Text of Dulles' Statement

WASHINGTON, Dec. 31 (AP)—Following is the text of Secretary of State Dulles' statement today reviewing foreign policy in the past year and looking ahead to 1955:

As we close the books for 1954 we can feel a measure of satisfaction. The year has had its disappointments and reverses. However, on net balance, there has been substantial gain. Most of all this gain has been in the demonstrated capacity of the free nations to develop, cooperatively, their unity and strength. As a result the danger of general war recedes.

One setback has been the Indochina armistice, which reflected the military reverses of the French Union. But out of this setback there has come the Manila pact which, if adequately implemented, can limit the scope and consequences of the loss.

Another setback was the defeat in France of the European Defense Community. But out of that has come the plan for Western European Union which reproduces much of the good contained in the E. D. C. This new plan has now been approved by the French Assembly in the face of unparalleled pressure from the Soviet Communist bloc.

Thus, when there has been adversity, the free world has shown a capacity to react to it. In addition, the free nations have solved, or are in a good way to solve, many highly controversial issues which threatened their unity. Among these matters may be mentioned the dispute between Italy and Yugoslavia about Trieste; the dispute between Britain and Egypt about the Suez Canal; the oil dispute between Britain and Iran, and the dispute between France and Germany about the Saar.

Major Decisions by NATO

The North Atlantic Treaty Organization has adopted major decisions which, when implemented, will give it vastly increased defensive power.

In this hemisphere the American states, through the Caracas Declaration, have made a momentous announcement with reference to international communism. This, as I have said, may serve the needs of our time as the Monroe Doctrine served the needs of the last century.

In Iran and in Guatemala, Communist positions of strength have been vigorously erased.

In the Middle East, the northern tier concept is taking form under the leadership of Turkey and Pakistan.

From a military standpoint the free nations continue strong and have found the way to maintain and develop their strength consistently with their economic wellbeing. What we call the "long-haul" concept has been brought into application both in this country and in others which had been operating on emergency plans.

In the Western Pacific, the security base has been rounded out by the United States treaty with the Republic of Korea, and by the pending treaty with the Republic of China, as well as by the Manila pact.

Our relations with our allies are intimate and marked by mutual confidence born out of President Eisenhower's "good partner" concept.

The United Nations has this year shown increased vigor and we have joined in entrusting to it the task of obtaining the release of United States prisoners of war wrongfully imprisoned by Communist China in violation of the Korean armistice agreement.

Atomic Energy Plan

Under the auspices of the United Nations, there is rapidly taking form the Eisenhower plan for using atomic energy to enrich and uplift all humanity.

All of this enables us to face the new year with confidence. But we must beware of overconfidence. Hostile forces remain strong and implacable and they are operating with even greater guile than heretofore. In the face of that undiminished power and guile we cannot expect an unbroken series of successes. Indeed, we cannot hold our own, much less increase our net gain, unless we maintain our vigilance and our efforts on a basis of national unity.

Peace will never be won if men reserve for war their greatest efforts. Peace, too, requires well-directed and sustained sacrificial endeavor. Given that, we can, I believe, achieve the great goal of our foreign policy, that of enabling our people to enjoy in peace the blessings of liberty.

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