic interdependence of nations, that position will continue to be a responsible and a moderating one.

I understand that the task of consulting and convincing United States public opinion is difficult for you and your Government. It is no easier for me to have to explain to a democratic public opinion the increase in cost of the manufactured or capital goods we import, the unjust conditions imposed on us for the transfer of technology, the steady drop in the real prices of our oil exports and, in general, manipulation of raw material prices without taking into consideration the needs of the developing countries and their right to base their plans on stable and dependable economic foundations. However, experience in debate and in the political contests in a democracy has taught us that what is important is the restraint and rationality exercised by opposing interests and the effort that is put into reconciling them equitably.

Now that we are on the road to a constructive dialogue, I believe that there must be no decisions or factors which will delay progress in understanding. This is the spirit that guides Venezuela in its defense of legitimate interests and in the search for new structures for achieving a truly interdependent world economy, which will expand to the benefit of all.

Lastly, Mr. President, on behalf of the Government and people of Venezuela, I wish to confirm our sincere desire for the strengthening and consolidation of the ties of friendship and cooperation which have existed between our two countries. You may be sure that I will spare no effort to help make bilateral relations between the United States and Venezuela, as

well as those falling within the Latin American political context, both closer and more all-embracing, and to cooperate in the solution of world problems of mutual interest.

Sincerely yours,

Carlos Andrés Pérez  
President of Venezuela

EMBAJADA DE VENEZUELA  
WASHINGTON, D. C.

Miraflores, 23 de septiembre de 1975

Excelentísimo Señor  
Gerald Ford  
Presidente de los Estados Unidos  
de América  
Washington, D.C.

Estimado Señor Presidente:

Contestar su carta del 9 de septiembre, que entregó al Ministro de Relaciones Exteriores su Embajador en Venezuela, me resulta especialmente grato por cuanto en ella pone usted de relieve la preocupación de su Gobierno por las relaciones económicas entre los países industrializados y los países en vías de desarrollo, asunto al cual mi Gobierno otorga la mayor importancia para la creación de un nuevo orden económico internacional dentro del marco señalado por las Naciones Unidas.

Pienso como usted que los problemas de la economía internacional no pueden ni deben tratar de resolverse en forma unilateral por un país o grupo de países, sea cual fuere su grado de desarrollo o la importancia que él o ellos tengan dentro de la estructura de la economía mundial. Siempre hemos sido partidarios de un diálogo verdaderamente amplio y sincero para reformar la estructura injusta del actual sistema económico internacional, a fin de asegurar de una vez por todas que las políticas que sigan los diferentes gobiernos permitan un crecimiento equilibrado de la economía mundial, sin que la inflación o la recesión afecten a los países del tercer mundo o el bienestar

de los países industrializados, ni que éste se obtenga a costa de las posibilidades de desarrollo de nuestros países, como ha venido sucediendo hasta el presente.

Así lo hicimos constar en la Declaración Solemne de Argel los Soberanos y Jefes de Estado de los países miembros de la OPEP. Y aceptamos con beneplácito la invitación del Presidente de Francia para participar en amplio diálogo que abarcará todo el conjunto de problemas que dividen al mundo en desarrollo y al desarrollado, incluyendo el tema energético. No me desalentó el resultado poco promisorio obtenido en la reunión de abril. Fue importante que ambos grupos de países comprendiéramos la necesidad de dialogar. Tengo confianza en que durante las reuniones de octubre, como usted lo dice optimistamente en su carta, podamos avanzar con firmeza hacia una meta tan justa como deseada y necesaria, para el entendimiento entre los países y la propia paz mundial.

Me complace reconocer los esfuerzos realizados por usted y el Secretario Kissinger para superar los obstáculos originales y así lograr que Estados Unidos participen con ánimo sincero en ese diálogo, cuyo fin no puede ser el de una confrontación entre grupos de países, sino el de alcanzar una nueva organización de la economía mundial, estructurada sobre bases sólidas y sobre todo justas, equitativas, donde la interdependencia brinde un marco de deber y de derecho a todos los países y no sea una disimulada y aviesa fórmula de dependencia.

