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THE DEPARTMENT OF STATE BULLETIN

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Security Assistance and Foreign Policy

Statement by Secretary Kissinger¹

I am happy to have the opportunity to testify on the Administration's request for security assistance authorization for fiscal year 1977. The request follows closely on the heels of that for the current year, about which I testified before this committee last November.

Security assistance is an essential element of our overall foreign policy. That policy is designed to help build a more peaceful, stable, and prosperous world order in which America's own security, prosperity, and values will be furthered.

The basic elements of our foreign policy—which we believe will guide any Congress and Administration, whether Republican or Democrat—include these:

—To maintain our own strength and purpose as a nation.

—To maintain and continually revitalize our relations with allies and friendly countries with which we share values and interests.

—To reduce the risk of war with our potential adversaries and move toward more rational and normal relationships despite continuing differences.

—To discourage the spread of nuclear-weapons capability and otherwise to help to resolve regional conflicts that threaten world peace.

—To resolve international economic issues in a way which enhances economic and political stability, prosperity, and justice.

This is the context for designing and deciding upon our security assistance policy. These are the purposes it must—and does—serve.

The foundation of our foreign policy is security. Our own military strength, our alliances, and the security assistance programs which support them have been the bedrock of our security since World War II, and they remain so today. In an era of devastating nuclear weapons and strategic nuclear balance between the United States and the Soviet Union, the conventional strength of our alliances is essential to maintain global stability and to leave our potential adversaries no rational alternative to restraint and cooperation.

The persistence of regional conflicts continues to pose risks to global stability. The carefully considered transfer of defense equipment may be essential in creating and stabilizing regional balances of power, as a precondition to the attack on the root causes of disputes.

Finally, every nation has the paramount concern and sovereign responsibility to maintain its own security and to define its needs. The United States cannot expect to retain influence with nations whose perceived defense needs we disregard. Conversely, defense supply links to these countries can enhance our influence and cooperation with them on other international issues of importance to us.

¹Made before the House Committee on International Relations on Mar. 29 (text from press release 155). 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.

Thus, we believe it is important that arms transfers continue to be approached in the context of our overall national interests and objectives. These include foreign policy as well as our defense readiness and our economy. We fully recognize the vital role of congressional support and oversight for the security assistance program.

An Overview of the Authorization Requests

Our specific authorization requests for fiscal year 1977 reflect cost-conscious attention by the executive branch:

—The proposed foreign military sales credit program and our resultant request for new obligational authority are both approximately \$200 million less than for 1976. The new-obligational-authority request is for \$840 million; down from \$1,065 million last year. This will fund a total program of over \$2 billion, of which approximately half is for essential assistance to Israel.

—Security supporting assistance programs have been reduced from last year by over \$100 million to \$1.8 billion. Nearly 95 percent of this amount is requested for the Middle East. The programs supported by these funds are a vital component of our Middle East peace effort.

—The international narcotics control program is reduced from last year, to \$34 million. We reduced it in the expectation that major equipment items for the opium poppy eradication efforts in Mexico and Burma will already have been provided. Turkish control of its opium poppy production, the vigorous eradication efforts now being undertaken in Mexico, and the beginnings of excellent results in Burma offer hope that this international security assistance program, which means so much to the health of our own people, is achieving its objectives.

—Foreign military training is programed at \$30.2 million. This program is highly cost-effective in improving the efficiency of allied and friendly military forces. Foreign governments are to an increasing extent paying for the training they receive from the United States. This modest grant program provides

long-range benefits in terms of mutual fense and military cooperation.

Regional Programs: The Middle East

In fiscal year 1977 our security assistance program for the Middle East absorbs almost 70 percent of our total program.

Our request has been designed to protect and further interests of vital importance to the United States and is a central part of our efforts to help achieve progress toward peace in the Middle East.

Every American Government since 1948 has demonstrated a moral commitment to the survival and security of the State of Israel, and we are certain that all future governments will continue to honor that commitment. We also have important interests and friendships in the Arab world. There is therefore an urgent need to avoid perpetual crisis between Israel and the Arabs. These crises strain our relations with allies, jeopardize our hopes for world economic recovery, and risk a direct U.S.-Soviet confrontation.

The ability of Israel to persevere in its own defense is one of the essential constants of our Middle Eastern policy. Although Israel has recently imposed even more stringent domestic austerity measures, its assured survival depends upon substantial economic and military assistance, which can come only from the United States. Our program for Israel represents our best judgment of the appropriate assistance required from us to maintain the defensive strength and economic health which Israel requires for its security and survival.

Our request for Egypt—which is entirely for *nonmilitary* supporting assistance—also rests on basic requirements and considerations of U.S. national interests. Egypt holds a historic position of leadership in the Arab world and has courageously committed itself to pursuing peace. Egypt has demonstrated its good faith and sincerity by ending its longtime close dependence on the Soviet Union and by moving toward closer relations with the West. It is clearly in our interest to demonstrate that countries which pursue

ch policies can obtain the support of the United States. Our security assistance to, and our growing friendship with, Egypt are needed at achieving this objective. In this connection we have advised the Congress of our intention to provide Egypt with six C-130 transport aircraft. We are pleased that this committee has set aside a separate time in the near future when we may discuss this transfer in some detail.

Jordan, which is of strategic importance in the Arab-Israeli dispute, has long been recognized as a force of moderation in the Middle East. Jordan is a strong friend of the United States and is working to overcome its serious problems of economic underdevelopment. Our security assistance contributes to Jordan's development and helps Jordan to maintain its politically moderate course.

Syria will play an integral part in any peaceful settlement of the Arab-Israeli dispute. Our *nonmilitary* supporting assistance program with Syria is essential to maintaining the close working relationship we need as we continue our peace efforts.

We stress that our security assistance to, and improved relations with, Arab nations do not undermine in any sense our traditional friendship with Israel. The policy of encouraging constructive and moderate forces in the Arab world is the best way we can help all the parties to attain a durable peace that will assure the survival and security of Israel.

During the past year, the Middle East special requirements fund permitted us to respond promptly to special needs arising from our Middle East peace efforts. We will continue to need this capability to move rapidly to support activities contributing to peace in the area and to maintain our support mission in the Sinai.

Much remains to be done to achieve peace in the Middle East. Our efforts to generate further movement in the Middle East peace negotiations are entering another difficult and critical period. We are determined to maintain the momentum toward peace. We are presently engaged in intensive consultations with all the governments directly concerned

to try to reach agreement on how to proceed. Our security assistance program and our close, cooperative relations with countries of the region will be as important to our efforts in the future as they were to helping us to achieve the interim Sinai agreement in 1975. We will continue to need the sustained, strong support of the Congress and the American people for these efforts.

Other Regional Programs

Aside from the Middle East program request for \$2.9 billion, the breakdown of our fiscal year 1977 requests is as follows:

<i>Region</i>	<i>Amount (\$ million)</i>	<i>Percentage of Total Program</i>
Europe	448	11
East Asia	496	12
Latin America	208	5
Africa	59	1
Near East	47	1

Europe

In Europe, Greece and Turkey continue to be the focal points of our program. We must continue to give substance to our concern for their security and stability and for the friendship that has so long characterized our relations with these nations. The MAP [military assistance programs], FMS [foreign military sales], and training funds requested should help to return our mutual defense relationships to a more normal footing and allow both Greece and Turkey to play more effective roles within NATO.

As you know, the Turkish Foreign Minister and I signed a new defense cooperation agreement between the United States and Turkey on March 26 which will be submitted to Congress in the near future under a joint resolution. This agreement will replace the U.S.-Turkish Defense Cooperation Agreement of 1969 and will, when approved by the Congress, provide for the resumption of our use of important intelligence facilities and installations in Turkey. The agreement establishes the level of U.S. assistance to Turkey during a four-year period at \$250 million per year, one-fifth of which will be in grant as-

sistance, the remainder in credit and guarantees. The implementation of this agreement will restore the traditional U.S.-Turkish relationship within the NATO alliance, contribute to the settlement of problems in the eastern Mediterranean, and strengthen the conditions for peace and stability in that area.

We also have key strategic interests at the western end of the Mediterranean, on the Iberian Peninsula.

The Treaty of Friendship and Cooperation with Spain is currently before the Senate for its advice and consent. We engaged in extensive consultations with the Congress during the negotiations with the Spanish Government and decided to submit it as a treaty largely because of the advice which we received. This treaty is a unique agreement which encompasses both a closer relationship with Spain and an agreement for the use of facilities in Spain in exchange for a five-year program of assistance. We consider this a particularly significant agreement which serves U.S. interests in the Atlantic area and supports Spain at a time when it is moving into a new era in its domestic and international activities. We have suggested to the Senate that a joint resolution for authorization might be appropriate. We request that the Congress take whatever measures are necessary to authorize the funds in the treaty.

In regard to Portugal, the supporting assistance funds which we are requesting will contribute to its ability to deal with massive economic dislocations left in the wake of last year's political turmoil and will help to support its emerging democratic process.

East Asia

In East Asia, we are continuing our security relationship with the Republic of Korea. As a result of Korea's continuing economic progress, we are terminating our grant material assistance program after fiscal year 1976 and are now requesting only those MAP grant funds needed to deliver material pre-

viously funded under MAP. If we receive FMS funding levels requested in our fiscal year 1977 program, we will complete the joint U.S.-Republic of Korea modernization program begun in 1970. For its part, the Republic of Korea is now undertaking a further five-year force-improvement plan on its own initiative and with its own resources. At the same time, we for our part expect to continue request significant levels of FMS guaranteed loans in support of our mutual security objectives in Korea.

We know the committee's concerns about human rights matters. The Korean human rights situation is an important element in our policy considerations. We have strongly made known our views to the Korean Government and there should be no doubt about the concern of the United States on the human rights issue.

At the same time we cannot lose sight of our basic concerns over the security situation on the Korean Peninsula and its importance to the peace and security of the area. Our request is based on our own assessment of the need to maintain the military balance in Korea and is in support of our security objectives in Korea, Japan, and East Asia generally.

For Thailand we have requested continued grant MAP and FMS credit funds. We believe the essential objectives of our support for Thai self-sufficiency remain valid.

Latin America

In Latin America, the common program denominator continues to be training. We believe that training provides, at minimal cost, significant benefits in terms of working-level contacts between American officers and their Latin American counterparts, some of whom may be expected to rise to positions of leadership in their respective governments. Proposed FMS credits are modest in relation to both the purchasers' means and modernization requirements, and entirely consistent with the tendency of Latin American governments to hold defense expenditures to a low level in favor of development spending.

Recent events in Africa have shown that unilateral restraint cannot prevent the production of arms and great-power interests into this continent. We support self-determination for the peoples of Africa and wish to contribute to the peaceful resolution of regional conflicts. As you are aware, I am planning to visit several African countries in the near future, which will provide opportunities to discuss with various national leaders our perceptions and evolving policies with respect to conflict areas. Our security assistance program consists of modest FMS credits for Ethiopia, Kenya, Liberia, and Zaire. MAP is limited to Ethiopia. Low-key training efforts in these countries, plus Ghana and Senegal, would enhance our presence; bilateral cooperation while minimizing military involvement.

Mr. Chairman, I have addressed my remarks to the essentiality of our security assistance program, its place in our overall foreign policy design, and the basic criteria under which it is employed. I have focused on the area of greatest present urgency, the Middle East, and have reviewed our proposals for other regions. I am now ready to respond to your questions on these or other matters pertaining to our security assistance program planned for fiscal year 1977.

