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(For the Meeting of Foreign Ministers at Mexico City)
February 21-23, 1974

I.

My esteemed colleagues and friends:

At the outset, I want to express my personal thanks and those of my government to our distinguished host, the Foreign Secretary of Mexico, and to his President and government for the hospitality and great efforts made in arranging for this gathering. It is, or rather it can be, a significant turning point in relations within the family of the Americas. But I am reminded of a prayer once offered by a famous theologian:

> "O God, he said, "give us serenity to accept what cannot be changed, courage to change what should be changed, and wisdom to distinguish the one from the other.*

Before coming to join you here, I studied carefully the agenda for this meeting worked out in Bogota. Over the past half-day (or "twenty-four hours"), I have listened closely to the views of our colleagues--expressed in private and in public--on ways to bring that agenda to life and to translate it into common courses of action.

I would like now to share with you some of my reflections on that agenda. And I would like to offer some preliminary recommendations for your consideration.

*Reinhold Niebuhr in 1934.

My first and most basic conclusion is this: we can only succeed here--and in the months and years to come--if our deliberations and the actions that flow from them are directed to the real facts and problems that confront us all. As a President of my country, facing a particularly thorny problem almost a century ago, told the Congress of that time: "It is a condition which confronts us--not a theory."* That condition involves every item on our agenda with the exception of the Panama Canal negotiations. Let me begin, therefore, by describing briefly what I believe that condition to be.

II.

Over the past two years, the world has experienced a dramatic rise in the prices of raw materials and food. That rise has included, but gone far beyond, the price of oil and other sources of energy. Taking into account the devaluation of the dollar, the UNCTAD index of primary commodity prices--excluding petroleum--was 46% higher in the third quarter of 1973 than one year earlier. As we all know, the jump in petroleum prices has been much greater--roughly quadrupling since 1971.

On the surface, this is read as good news for us in the Western Hemisphere. After all, Latin America and Canada as well are exporters of foodstuffs and raw materials. And it surprises many to learn that even my country, industrialized as it is, has so far gained more foreign exchange from the increased value of its agricultural exports than we have lost through the higher prices of imported petroleum.

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*Grover Cleveland, Dec. 6, 1887, Message to Congress.

But when we look beneath the surface, we find causes for genuine concern, and even anxiety.

First, the gains and losses from these sharp prices changes have been distributed unevenly--throughout the world, in this hemisphere, and even in individual nations. And in many cases, those who have suffered most have been the poorest among us. The World Bank tells us that the less-developed countries paid $3.1 billion for oil imports in 1971, $5.2 billion last year, and they may have to pay as much as $11 billion in 1975. Meantime, we all know that the costs for imported grain continue to rise sharply.

On the other side of the ledger, the total flow of official net development assistance in 1973 was about $10 billion. Thus, the losses from higher prices for essential imports could almost equal the total annual amount of aid. Unless common sense and equity prevail, the 1980 figure for oil imports alone to the developing world could be not $11 billion, but a staggering $34 billion! If we are to act in the spirit of our organization, as a hemispheric family, we must act to ease these inequities. We have a similar responsibility on the world scene and within our individual societies.

Second, and perhaps of even deeper concern, are the reasons that have brought on this situation. The fact is that the pace of industrialization and of urbanization, the pace of population growth, and the pace of increases in income--all are straining our capacity to continue to make economic and social progress. This is true of both developed and developing nations.

It is heartening, of course, to know that income in Latin America increased almost 7% last year. In per capita terms, that may be almost 4%--far above the 2.5% target set in 1961 at Punta del Este. And the increase has been only slightly lower than that of the past four years.

But we also know that in the developing world more and more countries are falling behind in the race to boost food production to keep up with population increases. They are becoming more and more dependent on imports from the United States, Canada and Australia. The developing nations of the world imported 19 million tons of grain in 1960--and 44 million tons in 1972. That is an ominous trend.