No deseo abundar sobre problemas que los representantes de nuestros países deberán analizar y debatir en París en octubre para sentar las nuevas bases de la economía mundial y sustituir los pilares carcomidos que la vienen sosteniendo desde los tiempos de la Carta de La Habana y los Acuerdos de

Breton Woods. Convencidos como estamos de la necesidad del diálogo, considero como usted que no debemos escatimar esfuerzos en la diligencia necesaria para la negociación y para convencer a nuestros dos pueblos que viven la democracia sobre la necesidad de iniciativa tan fundamental.

Es justo reconocer que los países de la OPEP han tomado acciones efectivas para colaborar en la recuperación de la economía mundial mediante sus políticas de intercambio comercial, inversiones y ayuda financiera.

En relación a los precios del petróleo Venezuela sustenta la posición de que los niveles fijados por la OPEP se corresponden con el valor de esa importante materia prima no renovable. A pesar de que la inflación generada en los países industrializados ha venido deteriorando constantemente el poder adquisitivo de nuestros ingresos, desde el mes de enero de 1975 se han mantenido congelados los precios del petróleo con el propósito de facilitar que los gobiernos de las naciones industrializadas tomaran las medidas y los correctivos necesarios para detener y controlar el proceso inflacionario. Sin embargo, hemos observado como la OPEP ha sido culpada injustamente de todos los males que afectan a la economía internacional. En nuestro concepto, las políticas económicas y monetarias de los países industrializados han sido y continúan siendo el factor principal de los problemas que confrontan esas economías.

Usted menciona, Señor Presidente, el impacto negativo que tendría en la economía mundial un nuevo aumento en los precios del petróleo. No creemos que un ajuste razonable en esos pre-



cios, que tenga por objeto proteger su poder adquisitivo, obstaculice o impida el progreso en la lucha contra la inflación y la recesión.

En lo que se refiere a la posición de Venezuela dentro de la OPEP, puedo manifestarle que conscientes de nuestra responsabilidad dentro de la comunidad internacional y de la interdependencia económica que existe entre las naciones, esa posición seguirá siendo responsable y moderadora.

Comprendo que la tarea de consultar y convencer a la opinión pública norteamericana resulte difícil para usted y para su Gobierno. Para mi no lo es menos tener que explicar a una opinión pública democrática las alzas de las manufacturas o bienes de capital que importamos, las injustas condiciones para la transferencia de tecnologías que se nos imponen, la constante caída de los precios reales de nuestras exportaciones de petróleo, y, en general, las manipulaciones con los precios de las materias primas sin tomar en consideración las necesidades de los países en desarrollo y su derecho a formular sobre bases económicas estables y confiables sus planes. Sin embargo, la experiencia en el debate y la lucha política dentro de una democracia nos ha enseñado que lo importante es la mesura y la racionalidad con que se contrapongan los intereses y la diligencia con que se esté dispuesto a conciliarlos con equidad.

Ya en marcha hacia el diálogo con espíritu constructivo, considero que no puede haber decisiones ni factores que provoquen retrasos en la buena marcha del entendimiento. Este es el espíritu que anima a Venezuela en la defensa de legítimos intereses y en la búsqueda de nuevas estructuras para hacer

realidad una economía mundial verdaderamente interdependiente, que se expanda en provecho de todos.

Por último, Señor Presidente, ratifícole en nombre del Gobierno y Pueblo de Venezuela nuestro sincero deseo porque se fortalezcan y consoliden los nexos de amistad y cooperación que han existido entre nuestros países. Puede tener la seguridad de que no escatimaré esfuerzos para contribuir a que se hagan más estrechas y comprensivas las relaciones bilaterales entre los Estados Unidos y Venezuela, así como dentro del contexto de la política latinoamericana, y para cooperar a la solución de problemas mundiales de interés mutuo.

