

REMARKS

VICE PRESIDENT HUBERT HUMPHREY

ECONOMIC CLUB

DETROIT, MICHIGAN

OCTOBER 22, 1965

Mr. Ravanagh  
Walker Ciesler

Sen. Jester Bork

Phil Hart - Pat McN

There is one great all-important fact which faces us today.

It is the fact of interdependence.

Interdependence has been thrust on man, involuntarily, by the reality of his ability to destroy himself.

Interdependence has been created by man, voluntarily, through his efforts toward more rapid communication, commercial and cultural exchange.

There are very few things in this world which are not tied in some way to something else. We of our generation have certainly learned that during our lifetimes.

Gov. Romney  
Gov. Williams  
Cong. Farnum  
Cong. Vivian  
Hobart Taylor

Football  
Jack Brown

Change - in U.S. of you

JP

of today

U.N. week!

Pol., Econ, Social

Monthly  
Rp.

L But it took us awhile to learn it. *and a high price has been paid.*  
L Take the world of economics.

I can remember ~~how, in this country~~, there were once voices raised debating what was good for business or labor, producer or consumer as if they were separate, unrelated, independent units. There was talk about economic royalists and labor bosses.

*and* L There were those who thought that our economic prosperity was a pie of fixed size, with so much for one man, so much for the next, and ~~who~~ <sup>*any*</sup> seldom thought in terms of a <sup>*common*</sup> bigger pie for all.

*and* L There were those who said that we ~~in America~~ could enjoy prosperity and security with little or no concern about the rest of the world.

L Yes, even in the business community there were far too many who believed that foreign trade was something that foreigners did, among themselves -- and that trade was of little importance to America.

*Foreign Trade.*

But, we have learned some hard lessons.

*Lessons  
learned*

We learned lessons of recession and depression,

We learned lessons of costly struggle and unresolved

dispute within our own society. Most of all, we learned the lesson that a policy of "Me First" is wasteful, costly and dangerous.

Today we seem to have learned those lessons -- at least our domestic economic lessons.

*our  
economy* { We are in our 56th consecutive month of domestic economic expansion. Wages are up, profits are up, GNP is up, prices are relatively stable, unemployment is down.

We enjoy this expansion thanks to a creative burst of expression by our private-initiative economic system.

We also enjoy it because people who used to be antagonists are today working in common cause -- business, labor, government, citizen.

*Role of Govt  
unity, understanding  
Partnership,*

L We are agreed to an almost surprising degree on our economic goals and how to get there.

go L We know the lesson of interdependence in our domestic economy, ~~(and, I might add, in other parts of our American society).~~

L But have we learned the lesson of economic interdependence in the world around us?

L I have my doubts.

I hear ~~lots~~ <sup>much</sup> of talk about the need for a reformed monetary system . . . about foreign aid . . . about better credit terms for export . . . about foreign investment . . . about commercial negotiations with our Western partners . . . about trade with the East.

L But I hear very little about the interdependence of these things.

L What are the economic realities of the world?



~~7th world~~

- 5 -

First, there is the overwhelming reality that two-thirds of mankind is awakening to the fact that poverty is not written in the stars, that life can be better than it is.

Before World War II, there was no such thing as a "developing country."

Our Foreign Service officers -- and those of other Western nations -- were not ~~in fact~~ <sup>really</sup> concerned with economic development.

Their days were largely spent dealing with other Western diplomats and occasionally talking philosophy and political theory with the <sup>intellectual</sup> local elite.

Now and then an anthropologist, or a student of language or literature, would make his appearance -- but seldom someone so mundane as an economist or a businessman.

And, isolated from the world around them, the people in these places lived a miserable peasant life in a modern world. Some of them, in fact, lived literally outside history itself.

But in ~~these past few~~ <sup>recent</sup> years they ~~have caught up~~ <sup>are trying to catch</sup> <sup>up</sup> with history and then some.

In the past 15 years alone, over 60 nations have entered the United Nations -- nations many of which had previously not existed, except as colonial enclaves, or tribes, or protectorates.

Today they are the "developing," the "underdeveloped," the people who live in poverty and want out. — <sup>POOR, SICK</sup> <sup>Backward</sup>

The unpleasant reality is that the rich nations of the world are getting richer, and the poor, poorer.

And there is an unfortunate but growing tendency among the developing nations to regard the three major international economic institutions -- the World Bank, International Monetary Fund, and General Agreement on Tariffs and Trade -- as rich men's clubs, pitted against the poor.

What will be our answer to the demands of these people who see unshared affluence around them?

Second, we see the fact of <sup>rapidly</sup> an expanding world economy trying to exist on ~~adequate~~ <sup>slowly increasing - inadequate</sup> monetary reserves and credit.

The fact is that our present monetary system, as useful as it has been, could be a drag on the world economy unless it meets the legitimate need for added economic fuel.

The time will come when our own balance of payments will again come into equilibrium. The resulting shortage of new dollar balances in other places could stifle economic growth in the world.

*on this Problem*

L There was a time for study. Now there is a time for negotiation. There will also be a time to act. We must act to modernize and expand the <sup>mountain</sup> system which is so indispensable to the general welfare.

L In the long run, the situation cannot be solved by restrictive trade policies which limit imports to reverse a balance of payments deficit . . . by emergency loans to prevent one country from foreclosing on another . . . by patchwork adjustments of interest rates.

#3 L ~~Third~~ We see the need for reduction of trade barriers in the rich, industrialized countries.

L There was a time when tariffs produced revenue and protected young, infant industries.

↳ But the rich Western world has long since learned that barriers to trade -- both tariff and other barriers -- often become excuses to protect uncompetitive domestic industries.

↳ ~~There is a good case to be made, in fact, that those~~ *We know that* nations which have ~~most~~ reduced their own tariffs have *been* ~~most~~ benefited economically ~~by~~ becoming more competitive and export-minded.

↳ Today we attack barriers to trade in the Kennedy Round negotiation in Geneva.

↳ But tariff reduction alone will not solve the problems of international commerce.

↳ In fact, global reduction of tariffs, among developed and developing countries alike, would clearly not benefit the developing nations to the degree we would seek *needed*.

For they are, in the Biblical phrase, 'hewers of wood and drawers of water,' nations without strong and balanced economies.

↳ Nor can trade liberalization be undertaken without appropriate monetary mechanisms to handle liberalized trade . . . without elimination of pernicious practices which mock tariff reduction . . . without the building of competitive industries in nations which yet lack those industries.

*and the most important of all*  
Fourth, we face the fact that the old economic alignment of the world is changing.

↳ We used to talk about a world divided between those who lived by the rule of the marketplace and those who were so-called state traders.

↳ But let us not fool ourselves. The world today is made up of many and varied complex national economies.

Even the Soviet economy has been making ~~great~~ strides toward adopting indeed a profit system -- call it "revisionism," or "Liberianism," or whatever you will.

And many Western nations today engage in trading practices which would hardly bear scrutiny by Adam Smith.

The world economy is in constant change.

And how would you classify those young nations

where there is today hardly any monetized economy at all?

Question?

Can we adjust to this changing world economy by the sending of a few trade missions to previously unknown parts. . . by reminding ourselves every so often that there have been some changes in commercial regulations or investment policy . . . or by making speeches to the effect that we can transplant our own economic system, as is, to places whose needs and experiences are far different than our own? Of course not. !



↳ We must learn that the world economy is interdependent.

~~too.~~

↳ We must learn that, just as the answers to domestic prosperity are found in a thousand interrelated factors,  
so are the answers found to a more just and prospering world economy. \*

*Example*

↳ Let me give you one simple and concrete example of what I mean.

↳ Earlier this week I addressed a meeting of the National Export Expansion Council in Washington. Some of you may be members of that Council.

↳ At that meeting I pointed out that our favorable trade balance this year will be almost 1-1/2 to 2 billion dollars less than it was in 1964. ↳ I further noted that had our trade surplus not been reduced, we would have achieved this year a surplus in our international accounts for the first time since 1957.

Now, we seek a balance in our payments accounts particularly because we wish to maintain world confidence in the dollar which underpins the world trading system.

A sound dollar will also facilitate discussions toward monetary reform.

We consider monetary reform to be of highest priority for developed and developing nations alike -- for the developed so that they may expand their commerce; for the developing so that they may in turn have means to build competitive, self-sustaining economies of their own.

The strengthening of these young economies has a great deal to do, in turn, with the size of our commitments in foreign aid and technical assistance . . . with foreign investment . . . with creating markets for our own products.

↳ I pointed out to the National Export Expansion Council  
that only 4 per cent of our Gross National Product is

devoted to foreign trade. ↳ For American business -- with  
its efficiency, its skilled labor force, its mass production,

its management, its capacity for growth -- has today still *not*  
not seriously entered the world market in a competitive

manner. ↳ If the United States -- as other nations -- were  
fully alert to export opportunities, our trade surplus could

today be ~~doubly large.~~ *doubly what it is.*

↳ And the fact is that a <sup>greater</sup> trade surplus would have an  
effect on all the interrelated matters I have mentioned.

↳ I am not here this evening to preach any sermon  
of discontent. ↳ I am here to reaffirm, for the good of all  
of us, the fact that man is interdependent and that his  
economy is especially interdependent.

What can we do in this country to meet this era of international economic interdependence?

First -- and most obviously -- we must all realize that it is here.

Then, each of us who has responsibility in this society -- and that includes all of us here tonight -- must view this country's foreign economic policy in large perspective.

Let us cease asking:                     

Is a high tariff on product X good or bad?

Is monetary reform necessary?

Is foreign aid worthwhile?

By now we should know the answers. Let us instead ask these questions:

How can striving, desperately poor young nations become members of a world society without being lost to ~~Communism~~ totalitarianism along the way?

↳ How can a freer world be built unless we have freer exchanges of peoples, goods and capital?

↳ How can we benefit and our economy prosper if there are not others in the world with income enough to buy our goods?

↳ How can we provide for the needs of a growing world population without a strong world economy to build upon?

↳ Let us then devote ourselves to answering them with positive, forward-looking policies, both public and private.

↳ Let us commit ourselves -- as businessmen, as government officials, as a nation -- to helping the young and weak nations become economically free and strong.

and ↳ There are many ways: Through private investment that may sometimes involve some risk . . . through fair commercial treatment for the products of the developing nations . . . through foreign aid and technical assistance . . . through private and public loans . . . through

\$ commitment to international and multilateral institutions  
devoted to economic development . . . through encouragement  
of "common-market" concepts where those concepts have  
value . . . through open consultation and spirit of  
cooperation among the rich and poor alike.

Q < Let us commit ourselves to the maximum possible  
reductions of all barriers to trade among the developed  
nations.

< This means full and determined commitment to the  
Kennedy Round negotiation. This means acceptance of  
the fact that, in any trade liberalization, there must be  
reciprocity and that we must give as well as get. < This  
means patience and fortitude in finding solutions to the  
knotty problems of agricultural trade liberalization. < This  
means -- yes -- the acceptance by those American industries  
not fully competitive that they must become competitive.

*Inflation*

✓ This means giving highest priority to the avoidance of inflation, for inflation could rob us of the growth and prosperity we have achieved. ✓ This means the examination by many nations <sup>*ours included*</sup> of their policies of subsidy, price-support, export-financing, antitrust. ✓ This means moving ahead with sometimes painful changes in trading pattern. This means undertaking of measures by business, government, labor to ease impact of these changes.

*we must*

~~Let us~~ commit ourselves to the construction of a world monetary system with adequate liquidity. *and we do*

✓ This will involve the maximum of tact and restraint in difficult negotiation in the Group of Ten and with other members of the International Monetary Fund . . . the creation, perhaps, of a new reserve asset . . . the necessity for discipline in maintaining a strong position



in our own international accounts . . . the recognition  
that not only the rich and industrialized must be taken  
into consideration in shaping that system.

