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The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, provides the public and interested agencies of the government with information on developments in the field of U.S. foreign relations and on the work of the Department and the Foreign Service.

The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and on treaties of general international interest.

Publications of the Department of State, United Nations documents, and legislative material in the field of international relations are also listed.
The Inaugural Address of President Carter 1

For myself and for our nation, I want to thank my predecessor for all he has done to heal our land.

In this outward and physical ceremony we attest once again to the inner and spiritual strength of our nation.

As my high school teacher, Miss Julia Coleman, used to say, "We must adjust to changing times and still hold to unchanging principles."

Here before me is the Bible used in the inauguration of our first President in 1789, and I have just taken the oath of office on the Bible my mother gave me just a few years ago, opened to a timeless admonition from the ancient prophet Micah:

He hath shewed thee, O man, what is good; and what doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God? (Micah 6:8)

This inauguration ceremony marks a new beginning, a new dedication within our government, and a new spirit among us all. A President may sense and proclaim that new spirit, but only a people can provide it.

Two centuries ago our nation's birth was a milestone in the long quest for freedom, but the bold and brilliant dream which excited the founders of this nation still awaits its consummation. I have no new dream to set forth today but, rather, urge a fresh faith in the old dream.

Ours was the first society openly to define itself in terms of both spirituality and human liberty. It is that unique self-definition which has given us an exceptional appeal—but it also imposes on us a special obligation: to take on those moral duties which, when assumed, seem invariably to be in our own best interests.

You have given me a great responsibility: to stay close to you, to be worthy of you, and to exemplify what you are. Let us create together a new national spirit of unity and trust. Your strength can compensate for my weakness, and your wisdom can help to minimize my mistakes.

Let us learn together and laugh together and work together and pray together, confident that in the end we will triumph together in the right.

The American dream endures. We must once again have full faith in our country—and in one another. I believe America can be better. We can be even stronger than before.

Let our recent mistakes bring a resurgent commitment to the basic principles of our nation, for we know that if we despise our own government we have no future. We recall in special times when we have stood briefly, but magnificently, united. In those times no prize was beyond our grasp.

But we cannot dwell upon remembered glory. We cannot afford to drift. We reject the prospect of failure or mediocrity or an inferior quality of life for any person.

Our government must at the same time be both competent and compassionate.

We have already found a high degree of personal liberty, and we are now struggling to enhance equality of opportunity. Our commitment to human rights must be absolute, our laws fair, our natural beauty preserved; the powerful must not persecute the weak, and human dignity must be enhanced.

We have learned that "more" is not necessarily "better," that even our great nation has its recognized limits, and that we can neither answer all questions nor solve all problems. We cannot afford to do everything, nor can we afford to lack boldness as we meet the future. So together, in a spirit of individual sacrifice for the common good, we must simply do our best.

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1 Delivered on Jan. 20 (text from White House press release).
Our nation can be strong abroad only if it is strong at home, and we know that the best way to enhance freedom in other lands is to demonstrate here that our democratic system is worthy of emulation.

To be true to ourselves, we must be true to others. We will not behave in foreign places so as to violate our rules and standards here at home, for we know that the trust which our nation earns is essential to our strength.

The world itself is now dominated by a new spirit. Peoples more numerous and more politically aware are craving and now demanding their place in the sun—not just for the benefit of their own physical condition but for basic human rights.

The passion for freedom is on the rise. Tapping this new spirit, there can be no nobler nor more ambitious task for America to undertake on this day of a new beginning than to help shape a just and peaceful world that is truly humane.

We are a strong nation, and we will maintain strength so sufficient that it need not be proven in combat—a quiet strength based not merely on the size of an arsenal but on the nobility of ideas.

We will be ever vigilant and never vulnerable, and we will fight our wars against poverty, ignorance, and injustice; for those are the enemies against which our forces can be honorably marshaled.

We are a proudly idealistic nation, but let no one confuse our idealism with weakness.

Because we are free we can never be indifferent to the fate of freedom elsewhere. Our moral sense dictates a clear-cut preference for those societies which share with us an abiding respect for individual human rights. We do not seek to intimidate, but it is clear that a world which others can dominate with impunity would be inhospitable to decency and a threat to the well-being of all people.

The world is still engaged in a massive armaments race designed to insure continuing equivalent strength among potential adversaries. We pledge perseverance and wisdom in our efforts to limit the world’s armaments to those necessary for each nation’s own domestic safety. We will move this year a step toward our ultimate goal: the elimination of all nuclear weapons from this earth.

We urge all other people to join us, for success can mean life instead of death.

Within us, the people of the United States, there is evident a serious and purposeful rekindling of confidence, and I join in the hope that when my time as your President has ended, people might say this about our nation:

—That we had remembered the words of Micah and renewed our search for humility, mercy, and justice;
—That we had torn down the barriers that separated those of different race and region and religion and, where there had been mistrust, built unity, with a respect for diversity;
—That we had found productive work for those able to perform it;
—That we had strengthened the American family, which is the basis of our society;
—That we had insured respect for the law, and equal treatment under the law, for the weak and the powerful, for the rich and the poor; and
—That we had enabled our people to be proud of their own government once again.