Atentamente,

Carlos Andrés Pérez  
Presidente de Venezuela

NSC CORRESPONDENCE PROFILE

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SUBJECT: *LTR to Pres fm Perez of Venezuela re OPEC pricing policy*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK (_____)
STAFF SECRETARY				MEMO FOR PRES (_____)
FAR EAST				REPLY FOR _____ (_____)
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MID EAST / NO. AFRICA / SO. ASIA				MEMO _____ TO _____ (_____)
EUROPE / CANADA				RECOMMENDATIONS (_____ <u>X</u> _____)
LATIN AMERICA	<u>X</u>			JOINT MEMO (_____)
UNITED NATIONS				REFER TO _____ FOR: _____ (_____)
ECONOMIC				ANY ACTION NECESSARY? (_____)
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PROGRAM ANALYSIS				DUE DATE: <u>10/5</u>
NSC PLANNING				COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
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OCEANS POLICY				
INTELLIGENCE				

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
<i>9/29</i>	<i>Low</i>	<i>S</i>	<i>C</i>	<i>no further action needed</i>	

NSC/S INSTR DISP

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THE WHITE HOUSE  
WASHINGTON

~~SECRET~~

November 9, 1976

Dear Mr. President:

The decision last May of the Organization of Petroleum Exporting Countries not to increase the price of oil was a responsible action which has contributed to the process of global economic recovery. In the spirit of our countries' close relationship, however, I wish to bring to your attention my deep concern about reports that Venezuela may seek an increase in the price of oil at the December OPEC meeting, and to urge you to bring your country's considerable influence to bear instead to oppose an increase, which would have harmful effects on world inflation and recovery, the plight of the developing countries, and international economic cooperation.

The oil exporting countries have already made substantial gains in purchasing power as a result of economic recovery and greater demand for oil in the oil-importing countries. OPEC nations will earn \$125 billion this year from their oil exports, about 20 percent more than in 1975, and more than 400 percent above what they earned in 1973 on a similar volume of oil exports. In this regard, I understand that the marketing difficulties confronted by Venezuela earlier this year have eased, at least in part because of the modifications made by my Government in our domestic oil entitlements program. It is unfortunate that Venezuela appears to have responded to this strengthened market position by implementing a unilateral price increase, during a period in which OPEC had decided not to increase the prices.

A further oil price increase would generate inflationary pressures which are not in any nation's interest. Currently the industrialized countries are making

DECLASSIFIED

E.O. 12958, SEC. 3.5

~~SECRET~~

NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES  
BY                     , NARA, DATE 3/10/04

dramatic progress in controlling inflation through major policy actions, with the average rate of inflation for major countries falling to half its 1974 rate. Our analysis of the composition of exports from the major industrialized countries to the oil producers indicates that the prices of these goods have risen only by 30 percent since mid-1973, and by only 4 percent over the past year. Prices of our largest export -- grain -- have actually fallen by \$50 a ton in the last year. But the industrialized countries alone cannot solve the problem of inflation. Oil-producing countries too have a responsibility to control world inflation.

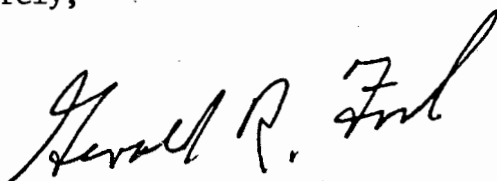
I am also concerned that an increase in the price of oil could undermine the fragile economic recovery and the already weak balance of payments situation in both developing and industrialized countries. The oil bill of the oil-importing developing countries has quadrupled from \$2 billion in 1973 to \$13 billion this year. Some of these developing countries are just beginning to regain a more satisfactory rate of growth and to reduce their trade deficits as demand for their exports has increased and they have begun to adjust to the burden of higher oil prices. Many of the poorer developing countries, however, continue to experience desperate balance of payments difficulties and, as a result, wholly unsatisfactory prospects for economic growth. Among the industrialized countries, there are several which have not yet begun to recover from the severe economic recession of 1974-1975 and continue to experience large balance of payments deficits; a number have virtually exhausted their ability to borrow. Even in the United States, where recent economic activity has been more vigorous, the recovery has slowed. My deep concern, therefore, is that the possibility of truly global economic recovery which we are seeing will be threatened by the slowdown in growth and the adverse inflationary and balance of payments effects of a new increase in the price of oil. All countries have a vital interest in the maintenance and strengthening of the global recovery and the increase in international trade which will accompany it.