*Difficult*

↳ The answers lie in the intelligent and sophisticated  
blending of trade, aid, investment, monetary and domestic  
economic policies of this nation and our partners.

↳ They lie in the increasing recognition by those who  
are not our partners that they cannot live in a closed  
economy.

↳ They lie, most of all, in the realization by all of us  
that we have a common destiny on this planet, shared  
but a short time, and that man's interdependence need  
not be a proscribed necessity -- it can be a means of  
extending the benefits of mankind to more of mankind.

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[Transcript?]

(The meeting was opened by President L. S. Bork, who presented The Honorable Jerome P. Cavanagh, Mayor of the City of Detroit.)

HON. JEROME P. CAVANAGH: Thank you very much, General Bork. Reverend Dr. Lenox, Mr. Vice President, Mrs. Humphrey, Mr. Cisler, Mr. Secretary and Mrs. Williams, Judge and Mrs. Swainson, distinguished guests here at the head table, distinguished members of the Congress, and ladies and gentlemen:

Few men in the United States today have carried with them into high public office more energy, more intelligence, <sup>and</sup> more wide-ranging experience than our distinguished guest this evening. We mayors who have been given the task of <sup>managing</sup> America's cities feel a very close kinship to the Vice President. He was, as you know, a mayor himself in Minneapolis, and our President, President Johnson, has used frequently his wise counsel on urban problems, because it was clearly through the leadership of the President and the Vice President that Congress this year passed more significant urban legislation than ever before in its history.

For the first time a new Cabinet post has been created to deal strictly with the problems of urban areas. The range and depth of urban programs passed by Congress this year has never indeed been greater.

The man who has been in charge of the Administration's legislative program is the Vice President. <sup>You know,</sup> ~~there~~ there was a time when the job of Vice President was largely ceremonial. A great American humorist - Finley Peter Dunne - described in the early 1900s exactly what a Vice President was supposed to do. Dunne said: "It's his duty to rigorously enforce the rules of the Senate." There are none. The Senate is ruled by courtesy -- like the Longshoremen's Union. (Laughter)

Things have changed drastically. Much of that change is

reflected really in the immense capacity for work which Mr. Humphrey has and the recognition of that capacity which our President has <sup>so</sup>/wisely known.

Until last month the Vice President had supervision over all federal agencies dealing with Civil Rights, heading the President's Council on Equal Opportunity and the President's Committee on Equal Employment Opportunity. These functions since have been absorbed by other departments.

He still oversees the Poverty Program, is Chairman of the National Aeronautics and Space Administration Council, is Chairman of the National Advisory Council on the Peace Corps, is a member and a most important member of the National Security Council, and has been asked many times by the President to handle matters ranging from disarmament to agriculture.

I think it can be said that the world in times of crisis has brought forth great men. One of them walks among us tonight. It is my privilege to introduce to you the Vice President of the United States, Mr. Hubert H. Humphrey.

(Applause)

HON. HUBERT H. HUMPHREY: Thank you very much, Mayor Jerry Cavanagh. Mrs. Cavanagh, it's so good to see you this evening. My special greetings to the officers of The Economic Club of Detroit. I've had the privilege of visiting just these few moments with Mr. Roche and Mr. Cisler and I surely want you to know that that's a rare privilege and one that I am most grateful for. I, too, want to once again salute and pay my respects to a very distinguished American, one that has given effective leadership in this fine organization, and has served his country faithfully and patriotically and devotedly -- your own General Lester Bork. (Applause)

It's just such a happy experience to be with so many of you this evening and to know that I have at least been flanked to the right and to the left by fellow Democrats. (Laughter) I notice that we have with us this evening two of the former Governors of this state -- distinguished men in their own right: Governor John Swainson and Governor G. Mennen Williams. And I want to take just a moment to pay a long overdue tribute of respect and thanks and appreciation to the Assistant Secretary of State for African Affairs, G. Mennen Williams. He's done a remarkable job for his country. (Applause)

And I'm so proud of our good friend John Swainson in his many duties and responsibilities. He's an exceedingly able man with a keen mind.

Today I've been with Billie Farnum all day. We've practically had a full day today and tonight -- almost in TV parlance -- in Michigan: out at the Adlai Stevenson School dedication, then at Oakland University. What beautiful areas. What inspiring experiences and occasions these have been. I'm sorry that I didn't get to Adrian with Congressman Vivian, but it's rather difficult to have a corn-picking or ploughing contest in the mud. We tried that in Minnesota recently. We lost seven tractors. We've never told just what companies were responsible for that.

There are so many this evening that one wants to note, and I only note in passing my deep respect for your Senators, Senator Pat McNamara and Senator Philip Hart. I had hoped that Phil might be here with us tonight, but they're still laboring in the vineyards of parliamentary procedure and the legislative process down in Washington. That just proves that had I been there, they'd have been done by now. (Laughter) But I decided to let them stew in their own juice for one evening, and they are there finishing up and hopefully, may I say, being able to

complete this, the first session of the 89th Congress, tonight -- and surely no later than tomorrow. And I'd like to add that that Congress is an unusual one. I know of no Congress in the history of this country that has produced more important legislation at any time on more vital matters of public interest and public concern than this, the 89th Congress. (Applause)

Jerry, I was very busy while you were introducing me just jotting down a note or two here because I have to have a little rebuttal on some of the things that have been said here. I hope that it was clearly understood that once I have delivered myself of this address, that we will get into what we call the "hunting season" where you will have a chance to take a "shot" at the Vice President; that is, orally and verably. (Laughter) And I'm looking forward to the question period. I hope that that question period will not only be reserved to the men but also to the ladies. I've been answering questions of the ladies for years -- 29 years in fact. I feel somewhat experienced in that matter -- if not successful.

It is also a joy to be able to greet you tonight in good spirit and fellowship. I most likely won't like you as well tomorrow after the football game; but it's going to be a battle royal and I regret that I shall not be there to see it. But I had a choice of seeing what I think may happen -- and I've taken enough grief in sports for a while (Laughter) -- or going down to Louisville and addressing several thousand women. And I decided to go to Louisville, Kentucky.

You may note that I'm wearing a black suit tonight. I've been in mourning ever since the World Series. (Laughter) But actually it was quite a spectacular event for we folks out in Minnesota. I received a letter from a lady in Los Angeles. She thought I was entirely too partisan for being Vice President of the United States. She said: "I'd like you

to know that when I voted for you, I did not vote for you to be Vice President of Minnesota -- it was Vice President of the United States; and I'm for the Los Angeles Dodgers." So I took that in stride and decided that -- after the seventh game -- she may be right.

I've heard tonight about changes in the Vice Presidential office from my friend, Mayor Cavanagh, and there have been some changes in the Vice Presidential office and those changes are generally due to the gentlemen that is President of the United States. This office has developed and grown, I trust, because of vigorous leadership on the part of the presidency in several administrations. I think it started with Franklin Roosevelt, continued on with Harry Truman and Alben Barkley and Dwight Eisenhower and Richard Nixon and John Kennedy and Lyndon Johnson -- and now with Lyndon Johnson and Hubert Humphrey.

There's one thing I notice about the Vice Presidential office. I speak now of the facilities. Whenever they had anything in the White House that they didn't know what to do with, they threw it over in that office. It's an accumulation of old furniture, old mirrors and what have you. And it appears to be that something about the job, too: that when there's a little something<sup>extra</sup>, why you can have the privilege of doing something about it.

This is an age of change and I'm going to talk about it to you tonight. To speak on economics is not always the most scintillating subject, but it is a subject of great importance. Change is the pattern of the day. I mentioned a moment ago our sports activities, and I couldn't help but comment, when I was in New York City not long ago, to the Al Smith Memorial Dinner, that there had been many changes; many, many changes and that Al Smith himself would have loved to have seen many of them and most of them.

One I don't think he would have liked was the Brooklyn Dodgers

going to Los Angeles. The men of the Washington Senators found they'd lost the knack of winning games in Washington and so they went to Minnesota -- and the Pope went to Yankee Stadium. (Laughter) Those Yankees always come out on top, you can rest assured.

Tonight I want to first pay a very much deserved tribute on the part of this nation to the Mayor of this city. I think I can do this in good grace and not appear to be violating common decency and good manners because I've noticed the editorials in your press and I must say that I surely agree. Mayor Cavanagh is one of the most gifted public servants that this nation has had. (Applause) And whatever you may think of his political preference in terms of parties, having once served as the Mayor of the City of Minneapolis -- and it was a non-partisan office -- I think I have some understanding of the problems that a mayor has to grapple with. And this fine man, young and vigorous, intelligent, creative and imaginative -- and practical -- has ~~liter~~ally remade this city under his leadership with your cooperation. He would be the last to say that he has been able to do it alone. No man worthy of being respected would ever say that. But he has given leadership and I can tell you that we need this kind of leadership if Americans are going to lead a good life because presently 70% of our people live in the city. Five years from now -- or 10 years from now, I should say, 80% of this entire population of this great republic (which by that time will be 225 million) will be living in our cities. And the major problems/of government today are in cities. And when you find a man that knows how to govern a city, and how to lead, and how to bring about cooperation, and how to bring about understanding, I say that that's a distinct service to the republic of the United States of America and I compliment you, Mr. Mayor, on what you've been able to do. And may you have the strength and indeed the support of this citizenry to continue. We need you and we need to know the success of your many endeavors. (Applause)



I couldn't help but think as I sat alongside Mr. Roche about the automobile industry. I read the Wall Street Journal today, Mr. Roche, and it says the automobile industry is considering nine million cars a year now as "normal". Well, I'm delighted to hear that because there's one thing this Administration wants to be known for, and that's being normal. Nine million cars a year seems plenty normal to me and I'm all for it. But you know, I must say that I'm fascinated with what the automobile industry has been able to do, not only in terms of the mechanism of the <sup>American</sup> automobile -- there's no car in the world like an American automobile. (Applause) I'll tell you it makes you feel better. Ah . . . the new names that you have: Barracuda, Sting Ray and Mustang -- they have every kind of a thing. It makes you feel young and vital no matter what your age is. You're just loaded with power and dynamism the minute you even look at the name plate. It's a far cry from what I knew as a young lad. Think of those good old names: Reo and Essex and Franklin and Patterson. Do any of you remember the Marquette? Those are names of the yesterdays, telling us just a little bit about the changes that have taken place. And if my friends are here from the Ford Motor Company, I don't blame you for not wanting to remember the Edsel. (Laughter) We're all entitled to one mistake. Frankly, I thought it was a pretty good car.

I was in Hot Springs, Virginia Friday night. Mrs. Humphrey and I visited there. I would like to report that it was a marvelous meeting of the Business Council. Mr. Roche, you ought to know that your predecessor, <sup>Fred</sup> ~~Walter~~ Donner, was there. I regret he can't be with us tonight. Fred was there and he wasn't only participating in the meeting -- I caught him outside the gates, out there on the front porch selling cars. It only proves the initiative of our people.

Tonight I said I wanted to talk economics and I really have been

already be\_cause I've been talking selling. This is a country of initiative, merchandising , marketing, distribution -- at least, this is part of our country. But our country is in the center of a changing world. It's very much a part of this changing world and not apart from it. And we can never at any time remove ourselves from the effects of what goes on in this world. I have said to many people throughout my section of the country, from whence I come -- the Midwest -- that what happens in the Middle East may more directly affect the future of your life than what happens in the Middle West.

Wendell Willkie preached the doctrine back in 1940 of one world. Regrettably, not very many people believed him. But it is one world and in a very few days, two young Americans -- two of our great Astronauts -- will be out proving it again: that it's not only one world, but a very small one, a very intimate one. They're going to do an amazing thing. They're going to join together two space capsules in orbital flight at 18,000 miles an hour in orbit, 125 to 130 miles above the earth; and they will do this and they will be able not only to dock, to join, but to de-couple and come back and make a safe landing and return to their homes and their laboratories.