Secretary Discusses Proposed Sale of Transport Aircraft to Egypt

Statement by Secretary Kissinger¹

The President has asked me to convey to you his strong support for the government-government cash sale of six C-130 transport aircraft to Egypt and for the training of Egyptians in the U.S. service schools. In the Presidential Determination forwarded to Congress on March 25, the President stated that at this sale and such training will strengthen the security of the United States

and promote world peace.² I want to address this morning the question of why we firmly believe this to be the case.

We have felt from the beginning of our discussion with Egypt about the C-130 sale that, modest as it is, it represents a policy decision that should be the subject of full consultation between the executive and the Legislature. This is particularly true in light of the history of restrictive legislation relating to our relationship with Egypt, legislation that was enacted in a very different era of U.S.-Egyptian relations.

I would like to begin by putting this sale and the training in the context of the policy we have been following in the Middle East since 1973—with congressional support—to help bring about a settlement of the intractable and complex Arab-Israeli dispute, to support and insure the survival and security of Israel, and to improve our relations with the Arab states of the region. It has been vital to this endeavor to gain and hold the confidence of the Arab states most involved, as well as to keep the confidence of Israel.

The Arab states—with some of whom we had had little or no relationship for seven years—had to develop confidence that we took their concerns seriously and were prepared to treat their legitimate needs fairly and with sympathy. We were asking the Arab leaders, in their own interests, to break with the past and follow us in the difficult steps that could lead to a negotiated peace. Their confidence in us and in our capacity to respond to their needs and interests was and is essential if we are to maintain progress toward a settlement.

Egypt, under President Sadat, has taken the lead on the Arab side in cooperating with our endeavors to help the region break out of

¹ Made before the Subcommittee on Foreign Assistance of the Senate Committee on Foreign Relations on Apr. 2 (text from press release 157). 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.

² For text of Presidential Determination No. 76-11, see 41 *Fed. Reg.* 14163, Apr. 2, 1976.

the cycle of recurring war. Egypt has also moved to reorient its policy, after more than 20 years, away from the Soviet Union and toward the United States. These positive developments in Egyptian policy provide both opportunities and challenges. The opportunities, I think, are clear, both in terms of our bilateral relationship and in terms of our search for peace. The challenges are equally real.

The Arab world as a whole is aware of what President Sadat has staked in signing the Sinai II agreement with Israel, in abrogating the friendship treaty with the Soviet Union, and in taking his economy off a war basis and rebuilding the cities along the Suez Canal. Other Arab states are skeptical that he can derive sufficient benefit from this new policy to make it advantageous for Egypt.

Let me say a word about what I mean by "advantageous for Egypt." For the first time in the history of the Arab-Israeli dispute, there are voices in the Arab world—Egypt among them—that say they are prepared to make peace with Israel. Given our fundamental commitment to Israel's right to exist, this step was necessary before there could be common ground for cooperation between the United States and the Arab world in the search for a political solution to the problems that have brought four Arab-Israeli wars in 25 years.

Egypt seeks a peace that will meet its legitimate concerns for sovereignty over Arab territory and justice for the Palestinians without bringing into question Israel's right to exist in peace and security. Egypt under President Sadat's leadership has sought to throw off the shackles of the past. We must seek to do the same in our relations with Egypt.

We must, in other words, by the responsiveness of our policy, help give Sadat a positive answer to make it possible for him to continue on the course he has chosen and encourage the other Arab states to follow his example. For this reason, and to build a durable bilateral relationship, we have broadened our ties with Egypt extensively in the

past two years, primarily in the economic field. The Administration has requested \$75 million to finance an economic assistance program with Egypt this year. The Public Law 480 program adds about another \$150 million.

A U.S.-Egyptian joint commission has been established, and its activities have added a further dimension to our relationship. There are biannual joint working group meetings in medicine and health; education and culture; agriculture, science, and economics. These meetings, and the joint projects developed by them, have resulted in broadening of our relationship with Egypt. Our doctors talk with theirs about problems of concern to us both. In other fields, American specialists are working closely with the Egyptian counterparts. There are over 100 projects currently underway in Egypt under the aegis of the joint commission. The projects are being funded by U.S.-owned Egyptian pounds which have been generated by the Public Law 480 program.

In the private sector, a joint U.S.-Egyptian business council has been formed and headed by Thomas Murphy, chairman of the board of General Motors Corporation. The council has helped Egyptian Government officials to understand better how a modern market economy works today and in what way government bureaucracies can facilitate private investment and thereby accelerate economic development.

While the economic side of our relationship will remain the most important, President Sadat considers that some evidence of American willingness to help meet his national security needs through the sale of some military equipment would be very important to him. The supply of military equipment from the Soviet Union had largely dried up during the course of 1975; and the abrogation of the Egyptian-Soviet treaty, as well as the cancellation of Soviet access to Alexandria shipyard facilities, can only be expected to cut Egypt off even more completely from that source.

To meet President Sadat's needs for an American gesture of this sort, we have developed

ded to sell the six C-130's to Egypt and to provide some training for Egyptian military personnel in American service schools. This is an individual step and sets no precedent for the future. There is no further commitment on our part.

What we are intending to do is clearly of much greater political than military importance. If we fail now to follow through—if Congress should reject the sale—it would have very serious consequences not only in Egypt but throughout the Arab world. The capacity of the United States to respond to governments that adopt policies we favor could be called into further question by countries who have long been skeptical on this score.

U.S. and Soviet Union To Continue Negotiations on PNE Agreement

U.S. Statement¹

The Threshold Test Ban Treaty (TTBT) was signed on July 3, 1974, and scheduled to take effect on March 31, 1976. However, article III of that treaty calls for the United States and U.S.S.R. to negotiate a separate agreement governing the conduct of underground nuclear explosions for peaceful purposes (PNE's). At the time of signing the TTBT and on several subsequent occasions, we stated that in view of the close relationship between the verification of a threshold on nuclear-weapon tests and the conduct of peaceful nuclear explosions, we would not present the TTBT to the Senate for ratification until a satisfactory PNE agreement had been concluded.

The negotiations for a PNE agreement began in October 1974 with the agreed objective of insuring that peaceful nuclear explosions would not be conducted so as to

provide weapons-related benefits that were otherwise precluded by the TTBT. The two sides have made considerable progress in completing an agreement, and the negotiations are continuing in Moscow to resolve the few remaining issues.

The two sides hope that a satisfactory agreement can be concluded within the next several weeks. During this period, we expect that neither side will conduct weapons tests above the threshold of 150 kilotons. For the immediate future, we have no plans for high-yield weapons tests above the threshold of 150 kilotons.

Department Gives U.S. Position on Developments in Lebanon

Following is a statement read to news correspondents on March 29 by Robert L. Funseth, Special Assistant to the Secretary for Press Relations.

The situation in Lebanon has become more acute during the past week, and we want to make clear the U.S. position concerning developments there.

We believe that a resolution of the Lebanese crisis can only come with agreement among the Lebanese on a basic political solution that gives adequate opportunity and security to all groups and communities in the country. The political compromise worked out with constructive Syrian assistance in connection with the January 22 cease-fire appears to us to provide a fair basis for such a solution.

It appears to us, moreover, that a cease-fire and an orderly and constitutional resolution of the Presidential question are necessary if progress is to be made on the more fundamental issues.

We believe that military intervention by any outside party contains great dangers and must be avoided.

The United States is prepared to help all the parties toward a political solution on the basis of these principles.

¹ Read to news correspondents on Mar. 31 by Robert L. Funseth, Special Assistant to the Secretary for Press Relations; also made available to news correspondents at the White House.

Canada and the United States: The Framework and the Agenda

*Address by Thomas O. Enders
Ambassador to Canada*¹

When our two Secretaries of State met here last fall, they officially graduated Canada and the United States from a "special" to a "unique" relationship. That may have mystified some people whose dictionaries said the two words mean the same thing. But everyone agrees with the two Secretaries that what we have going between us is in many ways unique. Our common roots; the shared experience of peopling the continent; the vastness and the extraordinarily powerful growth of travel, economic exchange, communication between us; the fact that we not only proclaim our friendship but really like each other—all of this seems without parallel.

But let me ask you to look for a moment at Canada and the United States in another way—as an advance model of the relationships which will exist in the 21st century between all the industrial democracies. Everywhere—Europe, Japan, and America—you find countries being drawn together in the same way. Trade and travel generally grow much faster between countries than within them. Most industrial countries, not just one or two, are rapidly increasing their investment abroad. We already have each other's radio; increasingly we have each other's television; when TV satellites begin in a decade, television will cease to be a domestic matter and become wholly international.

Everywhere in the industrial world you also find the same effects of interdependence. As countries grow closer, more players go into the act. No longer are national administrations exclusively or even mainly the medium for relations between countries. The other power centers—parliaments, regional and local governments, regulatory bodies—as well as individuals and firms—all conduct more and more business across frontiers.

As countries grow closer, too, they often find that they can't lessen dependence in one sector without increasing it in others. For example, if a country invests heavily in resource self-sufficiency, it may become less competitive in manufacturing; if it restricts trade, it may become more dependent on foreign investment.

Most of us are pretty ambivalent about this vast movement toward interdependence. We know that growing exchanges are necessary to our prosperity, to the vitality of our arts and sciences. We know that no government—not yours, not mine—has much power over these trends: we can retard a little here, accelerate a little there, but not change the direction. But our need to be ourselves, to exercise sovereignty, to control our own destiny remains as intense and as fundamental as ever. Indeed, maybe it's more intense.

For the industrial democracies to succeed in the next generation we have to meet both of these conflicting needs. We must be able to pursue our separate destinies; we must protect the immensity of our joint interests.

In this regard Canada and the United

¹ Made before a luncheon meeting of the Canadian Club at Ottawa on Mar. 23.

tates are like the rest of the industrial emocracies, only more so. The process of interdependence has gone much further here than elsewhere.

I think it is fair to say that in the generation following World War II, Canada and the United States achieved a substantial success in meeting both of the conflicting needs of interdependence. On the one hand, our trade, our capital flows, our travel, our scientific and cultural exchanges grew at rates unprecedented anywhere, giving powerful impulse to our prosperity. On the other hand, we showed how our relationship could evolve to meet new needs. Within a generation we moved from the occasionally sentimental celebration of our similarities to the articulate pursuit of separate national purposes.

In the 1970's we have both been subject to major shocks, and a sense of economic insecurity has spread throughout North America. The collapse of the postwar monetary system in 1971 and the devaluation of the U.S. dollar, the OPEC [Organization of Petroleum Exporting Countries] embargo of 1973 with the new consciousness of resource vulnerability it produced, the widespread joblessness of the recession in 1975, and most of all, the high inflation of these last years have all weakened our confidence. Against this background, there has been some turbulence between us. We have had difficulty in solving all problems to mutual satisfaction. Some have even predicted that the relationship would develop in an adversary mode.

Now confidence is returning throughout the industrial world. Although far from conquered, the energy crisis is better understood, and the first adjustments to it made. Although it remains a threat, inflation is diminishing. The slow-paced but strong recovery underway has a fair chance of leading to another period of sustained expansion. It is the right time to consider how we would like the relations between Canada and the United States to evolve in the next few years.

Perspectives on Areas of Disagreement

Let me start with some of the issues on which we have differed these past years: oil and gas pricing and supplies, cable television commercial deletion and substitution, investment, and potash. There are four reflections I would like to make to see whether I can put the issues I have mentioned into perspective.