Finally, I am concerned that a new increase in oil prices could prejudice the creative and constructive process of dialogue among developed and developing countries to which your government and you yourself have made a major contribution. I am also committed to that process. I have taken a number of decisions to ensure a positive United States

approach to the problems of the developing world. This year the United States will provide more funds for economic assistance than in any year since our post-war Marshall Plan, more aid than any other country in the world. I also have committed my Government to give serious consideration to a number of other new approaches to the problems of the developing countries. I am working to maintain support for constructive policies toward the developing world. I believe that further progress in a number of areas of the North-South relationship, including the official development assistance made available to the developing world, should be possible in the coming months. In particular, I am optimistic that the Conference on International Economic Cooperation, which is scheduled to meet at the ministerial level in mid-December, can achieve positive and concrete results beneficial to developed and developing countries. But the international structure which both you and I wish to build must be based on due regard for the impact of individual national decisions on the rest of the world. Actions which appear to overlook this impact seriously undermine domestic support in this country for a constructive approach to the problems of the developing world.

I hope, therefore, that when you have given full consideration to all the implications of the oil price question, the significant influence of Venezuela and your personal stature and international leadership will contribute to a decision by the oil-exporting countries as responsible as that of May and that there will be no new price increase.

Sincerely,



His Excellency  
Carlos Andres Perez  
President of the  
Republic of Venezuela  
Caracas



1) ARA/MD/V  
2) HWS  
11/29

REPUBLICA DE VENEZUELA  
DESPACHO DEL PRESIDENTE

Miraflores, 20 de noviembre de 1976.

Señor  
Gerald Ford  
Presidente de los Estados Unidos  
Washington

Apreciado señor Presidente:

Su comunicación de fecha 9 de noviembre, en la cual plantea importantes aspectos sobre la situación económica mundial y los precios del petróleo, ha sido objeto de un detenido estudio por mi gobierno. Algunos de los conceptos por usted emitidos me mueven a hacer las consideraciones que siguen.

Comparto con usted el criterio en cuanto a que la amistad entre nuestros pueblos nos obliga a considerar muy especialmente cualquier asunto que pueda afectarnos recíprocamente. En este orden de ideas, expresa preocupación por los informes de que Venezuela procurará un aumento en el precio del petróleo en la reunión de la OPEP en el mes de diciembre. Pide nuestro apoyo para que, en lugar de que sea aumentado ese precio, nuestro país ejerza influencia para mantenerlo en los niveles actuales por los efectos nocivos de un alza sobre la inflación y recuperación mundiales.

No es justo persistir en atribuir a la Organización de Países Exportadores de Petróleo los problemas que confronta la economía mundial, específicamente la inflación. Este es un tema que ha sido ampliamente debatido y se ha comprobado que ese aserto no se corresponde con la realidad de la economía mundial. La decisión tomada por la Organización de Países Exportadores de Petróleo en mayo pasado, de no incrementar los precios del petróleo, no fue tan sólo, como usted lo señala, una acción responsable por parte de la OPEP, sino también expresión de una conducta que puede calificarse como de notable



demostración de la amplitud para el diálogo y de los propósitos sinceros que animan a los países exportadores de petróleo, en el sentido de contribuir en todo cuanto sea posible al entendimiento sincero y justo, entre los países desarrollados y los países en desarrollo. Como sería fácil demostrarlo, para ese momento ya se daban las condiciones y razones suficientes que hubieran justificado un aumento de los precios.

La confianza que tenemos puesta en los resultados del diálogo Norte-Sur, nos llevó entonces a la consideración de aplazar un nuevo aumento, sin apegarnos específicamente a los indicadores económicos que señalaban como se había roto de nuevo el equilibrio entre los precios del petróleo y los precios de las manufacturas que importamos de su país y de las demás naciones industrializadas.

Cuando usted se refiere a las ganancias de los países exportadores de petróleo no relaciona en forma alguna esas cifras con el deterioro secular de las condiciones del comercio exterior para los países en desarrollo.

Venezuela no tiene ninguna queja que presentar en cuanto a la conducta del mercado de los Estados Unidos para nuestro petróleo. Ni siquiera quiero referirme a la injusta disposición de la Ley de Comercio, orientada en arcaicos y pugnaces criterios de represalia, que en todo caso no se corresponden con la conducta amistosa de Venezuela. Pero debo observar que si bien Estados Unidos ha hecho esfuerzos para mantener una situación normal en la oferta y la demanda, Venezuela también los ha hecho como país petrolero que está cumpliendo seriamente con sus compromisos.