It will only be a short time before we'll be literally building buildings in outer space. If there are any of my friends here from the labor movement, I suggest you start to organize those fellows right now because we're going to be doing it. We're going to be building laboratories in outer space, taking up panel by panel and building it out there in space just exactly like you build a building downtown here in Detroit. We will be repairing communication satellites and putting in new batteries. We'll send up repair men just as we send up television repair men. I hope they do a little better than they did on my set, that's all. But this will happen, and we'll not only be doing this because of what

we Americans know but because of what the world knows, because science is, in a very real sense, a universal language -- like music.

There is one great important fact of our times: interdependence. Not just independence -- interdependence. This is UN week. It reminds us of interdependence.

Interdependence has been thrust on man, involuntarily, by the reality of his ability to destroy himself. And I think you've heard it enough but maybe it ought to be repeated. We can do that. And when I hear many people say: "Well, all we ought to do in order to show these so-and-sos what we think is to drop the big bomb", I want to say that's the easiest thing any President can do if he has no love of mankind. It doesn't take any intelligence to destroy what God and man has created. I can assure you as Chairman of the Space Council and Member of the National Security Council, as one intimate with the secrets of our government, we can destroy everything and leave nothing. But no one ever <sup>asks</sup> ~~if~~ if we have enough bombs. We may not have the right ones, but we have enough to destroy everything that is here. And if you want to add on the Russians and the French and the English and the Chinese, you not only can destroy it, but if it makes you feel any better, you can do it two or three times in case you missed something.

So interdependence has become a necessity. Interdependence has been created by man, voluntarily, through his efforts toward more rapid communication, commercial and cultural exchange.

There are very few things in this world which are not tied in together some way, somehow. We have had to learn this lesson in our lifetimes. But it tooks us a while to learn it and we paid a terrible price and we continue to pay it. We paid it in the sum total of 167,000 casualties since World War II, and we're paying it tonight in Viet Nam and elsewhere.

But let me talk to you of the world of economics. I can remember there were once voices raised debating about what was good for business; and then somebody else would get into the argument and say "Oh, no, let's talk about what's good for labor." Then somebody else would say, "Uh huh, but let's talk about what's good for the farmer . . . or the producer . . . or the consumer," as if they were separate entities living out here in some little pocket of security all of their own. And they're not independent units. There was talk about economic royalists and labor bosses. It was the easiest thing in the world to stir up a fight. And I want to tell you, I come from Washington, and there are more fight promoters down there per square block than almost any place that I've ever been.

There were those who thought that our economic prosperity or our economic production was like a fixed-size pie, with so much for one man and so much for another; all too seldom anyone thought in terms of baking a bigger economic pie for all of us.

There were even those who said that we could enjoy prosperity and security right here at home, and you didn't have to worry about a thing that went on elsewhere in the world. That has happened in your lifetime and mine because we've had many people like that many times, misguided and frequently misinformed.

Yes, even in the business community there were far too many who believed, for example, that foreign trade was something that foreigners did, among themselves -- and that foreign trade was of little importance to America.

But I think we have learned some hard lessons. And we've had to learn them the hard way. We learned lessons of recession and depression. And let no one ever fool you a minute: any little recession and any big

depression costs you more than any means that you try to remedy it. The disease is more costly than the cure. We learned lessons of costly struggle and unresolved disputes within our own society. We learned, <sup>for example,</sup> that "separate but equal" in education was only "separate", and every American today is paying for that costly mistake. Violence, tension, chaos, riot, dissension, lawlessness, hopelessness -- because we didn't think apparently that we were our brother's keeper and that everyone in this country was entitled to an equal chance.

Most of all we learned the lesson that the policy of "Me First" is wasteful, costly and dangerous.

Today we seem to have learned those lessons, thank goodness -- at least on the domestic economic scene.

This is old hat to you, what I am about to say, but I'm an old teacher and I've learned that education is essentially the result of repetition. Many of us refuse to learn unless we're steeped in it -- osmosis. We're in the 56th consecutive month of domestic economic expansion. And lest it be taken for granted as if this was just something we deserved, let me assure you that this has never happened before in all of recorded history any place in the world. There's never been anything like it. It is the result of partnership, cooperation, understanding between government, business and labor and the American community. It is the result, I think, of enlightenment on the part of many leaders in this nation, public and private. Wages are up, Mr. Worker; and profits are up -- in fact, \$20 billion more after taxes this year than four years ago. The GNP of our country is at an all-time high. Tonight's newspaper tells you it is \$676 billion in the third quarter. That's 50.2% of the total production of the whole world! The other 3,400,000,000 people get the other 49.8%. We 195 million Americans get the 50.2%.

Prices are relatively stable. This is due to the efficiency of

management and the productivity of labor. Unemployment is down, the lowest level since 1957; and what is left in unemployed is a hard core of undereducated or ill-trained or no-trained, semi-skilled or unskilled labor -- in the main.

We enjoy this expansion thanks to the creative burst and thrust of our private initiative economic system. And make no mistake about it, it is the greatest system in the world. And I must digress here to say once again what I've said many times. I know many a fine businessman and banker likes to consider himself a conservative. Well, if it makes you feel better, do so. Of course, you are not. You are the most progressive-minded men in the world. No system of economy has a credit structure like ours. No system trusts a debtor as this one. No system takes the risks like this one. Why, you're the most radical people that I have ever met. And I have said and printed it and say it again that there is more basic progressivism and radicalism in the American business-labor community than there is in all the politicians put together. Because they're a timid lot: they're always looking over their shoulder wondering what you think. And when we find out, why we take a few steps.

We enjoy this prosperity because people who used to be antagonists are working together in a common cause -- business, labor, government and citizen.

I really think there is a new sense of patriotism in our country. I believe that people are beginning to understand that we can do more together than we can separately. And I pay tribute to the President of the United States who ~~h~~ has done more than any man that I know of to preach a doctrine of understanding and of cooperation in this country; a man that knows no North or South or East or West, but knows the United States of America; and one who doesn't invite Walker Cisler or James Roche into the White House in one door, and then brings George

Meany and Walter Reuther in another door -- but rather brings them in together and says: "Sit down," and continues to quote his favorite prophet Isaiah and says: "Come let us reason together." And we have been reasoning together. We don't always agree on every detail, but it is a very, very salient and I would say very comforting fact that most Americans do agree on their objectives. So there is a role for government; not the role to dominate, but to lead and to cooperate. Not the role to supplant, but to supplement.

And there is a new spirit today in the government of the United States. Not a spirit of harassment; not a spirit of doubt and suspicion of what you're trying to do, Mr. Businessman or Mr. Labor; but rather a spirit of seeing if we can't work together and learn from you and ask for your help to bring this nation to new heights of strength and power and of justice.

You see, we've agreed to an alarming degree on our common goals, so we know the lesson of interdependence in our economy. But I want to ask this question now: have we learned the lesson of interdependence in the international economy and the world around us? Because it will do very little good, my fellow Americans, to build a political system or try to build a political system of international cooperation and interdependence if the economic structure that undergirds, that is the foundation of that system, still goes in its separate little nationalistic way.

We will be deluding ourselves and deceiving ourselves.

I hear a good deal of talk these days about a reformed monetary system. You read about these things from time to time. I suppose some of us in Washington spend more time reading it. But I want to tell you that it's important material. You read about foreign aid . . . about better credit terms for export . . . about foreign investment . . . and commercial negotiations with our Western partners. . . and about trade with Eastern Europe, the Russians and even the Chinese.



But I hear very little about the interrelationship and the interdependence of these things.

What are the economic realities of this kind of world in which we live?

First, there is the overwhelming reality that two-thirds of mankind in this world is awakening to the fact that poverty is not written in the stars; that life can be better than it is. Yes, there is an awakening, and like some people when they awaken, they are grouchy. And there's an awakening all over the world that God did not ordain man to live a life of misery. And people are restless.

Before World War II, there was no such thing, you never heard of a "developing country".

Our Foreign Service officers -- and of other nations, too -- were never really concerned with economic development. They made reports, they sat down and visited over a cup of tea or a Scotch and soda with the social and the intellectual elite. They may have discussed a little philosophy and political theory. Now and then an anthropologist, or a student of language or literature would drop by and make his appearance at the embassy -- but seldom anyone so mundane as an economist or a businessman. And if he did, the embassy was afraid that it might look like they were playing favorites with American business. And they got them out into side rooms as fast as they could.

And, isolated from the world around them, the people in these faraway places lived a miserable peasant life in a modern world. Some people thought they could conceal that world from these billions of people. Some of them, in fact, lived outside history itself. But in recent years it's different. There's change. And they're trying every way they can to catch up with history . . . and then some. And I'll tell you, it's a disorderly race.

In the past 15 years alone, 60 nations have become members of the United Nations -- nations many of which had never ever really existed as nations, except as colonial enclaves, or tribes, or protectorates. And some people say, "Well, that's the way they should have been left." But you didn't make that decision, nor did I. They wanted their place in the sun.

Today they are the "developing" and the "underdeveloped" people, but those are just nice polite words for the poor, the poverished, the ignorant, the illiterate and the sick. Tonight as I address this audience two-thirds of mankind goes to bed hungry. Two-thirds of the world is abysmally sick; physically ill. Two thirds can neither read nor write -- illiterate. And yet these people have learned how to fight, how to destroy and how to die for what they believe. That's the kind of a world that we face. It's not an easy one to deal with. It's an awakened world.

The unpleasant reality is that the rich nations of this world are getting richer, and the poor nations are getting poorer. Despite everything that we've done. And every leader, spiritual and political, tells us that this continuous doom and disaster is foreordained; so, who has the most to lose? Those that have nothing, or we that have everything?

If I had no sense of compassion in my heart -- and I hope ~~that~~ I do -- and if I had no sense of concern -- and I hope I do, I could still be worried and concerned about these people because of my love for my own country and my own family. I now know, as I know my own name, that there is no security for America in an insecure world. And there is no hope for my family in a world in which most families feel a sense of hopelessness and helplessness.

Now there's an unfortunate but growing tendency amongst these developing nations -- and I'm being polite once again -- in regard to the

three major international economic institutions -- the World Bank, International Monetary Fund, and the General Agreement on Tariffs and Trade. We have to deal with these problems and these institutions every day, but the underprivileged, the underdeveloped, the developing nations look upon these as rich men's clubs pitted against the poor. That is, at least some of their spokesmen say that.

What will be our answer to the demands of these people who see unshared affluence around them? Who see us burdened down with surpluses of food while they hunger. I think the answer is quite obvious. Sometimes it is better just to ask the question.

We see the fact of a rapidly expanding world economy, trying to exist on slowly increasing -- and I might add, inadequate -- monetary reserves and credit. This is like having a young man grow into a giant of a man -- body, flesh, bone -- but with the blood content of a child. That man is anemic. He is weak, he is unstable. He may have the physique of a giant, but he has the strength of a child.

The fact is that our present <sup>international</sup>/monetary system, as useful as it has been, could become a drag on the world economy unless it meets the legitimate need for added economic fuel.

The time will come when our own balance of payments will again be in equilibrium and every one of you have read hundreds of articles about the balance of payments. Even if we don't understand it, we know that there's something wrong about it. Well, the resulting shortage of new dollar balances in other places, one there is an equilibrium, could stifle economic growth in the world unless some changes are made.

There was a time for study. I believe in study. I'm a former professor -- a student. We've been studying and most people just like to study and study because it's easier that way -- you don't have to make any decisions. There is a time now, after the study, for negotiation on

the basis of what we've learned. And there will very shortly be a time to act. Democracy isn't just discussion, debate and dissent. It's decision, too. I submit that we must act to modernize and expand the monetary system which is so indispensable to the general welfare -- or we will be in trouble.