I would hope that the nations of the world might say that we had built a lasting peace, based not on weapons of war but on international policies which reflect our own most precious values.

These are not just my goals, and they will not be my accomplishments, but the affirmation of our nation’s continuing moral strength and our belief in an undiminished, ever-expanding American dream.

Address by President Carter to People of Other Nations

Following are remarks by President Carter videotaped for broadcast abroad on January 20.

White House press release dated January 20

I have chosen the occasion of my inauguration as President to speak not only to my own countrymen—which is traditional—but also to you, citizens of the world who did not par-
ticipate in our election but who will nevertheless be affected by my decisions.

I also believe that as friends you are entitled to know how the power and influence of the United States will be exercised by its new government.

I want you to assure you that the relations of the United States with the other countries and peoples of the world will be guided during my own Administration by our desire to shape a world order that is more responsive to human aspirations. The United States will meet its obligation to help create a stable, just, and peaceful world order.

We will not seek to dominate nor dictate to others. As we Americans have concluded one chapter in our nation’s history and are beginning to work on another, we have, I believe, acquired a more mature perspective on the problems of the world. It is a perspective which recognizes the fact that we alone do not have all the answers to the world’s problems.

The United States alone cannot lift from the world the terrifying specter of nuclear destruction. We can and will work with others to do so.

The United States alone cannot guarantee the basic right of every human being to be free of poverty and hunger and disease and political repression. We can and will cooperate with others in combating these enemies of mankind.

The United States alone cannot insure an equitable development of the world resources or the proper safeguarding of the world’s environment. But we can and will join with others in this work.

The United States can and will take the lead in such efforts.

In these endeavors we need your help, and we offer ours.

We need your experience. We need your wisdom. We need your active participation in a joint effort to move the reality of the world closer to the ideals of human freedom and dignity.

As friends, you can depend on the United States to be in the forefront of the search for world peace. You can depend on the United States to remain steadfast in its commitment to human freedom and liberty. And you can also depend on the United States to be sensitive to your own concerns and aspirations, to welcome your advice, to do its utmost to resolve international differences in a spirit of cooperation.

The problems of the world will not be easily resolved. Yet the well-being of each and every one of us—indeed our mutual survival—depends on their resolution. As President of the United States I can assure you that I intend to do our part. I ask you to join us in a common effort based on mutual trust and mutual respect.

President Carter Interviewed by AP and UPI Correspondents

Following are excerpts relating to foreign policy from the transcript of an interview with President Carter on January 23 by two Associated Press and two United Press International correspondents.

Helen Thomas, UPI: Mr. President, do you plan to call a temporary or permanent moratorium on arms sales abroad, and also, what are the chances of a SALT agreement this year? Will you be separating out the “Backfire” bomber and the cruise missile?

President Carter: I don’t think a “moratorium” would be the right expression, because that is an abrupt and total termination of all ownership. I don’t contemplate that. But in our first National Security Council meeting we discussed, in I think unanimity, the necessity for reducing arms sales or having very tight restraints on future commitments to minimize the efforts by arms manufacturers to initiate sales early in the process.

The Secretary of State will be much more hesitant in the future to recommend to the Defense Department the culmination of arms sales agreements. I have asked that all approvals of arms sales, for a change, be submitted to me directly before the recommendations go to Congress. We also have

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asked Vice President Mondale in his early trip among our own allies and friends, some
of whom are heavy arms exporters, to join with us on a multilateral basis.

We will also be talking to some of the pri-
mary arms purchasers, particularly the Mid-
dle East when Secretary Vance goes there
very shortly, to hold down their own pur-
chases of arms from us and other countries.
This will be a continuing effort on my part.

As far as nuclear arms limitations are con-
cerned, I would like to proceed quickly and
aggressively with a comprehensive test ban
treaty. I am in favor of eliminating the test-
ing of all nuclear devices, instantly and com-
pletely.

Ms. Thomas: Underground tests and all?

President Carter: Yes. And whether or not
the Soviets will agree to do that, I don't
know yet. They have sent an encouraging
message back, but the exact caveats might
not yet be in view. I can't answer that ques-
tion. On the SALT negotiations, we have not
yet had a chance to meet with the Soviets or
even particularly their ambassadorial leaders
here since my inauguration to see what they
might be willing to explore. But I would
guess there would be a two-stage evolution.
One is a fairly rapid ratification of the SALT
Two agreement.

Ms. Thomas: That would be Vladivostok?

President Carter: Yes, and I can't answer
specific questions on cruise missiles or
Backfire. But I would not let those two items
stand in the way of some agreement. I would
like to move very quickly, even prior to the
Salt Two agreement, toward a much more
substantive reduction in atomic weapons as
the first step to complete elimination in the
future.

If we can reach an agreement with the
Soviet Union for major reductions on atomic
weapons, of course the next step would be to
get other atomic nations to try to join in this
effort, including, of course, France and Eng-
land and the People's Republic of China.

Ms. Thomas: You mean in sales and produc-
tion, our own production and also sales to
other countries across the board?

President Carter: I was talking then about
inventory of atomic weapons, but, obviously,
production.

The third item is the nonproliferation ef-
fort, where we constrain with every means
available to us in all diplomatic means the
expanding of a nuclear arms capability on
weapons to nations that don't presently have
this capacity.