First, the common characteristic in these issues is that in each case actions were taken or proposed that had the effect of restricting exchanges between us. The overall image they give is one of cutting back. Moreover, it is cutting back by one of the two partners, for the actions on which we have differed were for the most part taken by you. It is for that reason that Americans have asked what their meaning is and wondered where we are going from here.

Second, neither the U.S. Government nor the American citizens and firms involved contest the full and entire right of Canadian authorities to take these actions, but equity has been an issue. People on my side of the border have felt that their interests were not being taken into account.

Third, in only a few cases is the impact of these actions on U.S. national interests major, although regional impact can be substantial. But the current sense of economic insecurity is such on both sides of the border that these differences, remaining unresolved, have been perceived as more threatening than they would have been in the past.

In oil, our goal, like yours, is to bring domestic prices toward world levels. A phasing-in of Canadian export prices would have eased our adjustment, but it was not essential. The phase-out of Canadian oil exports is tough to adjust to; but it need not be a fundamental setback to us, given Canadian willingness to encourage swaps to the captive refineries on the northern tier of American states. A larger part of our oil imports will be sourced in insecure supplies, but the contingency plan agreed by the International

Energy Agency, including Canada and the United States, provides for sharing import shortfalls due to selective or general embargoes. And frankly, Canadian oil has been pricing itself out of the market.

The stakes in gas are greater. Although some adjustment has been and is still possible—we still use some of the imported gas for electricity generation, for example—U.S. customers have few options if Canada cuts the supply or raises the price of natural gas. American consumers wonder why Canadian gas must not just match, but continually lead, free market prices in the United States.

The stakes in television commercial deletion and substitution are not great in material terms. The immediate argument is about a gross advertising budget accruing to U.S. stations of \$20 million. But the dispute has attracted public interest and seems to pose questions of principle far beyond its commercial impact.

In investment the question is whether and how the rules under which investment has been attracted or encouraged will be changed before it is amortized. The United States understands that your authorities will wish to decide whether and under what conditions foreign enterprise can establish in Canada. But once established, we believe that it should be given national treatment. Nor do we contest the right of your authorities to expropriate—or buy into—U.S. enterprises for authentic public purposes, provided payment is made fully, promptly, and effectively. But we are concerned where takeover is used to gain a quasi-monopoly position. Saskatchewan's proposal to acquire half the potash capacity in its province would give it control of one-third of the U.S. potash supply. Although welcome, statements that this power would be used benignly are not adequate reassurance.

Whatever the precise material impact of these actions, the general sense of economic insecurity makes them appear more than threatening. Although it is true that by objective standards the average family in both our countries has never been better off, many feel impoverished. The energy crisis

and recession have contributed, but prolonged inflation is the major cause. Canada and the United States have always bargained hard together, but recently our mutual sensitivity to even marginal changes in economic arrangements has become much greater.

Fourth, the assertion of Canadian national purpose is not an issue between us. Americans understand and respect it. We expect you to be yourselves. We understand why you wish to diversify your foreign interests; we will cooperate with that effort. Few Americans who have dealt with Canada have ever doubted the separateness of Canadian interests and destiny.

At the same time we are both conscious that the end of the "special relationship" frees us both from historical hangups in pursuing our interests. In the future we will not negotiate together on the basis of exceptional dispensations and concessions, but as we do with other countries. This is a sound and fundamental development in our relationship.

New Problems and New Opportunities

So much for the past. Let me turn to the future. The world is again changing. The great economic shocks are now behind us. Our economies are again moving forward. The recovery from the double crisis of recession and inflation is painfully slow, but we are recovering. We can be at the threshold of another prolonged expansion that again offers the means not now available for a new transformation of our societies.

The problems we will face in the next years will be quite different than the one we have faced. They will demand new forms of cooperation between us.

More and more it is coming through that the energy crisis translates into a question of how to mobilize the vast capital investments needed to exploit such opportunities as the Arctic, the continental shelf, our coal gasification, and your tar sands. In neither country is resource availability itself any longer the main issue.

Indeed, investment may be the critical

issue throughout our economies in the coming decade. Its lag is the reason why this recovery is only half as fast as others in the postwar period. Added energy needs, the rising cost of environmental protection, the need to avoid in the future the supply bottlenecks that choked off the last expansion—all mean that sustained growth in the future will require proportionately much more capital formation than in the past. In the United States both liberals and conservatives are beginning to ask whether we will not have to run sustained budget surpluses or become, like you, major capital importers to avoid capital-market crunches.

Canada-U.S. economic relations are also changing. You have had more success than we in sustaining economic activity in this recession: your unemployment has been lighter than ours, while our price-wage performance, although not good, has been better than yours. As a result, the U.S. payments deficit of the early 1970's with Canada has turned into a substantial surplus, financed by large capital imports by Canada. As your price-wage spiral slows down and as our recovery proceeds, our economies will probably move back into synchronization. But most projections show substantial capital imports by Canada continuing into the 1980's on the assumption of a medium growth rate. Decision by Canada either to run the economy at a significantly lower rate than the United States, or to take measures to cut consumption and increase savings, could of course reduce or eliminate that need.

At the same time the economy is turning expansionary, it is being brought home to us again how insecure the world is. The steady year-in-year-out increase in Soviet conventional military capability is calling into question the military balance in Central Europe. If the NATO allies do not meet the challenge by increasing their own capability to mount a nonnuclear defense in Europe, we will be forced back toward a tripwire situation with all its jeopardies.

With the great economic shocks behind us, should we not also put behind us the

defensive, sometimes restrictionary, mode of relationship to which they gave rise? If we do not, I believe we cannot master the new problems and opportunities now thrusting upon us.

Points of Reference for New Approach

What sort of an approach should we adopt? I believe there are five points of reference.

First, of course, consult before taking action that affects the other country. This, and its corollary—willingness to consider accommodation where appropriate—is fundamental. As a result of the initiative of Minister MacEachen [Allan MacEachen, Secretary of State for External Affairs], consultation has become a recognized goal between us. It is developing particularly well in the field of environment, where the concept is emerging of contact in advance of development that might cause pollution. Current examples are the Sage Creek coal development in British Columbia and the Garrison Diversion project in North Dakota.

Second, build in predictability. Uncertainty has been a corrosive force in the field of energy exchanges; it has been of some concern in investment.

In energy, you now export to us a million barrels a day in oil equivalent in oil, gas, and electricity. We export to you 200,000 barrels a day in oil equivalent, essentially in coking and steam coal. When net crude oil exports are eliminated in accordance with your decision, current contracts would call for somewhat less than a half million barrels a day in oil equivalent in energy exports from you, and perhaps half that much from us, yours in the Pacific Northwest and a range of border states, ours in Ontario. Would it not be in our interest to consider together how better to assure predictability in prices and supplies in each of these flows?

In investment we have the same two-way flow, only it is far more massive and far more important. U.S. policy is to maintain an open capital market in our own country. We recognize Canada's desire to review the

new establishment of foreign firms against criteria of national benefit. Provided all foreign firms, U.S. and others, are treated alike, that review process is not an issue between us. But if we think that major two-way flows are in our mutual interest as an impulse to growth, then we should make the conditions of capital exchange as stable and as little onerous as possible.

Third, de-bilateralize where appropriate. This has always been a major element in strategies for handling Canada-U.S. relations. In a wide range of areas we have sought to bring our relationships under multilateral codes, with agreed procedures for negotiation and settlement of differences. Canada and the United States took the lead, for example, in developing rules to govern trade and payments in GATT [General Agreement on Tariffs and Trade], in the IMF [International Monetary Fund], in the OECD [Organization for Economic Cooperation and Development]. We are both committed to make the current multilateral trade negotiations a major success, and we can use that negotiation to solve many of our bilateral trading problems. The same applies to the law of the sea negotiations, which are now reaching the critical stage. And in the last two years we have made progress in developing multilateral frameworks for energy and investment, two areas where they have been absent in the past.

Fourth, try to deal with each issue on its own terms. In the past we've generally tried to avoid trade-offs on unrelated questions. Of course, few important decisions have been made either in the Canadian Cabinet or in the U.S. Administration without asking how the rest of the relationship was going. But both of us have felt that to link various issues at different stages of ripeness, with different regional constituencies and different supporting interests, would make them less solvable, not more. Some now, on both sides of the border, are urging us to start linking issues. That would be wrong. Across-the-board bargaining could easily produce frustration and, quite possibly, brawls. But it is obvious that we can avoid linkage only

if we can show that good progress can be made in the case-by-case approach.

Fifth, go for the expansionary solution. We must not play Canada-U.S. relations as zero-sum game where what we get you lose and what you get we lose. Nothing could be more destructive of our mutual interests and of our mutual confidence. Instead we should aim for the solution that does not take away from either of us, but permits a new higher level balance of advantage to emerge.

That is what we did when faced with the conflict between Canada's interest in protecting jobs and investment in its automotive industry and our joint interest in the most efficient possible production of cars and trucks. Instead of dividing the industry with tariff walls, we integrated it under a duty-free regime, with growth in Canadian employment and capacity safeguarded. Everybody has a different view on the precise numbers in that deal. But few in either country challenge the concept.

The expansionary solution is also what you chose when Canada stated its intention to assert a new role in the world by diversifying its foreign political and economic relations—the famous “third option.” Canada made clear that it would do so not by breaking or lessening its ties to the United States and not by discriminating against us, but by building new ties to other countries. We responded that we understood and could fully cooperate with that.

Defense and fisheries are current opportunities for such expansionary action. Gas transmission is a possible candidate, although neither country can now know where its interest will lie.

Canada's decision to upgrade its military equipment is timely and important. The long-range patrol aircraft Canada proposes to acquire will make NATO's ability to mount sustained nonnuclear defense in Europe significantly more credible by helping to assure resupply by sea. The proposed purchase is a major one, but it may generate through offset agreements an equivalent amount of business for Canadian industry or even more. sustained effort to satisfy the necessary

terms and conditions is being made on both sides. I am hopeful that this purchase, already agreed in principle, will soon be made final. Both your reequipment program and ours can be expected to generate substantial opportunities for two-way trade in the next years.

In fisheries we may have an important new opportunity to find for the decades-old salmon problem a solution that expands opportunities for fishing interests on both sides of the border. Equally urgently, we must find a way to accommodate each other's fishing interests in the expected 200-mile coastal economic zone before it comes into effect.

In gas transmission neither country can now know what its interest is: whether economic, social, and environmental factors favor separate systems or a joint pipeline or bringing North Slope and Mackenzie Delta gas to market. But we have a mutual interest in acting so that we each can keep our options open until data is available on which to base decisions. As they now shape up, the timetables on both sides would dovetail with results of the Canadian National Energy Board hearings and the inquiry of Canadian Justice Berger expected later this year and with the Federal Power Commission recommendation to the President expected in early 1977.

Response to New Environment

I do not offer here a blueprint or a program. Canada-U.S. relations are constantly changing. There are always new opportunities, and there are often new differences. The five points are suggested only as guides or references. I have drawn them from an analysis of how we have succeeded and how we have failed in the past. But they are intended to respond to the new environment of an expanding world economy and a deteriorating world security picture. In contrast to the time of economic trouble from which we are now slowly emerging, objective conditions within the next few years are much more likely to push us to new cooperation than to new clashes of interest. We

should not let our own attitudes lag behind.

