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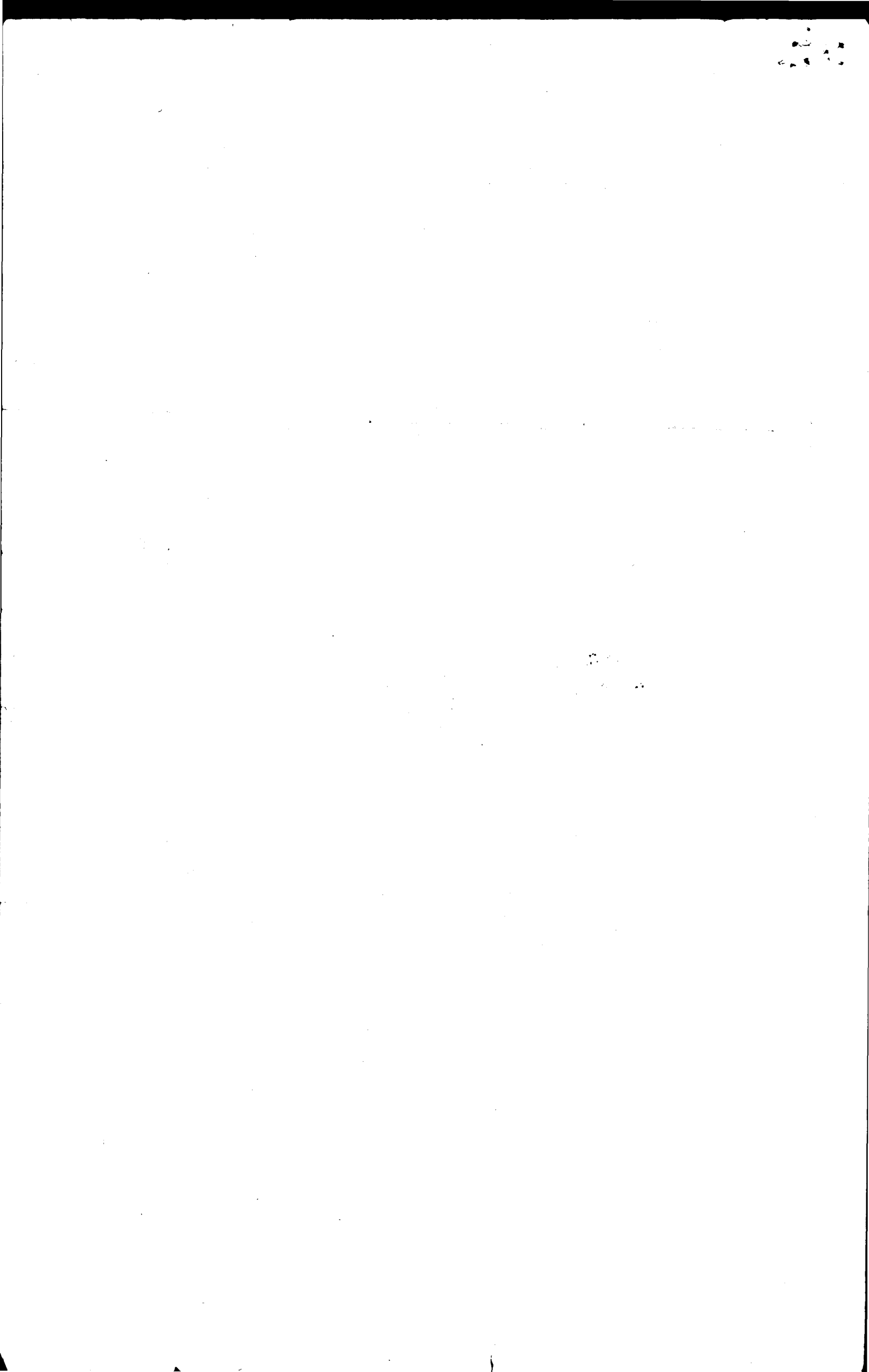


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**TEXT**

July 16, 1960

Under Secretary Dillon's speech at  
Austrian Foreign Affairs Society  
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Text: Under Secretary Dillon's speech at Austrian Foreign Affairs Society.

Vienna, July 15 -- Following is the text today by U.S. Under Secretary Douglas Dillon before the Austrian Society for Foreign Affairs and International Relations:

I am delighted to meet here today with the members and guests of this distinguished society. You must know that we Americans have a very warm place in our hearts for the Austrian people. We admire the vigor and industry which have marked the resurgence of Austria as a free and independent nation. We rejoice at your renewed prosperity. We respect your special position of neutrality, and fully recognize that Austria is well able to make her own interpretation of neutrality without assistance from the outside.

Like you, we value individual liberty and freedom of thought above all else.

Like you, we do not erect barbed-wire barriers on our frontiers to keep our people imprisoned and isolated from their brothers in the rest of the world.

Like you, we seek instead to improve international understanding by facilitating the free flow of men and ideas across national boundaries.

Like you, we do not seek to bend other peoples to our will, nor do we attempt to subvert their institutions and undermine their liberties.