We are quite concerned about the repro-
cessing of spent fuel, where you change nor-
mal radioactive materials which have been
used for the production of electric power into
weapon quality. We would like to have this
put under international control, subject our-
selves to the restraint along with those who
have been processing this material for a
number of years, and prohibit completely,
within the bounds of our capability, the ex-
pansion of the reprocessing plants in the
countries that don't have it.

Ms. Thomas: At the risk of dominating,
only one more question. You said in your
inaugural you would like to see the elimina-
tion of all nuclear weapons. Is that a hope or
a real goal?

President Carter: That is a hope and a
goal. I said this in my announcement speech,
I believe, in December 1974. I said it many
times during the campaign. I said it in my ac-
ceptance speech for nomination as a Demo-
ocratic candidate and then my inauguration. I
mean it very deeply.

Of course, the phased steps that I describe
to you are almost inevitable. As we first put
firm limits on ourselves, with adequate as-
surance that the monitoring of compliance
with agreements is there on both sides, then
substantive reductions will demonstrate to
the world we are sincere, ourselves and the
Soviets primarily, then further reductions
including all nations, even those who have a
relatively small inventory now.

Those are the inevitable steps. The defini-
tive achieving of those steps will depend on
the cooperation of the Soviet Union.

Lawrence L. Knutson, AP: How do you re-
spose, sir, to those who say that it is impos-
sible at this stage to put the atomic genie
back in that bottle?
President Carter: I don't believe it is impossible. If all the other world leaders have the same commitment that I do, then it would be indeed possible. But I can't answer that question.

Ms. Thomas: What are the prospects of a Geneva conference on the Middle East soon, and will we formulate final Arab-Israeli settlement proposals that were put on the table?

President Carter: I think the conference on the Middle East is very likely this year. I would have to go into more detail about where or when until after at least the Secretary of State has had a chance to consult in depth with the heads of state, Israel and Egypt and Syria, Saudi Arabia and Jordan.

Ms. Thomas: Will he be going to the Middle East?

President Carter: Yes, he will be going to the Middle East, I think within the next month. Many of these leaders will be invited to come and visit me here. I would prefer to meet with the leaders of those nations after the Secretary of State has had a chance to consult with them.

Ms. Thomas: Would you approve of the Palestinians having representation at such a peace conference, and would you think in terms of their eventually having statehood?

President Carter: I think it would not be appropriate now for me to spell out specifics. If the Palestinians should be invited to the meeting as agreed by the other participating nations, along with us, it would probably be as part of one of the Arab delegations. But that is something still to be decided.

Wesley G. Pippert, UPI: On Africa, Ambassador [Andrew] Young is going to make a trip in March or sometime soon.

President Carter: Tanzania.

Mr. Pippert: Just how far can you go, can the Administration go, in actively promoting black rule in southern Africa, and what are you prepared to do?

President Carter: Our position has been spelled out very thoroughly, during the campaign and since then. I believe very strongly in majority rule, which means relinquishing the control of the government by the white minorities in the countries affected.

Ambassador Young will be going primarily as an observer and a listener, not as a negotiator. He has a very close relationship with the so-called frontline Presidents themselves.

As I said shortly before leaving Plains, I think the best role for us to play is to consult with the leaders of Great Britain, let them maintain the leadership in those negotiations and let us help when requested to do so.

But I think the basic premise that was spelled out by Secretary of State Kissinger a number of months ago is a proper one. I think any modifications of it would be fairly minor.

Mr. Pippert: There are no plans at this time for Young to get involved in the talks between Great Britain and Rhodesia?

President Carter: No.

Message From Secretary Vance to Department and Foreign Service

Following is the text of a message dated January 24 from Secretary Vance to the men and women of the Department of State and the Foreign Service.

Press release 21 dated January 25

As I begin my work as Secretary of State, I wish first to greet all of you in the Department of State and the Foreign Service. I look forward to working with you, to renewing past friendships and forming new ones.

We face some exciting and I am sure strenuous days together. We are all conscious of the press of events in the world-changing economic relationships which are increasingly intertwined with foreign policy, alterations in the nature of national power, the growing importance of global issues such as nuclear proliferation, energy, food, popu-
lation growth, and the environment. We must also be aware of the hopes and concerns within our own country and abroad.

There is a need for a new examination of these issues, and of how our government operates and allocates scarce resources. There are diverse opinions, inevitably, on specific foreign policy issues. But there is broad support for policies—both existing and new—that reflect the traditional American values of morality, strength, steadfast friendship, progress and fairness. And there is a common concern that our policies be made as openly as possible.

I have no doubt that the Department can help meet these concerns—but only if we all work closely together. I look forward to shared successes. I am sure there will also be some mistakes, collective and individual. No one should fear the latter, if they come as part of an effort to do things differently and better. Initiative always bears risks; it should not be penalized.

I will rely heavily on your knowledge, your talents, and your creativity. I recognize the equivalent need for me to make available to you, to the fullest extent possible, the information and analyses that I have before me. I want each of you to feel that sense of responsibility and participation that will make your work as effective as possible. And whether you are in the Foreign Service or the Civil Service; whether you are a political officer, communicator or secretary, I intend to pay personal attention to your professional concerns.