Es importante que cuando tratemos de considerar el problema de los precios seamos sinceros en entender que el precio del petróleo es sólo un factor dentro del conjunto de precios de las mercancías que se intercambian en los mercados internacionales. Si a estas razones atendemos, podremos determinar que la ponderación de los precios petroleros en ese conjunto no es predominante. Las exportaciones de los países desarrollados tienen mayor importancia.





No es justo, señor Presidente, su planteamiento en cuanto a que Venezuela no ha respondido debidamente a la posición considerada de su país frente a nuestro petróleo, procediendo a ejecutar un aumento unilateral de precios durante el período en el cual la OPEP decidió no aumentarlo. Nuestra conducta ha sido de estricto apego a las decisiones de la OPEP. Se hizo en efecto un ajuste de los precios de algunos crudos y productos. En algunos casos esos ajustes consistieron en una disminución de precios, de acuerdo con el comportamiento del mercado y las decisiones tomadas por la OPEP. Así han procedido los otros miembros de la Organización.

Comparto con usted el criterio de que los países industrializados por sí solos no podrán resolver el problema de la inflación. Igualmente que los países productores de petróleo tenemos responsabilidad en el control de la inflación mundial. Pero las responsabilidades adquieren una dimensión muy diferente cuando examinamos, con sincero deseo de buscar la verdad, la relación existente entre el valor de las exportaciones de los países en desarrollo, incluyendo a los países de la OPEP, que sólo alcanza a un 25% del valor total del comercio mundial, frente al 75% de ese valor que representa el comercio de exportación de los países desarrollados. Precisa-mente aquí es donde se encuentra el desentendimiento, por cuanto existe en los países desarrollados, entre ellos los Estados Unidos, una actitud de desconsideración e incomprensión para la situación que confrontamos los países en desarrollo.

Cuando usted se refiere al precio de los granos, que en fin de cuentas no representan, a pesar de su volumen, una circunstancia importante en la economía y en la balanza comercial de los Estados Unidos, en cambio para los países en desarrollo si se corresponde esta situación de los precios agrícolas con un desajuste fundamental de sus economías. Y en la actualidad esos precios, con excepción de muy pocos productos, se encuentran en franco deterioro causando graves daños a las economías de la mayor parte de los países en desarrollo. Y ese deterioro es provocado por las manipulaciones que se operan desde los países que controlan la economía mundial.



El impacto negativo que usted atribuye a un aumento en los precios del petróleo no lo ponemos en duda. Esta continua escalada en los precios de los productos energéticos es tan nefasta al desarrollo de la economía mundial como el creciente aumento del valor de los bienes de capital y otras manufacturas que importan nuestros países de las naciones industrializadas, y los costos de la transferencia de tecnologías. Se trata entonces, más que de obligarnos a los países en desarrollo a ser quienes paguemos con nuestro trabajo y con nuestras materias primas al bienestar de las naciones industrializadas de hacer un sincero esfuerzo por establecer esa equivalencia y ese equilibrio que estimamos debe provocarse mediante la creación de un nuevo orden económico internacional.

Los aumentos en los precios del petróleo que patrocina la OPEP, y no específicamente Venezuela, sólo tratan de proteger su poder adquisitivo y esta posición no puede de ninguna manera ser la responsable de la inflación sino que por el contrario es una consecuencia de ella. No hago una afirmación temeraria cuando reitero que el proceso inflacionario y la misma recesión económica sufrida en los últimos años, son consecuencias de las políticas fiscales y monetarias que se han mantenido por los países industrializados. No puede negarse que en los dos últimos años, como usted mismo lo reconoce, los ajustes de los precios del petróleo han sido a una tasa menor de la que se justificaría para mantener el valor unitario de nuestros términos de intercambio.