In the long run, the situation cannot be solved by restrictive trade policies which limit imports to reverse a balance of payments deficit . . . or by emergency loans to prevent one country from foreclosing on another or to bail out a country . . . by patchwork adjustments of interest rates. At best, this is like taking aspirin for a chronic disease.

We see the need for reduction of trade barriers in rich and industrialized countries. There was a time when tariffs produced revenue and therefore were useful and protected young and infant industries. But the rich Western world of which we are a part has long since learned, I hope, that barriers to trade -- both tariff and other barriers -- often become excuses to protect uncompetitive domestic industries.

We know that those nations which have reduced their own tariffs benefited have ~~benefited~~ economically, and we know that those that keep their tariffs high are poor. If you don't believe it, go to South America. The poorer they get, the higher the tariff.

Today we attack barriers to world trade in our negotiations in Geneva in what we call the Kennedy Round. These trade negotiations were initiated by the late President Kennedy. But tariff reduction -- which means a great deal to Detroit, I might add -- will not solve the problems of international commerce. In fact, global tariff reductions among developed and developing nations alike, would clearly not benefit the developing nations to the degree needed. For these developing nations are, in the Biblical sense, "hewers of wood and drawers of water"; nations without strong and balanced economies.

No amount of trade liberalization can be undertaken without

appropriate monetary mechanisms to handle liberalized trade. It doesn't do much good to liberalize trade if there's no credit -- no money. Nor can trade liberalization be undertaken without the elimination of pernicious practices which mock tariff reduction (such as our Common Market friends occasionally engage in) . . . without the building of competitive industries in nations which yet lack those industries.

And most important of all, we face the fact that the old economic alignment in the old world is dead. This is a changed world. We used to talk about a world divided between those who lived by the rule of the marketplace and those who were so-called state traders. Let's not fool ourselves any ~~longer~~ longer. The world today is more complex than those simple definitions or those simple dimensions. Even the Soviet economy has been making strides toward adopting indeed a profit system. Why Premier Kosygin just announced that the incentive profit system is going to be used clear across the Soviet economy. In a nation that they proclaim has no unemployment, ~~they are~~ ~~they are~~ about to adopt ~~unemployment compensation~~ unemployment compensation.

I used to hear people say that we were going communist because we had unemployment compensation. They're following us -- we're not following them! They're following us on the profit system. I'll never forget the day that Mr. Khrushchev told me, when we were speaking of the Chinese Communists. He looked at me and he said: "Do you know on what principle they're based?"

I said, "No."

He said, "They're based on the principle -- from each according to his ability, to each according to his need." Which, of course, is the Golden Rule of communism. And then like a Shakespearean actor he looked at me with that sharp twinkling eye and he said, "Now, you know that won't work." (Laughter) He said, "It takes incentives to get production."

Now I was exposed as having told that story once before. This was years ago. I did tell our government about it and it was supposed to be hush hush, but there's always somebody that has to leak things out of our government. Mr. Khrushchev denounced me as a Baron Munchausen and a few other things. But I noticed that Premier Kosygin just said the other day that it takes incentives to get production -- and it does. You never can tell -- those Russians are apt to turn into capitalists yet.

Many Western nations today engage in trading practices which would hardly bear scrutiny by Adam Smith. Poor old Adam -- he must be whirling in his grave. The world economy is in change. How would you classify those young nations where today there isn't any monetized economy at all?

The question is, can we adjust to this changing world economy? Can we do it by just sending a few trade missions? I think they're important, don't misunderstand me; but I don't think it's enough. Can we do this by trade missions to unknown parts of the world, or previously unknown parts . . . by reminding ourselves every so often that there have been some changes in commercial regulations or investment policy . . . or by making speeches to the effect that we can transplant our own economic system, as it is, to places whose needs and experiences are far different than ours? The answer is obvious: of course not.

We must learn that the world economy, like our domestic economy, is interdependent. We must learn that, ~~XXXXXXXXXXXX~~, just as the answers to domestic prosperity are found in a thousand interrelated factors, so are the answers found to a more just and prospering world economy. These are the questions, ladies and gentlemen, that the captains of industry think about. These ~~are~~ are the issues that your leaders in government must think about. And when I hear/<sup>people</sup> speak about how simple it is to do all of these things, I don't know whether to feel a note of pity or pathos.

Because there is nothing simple and it isn't as if we are stupid and the other fellow is bright. I have heard many times how clever these Europeans are; very clever indeed -- they are running a mighty poor second to anything that we're doing. We're not uninformed or stupid, but what we're dealing with is a rapidly changing world in which there are volatile explosive forces at work. And to move a whole civilization ahead without disorder and disarray, without destroying everything, requires a sense of equilibrium and balance such as no century has ever known.

Let me give you one simple and concrete example, and then we'll get to the questions. Earlier this week I addressed a meeting of the National Export Expansion Council in Washington, made up of top business leaders throughout America, and top labor leaders. Some of you here are members of that council.

At that meeting I pointed out that our favorable balance of trade -- that is, what we sell over and above what we buy -- this year was almost 1.5 billion dollars less than it was in 1964. We're doing so much business at home, we've sort of forgotten about how to do it abroad. Plus the fact we have <sup>tougher</sup> ~~more~~ competitors. I noted that had our trade surplus not been reduced, had we done as well this year in exports as we did last year in terms of a favorable trade balance, we would have had a surplus in our international accounts for the first time since 1957. And all these news stories about losing our gold stocks would have dried up. We would have been in the plus, in the black, instead of in the red. All we would have needed to have done was to have done as well in 1965 as we did in 1964.

Well, many people are going to say we did just as well -- and we did in a sense, except the other guy did better. The Western



European nations, Japan, the Soviet Union and others stepped up their trade fight.

Now, we seek a balance in our payments accounts particularly because we wish to maintain world confidence in the dollar. And I want to put it on the record here tonight that if the world loses confidence in the value of the American dollar and what it will purchase and what it means, we will have lost the major battle in the struggle with world communism. Because make no mistake about it, the Communists can produce automatic machine guns and automatic rifles and nuclear bombs and nuclear weapons and nuclear submarines and powerful aircraft and intercontinental ballistic missiles -- in fact, I hesitate to tell you, but they have plenty of it already. They know how to do that. They can put huge objects in orbit -- objects ten times larger than we have. They have huge engines to thrust those objects into orbit. We haven't caught up yet in the space race. But there is one thing they do not have: they do not have a respected currency. They do not have the economic machinery. They do not have the economic system that this country has which is the margin of our strength. This is why your President is concerned about the outflow of gold. This is why he's concerned about the deficit in our balance of payments. This is why we're concerned about stepping up our exports. This is why we're concerned about rebuilding and modernizing the international monetary structure. Because we can't continue to build everybody else -- we're going to run out ourselves pretty soon, if we do that forever. We can't continue to be the world's banker with a constantly diminishing source of monetary reserves.

So I come here tonight as your Vice President to tell you that possibly the most important thing that this country can do for peace and security, and for prosperity and progress in this world,

is to maintain a sound dollar, a sound currency, a strong economy. When I was a little boy, they used to talk about that it had to be "as sound as a dollar"; "as good as a dollar". Well, don't forget it. It was good to hear that when I was a boy and it's even more important to hear it now that I'm a man in my fifties. This is really important.

The strengthening of these young economies that I spoke of is vital to our interest. We consider monetary reform to be of the highest priority for developed and developing nations alike -- for the developed so that they may expand their commerce; for the developing so that they may in turn have the means to build competitive, self-sustaining economies of their own. You cannot keep the world on relief. It has to start earning its way.

We have already expended, my dear friends for security, loans and aid over \$400 billion since World War II. We're now getting down to what I call the hard, tough problems. It doesn't take much sense to give away your money, but it does take a little thinking and a little hard work to figure out how people can earn their way. That's what we're trying to do right here at home in the War on Poverty, and that's what we're trying to do with our educational program, and that's what we're going to try to do and are trying to do abroad.

I pointed out to the National Export Expansion Council that only 4 per cent of our entire Gross National Product is devoted to foreign trade. For American business -- with its efficiency, its skilled labor force, its mass production, its management, its capacity for growth -- has really not seriously entered the world market in a competitive manner. And I'm here to appeal to the entire American business community and to government not just to be quiet -- to get in and compete! I remember that visit again with Mr. Khrushchev. He told me that communism was the wave of the future. "Oh," he said,

"we have the system that's going to take over the world. We have what people want." He was rather difficult. He was a good propagandist. He was optimistic. He was confident.

I said, I hope in good taste, because I was not there to be impudent or impolite: "Mr. Chairman, I respect your view, but I want to tell you something. My country is a young country and there'll be young and vigorous leadership in that country. We haven't even begun to compete. And when we start to compete, we're going to run you right out of Gorky Park." And that is a matter of official record. And I'm here to report that Mr. Khrushchev is no longer Chairman of the Council of Ministers. I'm here to report to you that our economy has outstripped ~~anything~~ that anybody ever dreamed of. And I'm here also to report to you that the Soviet Union is having a tough time with its economy and is beginning to adapt some of our practices in order to have a fighting chance to bring it back at better levels.

The fact is that a greater trade surplus would have an effect on all the interrelated matters that I have mentioned.

I am not here to preach a sermon of discontent. I am here to reaffirm, for the good of all, that man is interdependent and that his economy is especially interdependent.

What can we do to meet this ~~era~~ of international economic interdependence?

First of all we must realize that it's here, realize the fact of interdependence. Then, each of us who has responsibility in this society -- and that includes all of us -- must view the country's foreign economic policy in a larger perspective.

So let's quit asking these foolish questions:

Is a high tariff on product X good or bad?

Is monetary reform necessary?

Is foreign aid worth while?

Why we even have people that ask whether or not we ought to even be in the world itself. By now I think we should know the answers. So, let's instead ask these questions:

How can striving, desperately poor young nations become members of a peaceful, lawful world society without being lost to communism along the way? The Communists do not win because people want communism -- they win by default on the part of those who say they believe in freedom.

How can a freer world be constructed unless we have freer exchanges of peoples, goods and capital?

How can we benefit and our economy prosper if there are not others in the world with income enough to buy our goods? And don't forget, we have the greatest productive mechanism in the world. We have a large stake in a world economy that can buy goods.

How can we provide for the needs of a growing world population without a strong world economy to build upon?

So, let's devote ourselves to answering these questions with positive, even courageous forward-looking policies, both public and private.

I ask you to commit ~~your~~ yourselves -- as businessmen, as citizens, as government officials -- to helping the young and weak nations, lest they be absorbed by those who would devour them; help them to become economically strong and viable.

There are many ways: through private investment that may sometimes involve risk -- your ~~government~~ government can be a partner and help. . . through fair commercial treatment for the products of the developing nations. . . through foreign aid and technical assistance . . . through private and public loans . . . through

commitment to international and multilateral institutions devoted to economic development. . . through encouragement of common market concepts such as in Latin America, where those concepts have value . . . and through open consultation and spirit of cooperation among the rich and the poor alike.

Let us commit ourselves to the reductions of trade barriers.  
We have everything to gain and little to lose.

This means the acceptance of the fact that, in any trade liberalization, there must be reciprocity; there must be give as well as take. This means patience and fortitude in finding solutions to the knotty problems of agricultural trade liberalization. This means the acceptance by those American industries not fully competitive that they must become competitive. We believe in competition -- be willing to practice it.

This means giving highest priority to the avoidance of inflation. This is why your government has wage-price, or price-wage guidelines. This business of inflation is not something just to be talked about in college classrooms. Inflation can literally destroy the economy of this country; our bargaining power in world markets. It can diminish the value of all savings and earnings of the vast sums of accumulated wealth in our insurance companies, our trust funds, our Social Security. I can't imagine anybody in his right mind that feels that a little temporary inflation -- just to get a little advantage, price or wage -- is in his personal interest or in the national interest.