Like you, we do not believe that international relations should be conducted by intemperate threats, or that negotiations between nations should be reduced to the level of street brawls.

Like you, we treasure hospitality as a quality too precious to be abused.

Like you, we seek a world made bright by justice for all -- a world of expanding opportunities for every human being to pursue his legitimate aspirations in peace and freedom.

In our mutual pursuit of this goal, we have witnessed over the last ten years a series of sweeping changes which have opened a whole new vista of opportunities. At the same time these changes present us with new problems which may be ignored only at our peril.

Symbolic of this new era is the International Atomic Energy Agency, whose headquarters I visited this afternoon. Since the creation of the agency in 1957 as a direct result of an initiative by President Eisenhower, the United States has consistently supported the greatest possible use and development of the agency. The Austrian Government, which has extended its warm hospitality to this new institution, deserves much credit for its launching.

Foremost among the great developments in the free world during the past decade has been the recovery of Western Europe. It will forever be a tribute to the vitality and energy of the free peoples of Europe that recovery proceeded so rapidly and so successfully.

It was made possible by their manifest will to cooperate for the common good. As an American, I am, of course, proud of the role played by the Marshall Plan, which enlisted the combined resources and skills of Western Europe and the United States to achieve unprecedented prosperity.

The last ten years have also seen tremendous changes sweep a large part of the world inhabited by well over a billion human beings. All but a tiny fraction of this great multitude are desperately searching for a better lot than has been theirs over the centuries. Thanks to modern communications and transportation, these people no longer live in remote isolation, unaware of the world about them. They now know that there is a better life. Having obtained political freedom, they are now demanding a larger share in the fruits of modern man's ingenuity, which has increased living standards in the industrialized western nations to unprecedented heights. They look to us, their more fortunate brethren of the free world, to help them make an adequate start toward the economic growth that is needed to lift them to a level befitting man's inherent dignity.

There can be no question that the sweeping changes which dominated the fifties are creating wholly new situations for the sixties. We of the United States are convinced that the free world can successfully meet these new situations as they arise, if we exert the same energy that served us so well in the past and in the same spirit of cooperation.

Last January, it was my privilege to suggest in Paris that the time had come for us to adjust the pattern of cooperation so successfully begun in the Organization for European Economic Cooperation so as to better meet present-day problems. The 18 member governments of the OEEC -- as well as Canada and the United States, associated with it since the beginning -- agreed to examine how we could best adapt past experiences to meeting the challenges of the future. You are, of course, familiar with the work now under way to draft a charter reconstituting the OEEC as the Organization for Economic Cooperation and Development.

Now, you may very well ask: What do we of the United States believe should be the main purpose of the new cooperative venture in which my government is prepared to participate as a full member?

We view it primarily as a mechanism by which member countries can collaborate and promote healthy economic growth both at home and throughout the free world.

Our economies have become increasingly interdependent. Moreover, economic conditions in Western Europe and North America profoundly affect the course of the world economy.

Through the new OECD, our countries will be able to discuss broad economic policies designed to promote our own well-being and that of the rest of the free world. We feel that our future economic cooperation should be directed toward achieving the highest sustainable economic growth. For, in addition to obvious benefits for member nations, accelerated growth will make it easier to allocate the resources needed by the developing areas, and to provide expanding and stable markets for the products of these countries.

I should like to emphasize that we in the United States believe that it is imperative for the industrialized nations of the free world to collaborate much more effectively than in the past so as to fully mobilize their ever-growing resources to meet the needs of their less-privileged sister countries.

We believe that the OECD, in addition to promoting growth in its member countries, should actively encourage and stimulate the progress of the less-developed countries throughout the world.

The OECD should, in particular, foster consultation among those member nations able to provide a significant flow of long-term development funds. It should serve as a focal point for increasing the magnitude and improving the quality of development assistance to needy areas. We would welcome the establishment of a permanent development assistance committee in the OECD to take over the basic functions and characteristics of the existing Development Assistance Group, which was set up on an interim basis last January.

These two major tasks -- promoting world economic growth and stability and assisting countries in process of development -- are the guideposts for instructive cooperation through the OECD in the years ahead. It has also been proposed that the OECD should play a significant role in the field of international trade. We would agree that trade, as a vital element in international life, will be discussed in the OECD and that for this purpose a trade committee should be established within the organization. We also agree that the OECD is the right place for discussing relationships between the European Economic Community and the EFTA. Moreover, we envisage that the OECD would provide a means for confrontation of the general trade policies and practices of member countries, having in mind the need for maintaining a system of multilateral trade enabling member countries to exchange goods and services freely with each other and with other countries. But we feel strongly that it would be a grave mistake to try to duplicate within the OECD trade functions that are presently being handled elsewhere. The free countries have created a successful institution for multilateral trade in the General Agreement on Tariffs and Trade. Here both the industrialized and the newly developing countries meet to discuss and work out trade problems under common rules designed to further non-discriminatory, multilateral trade. It is essential that GATT remain master in its own house -- that its important work not be duplicated, or its competence jeopardized by the activities of the OECD.