Perhaps no situation should trouble us all more than the fact that world wheat stocks have fallen to their lowest level in twenty years--and that during those twenty years the world's population has increased by 50%. Moreover, we know that much of this rising population is not being productively absorbed. Unemployment and underemployment are rising in many countries. Education and health facilities cannot keep pace with requirements. Large segments of the populations of your countries are sharing in this rising income. But we all realize that vast numbers of human beings are still trapped in rural and urban poverty.

The reasons for these increases in prices are deeply rooted. Whatever steps the various nations of Latin America take in family planning, population in Latin America will go on increasing at a high rate for many years. The demand for grain will grow as the income of the poor increases. It will increase even more as the well-to-do demand more meat in their diets.

On another front, Latin America's requirements for electric power and industrial raw materials will more than double every decade.

It is not likely that food and raw material prices will continue to go up at their present rates. Nor will they all move together. Indeed, some will probably go down. But I doubt that we will soon return to the price levels of, say, 1971--unless, of course, we suffer the catastrophe of a world depression.

It seems clear to me that if we are to sustain progress in this hemisphere, and throughout the world, we will need a vast expansion of output of both foodstuffs and raw materials. We also will need the kind of creative technology to conserve them and to use them in new ways.

For many generations, most of your countries have tended to think of themselves as suppliers of raw materials to other parts of the world that began to industrialize in the 19th century.

Understandably this bred frustrations and resentments with which we are all familiar. I suggest that the time is coming--and it may already be here in some cases--when the speed and size of Latin American industrialization will produce quite different attitudes and policies. Latin America will increasingly look to its raw material reserves not just as a source of foreign exchange earnings but also as the indispensable foundation for its own industrialized societies.

III.

We face a serious choice: a choice within this hemisphere and throughout the world. We can either deal with this situation as individual nation states, or we can work together. Each of us can try to exploit to the hilt its own particular advantages in resources, and bargain bilaterally for what it needs. Each nation can try to look after itself and shrug its shoulders at the situation of those less well endowed. Or we can work together to assure that progress goes forward in fairness to all within our hemisphere.

That, I believe, is the choice we face and the decision we must make--one way or the other--at this meeting.

As for my country, the United States is richly endowed with sources of energy and it has an immense capacity to grow food. Our population increase is low. We do depend on a considerably volume of imported raw materials. But technically, I daresay we could find ways to sustain our society on the basis of our own resources, new technologies, and bilateral bargains. But this is not the option we prefer.

President Nixon has instructed me to urge on this occasion that we set in motion a new, vigorous, and intensely cooperative effort to generate together the enlarged flow of basic resources needed for the continued progress of the men, women and children of this hemisphere.

Some of us in this room are old enough to remember what happened in the 1930's. But surely all of us know the story--how the nations of the world, facing grave economic problems, decided to find their own answers

on a national basis. The result was the longest and deepest depression in history--and the ultimate consequence was World War II. There is no doubt in my mind that if we once again permit nationalism to reign unchecked, we could produce an equally tragic outcome. If we fail to find common ground here in the hemisphere and on the world scene, if we bungle the effort to create a basis for common action, we and our children will pay an incalculable price.

As you know, there was an important meeting in Washington ten days ago of the major oil-producing nations. We arrived at a number of important decisions. But the most important was that we will work systematically together--and with other nations--to master the problems posed by the energy crisis. (Possible add regarding the Washington meeting.)

I hope we can emerge from this meeting echoing Benjamin Franklin's famous observation: "We must all hang together, or assuredly we shall all hang separately." [Note: This may not translate well into Spanish. An appropriate equivalent should be inserted.]

IV.