This means the examination by many nations of their policies of subsidy, price support, export financing and antitrust. This means moving ahead with sometimes painful changes in trading pattern. This means undertaking measures by business, government and labor to ease the impact of these changes. I know that this is going to require a maximum attack and rather than to go into the details of the monetary system that we're seeking to devise by the Group of Ten, let me just say this: the

answers lie in intelligent and sophisticated blending of trade, aid, investment, monetary and domestic economic policies of this nation and our ~~partners~~ partners.

They lie in the increasing recognition by those who are not our partners that they cannot live in a closed economy.

The answers lie, most of all, in the realization by all of us that we have a common destiny on this planet, shared but a short time; and that man's interdependence need not be a proscribed necessity -- it can be a means of extending the benefits of mankind to more of mankind.

I guess what it really all means is simply this: that most of us like to equate the strength of our country in the size of our air force, the number of men in our armed services, the power of our navy, the incredible accuracy of our missiles and of our submarines -- our Polaris. Oh, how interesting it is to hear speeches on those subjects. Why, you can swell up and become so strong and patriotic because these are things that are being done by somebody else. All you have to do is pay for it.

But, ladies and gentlemen, I remember what Dwight Eisenhower said one time when he was sent by the then President Truman to help organize NATO in the late 1940s. He came back and addressed a number of that were freshmen Senators and Congressmen, in the Coolidge Library of the Library of Congress. I've never forgotten what he said. He said: "Our defense# -- our military -- is but the cutting edge of the strong blade of our economy and our social-political structure. The real strength of this country is in its people. The real strength of this nation is in the intelligence of its people, the technical knowhow of the people, the ability of the people, the skill of the people, the management capacity. The real strength of America is in a sense of understanding that we need each other. It's in the strong economy, backed up by moral fervor, where we not only believe in soundness in the marketplace, but we believe

in justice, and we believe in it with a consuming fire; and we believe in freedom, not only as a concept but as an individual practice, for ourselves and for others.

I think that each of us can do something about it. There's not a man or a woman in this room that can't help strengthen this country by doing a better job in his daily life, by seeing to it that their children ~~have~~ have the best of education. Not a single management of a business here that can't strengthen his America and assure our eventual victory in any struggle in which we may ever be involved, by seeing to it that ~~the~~ <sup>his</sup> business is better managed. Not a single laboring man that can't do something for this country by seeing to it that his skill is improved and sharpened and that he gives a full day's work for a full day's pay.

And when we do that, we have added to the strength of America. And never forget it. Abraham Lincoln was right: this is the last best hope on earth. There'll be no peace without us -- and if we fail, there can possibly be no peace. But if we're strong, persevering, just and humane, wise and prudent, mankind can hope that peace will be his promise and be his life.

(Applause)

HON. JEROME P. CAVANAGH: Thank you very much, Mr. Vice President, ~~that~~ <sup>for</sup> a most inspiring and eloquent address. I'm sure all of us here this evening are going to be better served because of your remarks and certainly they were very impressive.

We have a number of questions -- probably too many to ask; but there are several that relate to the same topic. So, Mr. Vice President, if you are prepared to start, I am.

(Reading Question) "IN RELATION TO RED CHINA, WITH RESPECT TO INCREASING AND INCREASINGLY NECESSARY INTERDEPENDENCE BETWEEN NATIONS, ARE THERE ANY EFFORTS BEING MADE, EITHER



IN THE WARSAW DISCUSSIONS OR ELSEWHERE, TO BRING COMMUNIST CHINA INTO THIS AREA OF ECONOMIC AND THUS EVENTUALLY POLITICAL INTERDEPENDENCE?"

(Reading Question) "DO YOU BELIEVE OUR POLICY AGAINST THE ADMISSION OF RED CHINA INTO THE U.N. IS CHANGING AND HOW IS IT CHANGING, IF IT IS?"

HON. HUBERT H. HUMPHREY: That's quite a long question. I'll try to see what we can do about this. We have many times been accused of ignoring the fact that Red China is on the earth -- that is far from the truth. We're reminded of her presence every day of our lives, and we deal with the hard facts of her presence.

The discussions at Warsaw that have been going on now for years are discussions that are directed toward every aspect of our possible relationships with Communist China. These are discussions that we hope can produce some semblance of responsibility on the part of the Chinese leaders, so that the time may come when they can honestly and truthfully take the vows of adhering to the charter of the United Nations, and thereby become a member. But it is the view of this country at this time that if Red China were admitted to the United Nations, and thereby given what we think would be the badge of acceptance by their admission, that it would weaken many areas of Southeast Asia; that it would have a tendency to spread the influence of Communist China in vast areas of Asia and Africa. There are honest differences of opinion about this, but I'm not at all sure that even if we asked Red China to come in, that she would want to. Some people say, "Well, if you're sure of that, why don't you ask her?" Because I don't think the plus on her admission is as great as the minus, and it is our considered judgment after years and years of exploration on the part of members of both political parties and leading experts in the field of international law that the present position

that we pursue is the responsible one for this period of time.

Now, let's see if there's anything else in this. Insofar as matters of disarmament are concerned, I should say -- so that you do not misunderstand me -- China can participate in most of the multilateral organizations and she does in a few. For example, she can participate at any time that she's willing to sign her name to the General Agreement on Trade and Tariffs -- the GATT. She can participate. She's unwilling to sign her name. She doesn't want to play by the rules of the game. She could participate as a member of the Asian Bank, for example, if she wants to. She's shown no indication. The Soviet Union has. It is open.

She ought to participate in disarmament discussions. I have long felt ~~in~~ in our discussions on disarmament, that we find ourselves in a rather, well, I would say, almost defensive position and weak position by the exclusion of Red China from these discussions. She has never asked to participate. She has, however, participated in the Geneva discussions of 1954 relating to Indo-China. She has been in some others. But it is my view that since she now has become at least a potential power, that any discussions that we have relating to the reduction of arms should include Red China, for the simple reason that I don't want to see her with arms when the rest of us have reduced it. And I believe that any meaningful disarmament agreement that is going to be universal and general disarmament along the lines that have been discussed in the United Nations, will require every nation to participate.

For example, she is now eligible to participate in the Nuclear Test Ban Treaty. She has said no. This crowd that runs Red China today is belligerent, arrogant, intemperate, aggressive, imperialistic, and not only frightens her neighbors, not only frightens the neighbors of the West, but frightens the Soviet Union herself. There's one thing you can

say about Red China: she is indiscriminate and has no sense of prejudice or no sense of discrimination when it comes to who she wants to oppose. She offered the other day through her Foreign Minister to take on the entire West and the Soviet Union, if they'd like it. Now, this is a sign of weakness. I think the strong nation is the one that can speak softly, walk softly, admit her own weaknesses, recognize her own inadequacies -- and we've been able to do that.

Whenever you hear a Foreign Minister, or whenever you hear a leader of a country say that everything is wonderful -- you can rest assured that that's the first admission of a great deal of trouble.

(Applause)

HON. JEROME P. CAVANAGH: There are a number of questions on Viet Nam.

(Reading Question) "IF WE'RE FIGHTING IN VIET NAM FOR THE FINE PURPOSES ABOUT WHICH YOU HAVE SPOKEN, HOW COME WE DON'T HAVE MORE NATIONS OF THE WORLD HELPING US, RATHER THAN CRITICIZING US?"

(Reading Question) "WHAT IS YOUR REACTION TO TEACH-INS AND DEMONSTRATIONS?"

HON. HUBERT H. HUMPHREY: Let me take the last one first -- my reaction to teach-ins and demonstrations. People are entitled to do that. We believe in this country of freedom of expression. I said to a group of young people that I believed that everyone had the right to be heard; I don't necessarily believe, however, that they have the right to be taken seriously. (Laughter and applause) There's a great deal of difference.

But we do believe in freedom of assembly, freedom of petition: this is a part of our heritage; it's a part of our laws; it's a fundamental part of our Bill of Rights. And I surely would not want to see these

actions curbed. I do think that rather than just to sit around and say "Well, look at the teach-ins. Isn't that terrible?", that some people ought to start to describe what the facts are. There's no reason that you have to play dead just because the other fellow wants you to. I never was able to get elected to office by having my opponent just run over me. We generally put up a little resistance, don't we Jerry? (Laughter)

Now the teach-ins have received a great deal of publicity. Yesterday I was at Yale University. I received a petition from 1200 students at Yale University -- signed personally -- supporting our policy in Viet Nam. Did you read about it? But let me tell you, you just get some fellow out here that looks like he hasn't been to a barber shop for three years -- (Laughter) -- parading around, and his picture will be in the paper. (Applause)

As far as the demonstrations are concerned, that's a right of freedom of petition. I do not want to be misunderstood any way at all. I respect their right. I disagree many times with what they demonstrate about; but they're entitled to be wrong. I've been wrong; you've been wrong; they're entitled to make mistakes. Democracy isn't only the right to be right -- it also preserves the right to be miserably wrong, at times.

Now about Viet Nam. The question is: "If we're fighting/<sup>in</sup> Viet Nam for the glorious purposes you spoke about, how come we don't have more nations of the world helping us rather than criticizing us?"

Well, one of the problems about being a leader is that people do like to criticize. You find that out when you're mayor. You will find that out when you're a Senator <sup>or</sup> ~~if~~ Congressman or Councilman. This is a form of leadership. It doesn't necessarily mean you are the leader. There are even some people, Mr. Roche, who criticize General Motors and Detroit Edison, Mr. Cisler. They criticize great companies. The minute that you become a world leader such as this nation, you have to expect that

there'll be others that will sit back and kind of analyze everything that you do. Leadership is not a privilege or a luxury; it's not the cloak of comfort, as I've said many times, it's the robe of responsibility. And if you don't want to take the knocks that come along with it, you can always abdicate leadership. Harry Truman had another way of putting it: "If you don't like the heat, get out of the kitchen." If <sup>all</sup> you want to do is to be popular, you can be that by making concessions to everybody along the way.

No. . . I think America has many friends. I want to tell you a little bit about that. For example, our British allies support us in Viet Nam. Germany supports us in Viet Nam. The Prime Minister of Laos who has been known as a neutralist -- Mr. Souvanna Phouma -- who for years was looked upon by this government as a neutralist, even as a sort of a sympathizer with the other side, was in my office last week. He not only supports us in Viet Nam, he said if we weren't doing what we are doing, he wouldn't have a country.

Thailand supports us. India supports us. Oh, they didn't a while ago, but they got a little dose of that Chinese aggression here recently. And I had the Transport Minister and the Agricultural Minister -- one of the leading parliamentarians of India in my office three days ago. He said: "You know, the President of my country and the Prime Minister have only recently said that we, too, have learned about new forms of aggression."

But even if we didn't have one single supporter, what we're doing in Viet Nam is what we ought to do. It isn't easy, it isn't because we want to be glorious, it isn't because we just want to try out our weapons. We tried years to do other things through economic assistance, technical assistance, through aid and money. But I can tell you that the Viet Cong has an organized system of sabotage, infiltration, assassination,

subversion, atrocities and open military engagement with members of the North Vietnamese Army in South Viet Nam and they've been there for months, they've been there for better than a year; yes, two years -- long before we arrived.

We're there for one purpose: to demonstrate and to prove that aggression -- naked aggression, in whatever its form may be -- shall not be the rule of international law. And every little nation in the world has a stake in this. 104 of them are very little, like Viet Nam. The minute that it gets to a point in this world where the big can eat the little, or where the big are willing to let somebody else come in and take over the little -- hoping that it'll never happen to ~~them~~ them -- on that day world order has been destroyed.