The attainment of political cohesion and sound economic growth and stability in Western Europe is essential to the prosperity of the entire free world. Accordingly, we have for many years supported, and continue to support, the objectives of the European Economic Community. More recently we have also actively endorsed the establishment of the seven-nation European Free Trade Association. We did so at the last meeting of the General Agreement on Tariffs and Trade in Geneva. We hope this will dispel the myth that our long-standing support for the six-nation European Economic Community in any way implies opposition to the European Free Trade Association.

The United States is fully aware that the implementation of the Rome Treaty and the European Free Trade Association will affect trade relations between the two groups -- as well as trade with countries outside both areas. We have always felt that it is of the greatest importance to all of the trading nations of the world that the regional economic groups developing in Europe should adopt liberal trade policies toward non-member countries.

The action taken by the Common Market countries in extending on a most-favored-nation basis the first ten percent reduction in internal tariffs on January 1, 1960 was, therefore, welcomed by the United States. The declared intention of the six governments to eventually reduce their common external tariff by 20 percent is also indicative to us of a sincere desire on the part of the European Economic Community to be liberal in its trade policies.

Meanwhile, there are immediate problems of adjustment which are arising as the Common Market and the Free Trade Association begin to take effect.

A trade committee consisting of the twenty governments participating in the OEEC and the Commission of the EEC, has been given the task of working out solutions to some of these immediate problems of adjustment of particular importance to the trade of the six and the seven. We have strongly favored negotiations on specific commodities as the most realistic and most promising means of solving these problems. We are happy to learn that these negotiations will in all probability take place as part of the forthcoming reciprocal trade negotiations between all the contracting parties of the GATT. We will do all we can to further their success.

But concentration on immediate trade problems must not cause us to neglect the vast difficulties facing the newly-developing areas of the world — where the struggle is often not merely for better living conditions, but for survival itself.

We all realize that the main effort must come from the newly-developing countries themselves. Nevertheless, external assistance and contacts can help to stimulate their efforts and to promote their success. This is a subject on which we Americans can speak with genuine feeling. For we remember that our own successful drive to build a strong nation in the nineteenth century owed a very great deal to European influence, example, and investment.

In summoning forth our energies, we must recognize that the needs we face are broadly of two kinds:

First, the emerging countries' need for what might be called "non-financial" components of progress: skills, training, institutions. In addition to bilateral programs, this is an area in which the United Nations is making a unique contribution. Their second need is for financial assistance — the additions to their own resources which spell the difference between success and failure.

When we reflect upon their need for capital, we cannot help but regret the tremendous economic waste represented by the funds tied up in today's armaments race. You will recall that President Eisenhower underscored this waste seven years ago, when he pledged the United States to make available for development a substantial part of any savings which could be realized through disarmament.

Since then, the United States has made every possible effort to reach an agreement on honest and controlled disarmament. We had hoped that the leaders of all other nations were equally interested. We were deeply disappointed when the disarmament discussions at Geneva were abruptly broken off, without any opportunity even to discuss the new American plan.

We hope that the disarmament discussions will be resumed as quickly as possible. All peoples who earnestly seek peace and relaxation of international tensions await their resumption.

Despite the regrettable lack of progress in the field of disarmament, much is being done by the more advanced free world countries to meet development needs. I do not have to remind you of the work of the United Nations, nor of the World Bank and Fund, whose resources have recently been heavily increased. Several new international development institutions have also been recently launched, including the United Nations Special Fund, the new Inter-American Development Bank and the proposed International Development Association. The United States has recently established a Development Loan Fund and other free countries are devoting increased resources to the development task.

I hope that the United Nations' Expanded Technical Assistance Program, its new program for providing trained administrators to less-developed nations, and its Special Fund for creating the pre-conditions for development, can be enlarged. My own country is committed to meet on a matching basis a substantial share in their total cost. We have offered to further increase our contribution as other nations increase theirs. Here I cannot but express regret over the fact that despite the needs of the developing countries, certain large nations with the undoubted capacity to contribute more to development have so far refused to assume their fair share of this outstanding United Nations task.

Their unwillingness to respond adequately to the needs of the United Nations in this crucial field stands in sharp contrast to their loudly and persistently proclaimed concern for the welfare of the earth's underprivileged -- particularly when they couple the avowed concern with frequent boasts of ever-increasing economic strength.

Fortunately, the nations of the free world stand ready to do their share in this and other tasks associated with meeting the greatest challenge of our time: the pressing need to help more than a billion human beings enter the twentieth century.

It is a challenge that reaches into the four corners of the earth and extends well into the future. Our response cannot take the form of a single course of action, neatly laid out, nor can it be a massive effort compressed into a few years, as was the case with the Marshall Plan. The needs are too varied and extend too far into the future. To meet them, we must take many separate and continuing actions which constitute a single program only in that they are linked by a common purpose and concerted effectively with each other.

Make no mistake: The challenge is too huge to be met by government alone. A truly effective response must reflect the energy and dedication of all elements of our societies. But if we all exert ourselves to the full, the challenge can and will be met. I have confidence in the outcome because I have confidence in the vitality of our free societies and of the basic values which they share.

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