If it is our collective judgment that we must work more closely together--as I hope it will be--we will need certain even-handed rules of the game. And we will have to carry out those rules in practical ways. Here I would like to pay tribute to our host, President Echeverria. Working in a somewhat different context than the present, he set forth at the UNCTAD meeting

in 1972 his Doctrine of the Rights and Duties of States. He proposed this doctrine as a guide for the conduct of nations at different stages of development in the world community. And, as you know, the doctrine is being seriously studied and negotiated at the United Nations. Building on his inspiration, I would suggest here that our task is to outline the rights and responsibilities each of us should carry as we face together the concrete tasks before us.

Each of us will have his own ideas of what those rights and responsibilities should be. We might express them quite briefly as follows:

First, we recognize that each of us acts within a framework of national sovereignty that we cherish.

Second, nonetheless, we commit ourselves to renewed efforts to work cooperatively for economic and social progress in the hemisphere, bringing to that commitment what each of us can equitably contribute.

Third, those endowed with natural resources should not be denied that advantage. Neither should they seek excessive or extravagant advantages from them.

Fourth, those disadvantaged by their resource endowments have a right to look to hemispheric and other international institutions for compensatory assistance.

V.

Let us assume we adopt these or similar principles. What kinds of action flow from them?

With regard to food, I think we should launch urgent programs to expand farm output. We need to modernize the rural sectors of our societies. We should make sure that Latin America can feed its rapidly expanding population and become again, if possible, a net food exporter. I also hope that we can accelerate programs to provide every infant and child with adequate protein in their diet. We know that without sufficient protein in early life human beings are permanently diminished, mentally as well as physically. Surely we would all agree that we have a moral duty to try to enable every person born into the world a chance to fulfill his innate capacities.

I think we would all benefit by an early meeting of the Ministers of Agriculture from each of our countries to take stock of what would be required of each of us to achieve these results. [Note: Check with Secretary Butz?] Sources of external capital and technical assistance should be geared to this effort on a high priority basis. We might consider expanding and strengthening the Inter-American Institute of Agricultural Sciences on the technical side of this problem.

For its part, the United States will try to make sure, if possible, that grave emergency situations in the less-developed parts of the world can be met without massive famine. We believe, however, that the burdens of developing and holding commercial stockpiles should be fairly shared by exporting nations and the more prosperous importers.

VI.

Here, I would make some observations on one of the items on the Bogota agenda: the multinational corporations. Whether or not any nation permits a foreign firm to operate in its economy is, of course, a prerogative of its sovereignty. So are the terms of any such arrangement. My government is not in the business of urging others to accept the presence of individual U. S. corporations.

Speaking objectively, we all know that these corporations can provide capital, technology and management, marketing and export know-how. If applied correctly, these can assist greatly in economic development.

We all know, too, that their operations have raised questions that have troubled some governments in the hemisphere. On the other hand, an environment of uncertainty has been created in the minds of those corporations about whether or not they should look to future operations in Latin America or should look elsewhere.

On this matter, I have only a limited recommendation. I believe it would be wise for the governments of Latin America to assess this problem cooly. Then they should make individual or multilateral decisions on new rules of the game that they consider equitable. This might include some intra-hemispheric mechanism for conciliating disputes. In any case, I think we would all like to see this long drawn-out debate come to an end.

If mutually agreed rules of the game can be defined, common purposes within the hemisphere could be significantly advanced. If such rules cannot be defined, that might also prove helpful--if only to get this divisive item off the

agenda of governments. We might, as a first step, ask the Special Committee on Consultation and Negotiation in the OAS to undertake a study of this matter and report back to us at a future date.

VII.

This is a time of rapid industrialization in Latin America, as in many other countries. It would be useful for all of us to look ahead together--quite far down the road--and try to assess which raw materials are likely to be in short supply, and which relatively abundant. Obviously, this must be done on a global scale. But such knowledge--even if imperfect--could provide guidelines for those of us in this hemisphere. We need to know which resources to develop, which to conserve, and which may require measures of substitution.