Ladies and gentlemen, I'm here to report to you that because we are resisting in Viet Nam, that throughout the chancelleries of Europe and Africa and Asia, there's a new respect for this country. And make no mistake about it -- there's not much criticism from overseas, except from a few paraders. And they're entitled to parade. It may be healthy for them, I don't know. But I want to say this: that it's no sheer coincidence or accident that on the 1st day of "Hate America Week" proclaimed by Communist China and the Viet Cong, on the day that there was supposed to be a general strike in South Viet Nam that didn't materialize because they couldn't organize the people, that on that very same day in Stockholm and Brussels and Paris and London, in Rome and in capital after capital across the world and in San Francisco, Los Angeles and maybe in Detroit, but surely in New York and Philadelphia and Washington and in other cities, at the same time on the same day there were demonstrations. "Get the United States out of Viet Nam." "Stop dropping the bomb." Do you think that was just organized by some fine little social club that thought they had nothing else to do?

Make no mistake about it -- the management was by an international

apparatus. Many people were involved that are surely not a part of that apparatus. I would say that the majority, the overwhelming majority -- yea, 90% of the people involved are surely not any more communistic than you or I. But I'll tell you this: that the international Communist movement organized it, masterminded it, and it was a flop, a fizzle; and instead of changing American policy, it has aroused public indignation in this country. And throughout the world, people looked at it and laughed. And from country to country, people now realize that what we seek is not conquest but peace. We're ready to negotiate and you know it. And I think it's about time that more Americans spoke up. Your President has made it clear to every Prime Minister in the world, to every Foreign Minister by personal visitation of our Ambassadors, by men like Mr. Harriman, by G. Mennen Williams, by Cabot Lodge, by others, that we're prepared to sit down at the negotiating table any time, any place, without any preconditions, to talk about an honorable settlement. And who says no? Hanoi, backed up by Peking. And yet we have people here say: "Stop the bombs." Why don't they tell the Viet Cong to stop the mass assassination of thousands of people, the destruction of schools and hospitals, the burning of children, the destroying of food, the forced involuntary servitude of thousands of youth.

And I conclude by simply saying that the best that we have in this country in the form of manpower is there. And one of the reasons that Communist China has become a little more considerate in her words and a little more temperate is because <sup>of</sup> the physical fact of American power, the presence of American power in Asia. And it's no paper tiger, as Mr. Khrushchev warned them and as others have. I think ~~you~~ we fellow Americans owe every man that's in Viet Nam an eternal debt of gratitude. These are the same kind of men that went to Korea. They didn't go there for American glory. But I ask you, what would have



happened had Americans not resisted in Berlin? Had Americans not resisted with the Greek-Turkish aid program? Had we not resisted with the people in Formosa? Had we not resisted in Viet Nam? I'll tell you what would have happened. Two-thirds of this world, three-fourths of it, five-sixths of it would be under Communist domination. The only hope for a free world is in this country, and we do have some allies -- and they're there. The Australians, the New Zealanders, the Koreans; yes, there are 32 nations with physical presence of some form or the other aiding us in Viet Nam today. And I'm proud of the decision my government has made and I support it. I advocated it and I think it's about time that from this land there went up a note of gratitude and appreciation to those that are doing the fighting and the dying.

(Applause)

HON. JEROME P. CAVANAGH: We just have time for two more questions.

(Reading Question) "MR. VICE PRESIDENT, DOES THE DIRECTION OF YOUR TALK MEAN THAT THE ADMINISTRATION IS SATISFIED THAT IT HAS STARTED SOLVING DOMESTIC PROBLEMS AND EXPECTS TO CONCENTRATE ON INTERNATIONAL PROBLEMS DURING THE COMING YEARS?"

HON. HUBERT H. HUMPHREY: Oh, I wish it were that good! I don't think that we have come anywhere near to solving all of our domestic problems, Mr. Mayor, as you know; you're grappling with those problems here in this great city. Everyone of you are in your respective localities. We still have need for better schools in many places. We still have race tension in our country. We still have little areas of discontent and we have many untrained people yet. There are many domestic problems. But we've moved. The business of our democracy is never done. There's always something to do. We're just trying to do our part.

I do think it's fair to say, however, that having made considerable progress this year -- and not just by government; I want to once again pay respect to the American people; we couldn't do these things without the support of the American people, it would be impossible. And many of these decisions have been made by both political parties. I'm not here to claim that the only good people in the world are the Democrats. That's ridiculous, as most of you would say without me mentioning it. (Laughter) I am here to say, however, that we do understand that the international problems have top priority. But we also understand that in order to solve the international problems, we have to have a strong, healthy, productive domestic economy, and a society of reasonable political tranquility and balance. And when we can bring this society into one country -- I like to repeat that old Pledge of Allegiance; it sort of sounds oratorical and all, but you know we repeated it so often and never thought what it meant that sometimes it's good to think about it a while. Your sons and daughters take that pledge and pledge allegiance to the Flag of the United States and to the Republic for which it stands. Everyone of them stand up in school and take that pledge and we always are delighted when we see them do it, particularly when they're little ones. And then those important lines come: "One nation . . ." -- not two or three, not North and South; just one nation -- ". . . under God" -- recognizing our proper place in the universe -- "indivisible, and with liberty and justice for all."

Not just for you, or for me, but for all! And I think that when we understand that that's our purpose and that we'll seek to build this kind of a society, then we're doing something to really prepare ourselves

So,  
for international responsibility. ~~THINK~~ Mr. Mayor, we will be giving a great deal of attention next year to our problems in Europe, to the strengthening of our Alliance for Progress in Latin America, to find a

solution, a peaceful solution in South Viet Nam. Your President has pledged that, to the best of our ability. We will be giving attention to strengthening the United Nations. The Group of Ten is working on the reform of the international monetary system. We're working on these things. This is priority. But I wish I could tell you that I would live long enough to see all of them solved. I don't think so. That's why I want to see America strong in depth. I want to be sure that we have enough reserve strength that no matter what it takes and how long it takes, that we have what it takes to carry out our assignment. Thank you, Jerry.

(Applause)

HON. JEROME P. CAVANAGH: Mr. Vice President, this is the last question.

(Reading Question) "IN YOUR HEART, DON'T YOU REALLY MISS BARRY GOLDWATER IN THE SENATE?" (Laughter)

HON. HUBERT H. HUMPHREY: Yes, I really do. You know, strange as it may sound to some of you, I never really ever had any personal problems with Barry Goldwater. We used to get along very well. I always did say and I repeat it: I thought Barry Goldwater would make a fine neighbor -- I just didn't think he would make a good president, that was all. (Laughter)

Can I just add a word about that Senate and that Congress? If there's any part of our government that takes a lot of razzing, it's the Congress. But I don't know what this world would be like and what this America would be like without it. It is the place where you can have a venting of your opinions. I'm now a sort of a part of the Executive Branch, but I spend about half of my time over presiding at the Senate or visiting with the Senate, working out problems in the Congress, the House and the Senate. That's part of my duty.

I do not believe that any executive or any branch of government like the Executive Branch has omnipotent wisdom. I don't believe that

anyone has a superior wisdom. And I do believe that the Congress of the United States has, by its own efforts, amended, modified and changed legislative proposals -- most of it to the good. I think there is more dedication of public service, man for man, office for office, in the Congress of the United States than any other institution that I know in this country. Most Congressmen work long hours. They seldom see their families. They have no little private life, if any. And they give the best that they have.

I think that President Johnson was eminently correct when he said that he had never known a President that didn't try to do what he thought was right. I don't think I've ever known a Congressmen that didn't try to do what he thought was right. Or a Senator. But the question is, to know what is right. And that's where you really have the hard time. So, sometimes you may err in your judgment. In Congress, we only can vote two ways: aye or nay. Billie Farnum here and Congressman Vivian could tell you that if they could vote "maybe" -- (Laughter) -- it would be so much easier. But you can't vote maybe.

So, may I just leave you with this. I saw one little card here that had something about the spending that we're doing and its impact on the economy and inflation. Our country is a growing country. We have reduced the tax rates twice -- personal income tax, corporate tax, the investment tax credit and the excise tax -- and despite the fact that we've reduced the tax rates substantially, we have larger revenues than ever before. We learned something. We learned that the best way was not to tax and tax. We learned that the best way is to release the energies of this economy. So, we adjusted the tax rates -- with the help of businessmen and labor. They all got in there and worked. It took a lot of rethinking. Nobody ever dared do this until just the last few years. With the large federal deficit, we reduced the tax rates, increased the

spending and cut the deficit. And we have. We've cut the deficit substantially. There used to be a general increase every year of about \$3 billion in the budget. The last two years, it's only been \$1 billion. And if we can have any degree of peace in the world, it won't be long before we'll be able to have other adjustments that will release even greater capital for development in this economy.

Have a lot of faith in your country. We're making some good investments these days. And I think that when it's all added up a few years from now, this one's going to be a mighty glorious chapter of American history -- and you're helping to make it.

(Applause)

**AN ADDRESS**

**by**

**THE HONORABLE HUBERT H. HUMPHREY**

*Vice President of The United States*

**BEFORE THE ECONOMIC CLUB OF DETROIT**

**October 22, 1965**

**Cobo Hall**

*Presiding Officer*

**THE HONORABLE JEROME P. CAVANAGH**

*Mayor of the City of Detroit*

**L. S. BORK**

**President**

**The Economic Club  
of Detroit**

(The meeting was opened by President L. S. Bork, who presented The Honorable Jerome P. Cavanagh, Mayor of the City of Detroit.)

HON. JEROME P. CAVANAGH: Thank you very much, General Bork. Reverend Dr. Lenox, Mr. Vice President, Mrs. Humphrey, Mr. Cisler, Mr. Secretary and Mrs. Williams, Judge and Mrs. Swainson, distinguished guests here at the head table, distinguished members of the Congress, and ladies and gentlemen:

Few men in the United States today have carried with them into high public office more energy, more intelligence, and more wide-ranging experience than our distinguished guest this evening. We mayors who have been given the task of managing America's cities feel a very close kinship to the Vice President. He was, as you know, a mayor himself in Minneapolis, and our President, President Johnson, frequently has used his wise counsel on urban problems. It was clearly through the leadership of the President and the Vice President that Congress this year passed more significant urban legislation than ever before in its history.

For the first time a new Cabinet post has been created to deal strictly with the problems of urban areas. The range and depth of urban programs passed by Congress this year has never been greater. The man who has been in charge of the Administration's legislative program is the Vice President.

You know, there was a time when the job of Vice President was largely ceremonial. A great American humorist—Finley Peter Dunne—described in the early 1900s exactly what a Vice President was supposed to do. Dunne said: "It's his duty to rigorously enforce the rules of the



Senate. There are none. The Senate is ruled by courtesy—like the Longshoremen's Union."

(Laughter)

Things have changed drastically. Much of that change reflects really the immense capacity for work which Mr. Humphrey has and the recognition of that capacity which our President has so wisely shown.

Until last month the Vice President had supervision over all federal agencies dealing with civil rights, heading the President's Council on Equal Opportunity and the President's Committee on Equal Employment Opportunity. These functions since have been absorbed by other departments.

He still oversees the Poverty Program, is chairman of the National Aeronautics and Space Administration Council, is chairman of the National Advisory Council on the Peace Corps, is a member—and a most important member—of the National Security Council and has been asked many times by the President to handle matters ranging from disarmament to agriculture.

I think it can be said that the world, in times of crisis, has brought forth great men. One of them walks among us tonight. It is my privilege to introduce to you the Vice President of the United States, Mr. Hubert H. Humphrey.

(Applause)

HON. HUBERT H. HUMPHREY: Thank you very much, Mayor Jerry Cavanagh. Mrs. Cavanagh, it's so good to see you this evening. My special greetings to the officers of The Economic Club of Detroit. I've had the privilege of visiting just these few moments with Mr. Roche and Mr. Cisler and I surely want you to know that that's a rare privilege and one that I am most grateful for. I, too, want once again to salute and pay my respects to a very distinguished American, one who has given effective leadership in this fine organization, and has served his country faithfully and patriotically and devotedly—your own General Lester Bork.

(Applause)

There is one great all-important fact which faces us today.

It is the fact of interdependence.