No se escapa a nuestra preocupación la situación que confrontan los países en desarrollo importadores de petróleo, tanto más comprometida cuanto que continúa el deterioro en los precios de las materias y productos básicos que exportan. A la par que siguen en permanente crecimiento los precios de los bienes de capital y otras manufacturas que requieren importar para su desarrollo. Sin embargo los países de la OPEP han tomado acciones efectivas para colaborar con los demás países del Tercer Mundo, mediante políticas de inversiones y ayuda financiera. En tal sentido la asistencia económica de la OPEP se ha venido realizando de forma individual y colectiva. El Fondo Especial, cuyo principal objetivo es el de otorgar préstamos a largo plazo y sin interés a los países en desarrollo, se encuentra en pleno funcionamiento. Venezuela lleva a cabo programas de co-



operación financiera con diversos países, con el propósito de que de dichos programas sirvan de apoyo a la balanza de pagos de estas naciones hermanas, y promuevan sus industrias destinadas a la exportación.

Estamos dispuestos ahora a propiciar un sistema de crédito automático en condiciones concesionales, que absorba cualquier aumento de precios que se produzca en el futuro. Pero no debe dejarse sin consideración la circunstancia de que no es el petróleo el que más afecta la economía de los países en desarrollo, sino el creciente aumento en los valores de sus importaciones.

Somos, los países pequeños, los más interesados en el diálogo y quienes creemos en el proceso creativo y constructivo que podemos hallar en él para la estabilidad política y económica del mundo. Las dificultades en estos intentos de diálogo no han surgido de nuestros países sino de la conducta prepotente, asumida por las naciones que controlan la economía mundial. Esta franqueza es necesaria, si es que realmente nos anima un propósito de conciliación y entendimiento.

Hemos puesto nuestra fé optimista en la Conferencia sobre Cooperación Económica Internacional. Esperamos que en la reunión programada a nivel ministerial para mediados del mes de diciembre, se produzcan decisiones importantes que nos puedan llevar a resultados positivos que beneficien tanto a los países desarrollados como a los países en vía de desarrollo. Me complace leer en su mensaje la observación de que la estructura internacional "debe basarse en el debido respeto por el impacto de decisiones de naciones individuales sobre el resto del mundo". No es otra cosa que lo que venimos pidiendo los países de la América Latina y del Tercer Mundo en general. Este es uno de los planteamientos fundamentales contenido en la Declaración de Derechos y Deberes Económicos de los Estados, que aún no ha sido suscrita por muchos de los países que más podrían cooperar para la conformación de esa conducta, y sinceramente cooperar para que la interdependencia sea en verdad factor de equivalencia y equilibrio. Ojalá que estas palabras dichas por usted, Jefe de Estado de una nación que tiene responsabilidad fundamental en la conducción de los destinos de la humanidad, sea efectivamente compromiso para actuar en esa dirección, que asegure consideración y respeto a las naciones débiles, que son siempre las víctimas de las decisiones individuales de las naciones poderosas.



REPUBLICA DE VENEZUELA  
DESPACHO DEL PRESIDENTE


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En la próxima reunión de la Conferencia de la OPEP se van, en efecto, a considerar los precios del petróleo. - Se tomarán en cuenta, como factor importante, los resultados y progresos que se logren en la reunión ministerial de la Conferencia para la Cooperación Económica Internacional.

Venezuela siempre ha querido jugar un papel de equilibrio tanto dentro del marco de la Organización de Países Exportadores de Petróleo como en las relaciones bilaterales con los Estados Unidos. Nos preocupan las implicaciones que podría tener un aumento exagerado del precio del petróleo. Pero también causa desazón que se siga asentando una diferencia sustancial en el poder adquisitivo de esta riqueza básica de nuestros países y esencial para los países desarrollados. Así como sucede con las demás materias primas o productos básicos del Tercer Mundo.

Nuestra política y nuestra voluntad están dirigidas a explorar todas las posibilidades de cooperación y de solidaridad. Sobre todo cuando se trata de estrechar los nexos entre los países de nuestro Hemisferio. El aumento de precios del petróleo dependerá de esta correlación indispensable entre el petróleo y demás productos que exportamos las naciones en desarrollo, con las importaciones de los países industrializados. Por lo demás, está propiciando Venezuela la articulación de un procedimiento automático, como ya lo informé, que impida que los aumentos de precios incidan en la economía de los países en desarrollo.

Atentamente,

  
Carlos Andrés Pérez  
Presidente de Venezuela

DEPARTMENT OF STATE  
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 59569  
CW/BP  
Spanish

EMBASSY OF VENEZUELA  
Washington, D.C.