As we are open to each other—to new proposals, to wise cautions, to dissenting views—we must also profit from the dynamism and diversity of our nation. Representatives of our rich and diverse American community will have an important place among us—sometimes in key assignments, sometimes as consultants, often as public voices to be heeded, always in a spirit of fraternity and learning.

We will be supported by the public as we are perceived to be working, and sacrificing, for it. We should remember that every dollar we spend unnecessarily is a dollar that could have gone to help meet the needs of a hard-pressed American taxpayer or a hungry person abroad.

Our effectiveness will finally depend on our ability to produce the support the President requires. Each of you is working for him—and for the Congress and public—as well as with me. Recognition of that fact, in our daily work, will help us maintain a clear perspective and understanding of our relationship to the American society we serve.

My confidence in our future together comes from knowing so many of you, and my admiration for you all. I know of no group of men and women who have shown greater courage, adaptability and integrity. I can assure you that President Carter appreciates your skills and your sacrifices. It is a great honor for me to be one of you.

U.S. Rejects "Internal Solution" to Rhodesian Problem

Following is a statement read to news correspondents on January 26 by Frederick Z. Brown, Director, Office of Press Relations.

In his January 24 address, Ian Smith said that he would be seeking an internal settlement to the Rhodesian problem and called for negotiations between the Salisbury authorities and Rhodesian Africans. African leaders associated with the armed struggle would be excluded from these negotiations.

Negotiations which exclude leaders of nationalist movements will not produce a settlement. As a basis for continued negotiations, the United States supports the British proposals which the Geneva Conference chairman, Ivor Richard, has been discussing in Africa.

In our considered view, the so-called "internal solution" will not produce a peaceful settlement and therefore does not have the support of the United States. We urge all parties which have been involved in the negotiations to consider their positions carefully and pursue a course which will produce a peaceful outcome.
U.S. Ready To Continue Support to the Search for Cyprus Solution

Following is a statement read to news correspondents on January 28 by Frederick Z. Brown, Director, Office of Press Relations.

The Department of State welcomes the meeting which took place yesterday in Nicosia between Archbishop Makarios and Turkish Cypriot leader Rauf Denktash. Our pleasure at the meeting is combined with a hope that this sign of progress will quickly be translated into a meaningful and sustained effort to negotiate the many issues which must be solved to reach an equitable Cyprus settlement. We recognize that this will be a very complicated undertaking.

The United States stands ready to continue its full support and assistance to the two Cypriot communities and to U.N. Secretary General Waldheim in this search for a solution to the problem of Cyprus.

Secretary Kissinger Pays Tribute to the Foreign Service

Following are remarks made by Secretary Kissinger on January 18 at the ninth annual awards ceremony of the American Foreign Service Association (AFSA).1

When I arrived here in September 1973, what concerned me most was whether this Department and the Foreign Service would adequately meet the demands of an increasingly complex and subtle era in world affairs and could play its role in reconciling increasingly complex and interrelated domestic and foreign policy issues—and I was afraid also of how I would survive the flood of papers that would descend on me and the memoranda that when disapproved came back with just one comma changed as if a reflection that my views had been taken seriously. [Laughter.]

The Department had to assume responsibility for operation as well as policy, to master new and specialized subjects, to become more effective in resolving policy issues within the executive branch, and in dealing with an increasingly assertive Congress.

For these reasons, I challenged the Foreign Service to do more interpretive reporting, analysis, and conceptual thinking; to clarify rather than compromise policy options in the foreign-policy-making process; and to dissent when you differed substantially with the policies we had adopted.

I asked for it, and I got it. From the beginning, it was clear to me that the last of these challenges, at least, would be met with pleasure, with dedication, and with enthusiasm. Thus it is appropriate that my last official public engagement should be a ceremony honoring those who have disagreed with me. And let me say, for the record now, that I forgive them. [Laughter and applause.] Not even the Foreign Service can be right 100 percent of the time. [Laughter.]

But to be serious, I can say at the end of three and a quarter years that the Foreign Service has measured up to each of these challenges. You have proved that you have professional skill, judgment, and dedication to duty second to no other group of public servants.

You have demonstrated your capacity for change when necessary. The quality of Foreign Service reporting, already good, is now even better, with more interpretation and analysis. The substantive work within the Department is of a higher professional and intellectual caliber.

Meanwhile, the Department has taken a better hold of its own organizational problems. Mechanisms have been established to allocate our personnel and funds in accordance with the country's foreign policy priorities. And on occasion we can even get some of them away from the regional bureaus.

Strides have been made toward a more comprehensive professional development program. A start has been made in finding women and representatives of ethnic minorities in increasing numbers for respon-

1 Introductory and closing paragraphs omitted (text from press release 12 dated Jan. 19).
sible positions. And there is a good grievance system and a less medieval attitude toward employee rights and concerns.

In my remarks at the AFSA awards ceremony in 1974, I said that I hoped to leave behind a professional service which handled problems as creative opportunities, which has a deep and foresighted perception of the national interests and the stamina to fight for those at home and overseas.

Today I can look back and say that I believe you have moved substantially toward that goal.