Our two societies are among the most successful the world has known. They have produced not only prosperity but a personal liberty and a possibility for social change that is unmatched anywhere. In different ways each is based on the diffusion, or even an opposition of, powers and on the organized tension among them. But neither country could survive without a widely shared sense of the common good.

The only thing that could really threaten our future would be the loss of that sense of the common good, so that our domestic politics would be organized into a purely adversary process. That is why we fear sustained inflation so much, for prolonged price increases make it every man for himself. That is why we have been so shaken by the energy crisis, for it brought out the instinct of hoarding in us. That is why sustained unemployment can be so dangerous, for it sets the working against the jobless.

The same reflections apply to the way in which Canada and the United States relate to each other. It is necessary and right that there should always be a careful calculus of interest and constant bargaining between us. But there must also be a sense of the common good, of what advantages us both, of what will make us both grow.

I am optimistic about the way relations between Canada and the United States will develop in the next few years. We all should be. It is our mutual interest to succeed together. I also think it is the will of both our countries that we should succeed.

Letters of Credence

Australia

The newly appointed Ambassador of Australia, Nicholas Fancourt Parkinson, presented his credentials to President Ford on March 16. For texts of the Ambassador's remarks and the President's reply, see Department of State press release dated March 16.

The Triangular Relationship of the United States, the U.S.S.R., and the People's Republic of China

*Statement by Winston Lord
Director, Policy Planning Staff¹*

I appreciate this opportunity to participate in your committee's examination of one of the most critical subjects in foreign policy: the triangular relationship of the United States, the Soviet Union, and the People's Republic of China. Our relations with the world's largest country and with the world's most populous country are cardinal elements in our pursuit of a more secure and moderate international system.

The Soviet Union possesses great industrial prowess and military strength. It is directed by leaders dedicated to developing Soviet power and enhancing Soviet influence. Aside from ourselves, only the U.S.S.R. has strategic capabilities and conventional forces with a global reach. It is thus at once our principal rival in a geopolitical contest and an inevitable partner if we are to help shape a more positive globe. There can be no higher imperative than insuring that the vast nuclear arsenals we each hold are never used—for the ensuing holocaust could engulf not only our two countries but civilization itself. Our own security and global stability hinge fundamentally upon the success of our endeavors to manage this relationship.

China as well is a vast nation, with one-

quarter of the world's population, a long and rich history, impressive economic potential, a growing nuclear capability, and substantial political influence. There can be no lasting equilibrium in Asia, and ultimately in the world, without China's constructive participation. Building a positive and durable relationship with that nation is at the heart of our international policy.

U.S. Policy Toward the U.S.S.R.

The relationship with the Soviet Union has been a central challenge for America for three decades. The power of the U.S.S.R. is continuing to grow. The United States could not have prevented the Soviet Union's rise to the stature of a superpower, nor can we make its power disappear. Our objective is to create inhibitions against the Soviets using their strength in ways that jeopardize our interests or those of our friends and, over time, to channel their energies in more positive directions. This is no simple task, for the conditions are unprecedented: we have competing national interests; our ideologies and values clash; we each possess arsenals of awesome destructiveness; and each of us can project its influence throughout the world.

President Ford and Secretary Kissinger have recently set forth our approach toward the Soviet Union in considerable detail. Let me, therefore, just briefly review the highlights.

We must pursue a complex dual policy.

¹ Made before the Subcommittee on Future Foreign Policy Research and Development of the House Committee on International Relations on Mar. 23. 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.

On the one hand, we need to demonstrate strength and resolve. We and our allies must maintain levels of military capability sufficient to dissuade the Soviet Union from seeking to further its positions by force. And we must firmly oppose adventurism.

On the other hand, we must seek to shape more constructive bilateral relations and global patterns of restraint and cooperation. We must work for reliable agreements to limit strategic arms on both sides. We must be prepared to resolve political disputes through negotiation. Developing bilateral ties in commercial and many other areas on the basis of reciprocal benefits is an important part of this process; it can help encourage Soviet interests in improved relations and moderate international conduct.

In short, we need both to maintain penalties for irresponsible Soviet behavior and to develop incentives for Moscow to pursue a more constructive course.

There have been positive accomplishments. We concluded one major agreement on strategic arms; and we are working toward a comprehensive second accord which—for the first time—would place a ceiling on the strategic arms race, thus reducing the threat of nuclear war and enabling us to avoid expenditures on forces that would have only marginal military or political utility. We have eased tensions and negotiated solutions to a number of problems; for example, the our-power agreement on Berlin defused one of the traditional crisis areas. We have extended our relations with the U.S.S.R. in commerce, technology, and many other fields on the basis of mutual benefit; for example, last year's grain agreement, while helping to meet Soviet requirements, assured profits for our farmers, alleviated pressures on our prices, and protected our traditional foreign customers against unrestricted Soviet forays to our market during future periods of short supply.

If we have made significant progress on some fronts, problems remain on others. Most serious is the imperative of preventing expansionism and the exacerbation of regional conflicts. In Angola, the Soviet

Union and a Cuban expeditionary force intervened to impose a solution on a turbulent local struggle. To allow such a pattern to develop without opposition would create a dangerous destabilizing trend in world affairs. Leaders of nations in Africa and elsewhere would tailor their perceptions and decisions accordingly. Continued American passivity would send misleading signals to the Soviet Union, and China as well. We might well face harder choices and higher risks in the future.

We have made clear to Soviet leaders that persistent attempts to gain unilateral advantage could not help but damage the state of our relations and thereby undermine global stability.

Thus we face the long-term challenge of maintaining a stable balance and striving to go beyond this to build a peaceful and secure world. While Americans can reasonably disagree on the tactical details of our policy toward Moscow, I believe that for the foreseeable future any Administration will need to follow this two-track approach.

Let me now turn to our relations with the other major Communist state.

U.S. Policy Toward China

Mutual concerns and incentives prompted the United States and the People's Republic of China to launch a new beginning together after two decades of hostility and isolation. Our shared interests provide the foundation for a durable and growing relationship.

Positive relations with the People's Republic of China offer us a variety of benefits: improved prospects for preserving global equilibrium; reduced dangers of conflict in Asia, an area where the interests of all the world's major powers intersect; the growth of mutually beneficial bilateral ties, including cultural and educational exchanges, and commercial opportunities; and possibilities for cooperation or compatible action on global issues.

The Chinese also derive advantages from this relationship: a hedge against Soviet diplomatic and military pressures, broader access to the international community, oppor-

tunities for trade and technology, and the prospect of progress on the Taiwan question.

We and the Chinese share common concerns that the world remain free from domination by military force or blackmail—"hegemony," as we have described it in our various communiques. We have also agreed to pursue the normalization of our relations. We remain dedicated to these objectives as set forth in the Shanghai communique.

There has been significant progress. Extensive and wide-ranging talks between our two leaderships have deepened mutual perceptions—reducing the risks of miscalculations where we disagree and increasing the chances for parallel actions where we agree. Our respective approaches to various regions and problems often reinforce one another. We have established liaison offices in each other's capitals. We have increased trade and promoted scientific and cultural exchanges.

The Taiwan question presents some difficult issues. We have acknowledged that Chinese on both sides of the Taiwan Strait maintain that there is but one China, of which Taiwan is a part; and we do not challenge that position. We have affirmed our own interest in a peaceful resolution of the Taiwan issue by the Chinese themselves. And with that prospect in mind we have reduced our forces on Taiwan—10,000 at the time the Shanghai communique was signed, less than 2,500 now. This process will continue.

There is understanding on both sides about the pace at which our relations have evolved. At the same time we cannot afford to be complacent. We see important national interests served by a consolidation of this relationship. We see no evidence thus far that foreign policy is a significant issue in the current campaign with the P.R.C., although, as in any country, there is a necessary relationship between domestic politics and the pursuit of foreign policy objectives. The Chinese, in a variety of ways, continue to signal to us their continuing interest in sustaining and developing Sino-American relations. In any event, the crucial factor for the Chinese will be their perception of the

strength, steadiness, and vision of the United States on the world scene.

The basic decisions on how we will complete the normalization process have not yet been made, but the direction of our policy is clear. We are confident that with mutual efforts we will move ahead progressively to strengthen our ties.

The Sino-Soviet Dispute

The Sino-Soviet dispute remains a fundamental feature of the contemporary global setting.

The roots of this rivalry run deep. There are numerous and longstanding territorial and political disputes. These are compounded by perceptions of ideological heresy, racial tension, memories of past betrayals, and the convictions of political leaders on both sides. The relationship is also marked by the classic characteristics of rivalry between two powerful neighbors. Mutual suspicions are reinforced by military buildups in the border areas and intense competitive maneuvering for positions in Asia and beyond.

While war is by no means unimaginable, it seems improbable when both sides possess impressive deterrent capabilities. The more likely prospect is continued confrontation and geopolitical competition. The basic conflicts of interests, the clash of ideologies, the readiness of forces deployed on the border, the intensity of mutual suspicions—all suggest that the present pattern will continue.

Nevertheless, we must not regard the Sino-Soviet confrontation as an immutable condition. While renewal of a tight Sino-Soviet alliance is difficult to conceive, at least limited improvement in relations cannot be ruled out. It is possible that the Russians and Chinese may come to see incentives for moderating their bilateral relations—their desire for greater diplomatic flexibility in their dealings with us and with others, the lessening of at least border tensions, the opening caused by leadership successions in both countries.

We have no crystal ball. Rather than spect

late on the future course of Sino-Soviet relations, let me specify more precisely the U.S. perspective:

—We did not create the dispute. It springs from sources independent of our will or our policy. To attempt to manipulate the rivalry, to meddle in it, or to take sides would be dangerous, indeed self-defeating.

—At the same time, in a triangular relationship it is undeniably advantageous for us to have better relations with each of the other two actors than they have with one another. But it does not follow that we would want to see this rivalry escalate into conflict. As history abundantly attests, large-scale clashes among major powers are exceedingly difficult to contain. In addition to tragic loss of life in the region, there would loom great dangers for global stability.

—Neither can we genuinely wish to see the two major Communist powers locked once again in close alliance. Clearly this would pose fresh dangers in the world. A limited thaw in Sino-Soviet relations, however, would not automatically redound to our disadvantage, provided it was not based on shared opposition to the United States.

—Our interests compel us to pursue our well-established policies of seeking improved relations with both the U.S.S.R. and China. Both courses are essential for maintaining a global equilibrium and shaping a more peaceful and positive international structure. The record to date suggests that improvement in our ties with one does not harm our ties with the other. Indeed, our relations with both countries were perhaps most active and positive during the same period, in 1972-73.

—We therefore do not intend to be instructed by either party on the course we should adopt toward its rival. Our policies must be dictated by our interests, not by others' injunctions. At the same time, we will make clear that we are not colluding with, or accommodating, one at the expense of the other.

—With both the Soviets and Chinese we

have deep differences in national interests and purposes. We also have ideologies and values that clash, including our approach to human rights and individual freedom. We will not maintain any illusions or attempt to hide our differences. But in the thermonuclear age, we have an obligation to our people and the world to moderate our relationships. We must seek to move not only from confrontation to coexistence but onward to cooperation.

—Our success in managing our relations with both nations depends fundamentally on the strength and vitality of our alliances with Western Europe and Japan. We must preserve the integrity of those bonds if we are to deal effectively with potential adversaries, and we must harmonize our policies with our allies lest differential approaches generate competition among friends. Our partnerships with the industrial democracies come first in our diplomacy; they will not be jeopardized in the pursuit of other objectives.