Miraflores, November 20, 1976

Dear Mr. President:

My Government has carefully studied your message of November 9 presenting important aspects of the world economic situation and oil prices. Some of the thoughts you expressed lead me to make the following remarks.

I share your opinion that the friendship between our two countries requires that we consider with particular care any issue that could reciprocally affect us. In this regard you express concern over reports that Venezuela will seek an oil price increase during OPEC's December meeting. You request our support so that, rather than increasing the price, our country will exercise its influence to maintain it at current levels in view of the detrimental effect it would have on inflation and economic recovery throughout the world.

It is unfair to continue to blame the Organization of Petroleum Exporting Countries for world economic problems, particularly inflation. This subject has been thoroughly debated and proved not to

Gerald R. Ford,  
President of the  
United States of America,  
Washington, D.C.

correspond to the reality of world economy. The decision taken by the Organization of Petroleum Exporting Countries last May not to increase oil prices was not only, as you point out, a responsible action on the part of OPEC, but also the manifestation of a line of conduct that may be qualified as a significant demonstration of the willingness of petroleum exporting countries to enter into dialogue and of their sincere intentions to contribute in every way possible to a frank and fair understanding between developed and developing countries. As could be easily proved, at that time there were sufficient conditions and reasons to justify a price increase.

Our confidence in the results of the North-South dialogue led us at that time to consider postponement of a new increase without specifically tying ourselves to the economic indicators that showed a new imbalance between oil prices and the prices of manufactured goods we import from your country and other industrialized nations.

In referring to the profits of oil exporting countries you do not link these figures in any way to the continuous deterioration of the developing countries' foreign trade conditions.

Venezuela has no complaint to present with regard to the United States market for its oil. I do not even want to refer to the unjust provision of the [Foreign] Trade Act which is based on archaic and pugnacious reprisal criteria that do not in any case correspond with Venezuela's friendly attitude. I do want to observe however that while the United States has endeavored to maintain a normal supply and demand situation, Venezuela has also exerted itself as a petroleum producing country that is seriously fulfilling its commitments.

When considering the price issue it is important to recognize that the price of oil is but one factor among all the prices of goods traded on international markets. If we do so, we can see that oil prices are not the predominant factor in the scale; exports from developed countries have more weight.

You are inaccurate, Mr. President, in stating that Venezuela did not properly respond to the considered position of the United States vis-a-vis Venezuelan oil <sup>that</sup> and/ it unilaterally increased prices during a period when OPEC had decided against such an increase. Our conduct has been in strict conformity with OPEC decisions. The price of certain crudes and petroleum products was indeed adjusted. In certain cases these adjustments resulted in lower prices, in accordance with the market's behavior and OPEC decisions. This was also the course adopted by the other members of the organization.

I agree with you that industrialized countries by themselves cannot solve the problem of inflation and that we petroleum-producing nations are also responsible for controlling inflation. But these responsibilities take on a very different dimension when, in a sincere search for truth, we compare the value of exports from developing countries, including OPEC countries, which only amounts to 25 percent of the total value of world trade, with that of exports from developed countries, which represents the other 75 percent. This is exactly where the misunderstanding occurs, since there exists a lack of consideration and understanding in developed countries, and among them the United States, for the situation that we developing States face.

You refer to the price of grain, for instance, which in the final analysis is not of major importance for the United States economy and

of balance/trade in spite of the volume involved, but in developing countries agricultural prices do have a direct relation to the fundamental imbalance of their economies. At the present time, these prices, with the exception of very few products, are clearly deteriorating and thus causing great damage to the economies of most developing countries. And this deterioration is provoked by manipulations from within the countries that control the world's economy.

We do not doubt the negative impact that you say would result from an oil price increase. The continuous spiralling of energy prices is as detrimental to global economic development as the continuous increase in the price of the capital goods and other manufactured articles that our countries import from industrialized nations and in the cost of technology transfers. It is not a question of imposing obligations on the developing countries to pay for the well-being of industrial nations through our work and raw materials, but rather a question of making a sincere effort to establish the equivalency and balance that we believe should be accomplished through the creation of a new international economic order.