There is a widespread notion that the growing interdependence of foreign and domestic issues and the improvement of communications and transportation have undermined the role of the Foreign Service and reduced embassies to little more than message centers and travel agencies.

But there is no doubt in my mind that these assertions of the death of diplomacy are highly premature. For diplomacy is concerned with the enduring problems of relations among nations, the lasting challenge of peace and progress, the need to minimize friction and misunderstanding. More than ever, Foreign Service people must have the ability to understand and interpret events and conditions in other countries, to comprise a continuously open channel, an intermediary between our own government and society and the one where they serve.

As foreign policy grows more complex, the men and women of the Foreign Service become the repositories of continuity, the conscience of America’s permanent interests and values, prepared to serve with dedication whatever Administration is in office with the devotion that America’s global responsibilities demand of them.

No one articulated the unchanging nature of the diplomatic profession better than a former French Ambassador to this country, Jules Cambon, who once wrote:

Expressions such as “old diplomacy” and “new diplomacy” bear no relation to reality. It is the outward form—if you like—the “adornments” of diplomacy that are undergoing a change. The substance must remain the same, since human nature is unalterable; since there exists no other method of regulating international differences; and since the best instrument at the disposal of a government wishing to persuade another government will always remain the spoken word of a decent man.

Today we would say “the spoken word of a decent person.” [Applause and laughter.]

But the spoken word of a decent person is your professional responsibility, your professional legacy, and your high goal.

So long as you maintain your professionalism and the level of performance which is characteristic of the Foreign Service, you need not, and should not, worry about being consulted in foreign policy making. No one has a claim to being consulted. It must be worth it. But if this building does the job of which it is capable, and which I know it will do in the future as it has done while I was here, you will be consulted, because you will be the best source of advice available in the government.

It is no accident that almost all my principal assistants are career Foreign Service officers. I have chosen them because they were the best people available and because we will never have a professional service if it is not used for all of the positions in the Department.

I strongly support AFSA’s attempts to help the President-elect carry out his commitment to make diplomatic appointments on the basis of merit, and I have no doubt that most of the country’s Foreign Service people are the most meritorious, or we do something wrong in our selection process.

The members of the Department of State and the Foreign Service have the assurance that in carrying out your responsibilities to this country, you are striving not for narrow national goals, but for a humane and peaceful world—that world alone, in which the United States will be secure and prosperous and in which other nations can live in peace and freedom.

On assuming the office which I now leave, Thomas Jefferson wrote Lafayette:

I think with others that nations are to be governed with regard to their own interests, but I am convinced that it is their interest, in the long run, to be grateful, faithful to their engagements even in the worst of circumstances, and honorable and generous always.

This blend of stern reality and humane
ideas is as good a statement of our ultimate foreign policy objectives as I know. In working for this goal, you have the unique privilege not only of serving your country but the interests of all mankind.

I leave this building with deep emotions, gratitude for the support you gave me, admiration for your ability, pride in what we have accomplished together, and respect for your dedication and courage.

In this last regard, I think of those Foreign Service Officers who during my time in office gave their lives in the service of their country: Rodger Davies, Frank Meloy, and Robert Waring.

I think also of those of you who immediately volunteered to replace them.

I think of those, regardless of rank, who willingly and reasonably uncomplainingly served and lived with their families every day in dangerous and difficult conditions in many parts of the world. And I think, finally, with unbounded admiration of those of my immediate staff who put up with me for three and a half years. They have passed the first test of sainthood. [Laughter.]

Our job over these past years has been to produce a durable foreign policy, one that would respond to the needs and values of the American people, as well as to the aspirations of mankind.

I hope that an objective observer, and perhaps even occasionally an AFSA member, will agree that strong foundations for future progress have been put in place in three central areas—the strength of the great democratic nations, the imperative of global peace, and the cause of cooperative international progress.

The record is one of which you all can be proud. Your role has been, and will continue to be, central and crucial. You share in the achievements of our foreign policy, as well as—I cannot really bring myself to say it—since we haven't known it for three years and three months—its failures. [Laughter.] But I leave here with confidence—confidence that America's foreign policy will be in good hands, and that you will give my distinguished successor the loyal and able service which you gave me.

THE CONGRESS

International Economic Report Transmitted to the Congress

Message From President Ford

To the Congress of the United States:
The world economy has come a long way from the gloom and uncertainty of two years ago. Despite many divisive economic pressures, international cooperation has not broken down but has, in fact, improved. U.S. initiatives to strengthen international economic cooperation have led to real progress. Our major allies and trading partners have cooperated with us and have reciprocated our desire for strengthened economic ties.

At the Economic Summit in Puerto Rico, in the OECD, the IMF, the GATT and in numerous other meetings in 1976, we joined with our major trading and financial partners and with other nations to whom developments in the larger economies are of primary importance, in forging compatible approaches to the difficult problems that beset our economies. We concurred that first and foremost we must place our economies on a path of sustained growth without inflation. That is the essential ingredient to further and lasting reduction in unemployment. We also strengthened our common resolve to avoid trade restrictive measures and to negotiate a more open international trading system. We reached a consensus on appropriate means to assist countries needing financial help as they work toward economic stability. We also agreed to make constructive efforts to deal with the problems be-


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tween developed and developing nations.