One lesson of the present energy crisis is that none of us was foresighted enough to anticipate what would happen to energy prices in a world of rapidly increasing demand. It took a sharp increase in prices to move us toward measures of conservation and the development of new sources of supply. The result has been a painful and awkward transition.

We should try to avoid repeating this unpleasant experience in other fields. It might be helpful for us all if the secretariat of the CIAP--working with other international agencies and government departments--were to develop a picture of raw materials prospects, looking perhaps twenty years ahead. Such a study should focus on the relevance of this picture for Hemisphere policy. Such a report might deserve the attention of the Inter-American Economic and Social Council at an early meeting.

As you all know, the United States is now undertaking a massive research program aimed at the urgent development of energy sources. This will in time give us an essentially independent energy base. Along the way, we will be developing new technology that will help not only us but others. We hope to share such knowledge with our friends and neighbors to the maximum extent.

Similarly, we are ready to share with you our own experiences in the control of air and water pollution. These problems are becoming urgent for us all as the industrialization process goes forward.

I realize that the problem of making modern technology available to those who need it is very much on your minds and is a concern of most of our governments. But this is not something that can be solved with a wave of a magic wand. Under private enterprise, much modern technology is developed and controlled by individual companies. It is the product of large investments in time, money, energy and individual talents. And for each successful achievement of research, there are countless failures. One cannot simply tell a company that has invested millions of dollars and countless man-hours or man-years of effort that it must make available to all--including its competitors--the fruits of its research.

But I am convinced that there are ways we can begin to break through this seeming barrier. Many of the most exciting developments of our time have been the product of multinational efforts. I am thinking of the development of new high-yield strains of rice, for example, and new kinds of high-energy, disease-resistant wheat. The nuclear age and travel to the moon would have

been impossible without the imagination of minds from many countries--and without the closest cooperation between governments and private industry.

To this effort, we all have something to contribute--and from this effort we can all benefit. I am reminded that some of the world's most capable experts in geothermal energy are right here in Mexico. Brazil has made great advances in developing the technology for converting shale into useable petroleum. I could cite many other instances--and you can think of many more. My central point is this: we need urgently to explore ways in which we can work together in developing new approaches for meeting our common problems. And this must be done without some of the more adverse results that flow from simply sending skilled technicians and scientiests to work in laboratories and research centers in other countries. In the past, this has produced what was commonly called the "brain drain."

Part of our "new dialogue," part of our new era of cooperation and partnership, must be ways to advance the frontiers of science and technology so that all who participate receive full benefits. Perhaps we should charge our Economic and Social Council to study this matter immediately and to propose ideas for closer and more effective joint efforts in the field of technology. I believe this should cover a wide spectrum of activities--agriculture, energy, manufacturing, marketing, health, and others.

VIII.

Let me now say a word about population. No field of public policy is more sensitive--politically, socially and culturally--than family planning. Clearly, each government has to make up its own mind on this problem. Indeed, in the end, it is individual husbands and wives who must make their own decisions. Nonetheless, we cannot ignore the population projections for many nations in this hemisphere and in much of the developing world. We simply cannot be indifferent to the statistics of unemployment, income distribution, protein deficiency, and inadequate public services--all of which are related to population increases. We cannot be indifferent, that is, if we care about the future of our hemisphere and the world community.

It is heartening to see that some governments in the hemisphere have taken the difficult step of developing policies toward family planning. It also is heartening that, under the leadership of a distinguished Latin American, Ambassador Antonio Carrillo Flores, the United Nations will hold its first conference on population policy this year in Bucharest.

As far as common policy in the Hemisphere is concerned, I would only say that those nations that have decided to carry out programs of family planning should be able to look to the Inter-American Bank for support if required. Certainly the United States Government is ready to offer such appropriate technical and other assistance as it can.

IX.