The oil price increases approved by OPEC countries, and not specifically by Venezuela, are only an attempt to protect their buying power. This position cannot in any way be construed as causing inflation; on the contrary, it is a consequence of inflation. I am not making a rash statement when I repeat that the inflationary trend and the economic recession of the last few years are consequences of industrial countries' fiscal and monetary policies. There is no denying that oil prices in the last two years have been lower than what would have been justified in order to maintain the unit value of our terms of trade.



We are also concerned about the situation of developing countries that import oil; their situation will grow progressively worse as the prices of the raw materials and commodities they export continue to deteriorate while the prices of capital and other manufactured goods they need to import for their development continue to rise. However OPEC countries have taken effective measures to cooperate with other Third World countries through investment and financial assistance policies. In this regard, OPEC economic assistance has been given on an individual and collective basis. The special fund, mainly designed to grant long-term interest-free loans to developing countries, is now in full operation. Venezuela is undertaking financial cooperation programs with various countries in order to bolster their balance of payments and promote their export-oriented industries.

We are now ready to propose an automatic soft credit system to absorb any future price increase. But it must be remembered that it is not oil that most affects the economies of developing countries but rather the continuous increase in the cost of their imports.

We small countries are the ones most interested in dialogue; we believe that it could be a creative and constructive procedure to develop political and economic stability in the world. The difficulties which have arisen during past dialogue attempts have not been caused by our countries but by the arrogant attitude of the nations that control the world's economy. This candor is necessary if we are truly prompted by a desire for conciliation and understanding.

We have put our faith in the Conference on International Economic Cooperation. We hope that the ministerial-level meeting planned for

mid-December will produce major decisions that will lead to positive results for both developed and developing countries. I was pleased to note in your message that the international structure must be based on due respect for the impact of decisions taken by individual nations on the rest of the world. This is exactly what we in Latin America and the Third World have been seeking; this is one of the basic principles of the declaration of the economic rights and duties of States which has not yet been signed by many of the countries that could do the most to further this line of conduct and sincerely cooperate to make interdependence a true factor of equivalency and equilibrium. I hope that those words used by you, the Chief of State of a nation that has a fundamental responsibility in shaping mankind's destiny, represent a real commitment to act according to this principle so that consideration and respect are ensured the weak nations which are always the victims of individual decisions taken by the powerful nations.

The next meeting of the OPEC Conference will indeed consider oil prices. It will take into account, as an important factor, the results and progress achieved during the ministerial meeting of the Conference on International Economic Cooperation.


Venezuela has always wanted to play a balancing role both within the Organization of Petroleum Exporting Countries and in bilateral relations with the United States. We are concerned by the possible implications of an excessive price increase. But we are also troubled by the fact that there continues to be a substantial difference in the purchasing power of this basic resource of our countries which is essential to developing countries. This is also the case of the Third World's other raw materials and commodities.

Our policy and our intention are to explore all possibilities for cooperation and solidarity, especially when it involves the strengthening of bonds between countries of our hemisphere. The oil price increase will depend on this essential correlation between oil and other products that we export to developing countries and the imports from industrialized countries. As I mentioned previously, Venezuela is proposing that an automatic mechanism be devised to prevent price increases from affecting the economies of developing countries.

Sincerely yours,

Carlos Andrés Pérez

President of Venezuela



~~CONFIDENTIAL/GDS~~  
(CLASSIFICATION)

S/S# 7624779

Date December 1, 1976

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
TRANSMITTAL FORM

FOR: Mr. Brent Scowcroft  
National Security Council  
The White House

REFERENCE:

TO: The President FROM: Venezuelan President Perez  
DATE: November 20 SUBJECT: response to the letter  
from the President regarding planned increase in OPEC prices  
WHITE HOUSE REFERRAL DATED: \_\_\_\_\_ NSC # \_\_\_\_\_

THE ATTACHED ITEM WAS SENT DIRECTLY  
X TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- A draft reply is attached.
- A draft reply will be forwarded.
- A translation is attached.
- An information copy of a direct reply is attached.
- We believe no response is necessary for the reason cited below.
- Other

REMARKS:

The response requires no further reply as in the case of Iranian and Saudi Arabian responses.

*fn* *La Wolf*  
C. Arthur Borg  
Executive Secretary

*Da 3/10/04*

~~CONFIDENTIAL/GDS~~

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