The United States can be proud of its leadership in these areas. International economic cooperation is stronger today than at any time since the Second World War. We have learned the importance of industrialized democracies taking into account the likely impact of their actions on other nations as they develop their economic policies. In an interdependent world, a nation which disrupts the economies of its trading partners does so at its own eventual peril.

We have also come to realize how mutually supportive action benefits all countries. Accordingly we and our partners have improved arrangements for assisting countries in special need as they work to stabilize their domestic economies. The United States has worked very closely with several of our friends and allies in supporting their efforts to resolve their economic difficulties. We have constructed a strong framework for cooperation with other industrialized democracies to manage future possible disruptions of oil supplies and to reduce dependence on oil imports. We have attempted to promote a more constructive relationship with the developing nations. This new relationship will enable us to enhance their economic prospects as a part of a common effort to improve the world economy and to give them a greater share in the responsibilities for, and in the management and benefits of, an orderly and prosperous international economic system.

More specifically, substantial progress, together with lingering problems, mark developments in several areas.

**Monetary Affairs**

In 1976, member nations of the International Monetary Fund successfully concluded the first general revision of the Articles of Agreement since the Bretton Woods Agreement of 1944. In effect, these amendments replace the old exchange rate system based on par values with one permitting countries to establish floating exchange rates, either individually or jointly. The new system will oblige member countries to promote exchange stability by fostering stable economic and financial conditions and to avoid disruptively influencing exchange rates or the international monetary system. Under the new system, Special Drawing Rights will replace gold as the unit of account in the Fund.

The amendments creating this system were formally accepted by the United States and will become effective upon similar ratification by the requisite number of member nations. At that time, the Fund will have new and broader responsibilities for overseeing the international monetary system and for developing principles that will help countries meet their financial obligations. The effect will be to promote expanded trade and growth through a more efficient and realistic exchange rate system.

The United States also proposed the creation of a Trust Fund, managed by the IMF, to provide assistance on concessionary terms to low-income Fund members. Resources are now being realized from profits on sales, over four years, of 25 million ounces of IMF-held gold.

**International Trade**

Although the recession and large balance-of-payments deficits of the oil consuming countries led several of them to move in the direction of new restrictive trade policies, on the whole, considerable success has been achieved in maintaining an open world trading system. The growth of world trade resumed in 1976, following a decline in 1975—the first since World War II.

On January 1, the United States joined other developed countries in establishing a Generalized System of Preferences for imports from developing nations. These preferences apply to more than 2,700 tariff items, giving duty-free access to the U.S. market to qualified developing countries and affording these nations the opportunity to diversify their exports and to increase their export income.

The Multilateral Trade Negotiations in Geneva, among more than ninety nations,
made progress in several areas. The United States proposed a formula for cutting tariffs, and a number of other measures covering tropical products from developing countries, import safeguards, and quantitative restrictions. Considerable progress was made on a product standard code, and work was started on improving the GATT framework for international trade and on a code for government procurement.

This international cooperation in furtherance of open trade was complemented by U.S. action in resolving several domestic complaints of trade injury. The responsible actions of this country strengthened the resolve of our trading partners to resist pressures for import restrictions, thus contributing to brighter prospects for U.S. exports and to an orderly and open international trading system.

Commodities and Raw Materials

Major developments in the international commodity area during 1976 included an agreement to expand the IMF Compensatory Finance Facility; adoption by the UNCTAD IV Conference [United Nations Conference on Trade and Development] of a comprehensive commodities resolution; continued commodity policy discussions at the Conference on International Economic Cooperation; and efforts to renew the coffee, tin, and cocoa commodity agreements.

The United States strongly supported expansion of the IMF Compensatory Finance Facility, designed to help countries to stabilize their export earnings. In addition, at the UNCTAD IV Conference, the United States proposed the creation of a new International Resources Bank to promote production of raw materials in the developing nations by facilitating investment flows into these countries.

In some respects, however, the approach of the United States with respect to commodity policies differs from that of a number of developing countries. Generally, these countries support commodity arrangements that provide for greater government control of prices and production, as well as common financing of commodity buffer stocks. In contrast, the commodity policy of the United States has three major objectives:

—To ensure adequate investment in resource development to meet future market demands at reasonable prices;
—To examine on a case-by-case basis individual commodities in order to determine how best to improve (where possible) the functioning of individual commodity markets and to determine whether commodity agreements would be useful and appropriate;
—To promote the stable growth of the commodity export earnings of developing countries.

The United States has repeatedly pointed out that artificial increases of prices serve the interests of neither producers nor consumers in both developed and developing countries. Frequently, control of prices and production has led to lower, less stable earnings for producers, mainly because substitute sources are developed or existing sources expanded. Moreover, controls have often initially meant higher prices for consumers, reduced exports, and a decline in the economic welfare of all parties. The United States, while prepared to genuinely consider methods of improving markets for individual commodities, generally supports the use of market mechanisms to determine supplies and prices.