Interdependence has been thrust on man, involuntarily, by the reality of his ability to destroy himself.

Interdependence has been created by man, voluntarily, through his efforts toward more rapid communication, commercial and cultural exchange.

There are very few things in this world which are not tied in some way to something else. We of our generation have certainly learned that during our lifetimes.

But it took us a while to learn it.

Take the world of economics.

I can remember there were once voices raised debating about what was good for business; and then somebody else would get into the argument and say, "oh, no, let's talk about what's good for labor." Then somebody else would say, "uh huh, but let's talk about what's good for the farmer . . . or the producer . . . or the consumer," as if they were separate entities living out here in some little pocket of security all of their own. But they're not independent units. There was talk about economic royalists and labor bosses.

There were those who thought that our economic prosperity or our economic production was like a pie of fixed size, with so much for one man and so much for another. All too seldom did anyone think in terms of baking a bigger economic pie for all of us.

There were even those who said that we could enjoy prosperity and security right here at home, that we didn't have to worry about anything that went on elsewhere in the world.

Yes, even in the business community there were far too many who believed that foreign trade was something that foreigners did, among

themselves — and that trade was of little importance to America.

But I think we have learned some hard lessons. And we've had to learn them the hard way. We learned the lessons of recession and depression. And let no one ever fool you a minute: any little recession or any big depression costs you more than any means that you could try to remedy it. The disease is more costly than the cure.

Most of all, we learned the lesson that the policy of "Me First" is wasteful, costly and dangerous.

We're in the 56th consecutive month of domestic economic expansion. It is the result of partnership, cooperation, understanding between government, business and labor and the American community. It is the result, I think, of enlightenment on the part of many leaders in this nation, public and private. Wages are up, Mr. Worker; and profits are up—in fact, \$20 billion more after taxes this year than four years ago. The GNP of our country is at an all-time high. Tonight's newspaper tells you it is \$677 billion in the third quarter.

Prices are relatively stable. This is due to the efficiency of management and the productivity of labor. Unemployment is down to the lowest level since 1957.

We enjoy this expansion thanks to the creative burst and thrust of our private initiative economic system. Make no mistake about it, it is the greatest system in the world. I must digress here to say once again what I've said many times. I know many a fine businessman or banker who likes to consider himself a conservative. Well, if it makes you feel better, do so. Of course, you are not. You are the most progressive-minded men in the world. No economic system has a credit structure like ours. No system trusts a debtor like this one. No system takes risks like this one. Why, you're the most radical people that I have ever met. I have said and put it in print and say it again that there is more basic progressivism and radi-

calism in the American business and labor community than there is in all the politicians put together.

We enjoy this prosperity because people who used to be antagonists are working together in a common cause — business, labor, government and citizens.

I really think there is a new sense of patriotism in our country. I believe that people are beginning to understand that we can do more together than we can do separately. And I pay tribute to the President of the United States, who has done more than any man that I know of to preach a doctrine of understanding and of cooperation in this country; a man that knows no North or South or East or West, but knows the United States of America; and one who doesn't invite Walker Cisler or James Roche into the White House through one door, and then bring George Meany and Walter Reuther in another door—but rather brings them in together and says: "Sit down," and continues to quote his favorite prophet Isaiah and says: "Come let us reason together." And we have been reasoning together. We don't always agree on every detail, but it is a salient—and I would say a very comforting fact that most Americans do agree on their objectives. So there is a role for government; not a role to dominate, but to lead and to cooperate. Not a role to supplant, but to supplement.

There is a new spirit today in the government of the United States. Not a spirit of harassment; not a spirit of doubt and suspicion of what you're trying to do, Mr. Businessman or Mr. Labor; but rather a spirit of seeing whether we can't work together and learn from you and ask for your help to bring this nation to new heights of strength and power and of justice.

You see, we've agreed to an almost surprising degree on our common economic goals, so we know the lesson of interdependence in our economy. But I want to ask this question now: have we learned the lesson of economic interdependence in the world around us? It will do

very little good, my fellow Americans, to try to build a political system of international cooperation and interdependence if the economic structure that undergirds that system still goes on in its separate nationalistic ways.

We will be deluding and deceiving ourselves.

I hear a good deal of talk these days about a reformed monetary system . . . about foreign aid . . . about better credit terms for export . . . about foreign investment . . . about commercial negotiations with our Western partners . . . and about trade with the Communist nations.

But I hear very little about the interrelationship and the interdependence of these things.

What are the economic realities of the world in which we live?

First, there is the overwhelming reality that two-thirds of mankind is awakening to the fact that poverty is not written in the stars; that life can be better than it is. Yes, there is an awakening, and like some people when they awaken, they are grouchy. And there's an awakening all over the world to the fact that God did not ordain man to live a life of misery. And people are restless.

Before World War II, you never heard of a "developing country."

Our Foreign Service officers—and those of other nations, too—were never really concerned with economic development. They made reports, they sat down and visited over a cup of tea or a Scotch and soda with the social and the intellectual elite. They may have discussed a little philosophy and political theory. Now and then an anthropologist, or a student of language or literature would drop by and make his appearance at the embassy—but seldom anyone so mundane as an economist or a businessman.

Isolated from the world around them, the people in these faraway places lived a miserable peasant life in a modern world. Some of them, in fact, lived outside history itself. But in recent

years it's different. There's change. And they're trying in every way they can to catch up with history . . . and then some.

In the past 15 years alone, over 60 nations have become members of the United Nations—nations many of which had never ever really existed, except as colonial enclaves, or tribes, or protectorates.

They are the "developing" and the "underdeveloped" peoples, but those are just polite words for the poor, the impoverished, the ignorant, the illiterate and the sick. Tonight, as I address this audience most of mankind goes to bed hungry. Many millions can neither read nor write. Many millions are physically ill. Yet these people have learned how to fight and die for what they believe in. That's the kind of a world that we face.

The unpleasant reality is that the rich nations of this world are getting richer, and the poor nations are getting poorer, despite everything that we've done. And every leader, spiritual and political, tells us that, if this continues, doom and disaster is foreordained. If so, who has the most to lose? Those who have nothing, or we who have everything?

Now there's an unfortunate but growing tendency amongst these developing nations—and I'm being polite once again—in regard to the three major international economic institutions—The World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade. We have to deal with these problems and these institutions every day, but the underprivileged, the underdeveloped, the developing nations look upon these as rich men's clubs pitted against the poor. That is, at least some of their spokesmen say that.

Second, we see the fact of a rapidly expanding world economy, trying to exist on slowly increasing—and I might add, inadequate—monetary reserves and credit. This is like having a young man grow into a giant of a man—body, flesh, bone—but with the blood con-

tent of a child. That man is anemic. He may have the physique of a giant, but he has the strength of a child.

The fact is that our present international monetary system, useful as it has been, could become a drag on the world economy unless it meets the legitimate need for added economic fuel.

The time will come when our own balance of payments will again be in equilibrium. The resulting shortage of new dollar balances in other places, once there is an equilibrium in our accounts, could stifle economic growth in the world unless some changes are made.

There was a time for study. There is a time now, after the study, for negotiation on the basis of what we've learned. And there will very shortly be a time to act. We must act to modernize and expand the monetary system, which is so indispensable to the general welfare—or we will be in trouble.

In the long run, the situation cannot be solved by restrictive trade policies which limit imports to reverse a balance of payments deficit . . . by emergency loans to prevent one country from foreclosing on another . . . by patchwork adjustments of interest rates. At best, this is like taking aspirin for a chronic disease.

Third, we see the need for reduction of trade barriers in rich, industrialized countries. There was a time when tariffs produced revenue and protected young and infant industries. But the rich Western world of which we are a part has long since learned, I hope, that barriers to trade—both tariff and other barriers—often become excuses to protect uncompetitive domestic industries.

We know that those nations which have reduced their own tariffs most have benefited economically, and we know that those that keep their tariffs high are poor.

Today, we are attacking barriers to world trade in our negotiations at Geneva in what we call the Kennedy Round. These trade nego-

tiations were initiated by the late President Kennedy. But tariff reduction alone—which means a great deal to Detroit, I might add—will not solve the problems of international commerce. In fact, global tariff reduction among developing nations alike would clearly not benefit the developing nations to the degree needed. For these developing nations are, in the Biblical sense, "hewers of wood and drawers of water;" nations without strong and balanced economies.

No substantial trade liberalization can be undertaken without appropriate monetary mechanisms to handle liberalized trade. It doesn't do much good to liberalize trade if there's no credit—no money. Nor can trade liberalization be undertaken without the elimination of pernicious practices which mock tariff reduction . . . without the building of competitive industries in nations which as yet lack those industries.

Fourth, and most important of all, we face the fact that the old economic alignment in the world is dead. This is a changed world. We used to talk about a world divided between those who lived by the rule of the marketplace and those who were so-called state traders. Let's not fool ourselves. The world today is more complex than those simple definitions or those simple dimensions.

Even the Soviet economy has been making great strides toward adopting indeed a profit system—call it "revisionism," or "Liberianism," or whatever you will. And many Western nations today engage in trading practices which would hardly bear scrutiny by Adam Smith.

The world economy is in constant change.

And how, would you classify those young nations where today there is hardly any monetized economy at all?

The question is, can we adjust to this changing world economy? Can we do it by just sending a few trade missions? I think they're



important, don't misunderstand me; but I don't think it's enough. Can we do this by trade missions to previously unknown part . . . by reminding ourselves every so often that there have been some changes in commercial regulations or investment policy . . . or by making speeches to the effect that we can transplant our own economic system, as it is, to places whose needs and experiences are far different than ours? The answer is obvious: of course not.

We must learn that the world economy, like our domestic economy, is interdependent. We must learn that just as the answers to domestic prosperity are found in a thousand interrelated factors, so are the answers found to a more just and prospering world economy.

Let me give you one simple and concrete example of what I mean.

Earlier this week I addressed a meeting of the National Export Expansion Council in Washington. Some of you may be members of that Council.

At that meeting I pointed out that our favorable trade balance this year will be almost  $1\frac{1}{2}$  to 2 billion dollars less than it was in 1964. I further noted that had our trade surplus not been reduced, we would have achieved this year a surplus in our international accounts for the first time since 1957.

Now, we seek a balance in our payments accounts particularly because we wish to maintain world confidence in the dollar which underpins the world trading system.

A sound dollar will also facilitate discussions toward monetary reform.

We consider monetary reform to be of highest priority for developed and developing nations alike—for the developed so that they may expand their commerce; for the developing so that they may in turn have means to build competitive, self-sustaining economies of their own.

The strengthening of these young economies

has a great deal to do, in turn, with the size of our commitments in foreign aid and technical assistance . . . with foreign investment . . . with creating markets for our own products.

I pointed out to the National Export Expansion Council that only 4 per cent of our Gross National Product is devoted to foreign trade. For American business—with its efficiency, its skilled labor force, its mass production, its management, its capacity for growth—has today still not seriously entered the world market in a competitive manner. If the United States—as other nations—were fully alert to export opportunities, our trade surplus could today be doubly large.

And the fact is that a greater trade surplus would have an effect on all the interrelated matters I have mentioned.

I am not here this evening to preach any sermon of discontent. I am here to reaffirm, for the good of all of us, the fact that man is interdependent and that his economy is especially interdependent.

What can we do to meet the challenge of this era of international economic interdependence?

First of all, we must realize that it's here, realize the fact of interdependence. Then, each of us who has responsibility in this society—and that includes all of us here tonight—must view the country's foreign economic policy in a larger perspective.

So let's quit asking these questions:

Is a high tariff on product X good or bad?

Is monetary reform necessary?

Is foreign aid worthwhile?

By now we should know the answers. Let us instead ask these questions:

How can striving, desperately poor young nations become members of a world society without being lost to totalitarianism along the way?

How can a freer world be built unless we have freer exchanges of peoples, goods and capital?