Finally, a word about equity. As I said earlier, the opportunities and the burdens created by the new environment of the world economy are very unevenly spread throughout our Hemisphere. Those who suffer significant net injury to their balance of payments should, I believe, receive short-term compensatory help through the International Monetary Fund. If necessary, longer term assistance should be provided through the allocation of the investment resources at the disposal of our community. In short, I think that those who benefit most from rises in world prices should share some increment of that benefit with those who suffer most.

In its country reviews and recommendations for external assistance, CIAP might well take this factor into account--along with the other criteria we have developed and agreed on over the years.

I said at the outset that in working together in this family of nations, we would not wish to cut ourselves off from the larger world and from the forces at work there. We all have a major stake in a healthy pattern of world trade. We have a profound interest in a stable international monetary system. I would hope that our past consultations on these matters could be intensified. Three Latin American governments are now active members of the Committee of Twenty and they are ably representing the interests of their neighbors. But on monetary matters as well as on trade, our cooperation and our consultation cannot be too close. My country will play its part in this effort, I can assure you.

X.

I wished to share these tentative suggestions for your consideration. In terms of the agenda formulated at Bogota, they incorporate principles and lines of action that would strengthen cooperation for development of the Hemisphere. In critical areas, they would move us away from policies of coercion toward policies of equity. And they would intensify the transfer of relevant technologies.

As for restructuring the OAS, I will, obviously, listen attentively to the views and proposals of my colleagues. But I might make one observation on the history of the OAS, and state one preference. Looking back on the evolution of this, the oldest regional organization in the world community, I am struck by the fact that our greatest achievements are associated with the emergence of a consensus--one that defined both a common interest and an appropriate common policy. The institutional structure emerged from those actions that flowed from our common policies. The structure developed from situations, not from theories.

As I say, we have no firmly fixed views about the future structure of the OAS. But our preference would be to get on with the great common tasks of maintaining the momentum of economic and social progress in this Hemisphere. We need to use existing institutions to the hilt, and to assign them tasks more relevant to the real world. I suggest we consider restructuring them only if there is a clear and practical need to do so.

XI.

I came to this historic gathering more to listen than to talk. And perhaps I have talked too long. But I do strongly believe that in the situation in which we all find ourselves today, the principles I have suggested might be applicable. And I believe the lines of action I have offered for your consideration have meaning beyond our Hemisphere. The problems created by recent price rises for food and raw materials, the state of food reserves, indeed almost every issue we have mentioned, is global as well as regional. And we will have to address these difficulties in global forums as well as here in the Inter-American family.

Nevertheless, I think we in the Hemisphere should now act along these lines for three reasons. First, some but not all of our problems can be moved toward solution by regional action. In those areas, we should not delay, so long as what we do is compatible with global efforts.

Second, if we can find a consensus among us on principles and some common courses of action, we may be able to speed up the emergence of a wider consensus on the world scene. Each of our voices will be stronger if we can find common ground here. Third, and perhaps most important, we can--by our decisons here in Mexico City--set an example that could help tip the balance in the right direction in the rest of the world -- away from beggar-thy-neighbor nationalism toward closer international cooperation.

As you know, I have done a good deal of travelling in recent years. I have had the privilege of meeting many men who bear heavy responsibilities

in nations with very different histories and ideologies, standing at quite different stages of development. In trying to find solutions to difficult problems, we often found ourselves staring bleakly over an abyss that promised endless confrontation and profound danger. What ultimately brought us back from the precipice was an awareness that somewhere --far beyond the places of our meeting--were men and women and children who hungered for peace and a better life.

Here in this Hemisphere, we also have our differences. Those of us around this table represent nations at various stages of development. We have very different immediate local problems. But compared with the rest of the world, we have also developed habits of cooperation based on abiding common interests and shared commitments.

None of these is more important or more powerful than our commitment to the economic and social progress of the people of our region. We should be able to devise principles and lines of action that will demonstrate to the rest of the world that cooperation is possible in facing the difficult tasks ahead. To make that demonstration here and now is the great challenge--and the opportunity--we confront.

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