Multinational Corporations and International Investment

In June 1976, the United States approved the adoption of the Declaration on International Investment and Multinational Enterprises devised by the Organization for Economic Cooperation and Development. This agreement affirms the principle of national treatment of multinational corporations (MNC's); recommends guidelines of good business practices for the activities of MNC's; and indicates the responsibilities of governments regarding international investment incentives and disincentives.
The United States recognizes that increased investment is a critical element for international economic growth, and that MNC's have contributed substantially to the rise in international investment and productivity. The activities of MNC's, however, have prompted questions about their obligations to both home and host countries and about the reciprocal responsibilities of nations where the MNC's do business. Where possible, the United States is willing to enter into bilateral and multilateral discussions to help resolve these intergovernmental disputes.

The United States welcomes foreign investment in its domestic economy. The Administration's Committee on Foreign Investment in the United States has coordinated overall policy in this area. In 1976, major studies of foreign portfolio and foreign direct investment in the United States were completed and reported to the Congress.

**Critical International Economic Problems**

We must also be aware that the events of the past year have left an agenda of unresolved problems including:

(1) the challenge of achieving stable economic growth in industrial and developing nations alike, and reducing inflation, unemployment and excessive public sector deficits;

(2) the necessity for the United States and other nations to obtain an adequate amount of real capital formation, to create jobs and to increase productivity;

(3) the major imbalance between oil exporters and oil importing nations, and the directly related increasing debt burden of developing and some developed nations;

(4) the failure to achieve an agreement among developed and less developed nations on an effective and efficient strategy for increasing prosperity for less developed countries in the context of a common effort to improve the world economy;

(5) the inadequate progress of the United States and other oil-consuming nations in reducing dependence on oil imports; and the need to encourage domestic development of oil and gas resources, alternative energy sources, and conservation;

(6) the continuing temptation among nations to use restrictive trade measures and the need to resist such pressures while reducing trade barriers and improving means for managing trade problems.

This Report traces the progress made in 1976 in dealing with the major economic issues facing the world. Evolving economic and political developments will continue to challenge the leaders of all nations. Because of the vigor of our people and the strength of our system, the United States today, as much or more than in years past, is the pivotal force for building a strong and prosperous world economy. By acting in a manner consistent with the interests of our own people yet remaining cognizant of the interests of other nations as well, I am certain that the United States will continue to provide leadership in solving the critical issues of today and the unforeseen developments of tomorrow.

**Gerald R. Ford.**

**THE WHITE HOUSE,**

**January 18, 1977.**

**Sixteenth Annual Report of ACDA Transmitted to the Congress**

Following is the text of a letter sent by President Ford to Speaker of the House Thomas P. O'Neill and President of the Senate Nelson A. Rockefeller on January 19.

White House press release dated January 20

**JANUARY 19, 1977.**

**DEAR MR. SPEAKER: (DEAR MR. PRESIDENT:)** Arms control as a means of maintaining peace and security has been a principal objective of my Administration. In this nuclear era our arms control policy and de-
fense efforts must be complementary. We must seek to influence policies of possible adversaries by maintaining strong military forces and by pursuing negotiations to enhance stability, not by encouraging an arms race which would increase the risk of nuclear war.

SALT is a proven means of furthering the essential dialogue between the United States and the Soviet Union on arms control. Our goal is to promote stability by mutual restraint in strategic nuclear competition, to limit growth of the nuclear forces of both sides, and to reduce them through verifiable agreements. This effort, I am confident, will succeed.

As a part of our efforts to restrain strategic nuclear competition with the Soviet Union, we have also negotiated two treaties which limit the yield of nuclear explosive tests: the Threshold Test Ban Treaty and the related Nuclear Explosions for Peaceful Purposes Treaty. Both of these treaties represent genuine progress. They contain precedent-setting provisions which will enhance the prospects for further progress in this area. These treaties have been submitted to the Senate, and I urge that it provide its advice and consent to ratification.

Complementing the resolution of nuclear rivalry with the Soviet Union is another imperative in our dialogue for survival: Preventing the further spread of nuclear weapons. If nuclear arsenals proliferate in the world, the likelihood of a nuclear conflict is vastly increased. The worldwide need for peaceful nuclear energy complicates this problem, since the same technology that produces such energy can be diverted to the development and production of nuclear weapons.

To emphasize more strongly our commitment to the objective of the nuclear Non-Proliferation Treaty, I announced a new, comprehensive United States nuclear energy policy last October which harmonizes our non-proliferation objectives with our domestic energy policy. We have tightened controls on American exports of sensitive nuclear materials and technology. Our sustained diplo-

matic initiatives with other suppliers of nuclear technology have also resulted in improved international comprehension of the risks of proliferation, as well as cooperation to prevent it.

Non-proliferation is only one example of our pursuit of arms control through multilateral forums and arrangements. With our Western allies we are engaged in negotiations to reduce military forces in Central Europe. Our goal is to obtain a more stable military balance in Central Europe at lower levels of force. We also participate in the activities of the Conference of the Committee on Disarmament (CCD), which recently approved a convention outlawing the use of environmental modification techniques for hostile purposes. This Convention will soon be open to all nations for ratification. The CCD is also continuing its work on a convention to limit chemical weapons, and will soon be considering a U.S. initiative to ban radiological warfare.

This 16th annual report on the U.S. Arms Control and Disarmament Agency completes the record of activities and developments in the arms control field for calendar year 1976. But it is more than a backward look at the record. It also reflects the need for forward planning. In an age of rapidly advancing technologies, arms control must look at the future as well as the present. Arms control must be pursued vigorously and imaginatively, based upon balanced agreements and buttressed by mechanisms to preserve confidence in the viability of those agreements.

It is particularly important to realize that arms control is a complex matter and success can be attained only through diligent and sustained attention. Problems will persist, but we must remain dedicated to continued and determined efforts for the control and balanced reduction of armaments.

Sincerely,

GERALD R. FORD.

February 14, 1977

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1 Single copies of the report are available from the U.S. Arms Control and Disarmament Agency, Washington, D.C. 20451.
Second Sinai Support Mission Report Transmitted to the Congress

Message From President Ford

To the Congress of the United States:

I am pleased to transmit herewith the Second Report of the United States Sinai Support Mission. This report, following that which I forwarded on April 30, 1976, describes the manner in which the Mission is carrying out its responsibility for operating the early warning system in the Sinai, as specified in the Basic Agreement between Egypt and Israel and its Annex signed on September 4, 1975. This report is provided to the Congress in conformity with Section 4 of Public Law 94-110 of October 13, 1975.

The Report includes a summary of the operations of the early warning system since its inauguration on February 22, 1976, and a description of the Mission's permanent base camp facilities which were officially dedicated on July 4.

With the completion of major construction activity, it has been possible to reduce somewhat the number of Americans working in the Sinai in accordance with the wishes of the Congress. The United States Sinai Support Mission will continue to analyze carefully all aspects of the Sinai operation to identify ways whereby the numbers might be further reduced.

The proposal to establish an American-manned early warning system in the Sinai was made at the request of the Governments of Egypt and Israel. With the concurrence of the Congress, we accepted this undertaking because the United States strongly seeks the achievement of peace and stability in the Middle East.

The United States Sinai Support Mission plays an important role in support of the Basic Agreement. Both sides have recently reaffirmed their confidence in the manner in which the United States has been carrying out its responsibilities in the Sinai, and as long as it continues to enjoy this support, the United States role will represent a meaningful contribution to the prospects for attaining a just and lasting peace in the Middle East.

Gerald R. Ford.


Congressional Documents Relating to Foreign Policy


United States Ratifies Convention for Conservation of Antarctic Seals

Press release 15 dated January 19

On December 28, 1976, President Ford signed the instrument of ratification for the Convention for the Conservation of Antarctic Seals. The convention was concluded in London in 1972 among the 12 nations party to the Antarctic Treaty, which itself provides no protection for seals in the water and on the sea ice in Antarctica; the effect of this convention will be to rectify that situation.

Although commercial sealing has not yet begun in the Antarctic, the seals there have been vulnerable to the possible onset at any time of uncontrolled exploitation. The convention is a preventive measure intended to create an effective management system for the seals well before a stage could be reached at which their survival might become seriously threatened.

The convention has as basic objectives the preservation, conservation, scientific study, and rational use of the seals, taking into account the effects on the ecological system. It provides complete protection for the Ross seal, the Southern Elephant seal and the Fur seal; and it sets very conservative catch limits for the other three of the six known Antarctic species, the Crabeater, Leopard, and Weddell seals, all of which are more plentiful.

Responsibility for monitoring the convention is assigned to the Scientific Committee on Antarctic Research, which is the principal scientific advisory body under the Antarctic Treaty. Provision is made for adoption of additional controls beyond those instituted by this agreement, should commercial sealing get underway in the Antarctic. Each of the parties may adopt more stringent controls for itself than are provided for in the convention, as the United States has already done in the Marine Mammal Protection Act of 1972.

Signatories to the convention include all 12 of the original Antarctic Treaty parties: Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Norway, South Africa, the United Kingdom, the United States, and the U.S.S.R. Four of these, France, Norway, South Africa, and the United Kingdom have completed ratification of the convention; upon deposit of its ratification on January 18, the United States became the fifth nation to have done so. Ratification by 7 of the 12 signatory nations is necessary for the convention to enter into force.

Current Actions

MULTILATERAL

Agriculture
Agreement establishing the International Fund for Agricultural Development (IFAD). Done at Rome June 13, 1976.¹

Coffee

Customs

Health
Amendments to articles 24 and 25 of the Constitution of the World Health Organization of July 22, 1946, as

¹ Not in force.


Hydrographic Organization


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


Phonograms

Notifications from World Intellectual Property Organization that ratifications deposited: Denmark, Italy, December 24, 1976.

Notification from World Intellectual Property Organization that accession deposited: Chile, December 24, 1976.

Property—Industrial


Safety at Sea

Proclaimed by the President: January 19, 1977.

Space


Wills
Convention providing a uniform law on the form of an international will, with annex. Done at Washington October 26, 1973.²

Acceptance deposited: Canada, January 24, 1977.²

BILATERAL

Colombia

Jamaica

Korea

Pakistan

Portugal

Thailand


¹ Not in force.
² Extends only to the Provinces of Manitoba and Newfoundland.
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* Not printed.
† Held for a later issue of the Bulletin.