How can we benefit and our economy prosper if there are not others in the world with income enough to buy our goods?

How can we provide for the needs of a growing world population without a strong world economy to build upon?

Let us devote ourselves to answering them with positive, forward-looking policies, both public and private.

Let us commit ourselves—as businessmen, as government officials, as a nation—to helping the young and weak nations become economically free and strong.

There are many ways: Through private investment that may sometimes involve some risk . . . through fair commercial treatment for the products of the developing nations . . . through foreign aid and technical assistance . . . through private and public loans . . . through commitment to international and multilateral institutions devoted to economic development . . . through encouragement of common-market concepts where those concepts have value . . . through open consultation and the spirit of co-operation among the rich and poor alike.

Let us commit ourselves to the maximum possible reductions of *all* barriers to trade among the developed nations.

This means full and determined commitment to the Kennedy Round negotiation. This means acceptance of the fact that, in any trade liberalization, there must be reciprocity and that we must give as well as get. This means patience and fortitude in finding solutions to the knotty problems of agricultural trade liberalization. This means—yes—the acceptance by those American industries not fully competitive that they must become competitive. This means giving highest priority to the avoidance of inflation, for inflation could rob us of the growth

and prosperity we have achieved. This means the examination by many nations of their policies of subsidy, price-support, export-financing, antitrust. This means moving ahead with sometimes painful changes in trading pattern. This means undertaking of measures by business, government, labor to ease impact of these changes.

Let us commit ourselves to the construction of a world monetary system with adequate liquidity.

This will involve the maximum of tact and restraint in difficult negotiation in the Group of Ten and with other members of the International Monetary Fund . . . the creation, perhaps, of a new reserve asset . . . the necessity for discipline in maintaining a strong position in our own international accounts . . . the recognition that not only the rich and industrialized must be taken into consideration in shaping that system.

The answers lie in the intelligent and sophisticated blending of trade, aid, investment, monetary and domestic economic policies of this nation and our partners.

They lie in the increasing recognition by those who are not our partners that they cannot live in a closed economy.

They lie, most of all, in the realization by all of us that we have a common destiny on this planet, shared but a short time, and that man's interdependence need not be a proscribed necessity—it can be a means of extending the benefits of mankind to more of mankind.

HON. JEROME P. CAVANAGH: Thank you very much, Mr. Vice President, for a most inspiring and eloquent address. I'm sure all of us here this evening are going to be better served because of your remarks and certainly they were very impressive.

We have a number of questions—probably too many to ask: but there are several that re-

late to the same topic. So, Mr. Vice President, if you are prepared to start, I am.

(Reading Question) "IN RELATION TO RED CHINA, WITH RESPECT TO INCREASING AND INCREASINGLY NECESSARY INTERDEPENDENCE BETWEEN NATIONS, ARE THERE ANY EFFORTS BEING MADE, EITHER IN THE WARSAW DISCUSSIONS OR ELSEWHERE, TO BRING COMMUNIST CHINA INTO THE AREA OF ECONOMIC AND THUS EVENTUALLY POLITICAL INTERDEPENDENCE?"

(Reading Question) "DO YOU BELIEVE OUR POLICY AGAINST THE ADMISSION OF RED CHINA INTO THE U.N. IS CHANGING AND HOW IS IT CHANGING, IF IT IS?"

HON. HUBERT H. HUMPHREY: That's quite a long question. I'll try to see what we can do about this. We have many times been accused of ignoring the fact that Red China is on the earth—that is far from the truth. We're reminded of her presence every day of our lives, and we deal with the hard facts of her presence.

The discussions at Warsaw that have been going on now for years are discussions that are directed toward every aspect of our possible relationships with Communist China. These are discussions that we hope can produce some semblance of responsibility on the part of the Chinese leaders, so that the time may come when they can honestly and truthfully take the vows of adhering to the charter of the United Nations, and thereby become a member. But it is the view of this country at this time that, if Red China were admitted to the United Nations, and thereby given what we think would be the badge of international acceptance by her admission, that it would weaken many areas of Southeast Asia and that it would have a tendency to spread the influence of Communist China in vast areas of Asia and Africa. There are honest differences of opinion about this, I'm not sure, even if we asked Red China to come in, that she would want to. Some people say, "Well, if you're sure of that, why don't you ask her?" I don't think the plus on her admission is as great as the minus, and it is our considered judgment, after years and years of exploration on the part of members of both political parties

and leading experts in the field of international law, that the present position that we hold is the responsible one for this period of time.

It is my view, since she now has become at least a potential power, that any discussions that we have relating to the reduction of arms should include Red China, for the simple reason that I don't want to see her with arms when the rest of us have reduced them. I believe that any meaningful disarmament agreement that is looking toward universal and general disarmament, along the lines that have been discussed in the United Nations, will require every nation to participate.

For example, Communist China is now eligible to participate in the Nuclear Test Ban Treaty. She has said no. This crowd that runs Red China today is belligerent, intemperate, aggressive, and imperialistic. She not only frightens her free world neighbors, but frightens the Soviet Union herself. There's only one thing you can say about Red China: she is indiscriminate and has no sense of prejudice or no sense of discrimination when it comes to whom she wants to oppose. She offered the other day through her Foreign Minister to take on the entire West and the Soviet Union, if they'd like it. Now, this is a sign of weakness. I think the strong nation is the one that can speak softly, walk softly, admit her own weaknesses, recognize her own inadequacies — and we've been able to do that.

Whenever you hear Foreign Minister, or whenever you hear a leader of a country say that everything is wonderful—you can rest assured that that's the first admission of a great deal of trouble.

HON. JEROME P. CAVANAGH: There are a number of question on Viet Nam.

(Reading Question) "IF WE'RE FIGHTING IN VIET NAM FOR THE FINE PURPOSES ABOUT WHICH YOU HAVE SPOKEN, HOW COME WE DON'T HAVE MORE NATIONS OF THE WORLD HELPING US, RATHER THAN CRITICIZING US?"



(Reading Question) "WHAT IS YOUR REACTION TO TEACH-INS AND DEMONSTRATIONS?"

HON. HUBERT H. HUMPHREY: Let me take the last one first—my reaction to teach-ins and demonstrations. People are entitled to do that. We believe in this country in freedom of expression. I said to a group of young people that I believed that everyone had the right to be heard; I don't necessarily believe, however, that they have the right to be taken seriously. There's a great deal of difference.

But we do believe in freedom of assembly, freedom of petition; that is a part of our heritage; it's a part of our laws; it's a fundamental part of our Bill of Rights. And I surely would not want to see these actions curbed. I do think, that rather than just sit around and say "Well, look at the teach-ins. Isn't that terrible?" that some people ought to start to describe what the facts are.

Now the teach-ins have received a great deal of publicity. Yesterday I was at Yale University. I received a petition from 1200 students at Yale University—signed personally—supporting our policy in Viet Nam.

As far as the demonstrations are concerned, that's a right of freedom of petition. I do not want to be misunderstood in any way at all. I respect their right. I disagree many times with what they demonstrate about; but they're entitled to be wrong. I've been wrong; you've been wrong; they're entitled to make mistakes too. Democracy isn't only the right to be right—it also preserves the right to be miserably wrong, at times.

Now about Viet Nam. The question is: "If we're fighting in Viet Nam for the glorious purposes you spoke about, how come we don't have more nations of the world helping us rather than criticizing us?"

Well, one of the problems about being a leader is that people do like to criticize. You find that out when you're mayor. You will find that out when you're a Senator or Con-

gressman or Councilman. This is a part of leadership. It doesn't necessarily mean you are *the* leader. The minute that you become a world leader such as this nation, you have to expect that there'll be others that will sit back and analyze everything that you do. Leadership is not a privilege or a luxury; it's not the cloak of comfort, as I've said many times, it's the robe of responsibility. And if you don't want to take the knocks that come along with it, you can always abdicate leadership. Harry Truman had another way of putting it, "If you don't like the heat, get out of the kitchen." If all you want to do is to be popular, you can be that by making concessions to everybody all along the way.

No . . . I think America has many friends. I want to tell you a little bit about that. For example, our British allies support us in Viet Nam. Germany supports us in Viet Nam. The Prime Minister of Laos, who has been known as a neutralist—Mr. Souvanna Phouma—who for years was looked upon by this government as a neutralist, even as a sort of a sympathizer with the other side, was in my office last week. He not only supports us in Viet Nam, he said that if we weren't doing what we are doing, he wouldn't have a country. Thailand supports us.

But, even if we didn't have one single supporter, what we're doing in Viet Nam is what we ought to do. It isn't easy, it isn't because we want to be glorious, it isn't because we just want to try out our weapons. We tried for years to do other things through economic assistance, technical assistance, through aid and money. But I can tell you that the Viet Cong has an organized system of sabotage, infiltration, assassination, subversion, and atrocities. They have with them in South Viet Nam members of the North Vietnamese Army and they've been there for a long while.

We're there for one purpose: to demonstrate and to prove that aggression—naked aggression, whatever its form may be—shall not be the rule of international law. And every little na-

tion in the world has a stake in this. Many of them are very little, like Viet Nam. The minute that it gets to a point in this world where the big can eat the little or where the big are willing to let somebody else come in and take over the little — hoping that it'll never happen to them — on that day world order has been destroyed.

Your President has made it clear to every Prime Minister in the world, to every Foreign Minister by personal visitation of our Ambassadors, that we're prepared to sit down at the negotiating table any time, any place, without any preconditions, to talk about an honorable settlement. And who says no? Hanoi, backed up by Peking. Yet we have people here who say: "Stop the bombs!" Why don't they tell the Viet Cong to stop the mass assassination of thousands of people, the destruction of schools and hospitals, the burning of children, the destroying of food, the forced involuntary servitude of thousands of youth.

And I conclude by simply saying that the best that we have in this country in the form of manpower is there. And one of the reasons that Communist China has become a little more considerate in her words and a little more temperate is because of the physical fact of American power, the presence of American power in Asia. And it's no paper tiger, as Mr. Khrushchev warned them and as others have. I think we fellow-Americans owe every man that's in Viet Nam an eternal debt of gratitude. These are the same kind of men that went to Korea. They didn't go there for American glory. But I ask you, what would have happened had Americans not resisted in Berlin? Had Americans not resisted with the Greek-Turkish aid program? Had we not resisted with the people in Formosa? Had we not resisted in Viet Nam? I'll tell you what would have happened. Two-thirds of this world, three-fourths of it, five-sixths of it would be under Communist domination. The only hope for a free world is in this country. We do have some allies — and they're there. The Australians, the New Zea-

landers, the Koreans; yes, there are 32 nations with a physical presence of some form or the other aiding us in Viet Nam today. And I'm proud of the decision my government has made and I support it. I advocated it and I think it's about time that from this land there went up a note of gratitude and appreciation to those that are doing the fighting and the dying.

HON. JEROME P. CAVANAGH: We just have time for two more questions.

(Reading Question) "MR. VICE PRESIDENT, DOES THE DIRECTION OF YOUR TALK MEAN THAT THE ADMINISTRATION IS SATISFIED THAT IT HAS STARTED SOLVING DOMESTIC PROBLEMS AND EXPECTS TO CONCENTRATE ON INTERNATIONAL PROBLEMS DURING THE COMING YEARS?"

HON. HUBERT H. HUMPHREY: Oh, I wish it were that good! I don't think that we have come anywhere near to solving all of our domestic problems, Mr. Mayor, as you know; you're grappling with those problems here in this great city. Every one of you are in your respective localities. We still have need for better schools in many places. We still have race tension in our country. We still have little areas of discontent and we have many untrained people yet. There are many domestic problems. But we've moved. The business of our democracy is never done. There's always something to do. We're just trying to do our part.

I do think it's fair to say, however, that we have made considerable progress this year—and not just by government. I want once again to pay respect to the American people; we couldn't do these things without the support of the American people, it would be impossible. