

Before turning to our strategy towards the "North-South dialogue" between the industrial and developing nations, let me first talk a moment about why the development of Third World countries matters to us.

Its human dimension is clear.

Our humanitarian commitment is reinforced by the recognition that it also serves our national self-interest to assist the process of equitable growth within the developing nations. We need to help shape an international economic system which will support and stimulate that growth. ( ... )

These countries of the Third World are increasingly involved in our daily lives.

We know how oil from these countries affect us.

As a nation, we also get more than 50 percent of the tin, rubber and manganese we need from less-developed countries, and substantial amounts of our tungsten and cobalt. We now export more to the developing countries, including OPEC, than to the Common Market, Japan, and the Communist countries combined. For example, almost one-half of our commercial aircraft sales abroad are to developing nations.(...)

Most countries of the Third World have too little food ... and rapidly growing populations.

We face the prospect of a population increase in the final quarter of this century which will equal the entire growth of world population from the birth of Christ to 1950. Roughly 90 percent of this increase will be in developing countries. And perhaps more troubling, this

growth seems certain to be greatest in already hard-pressed urban centers.( ... )

## Four tenets of U.S. policy

Our approach to development in the Third World is based on four fundamental tenets:

*First*, we are committed to supporting strong and equitable growth in the developing nations, as a matter of our national interest as well as our national ideals. And we recognize that at times this requires facilitating adjustment in our own economy in ways which will support economic growth in the Third World.

*Second*, we are committed to improving the international system in ways which will be mutually beneficial to all, which respond to the particular needs of the developing nations, and which accord them an appropriate voice in decisions that affect them.

*Third*, despite the economic pressures we and other industrial nations now face, the United States remains committed to increasing transfers of resources from the richer to the poorer nations.

Let me emphasize, however, a *fourth* point. As we cooperate with developing nations in seeking useful changes in the international system, and as we consider the level and nature of our resource flows, we must be clear about our priorities. Alterations in the international system, and resource transfers among nations, are not ends in themselves. They are a means to the compelling goal of development within nations.

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## Soviets rebut U.S. Third World policy

*In the days following Secretary of State Cyrus Vance's Seattle address on U.S. Third World policy, the Soviet Union issued a series of warnings: the "appropriate technologies" approach to the developing nations that Vance outlined as official U.S. policy is a matter of war.*

*Radio Moscow charged on April 3 that Vance's claim to a "new approach" toward the developing countries is "sheer propaganda" for the credulous. Vance's expressed policy outlines a role for the U.S. as a member of a "Club of Strongs," to subjugate these nations as raw materials suppliers forced to pay more and more for manufactured goods they cannot produce. It also targets their energy supplies*

*The tenor of the Soviet charges are contained in the following report filed by Vitaliy Gan, the Washington correspondent for the Soviet news agency TASS, titled "Vance Reveals Aims of U.S. Policy toward Third World."*

The United States intends to invigorate sharply political and economic-financial penetration of the developing countries with the aim of ensuring the latter's position as raw material appendages and champions of Western interests. This is the meaning of the speech by U.S. Secretary of State Cyrus Vance at a conference in the city of Seattle (Washington State). He acknowledged that the attitude of the United States to the development of the Third World states is based on its own economic interests. We receive from the developing countries, he said, more than 50 percent of tin, rubber, and magnesium, considerable quantities of tungsten and cobalt. These countries account for 45 percent of oil consumed in the United States.

The developing countries are an important commodity market for the USA. Cyrus Vance pointed out that at present the United States exports more products there than to the Common Market states, Japan, and

We cannot spend so much time and energy on our international discussions of the roadmap that we lose sight of our destination. The destination—the goal we share—is to find practical ways to have an appreciable impact on the lives of people around the world, and especially on the lives of those for whom daily survival is an unanswered question. ( ... )

We face an unusually large number of important international conferences in the coming eighteen months. These meetings provide an extraordinary opportunity for progress on issues of importance to developing nations—and us all.

As we prepare for them, we must first recognize the progress that already has been made.

Last week in Geneva, for example, agreement was reached on most of the basic elements of a Common Fund to help finance international buffer stocks and other commodity development measures. ( ... )

— Resources available through the International Monetary Fund for financing balance of payments difficulties have been substantially increased—through liberalization of the IMF Compensatory Financing Facility; through the fourth IMF quota increase; and through the establishment of new IMF facilities including the Trust Fund and the \$10 billion Witteveen facility.

— Consuming countries have agreed to the concept of shared responsibility with producing countries for financing buffer stocks to stabilize prices in commodity markets. Agreements for coffee and tin were renegotiated;

a new agreement for sugar has been reached; and negotiations on rubber and a new cocoa agreement are under way. Such agreements can have important anti-inflationary benefits for our own economy. ( ... )

— The President is proposing the creation of an International Development Cooperation Administration which would consolidate or improve coordination among our bilateral and multilateral development assistance programs.

## Period of austerity

In a period of fiscal austerity, there is a danger, which we must frankly address, that negotiations between North and South could return to the rancor of earlier years. This will happen if each nation becomes so concerned with its own problems that it forgets the essential reality of an interdependent age: that each nation can surmount its own difficulties only if it understands and helps resolve the difficulties of others as well.

The industrial nations must maintain their commitment to the well-being of the developing nations. The developing nations must recognize that making demands which the industrial nations cannot meet will only produce international acrimony, not progress. And the oil producing nations must recognize their special responsibilities for the health of the global economy, and their fundamental stake in its continued vitality.

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the socialist countries combined. They account for two-thirds of the total U.S. exports, which total \$42 billion. The Secretary of State laid special emphasis on “aid” to the young states in the development of power resources. He outlined a program of American “initiatives” in this field, which is actually called upon to place under U.S. control prospecting, development, and extraction of oil and other fuel in the developing states. In his words, the U.S. International Development Agency requested \$42 million for the fiscal year for the introduction of American technology in the power industry of the developing states. The U.S.-controlled International Bank for Reconstruction and Development has appropriated nearly \$10 billion to finance various energy programs in those countries.

Washington attaches political strings to its disinterested aid. Thus, the Secretary of State openly warned the developing countries that making demands which the industrialized states cannot meet, will lead to international conflicts rather than progress. He implied by these unacceptable demands a mounting movement for the establishment of a more just international economic order that would be based on the principles

of equality, noninterference in the affairs of the others, and respect for national sovereignty.

Cyrus Vance claimed that there are no grounds for such demands by young states since, as he put it, distinctions between the industrialized and developing countries are allegedly disappearing. Facts, however, indicate a further deepening of the abyss between the poor and the rich. According to the official figures of the International Monetary Fund, for example, the total balance of payments deficit of the developing states which do not produce oil, will top \$38 billion this year.

The Secretary of State, as a matter of fact, exposed one more aim of the American approach to the development problems of the states—to prevent the creation of economic groupings of the type of the Organization of Petroleum Exporting Countries (OPEC) that could effectively resist Western dictat.

As followed from his statement, the USA attaches in this connection great significance to the series of agreements being drawn up by the Western states on a “stabilization” of prices of the most important kinds of raw materials with the developing countries.