—Finally, the progress of our policies toward both the Soviets and the Chinese requires a solid domestic foundation: our material strength, our unity of purpose, our appreciation of the realities around us. Neither Moscow nor Peking will respect us if we do not act with determination and vision in the world. Thus our first priority in this aspect of our foreign policy, as in all others, is to heal our divisions at home and act once again as a confident, purposeful international power.

This is a complex policy, but it is dictated by the objective conditions of international relations today. In the past Americans have had the luxury of emphasizing one strand of policy at a time—either resistance to adventurism or cooperation with others for mutual benefit. The challenge of our era—in a world of competing values, nuclear weapons, and interdependence—is to pursue both at the same time.

The issues at stake run far deeper than questions of any one faction or party or Administration. The imperatives of shaping stable relations with the Soviet Union and

the People's Republic of China will be with us for as far ahead as we can see. This long-range challenge, indeed all that we do in the world, will crucially require the cohesion of the American people and cooperation between the executive and legislative branches.

I remain confident that, after a turbulent decade, we will demonstrate our resiliency and once again achieve peace at home so that we can better promote peace in the world.

Department Discusses U.S. Policy on Possible Use of Nuclear Weapons

Following is a statement by George S. Vest, Director, Bureau of Politico-Military Affairs, made before the Subcommittee on International Security and Scientific Affairs of the House Committee on International Relations on March 25.¹

I welcome this opportunity to discuss with you the issues relating to the possible initial use of nuclear weapons. The Department of State shares the concern underlying the proposals which these hearings are considering. We must try to make nuclear war less likely and do so in ways which preserve this country's security.

I would like to discuss first the reasoning which underlies our policy regarding the initial use of nuclear weapons. The central objective of U.S. strategic nuclear forces is to deter nuclear attack on and nuclear coercion of the United States and its allies. This objective requires as a minimum that these forces, even after absorbing an all-out first strike, be able to inflict an unacceptable level of damage on our enemies. In addition, we must maintain an overall military capability that can meet any level of enemy attack

with a deliberate and credible response. Recent improvements in U.S. strategic forces and in command and control are intended to enhance the flexibility of our forces to meet all these contingencies. Flexibility—that is, the ability to use our forces in a variety of ways—should help to decrease the chance of aggression.

I want to emphasize that this policy in no sense implies that the United States is embracing as our national policy the concept of a disarming first strike. By “disarming first strike,” I mean an attack designed to deprive a potential enemy of its basic strategic retaliatory capability. We recognize that an attempt to develop a capability for such an attack could be destabilizing in a crisis situation and thus contrary to our best interests.

In point of fact, neither we nor the Soviet Union now or foreseeably have the technical means of acquiring a first-strike capability. Our strategic arsenal is sufficiently large, flexible, diversified, and survivable so that our basic retaliatory force would survive an enemy first strike. The U.S.S.R. has the same capacity.

Turning to the question of how best to deter a conventional attack, our reasoning is that the primary defense against such an attack is the conventional capability of the United States allied to the collective or individual conventional capabilities of our partners. Because of the horrors of nuclear warfare, we believe that this must continue to be our policy. We cannot, however, categorically rule out the tactical use of nuclear weapons in response to major nonnuclear aggression if such an attack could not be contained by conventional forces. While such an eventuality may be extremely remote, in situations where our vital interests are at stake our choice must not be restricted to either holocaust or surrender; rather we must maintain the option for limited use of nuclear weapons to achieve a limited political and military objective.

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.

I believe this reasoning is valid in a world where nuclear forces exist, where resources for conventional forces are finite, where tensions remain, where countries continue to rely on U.S. power to assist in deterring aggression, and where the United States is also dependent on its allies to mount an adequate level of deterrent force.

Let me now turn from the basic reasoning underlying our position on the use of nuclear weapons to the issues raised by these hearings.

I see three specific points which the Congress might address as it considers the various proposals before this subcommittee.

The first and most basic question, of course, is: What would be the effect on deterrence and on control of escalation if the United States were to renounce the possibility of being the first to use nuclear weapons? It is axiomatic, I would maintain, that U.S. nuclear capability and the willingness to use it are fundamental factors in deterring the outbreak of war or in deterring the escalation of a war to levels of intensity that could properly be described as a nuclear holocaust.

A potential aggressor could interpret an American renunciation of the first use of nuclear weapons as a guarantee that he could use any level of conventional forces without fear of provoking a nuclear response. This interpretation would undermine the implicit escalatory risk which is central to deterring aggression against the United States and its allies. Moreover, by reducing any enemy's uncertainty, renunciation of first use would greatly simplify his planning and conduct of conventional operations.

I think that we should also consider the effects on our planning of a policy which would limit policymakers to a choice of either conventional response or possible defeat. One might cynically argue that in the final analysis all bets are off if the United States were faced with an impending defeat, but I think we should recognize that a delay in using a limited number of small-yield nuclear weapons might require the United States to plan

on using more and larger nuclear weapons later to stave off defeat.

Present U.S. defense concepts envisage limited nuclear retaliation if necessary to demonstrate resolve to an attacker, to gain time for renewed diplomatic action to control escalation, or to convince the aggressor to restore the status quo. This approach, we believe, does not increase the likelihood of nuclear war but, on the contrary, reduces it by strengthening deterrence and thus reducing the possibility that war will break out in the first place.

A second question is: What would be the effect on our allies of a U.S. renunciation of first use? The security relationships we have with these countries have contributed to the stability of entire regions of the world. The present strategic parity between ourselves and the Soviet Union makes all the more important the maintenance of the collective strength of our alliance systems.

In my judgment, if we were to sever the escalatory ladder between conventional defense and strategic retaliation, allied states might doubt U.S. willingness to employ its strategic forces for their defense. The general effect would be to undermine our allies' faith in our commitments and cause them to question the willingness of the United States to come to their aid against any kind of armed aggression.

A third important question is: What would be the effect of a renunciation of first use on the likelihood of nuclear-weapon proliferation? I fear that renunciation would raise the question of whether an attack on our allies would become more likely because potential enemies have been assured that the United States and the allies would only respond conventionally.

Reducing the protection of our nuclear umbrella might cause some near-nuclear-weapon states to decide that they could no longer fully rely on us to assist in deterrence and defense and that they should therefore develop their own nuclear-weapon capability. I believe that this might also be the case

even with the more limited proposal to forswear first use against non-nuclear-weapon states party to the Nonproliferation Treaty (NPT).

A no-first-use policy against non-nuclear-weapon states party to the NPT is designed, obviously, to encourage wider NPT adherence and enhance the security of NPT parties. The most pressing security concern, however, for many non-nuclear-weapon states is often the possibility of conventional armed conflict—probably with neighboring non-nuclear-weapon states—and not the activities of the major nuclear powers. To the extent that nuclear weapons are the object of concern in such situations, it is typically, if not invariably, the fear that their neighbors might develop these weapons, thereby upsetting regional power relationships. I question whether a no-first-use policy adopted by the United States would alleviate that type of security concern. I should add that, in my opinion, a limited nonuse assurance could be seen by allies and potential enemies as the opening wedge to the more sweeping nonuse pledges, and thus at least some of the problems I discussed in association with the broader no-first-use policy could arise with these limited assurances.

Lastly, I would like to stress that I take it as a categorical imperative that the United States must strive to minimize and, if possible, eliminate resort to military force—both nuclear and conventional. Focusing on only one form of conflict, as these resolutions do, not only distorts the problem but, more seriously, could even make the other form of warfare—conventional—more likely.

In summary, Mr. Chairman, the Department of State shares the deep desire of the sponsors of these resolutions to find ways of reducing the likelihood of nuclear war and inhibiting the proliferation of nuclear weapons and thereby better to assure a peaceful world that is consistent with our national interests. We constantly strive to reach this goal, but our reasoning has taken us in a different direction than that advocated by the sponsors of these resolutions.

The Activities of the Department in Export Control

Following is a statement by Maynard W. Glitman, Deputy Assistant Secretary for International Trade Policy, made before the Subcommittee on International Finance of the Senate Committee on Banking, Housing and Urban Affairs on March 22.¹

I would like to review briefly the activities and duties of the Department of State as they relate to the application of export controls under the Export Administration Act, the Mutual Defense Assistance Control Act (Battle Act), and other relevant legislation. These activities are carried out on both the national and the international levels.

On the national level the Department of State participates in the formulation of U.S. policy and decisionmaking in the area of export controls in the various committees set up for this purpose. The principal of these is the Advisory Committee on Export Policy chaired by the Department of Commerce; its working-level committee, the Operating Committee; and its Cabinet-level body, the Export Administration Review Board. At these committees the Department of State's objective is to insure that the decisions made in the committees are consistent with the overall foreign policy objectives of the United States and with U.S. positions taken in the international committee for the coordination of export control policies among cooperating countries.

The Department of State also participates actively in the work of the East-West Foreign Trade Board and its working group in monitoring the flow of trade and technology to the non-market-economy countries.

The Department of State and U.S. Foreign Service posts lend assistance to Commerce in carrying out the purposes of the Export Administration Act. This consists particularly

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.

of providing information on possible consignees of U.S. goods and equipment and checking on the use to be made of exports from the United States. These functions may be carried out before the U.S. export licensing takes place or as a postlicensing check to be certain that diversion does not occur. The Department of State through its missions abroad also carries out such contacts or bilateral negotiations with other governments as may be appropriate to insure against violation of U.S. export controls or to obtain cooperation with respect to particular problems.

On the international level the Department of State is responsible for U.S. participation in the multilateral committee for coordinating export control policies—the Coordinating Committee, known simply as COCOM. We maintain a resident delegation to COCOM in Paris and provide, with the cooperation of other Washington agencies, the technical support that is necessary for list reviews or other specialized meetings.

COCOM is a voluntary organization which, as its name indicates, coordinates the policies of independent governments. It was established in 1950 and its membership consists of 15 countries: the NATO countries minus Iceland, plus Japan. All actions and decisions by COCOM are confidential by agreement, including the lists of controlled commodities. The committee meets regularly in Paris to consider changes in its lists and procedures and to pass on requests for exceptions to the embargo made by member countries.

Actions in COCOM are in effect recommendations to member governments, and they become effective only as they are carried out by member governments through their individual export control programs under their own national laws and regulations. A basic rule of COCOM from the outset has been that there must be unanimous agreement on all COCOM final recommendations. A COCOM decision therefore means in effect that each member country has decided under its own laws and policies to embargo an identical list of items; but this is in the case of each country a unilateral decision—there

is no legal obligation to embargo the items and no surrender of sovereignty.

COCOM maintains three lists of controlled commodities. List I consists of military-related items as well as technology and equipment for their manufacture. The other lists are self-descriptive: a munitions list and an atomic energy list. Although these lists are subject to constant review by the Committee, the practice is to have a review encompassing a number of items every two or three years.

Although all countries agree to control the items on the lists, provision is made in the procedures of the Committee to allow shipments for civil end uses under the special exceptions policy, because the controlled items often have acceptable civilian as well as military uses. For such an exception to be made, both the civil end use and end user must be known and there must be minimal risk of diversion to a strategic or military use.

With the growth of trade with the Communist countries and their increasing interest in high-technology items, the number of exceptions cases has grown appreciably in recent years. Thus in 1975 there were 1,798 cases submitted to the Committee, compared with 1,380 cases in 1974. The U.S. share has also increased, from 41 percent in 1974 to 44 percent in 1975.

In the case of actions on exceptions cases, while the rule of unanimity applies, there is not in reality a "veto" power. In the case of exceptions, the action of COCOM constitutes a recommendation to the exporting government. Although governments normally follow such recommendations, they do not invariably do so, if they feel their national interests are deeply enough involved.

I believe that if we were to look at COCOM objectively as it has existed and operated over its 26-year history, we would conclude that it has been an effective instrument in contributing to the security of the free world. Over this history there have been problems, most of which we have been able to overcome. In some cases member countries have

taken actions that were not acceptable to other member countries, but this must be expected in an organization of sovereign states which can only recommend specific actions to its members.

There have also been accusations that one or another COCOM country was using the Committee to gain a competitive advantage and, without the knowledge of the Committee, taking actions in violation of COCOM agreements. In the United States we hear this mainly from American exporters who believe that their exports are being discriminated against. We hear similar accusations in other countries, however, where the United States is charged with discriminating in favor of its exporters or of taking the lead in instituting a broadening of the exceptions categories to favor U.S. exporters.

All such reports are carefully studied. As yet we have found no evidence that member governments are subverting the COCOM system. In many cases, such reports are based on rumors or insufficient knowledge of what is controlled by COCOM and what is not. In some cases it arises from honest differences between COCOM member governments on interpreting what is or is not covered by a specific item as it appears on the list. In view of the complexity of these items and the problem of translating controls into national languages, this is not surprising. To the extent possible, the Committee attempts to resolve these differences when they appear so that we will have common agreements.

If it appears that an exporter in one of the member countries has violated the COCOM control and the control of his national government, the matter may be studied by the Enforcement Subcommittee of COCOM. This subcommittee meets periodically to review the enforcement activities of the members and to suggest remedial actions where this may be necessary.

I would like to stress in conclusion, Mr. Chairman, that as an instrument devised by man COCOM is not perfect. Whatever may

be its defects, however, such a multilateral approach to a strategic trade control system is the only one that can be effective. We are prepared to work for its improvement in ways that the executive branch, the Congress, or the other participating members think might improve its decisionmaking process and strengthen relationships among its members. Meanwhile, we believe COCOM continues to be an important element in assuring the mutual security of the cooperating countries.

International Economic Report Transmitted to the Congress

*Message From President Ford*¹

To the Congress of the United States:

America in 1975 renewed and strengthened its commitment to pursue the traditional U.S. goals of freer trade and enhanced global economic stability and prosperity. The United States has proposed a series of major economic initiatives providing leadership in efforts to improve trade and monetary arrangements, to establish cooperative mechanisms for dealing with the problems of food and energy, and to offer effective international responses to those nations in greatest need. 1975 was a year of achievement which produced new and more effective international economic policies, as the following highlights indicate.

Economic Summit Meeting

In November I met with the heads of the governments of France, West Germany

¹ Transmitted on Mar. 17 (text from White House press release). The President's message, together with the Annual Report of the Council on International Economic Policy, is printed in "International Economic Report of the President, Transmitted to the Congress March 1976"; for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (189 pp.; \$4.85; stock no. 041-015-00075-6).

Italy, Japan and the United Kingdom at Rambouillet, France to discuss the world economic situation and economic problems common to our countries. The Summit Meeting concentrated on the need for new efforts in the areas of world trade, monetary matters and raw materials, including energy. We agreed that sustained, stable economic growth in the industrial nations will be facilitated by our cooperative efforts. This meeting, and the accompanying bilateral talks I had with leaders of the major industrialized democracies, established a new spirit of cooperation and confidence stemming from a deeper understanding of our common destiny. They set the stage for our efforts to deal with a variety of specific international economic challenges facing us in 1976.

Monetary Affairs

Efforts to revise the international monetary system resulted in major reforms. At the recent meeting of the International Monetary Fund's Interim Committee in Jamaica, we reached agreement on amendments to the IMF Articles of Agreement with respect to quotas, exchange rates, and the role of gold. The negotiations resulted in the first major revision of the international monetary system since the 1944 Bretton Woods Conference. The exchange rate provisions of the IMF Articles of Agreement will be amended to provide a flexible framework for the future evolution of the system. The Interim Committee also reached agreement on steps to phase gold out of the international monetary system.

Multilateral Trade Negotiations

The Multilateral Trade Negotiations in Geneva have gained momentum since early 1975. At the Rambouillet Summit we unanimously agreed to seek a successful conclusion of these negotiations by 1977. The United States will continue to provide strong support and leadership to the effort to re-

duce trade barriers and otherwise improve the world trading system.

Energy

The establishment of the International Energy Agency by the United States and its OECD [Organization for Economic Cooperation and Development] partners constituted a major response to the economic imbalance in the vital area of energy. The IEA has developed the details of an International Energy Program designed to limit the vulnerability of the participating nations to supply interruptions. Agreement was also reached on longer-term cooperation to reduce consumption and develop alternative energy sources in order to lessen dependence on imported energy. We have established emergency arrangements providing for energy reserves, consumption restraint measures, and allocation procedures.

Developing Countries

The United States is committed to assisting developing countries in their efforts to achieve economic progress. Our response to the needs of the less developed countries was expressed clearly and positively at the Seventh Special Session of the United Nations in September. We proposed a new development security facility in the IMF to stabilize overall export earnings in developing countries, and numerous other ideas—including trade preferences—to achieve mutually beneficial solutions to the problems of economic development.

Commodities

At the Seventh Special Session of the United Nations we indicated that we will consider participating in various commodity agreements on a case-by-case basis. We also announced that we intend to join the Fifth International Tin Agreement, subject to Congressional approval. The need, value and structure of commodity agreements vary for different commodities. In considering com-

modity agreements on a case-by-case basis, we will oppose concerted efforts to manipulate supplies and prices which ignore the interests of consuming countries while seeking to assure developing countries adequate income from their natural resources.

Food and Agriculture

The United States in 1975 continued its vital leadership in seeking strengthened cooperation to increase world food production and trade. We proposed an expanded international grain reserve system and enlarged our food aid assistance. We will continue our policy of encouraging maximum agricultural production, and our efforts to achieve an efficient distribution system to assure that hungry people will be fed.

U.S.-Soviet Agreements on Grain and Oil

Last October, the United States and the Soviet Union signed an agreement providing for regular and orderly sales of American wheat and corn during the next five years. The American people—our farmers, our workers, and our consumers—will benefit from this agreement. The Soviet Union is committed to purchasing at least six million metric tons of grain per year, representing one billion dollars in annual export earnings.

In signing this agreement, we have assured a stable, long-term foreign market for our grain, and a more reliable flow of payments from abroad. We have assured American farmers that the Soviet Union will be a regular buyer of grain at market prices, thereby increasing the incentive for full production. We have provided jobs for American transportation workers and seamen. We have neutralized a great destabilizing factor in our grain markets. Perhaps most importantly, we have preserved our private marketing system, permitting us to maintain our highly successful policy of all-out production and open markets.

In the same constructive spirit, the governments of the United States and the Soviet Union have also committed themselves to negotiations on a five-year agreement for the

purchase of Soviet oil. These negotiations are currently underway.

Multinational Corporations

Multinational corporations (MNC's) continue to be a highly visible and controversial factor in international affairs. MNC's have made major contributions to world economic development and will continue to do so in the future. While the major portion of foreign investment by multinational corporations is concentrated in industrial nations, many developing countries actively seek investment by MNC's, recognizing their potential contribution to economic development. Recognizing the generally positive impact of MNC's on world trade and production, I am distressed by reports of corrupt practices by some companies. For that reason, I have directed that members of my Administration undertake efforts, both domestically and internationally, to assure that multinational corporations obey the laws and conform with the public policies of the countries in which they do business.

We are participating in the development of an international code to provide guidelines for responsible corporate behavior. The Organization for Economic Cooperation and Development has made substantial progress toward drafting a code, and similar effort will be undertaken in the United Nations and the Organization of American States in 1976. It is highly important that such codes of conduct provide that both multinational corporations and host governments share the responsibility for eliminating abuses.

Investment

The United States policy on international investment is based on our belief that a free market system without artificial barriers to incentives leads to the most efficient allocation of capital in the world economy. Accordingly we provide "national treatment" to foreign investors in the United States, treating them equally with domestic firms, and we expect similar treatment of U.S. companies investing abroad.

Following a comprehensive review of Administration policy toward inward investment, we concluded that it would be desirable to establish arrangements to monitor the flow of foreign investments in the United States. By Executive Order, I established the Committee on Foreign Investment in the United States, to monitor the impact of foreign investment in the United States and coordinate the implementation of U.S. policy on such investment. A new Office of Foreign Investment was established in the Department of Commerce. We have also asked foreign governments contemplating significant investments in this country to consult with us prior to making such investments.

Export Policy

U.S. exports continue to play a vital role in strengthening our domestic economy. We are continuing our efforts to expand U.S. exports by providing competitive export financing, improved market information, and an increased foreign awareness of U.S. products. The United States prefers not to interfere with competitive markets. We oppose the use of export subsidies and similar measures which artificially distort trading relationships. At the same time, we must realistically take into account export policies of competitive countries, and we will continue to promote U.S. exports by insuring that competitive credit terms are available through the Export-Import Bank and the Commodity Credit Corporation of the Department of Agriculture, and sufficient tax incentives are available through the Domestic International Sales Corporation mechanism to meet foreign competition.

As we enter the last quarter of the twentieth century, our policies are directed toward working with others to ensure that the world's talents and resources better serve the well-being of mankind. We continue to seek a world in which all people can prosper, a world without hunger or severe want, a world in which the best efforts of all nations are prized and rewarded, so that their progress and health are ensured.

My Council on International Economic

Policy plays a significant role in the development of America's international economic policies to meet immediate needs and guide our future course. Through its participation on the Economic Policy Board we have achieved better coordination of U.S. domestic and international economic policy than ever before in our history.

This, the fourth International Economic Report of the President, measures the range of the Administration's concerns and the character of the American response to major international economic issues. I am proud of our progress and accomplishments in 1975. I am confident that they will lead toward a more free and open world of international economic relations benefitting the American people and all people.

GERALD R. FORD.

THE WHITE HOUSE, *March 17, 1976.*

Congressional Documents Relating to Foreign Policy

94th Congress, 1st Session

Food Problems of Developing Countries: Implications for U.S. Policy. Hearings before the Subcommittee on International Resources, Food, and Energy of the House Committee on International Relations. May 21-June 5, 1975. 355 pp.

Diego Garcia, 1975: The Debate Over the Base and the Island's Former Inhabitants. Hearings before the Special Subcommittee on Investigations of the House Committee on International Relations. June 5-November 4, 1975. 123 pp.

The Economic Impact of Forthcoming OPEC Price Rise and "Old" Oil Decontrol. Hearings before the Subcommittee on Consumer Economics of the Joint Economic Committee. July 10-14, 1975. 112 pp.

94th Congress, 2d Session

Waiver of Countervailing Duties on Canned Hams and Shoulders from the European Economic Community. Communication from the Assistant Secretary of the Treasury (Enforcement, Operations, and Tariff Affairs). H. Doc. 94-350. January 26, 1976. 9 pp.

International Security Assistance and Arms Export Control Act of 1976. Report of the Senate Committee on Foreign Relations to accompany S. 2662. S. Rept. 94-605. January 30, 1976. 140 pp.

U.S. Vetoes Security Council Resolution on the Situation in the Territories Occupied by Israel

Following are statements made in the U.N. Security Council by U.S. Representative William W. Scranton on March 22, 23, and 25, together with the text of a draft resolution which was vetoed by the United States on March 25.

STATEMENTS BY AMBASSADOR SCRANTON

Statement of March 22

USUN press release 36 (corr. 1) dated March 22

I am sure that you are all aware that the proposal on participation by the Palestine Liberation Organization (PLO) in the Security Council before us today is the same as was made on December 4 and on January 12. On those two occasions a move was made to invite the PLO to participate in the debate with "the same rights of participation as are conferred when a Member State is invited to participate under rule 37."

I am sure that you are equally aware the the United States strongly opposed that proposal when it was made on those two occasions. There is a longstanding American tradition, in which we believe very thoroughly, of giving a hearing to all sides; and we would not oppose the Council's granting a hearing under the appropriate provision of the Council's rules, which is rule 39. But we do oppose the proposal to grant a hearing under rule 37. For my government this position is based on principle—and a principle that cannot be eroded either by its continuing violation, no matter how many times, or by time itself.

The United States has twice described the proposal as a "concerted attempt to disregard the rules of procedure and to accord to the Palestine Liberation Organization a role greater even than that which over the years the Council has granted to observer governments and a role greater by far than has in more recent times been granted to the spokesmen of legitimate national liberation movements invited here under rule 39."¹

We made it clear then, as I am making it clear now, that the United States is not prepared to agree, and we do not believe this Council should agree, to an ad hoc departure from the rules of procedure which comports neither with the law nor the political requirements of the situation.

We are of the view that the rules of procedure, if applied, in rule 39 would have adequately provided a hearing of the view of Palestinians on the subject before the Council. That this subject is of concern to Palestinians is beyond question, just as is the fact that a comprehensive settlement must answer the question of the future of the Palestinian people. The U.S. position on these facets of the Middle East problem is clear.

As I join in the deliberations of this Council, and I appreciate very kindly, sir, your opening comments, I am impressed by its history, always have been, and I am committed to its future. I hope to play a part in preserving the Security Council for future

¹ For statements by U.S. Representative Daniel P. Moynihan made in the Security Council on Dec. 4, 1975, and Jan. 12, 1976, see BULLETIN of Jan. 5, 1976 p. 21, and Feb. 16, 1976, p. 189.

generations and in developing its lawful powers and procedures. That is why I called for a vote on the proposal before us under rule 37 and why I will vote against that proposal.²

Statement of March 23³

At the outset, it is especially noteworthy, I think, that Israel has joined in our deliberations. My government warmly welcomes Israel's decision to do so.

For the events that have brought us together today are a corollary and a consequence of the tragic dispute that has occupied this Council with such regularity over the years. As such, they raise two categories of issues that we must have in mind if we are to deal with them constructively.

First is the question of bringing to an early end the situation that gives rise to these disturbances and to other forms of violence in the Middle East. So long as the situation persists we can expect continuing tension and occasional violence, however we might, and we must, regret it. It is not necessary for me to belabor this point. Surely it is evident to all of us.

The occupation of territories in the 1967 war has always been seen by the world community to be an abnormal state of affairs that would be brought to an end as part of a peace settlement. Resolution 242, adopted by this Council shortly after the end of the 1967 war that led to the occupation, established the basic bargain that would constitute a settlement. This bargain was withdrawal of Israeli forces in return for termination of all claims or states of belligerency and respect for and acknowledgment 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.

My government has committed itself to do all it can to bring about this settlement and, in the words of Resolution 338, to implement Council Resolution 242 in all of its parts and to further negotiations between the parties concerned under appropriate auspices aimed at establishing a just and durable peace in the Middle East, which is what we are here for. We are engaged at this moment in an effort to regain momentum, as all of you know, in the negotiating process that has brought some unusual progress—and it must bring more.

The second focus of our consideration must be the conduct of the occupation itself. In asking for this meeting, the letter of complaint circulated by the Permanent Representatives of the Libyan Arab Republic and of Pakistan identifies three issues:

- The administration of the holy sites;
- The situation in Jerusalem; and
- Israeli actions in regard to the civilian population of the occupied territories and the Israeli settlements in the occupied territories.

The position of the United States on these issues is clear and of long standing. I propose to review the U.S. position today once more to point out that there are proper principles and there are procedures under international law and practice which, when applied and maintained, will contribute to civil order and will, over the longer run, facilitate a just and a lasting peace.

First, there is a matter of the holy sites and practice of religion in the occupied areas. The deep religious attachment of Moslems and Jews and Christians to the holy places of Jerusalem has added a uniquely volatile element to the tensions that inhere in an occupation situation. The area known to Moslems as the Haram as-Sharif and to Jews as the Temple Mount is of particular sensitivity. Israel's punctilious administration of the holy places in Jerusalem has, in our judgment, greatly minimized the tensions. To my government, the standard to be followed in

² The Council on Mar. 22 adopted by a vote of 11 to 1 (U.S.), with 3 abstentions (France, Italy, U.K.), the proposal to invite the PLO to participate in the debate. Under article 27 of the U.N. Charter, "Decisions of the Council on procedural matters shall be made by an affirmative vote of nine members" and are not subject to the veto.

³ Introductory personal remarks omitted (text from USUN press release 37).

administering the holy sites is contained in article 27 of the Fourth Geneva Convention Relative to the Protection of Civilian Persons in Time of War. All parties to the Arab-Israel conflict are signatories of the convention. Article 27 of the convention prescribes, *inter alia*, that:

Protected persons are entitled, in all circumstances, to respect for their persons, their honour, their family rights, their religious convictions and practices, and their manners and customs.

With regard to the immediate problem before us—a ruling by a lower Israeli court which would have the effect of altering the status of the Haram—it is our view that Israel's responsibilities under article 27 to preserve religious practices as they were at the time the occupation began cannot be changed by the ruling of an Israeli court. We are gratified, deeply gratified, that the Supreme Court of Israel has upheld the Israeli Government's position.

The status of the holy places is, of course, only one facet, however important, very important, of the problem of the status of Jerusalem itself. The U.S. position on the status of Jerusalem has been stated here on numerous occasions since the Arab portion of that city was occupied by Israel in 1967.

Ambassador Yost said in 1969:⁴

... the part of Jerusalem that came under the control of Israel in the June war, like other areas occupied by Israel, is occupied territory and hence subject to the provisions of international law governing the rights and obligations of an occupying power.

Ambassador Goldberg said in 1968, to this Council:⁵

The United States does not accept or recognize unilateral actions by any states in the area as altering the status of Jerusalem.

⁴ For a statement by U.S. Representative Charles W. Yost made in the Security Council on July 1, 1969, see BULLETIN of July 28, 1969, p. 76.

⁵ For a statement by U.S. Representative Arthur W. Goldberg made in the Security Council on May 9, 1968, see BULLETIN of June 3, 1968, p. 732.

I emphasize, as did Ambassador Goldberg, that as far as the United States is concerned such unilateral measures, including expropriation of land or other administrative action taken by the Government of Israel, cannot be considered other than interim and provisional and cannot affect the present international status nor prejudice the final and permanent status of Jerusalem. The U.S. position could not be clearer. Since 1967 we have restated here, in other fora, and to the Government of Israel that the future of Jerusalem will be determined only through the instruments and processes of negotiation, agreement, and accommodation. Unilateral attempts to predetermine that future have no standing.

Next I turn to the question of Israeli settlements in the occupied territories. Again, my government believes that international law sets the appropriate standards. An occupier must maintain the occupied area as intact and unaltered as possible, without interfering with the customary life of the area and any changes must be necessitated by the immediate needs of the occupation and be consistent with international law. The Fourth Geneva Convention speaks directly to the issue of population transfer in article 49:

The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies.

Clearly, then, substantial resettlement of the Israeli civilian population in occupied territories, including East Jerusalem, is illegal under the convention and cannot be considered to have prejudged the outcome of future negotiations between the parties on the location of the borders of states of the Middle East. Indeed, the presence of these settlements is seen by my government as an obstacle to the success of the negotiations for a just and final peace between Israel and its neighbors.

The real issues of peace and stability in the Middle East are very difficult indeed. And unilateral acts, such as civilian population

transfers, have been taken which serve to inflame emotions on both sides.

Mr. President, I welcome the opportunity—indeed I do—this meeting of the Council has provided to review the issues involved in the administration of the holy sites, the status of Jerusalem, and in addition, the question of Israeli settlements in the occupied territories. Now, as to prospective action by this Council, my government will apply three tests:

—First, do the facts and judgment on which the resolution is based correspond to the actual situation? Facts.

—Second, will the Council's action in practice advance the proper administration of the areas involved?

—And most important of all, will the Council's action help or hinder the peaceful settlement process, the framework for which was established by Security Council Resolutions 242 and 338?

Statement of March 25

USUN press release 38 dated March 25

I want once more to recognize and appreciate the comments that three or four of the representatives made this morning in giving me a warm welcome to this Council, and I am indeed grateful for their very kind comments. It reminds me, incidentally, that it is in some contrast to the welcome that I had outside this Council today. I daresay that I have now written a new record in representatives' records to this Council—that I don't think anybody else can match—by having a demonstration requesting my ouster hardly before I have sat down.

Secondly, I would like to say to the distinguished representative from Pakistan how much I appreciate the comments that he has made to me, in a very quiet and deliberate way, a few moments ago addressed to me and quoting some of the comments that I made on behalf of my government on Tuesday. And, sir, I shall try to respond and explain

our vote in the same quiet and deliberate way, briefly.

The distinguished representative from Pakistan has quoted to you the three tests that I laid out in that intervention on Tuesday. I shall not repeat them. But they are the tests that have been carefully measured by my government—and when I say "carefully" I mean just that word.

We have carefully measured the draft resolution that is now before all of you against these criteria and concluded that it fails to meet the criteria, especially because it reflects or implies judgments which, on balance, do not correspond to the actual situation in the area.

Parts of the resolution, for example, are based on the judgment that Israel is persisting in a policy aimed at changing the religious character of the city of Jerusalem. We believe, my government and I, that this conclusion is incorrect. Quite to the contrary, we think Israel's administration of the holy places in Jerusalem has literally and actively minimized tensions.

Secondly, and I think this is extremely important, you will remember that one of the tests was whether the Council's action would help or hinder the peaceful settlement process.

On Tuesday I said to you that my government has committed itself to do all it can to bring about a settlement. We take a back seat to no nation in this regard. We are engaged, as I said then, at this moment in an effort to regain momentum in the negotiating process that has brought some unusual progress. And I think it is fair to say that there has been more progress in this effort than anything else that has been undertaken since the 1967 war, although we are as aware as everyone else that there must be more. It is our belief and our strong feeling that this draft resolution would not help in that peaceful settlement process. And because the draft failed, in our judgment, to meet the tests that we brought to you—and which I brought to the attention of you

on Tuesday—in the vote that is forthcoming the United States will vote no.

TEXT OF DRAFT RESOLUTION⁶

The Security Council,

Having considered recent developments in the occupied Arab territories,

Deeply concerned at the serious situation which has arisen in these territories as a result of continued Israeli occupation,

Deeply concerned further at the measures taken by the Israeli authorities leading to the present grave situation, including measures aimed at changing the physical, cultural, demographic and religious character of the occupied territories and, in particular, the City of Jerusalem, the establishment of Israeli settlements in the occupied territories and other violations of the human rights of the inhabitants of those territories,

Emphasizing the inadmissibility of the acquisition of territory by war,

Recalling and reaffirming the resolutions of the General Assembly and the Security Council calling upon Israel to rescind all measures already taken and to desist from taking any further action which would alter the status of the City of Jerusalem and the character of the occupied Arab territories,

Noting that, notwithstanding the aforementioned resolutions, Israel persists in its policy aiming at changing the physical, cultural, demographic and religious character of the City of Jerusalem in particular,

Reaffirming the urgent need for establishing a just and lasting peace in the Middle East,

1. *Deplores* Israel's failure to put a stop to actions and policies tending to change the status of the City of Jerusalem and to rescind measures already taken to that effect;

2. *Calls* on Israel, pending the speedy termination of its occupation, to refrain from all measures against the Arab inhabitants of the occupied territories;

3. *Calls* on Israel to respect and uphold the inviolability of the Holy Places which are under its occupation and to desist from the expropriation of or encroachment upon Arab lands and property or the establishment of Israeli settlements thereon in the occupied Arab territories and to desist from all other action and policies designed to change the legal status of the City of Jerusalem and to rescind measures already taken to that effect;

4. *Decides* to keep the situation under constant attention with a view to meeting again should circumstances so require.

⁶ U.N. doc. S/12022; the draft resolution was not adopted owing to the negative vote of a permanent member of the Council, the vote being 14 in favor, 1 against (U.S.).

TREATY INFORMATION

President Ford Signs Ratifications of Women's Rights Conventions

Following is a statement by President Ford issued on March 22 upon signing the instruments of ratification of the Inter-American Convention on the Granting of Political Rights to Women and the Convention on the Political Rights of Women.

White House press release dated March 22

I am pleased to have the opportunity of signing the Inter-American Convention on the Granting of Political Rights to Women signed in Bogotá in 1948 and the Convention on the Political Rights of Women signed by the U.N. General Assembly in 1953.

Our ratification of the 19th amendment to our Constitution in 1920 granted women in this country equal voting rights with men. The ratification of these two conventions serves to underscore our firm dedication to the principle of equality of political rights for women. Indeed, the preamble to the Charter of the United Nations, to which our nation and others subscribe, provides that we "reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small. . . ."

International Women's Year, 1975, has just concluded. We have now entered the U.N. Decade for Women as adopted by the 30th General Assembly of the United Nations. This Decade, 1975-85, will provide an opportunity to put into action the recommendations and suggestions resulting from IWY. This will serve as an opportunity for effectively measuring our commitment to continuing the advancement of the status of women. It is highly appropriate that the ratification of these two conventions by the U.S. Senate took place during the beginning of our Bicentennial year.

Current Actions

MULTILATERAL

Economic Cooperation

Agreement establishing a financial support fund of the Organization for Economic Cooperation and Development. Done at Paris April 9, 1975.¹

Ratification deposited: United Kingdom, March 9, 1976.

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, 8086.

Acceptance deposited: Sao Tome and Principe, March 23, 1976.

Judicial Procedure

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.

Notification of signature: Finland, March 9, 1976.

Maritime Matters

Amendments to the convention of March 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490). Adopted at London October 17, 1974.¹

Acceptances deposited: Mexico, March 23, 1976; New Zealand, March 24, 1976.

Oil Pollution

International convention on civil liability for oil pollution damage. Done at Brussels November 29, 1969. Entered into force June 19, 1975.²

Ratification deposited: Poland, March 18, 1976.

Accession deposited: South Africa, March 17, 1976.

Program-Carrying Signals— Distribution by Satellite

Convention relating to the distribution of programme-carrying signals transmitted by satellite. Done at Brussels May 21, 1974.¹

Ratification deposited: Mexico, March 18, 1976.

Property—Intellectual

Convention establishing the World Intellectual Property Organization. Done at Stockholm July 14, 1967. Entered into force April 26, 1970; for the United States August 25, 1970. TIAS 6932.

Accession deposited: Ghana, March 12, 1976.

Telecommunications

International telecommunication convention with annexes and protocols. Done at Malaga-Torremolinos October 25, 1973. Entered into force January 1, 1975.²

Instrument of ratification signed by the President: March 24, 1976, with declaration.

Ratifications deposited: Republic of Korea, January 22, 1976; Liechtenstein, February 4, 1976; Panama, January 15, 1976.

Partial revision of the radio regulations, Geneva, 1959, as amended (TIAS 4893, 5603, 6590, 7435), to establish a new frequency allotment plan for high-frequency radio-telephone coast stations, with annexes and final protocol. Done at Geneva June 8, 1974. Entered into force January 1, 1976.²

Notifications of approval: Finland, January 22, 1976; Republic of Korea, December 3, 1975; Switzerland, February 6, 1976.

Wheat

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement) 1971 (TIAS 7144, 7988). Done at Washington March 17, 1976. Enters into force June 19, 1976, with respect to certain provisions; July 1, 1976, with respect to other provisions.

Signatures: Israel, Mauritius, April 1, 1976; Argentina, Ecuador, India, Sweden, April 2, 1976.

Declaration of provisional application deposited: Argentina, April 2, 1976.

Protocol modifying and further extending the food aid convention (part of the international wheat agreement) 1971 (TIAS 7144, 7988). Done at Washington March 17, 1976. Enters into force on June 19, 1976, with respect to certain provisions; July 1, 1976, with respect to other provisions.

Signatures: Argentina, Sweden, April 2, 1976.

Declaration of provisional application deposited: Argentina, April 2, 1976.

BILATERAL

Brazil

Agreement concerning shrimp, with annexes, agreed minutes, and exchange of notes. Signed at Brasilia March 14, 1975.

Entered into force: March 22, 1976.

Canada

Agreement amending and extending the agreement of May 14, 1971 (TIAS 7125), regarding a joint program in the field of experimental remote sensing from satellites and aircraft. Effected by exchange of notes at Ottawa March 19 and 22, 1976. Entered into force March 22, 1976; effective May 14, 1975.

Italy

Procedures for mutual assistance in the administration of justice in connection with the Lockheed Aircraft Corporation matter. Signed at Washington March 29, 1976. Enters into force upon notification by Italy that all requirements under Italian law

¹ Not in force.

² Not in force for the United States.

to implement the provisions have been accomplished.

Jordan

Agreement amending the agreement for sales of agricultural commodities of October 14, 1975. Effected by exchange of notes at Amman March 4, 1976. Entered into force March 4, 1976.

Netherlands

Procedures for mutual assistance relating to the Lockheed Aircraft Corporation matter. Signed at Washington March 29, 1976. Entered into force March 29, 1976.

Saudi Arabia

Project agreement for technical cooperation in science and technology, with appendices. Signed at Riyadh February 29, 1976. Enters into force upon organization of the Saudi Arabia National Center for Science and Technology and deposit by Saudi Arabia of the sums described in appendices B-E for the first calendar year of the agreement.

Turkey

Agreement relative to defense cooperation pursuant to article III of the North Atlantic Treaty of April 4, 1949 (TIAS 1964), in order to resist armed attack in the North Atlantic Treaty Area, with exchange of notes. Signed at Washington March 26, 1976. Enters into force on the date of an exchange of notes indicating the approval by both parties of the agreement in accordance with their respective legal procedures.

PUBLICATIONS

GPO Sales Publications

Publications may be ordered by catalog or stock number from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. 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. Prices shown below, which include domestic postage, are subject to change.

Trade in Cotton, Wool and Man-Made Fiber Textiles. Agreement with Korea. TIAS 8124. 20 pp. 40¢. (Cat. No. S9.10:8124).

Certificates of Airworthiness for Imported Aeronautical Products and Components. Agreement with Australia. TIAS 8126. 9 pp. 30¢. (Cat. No. S9.10:8126).

Economic Cooperation. Agreement with Israel. TIAS 8127. 15 pp. 40¢. (Cat. No. S9.10:8127).

Economic Cooperation. Agreement with Saudi Arabia. TIAS 8128. 10 pp. 30¢. (Cat. No. S9.10:8128).

Remote Sensing—Acquisition of Satellite Data. Memorandum of Understanding with Zaire. TIAS 8126 pp. 25¢. (Cat. No. S9.10:8129).

Agricultural Commodities. Agreement with Jamaica. TIAS 8130. 19 pp. 60¢. (Cat. No. S9.10:8130).

Illegal Entry of Migratory Workers. Agreement with Mexico. TIAS 8131. 18 pp. 35¢. (Cat. No. S9.10:8131).

Air Transport Services. Agreement with the Czechoslovak Socialist Republic extending the agreement of February 28, 1969, as amended and extended. TIAS 8132. 6 pp. 50¢. (Cat. No. S9.10:8132).

Agricultural Commodities. Agreement with Indonesia. TIAS 8133. 16 pp. 60¢. (Cat. No. S9.10:8133).

Peace Corps. Agreement with Colombia. TIAS 8139 pp. 50¢. (Cat. No. S9.10:8134).

Trade—Cheese Imports. Agreement with the European Economic Community. TIAS 8135. 3 pp. 50¢. (Cat. No. S9.10:8135).

Refugee Relief in the Republic of Viet-Nam, Laos and the Khmer Republic. Agreement with the International Committee of the Red Cross amending the agreement of February 20 and March 16 and 1 1975, as amended. TIAS 8136. 2 pp. 25¢. (Cat. No. S9.10:8136).

Seismograph Station Near Kluane Lake, Yukon Territory. Agreement with Canada. TIAS 8137. 5 pp. 50¢. (Cat. No. S9.10:8137).

Trade—Meat Imports. Agreement with the Dominican Republic. TIAS 8138. 6 pp. 50¢. (Cat. No. S9.10:8138).

Purchase of Defense Articles and Services. Agreement with the United Arab Emirates. TIAS 8139 pp. 50¢. (Cat. No. S9.10:8139).

International Patent Classification. Agreement with Other Governments. TIAS 8140. 47 pp. 90¢. (Cat. No. S9.10:8140).

International Office of Epizootics. Agreement with Other Governments. TIAS 8141. 17 pp. 60¢. (Cat. No. S9.10:8141).

Mutual Defense Assistance. Agreement with Belgium amending Annex B to the agreement of January 2 1950. TIAS 8145. 5 pp. 50¢. (Cat. No. S9.10:8145).

Agricultural Commodities. Agreement with Egypt amending the agreement of June 7, 1974, as amended. TIAS 8147. 4 pp. 50¢. (Cat. No. S9.10:8147).

Economic and Social Development. Agreement with the United Nations. TIAS 8148. 9 pp. 50¢. (Cat. No. S9.10:8148).

Trade in Textiles. Agreement with Peru. TIAS 8156 pp. 50¢. (Cat. No. S9.10:8153).

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Checklist of Department of State
News Releases: March 29–April 4

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

No.	Date	Subject
*154	3/29	Program for the state visit to Washington of King Hussein of Jordan, Mar. 29–Apr. 1.
155	3/29	Kissinger: House Committee on International Relations.
*156	3/30	Advisory Committee on Transnational Enterprises, Apr. 20.
157	4/2	Kissinger: Subcommittee on Foreign Assistance of the Senate Committee on Foreign Relations.
*158	4/2	Kissinger: American Foreign Service Association memorial plaque ceremony.
†159	4/4	Kissinger: American Jewish Congress.
*159A	4/4	Rosovsky, Hertzberg, Kissinger: introductory remarks.

* Not printed.
† Held for a later issue of the the BULLETIN.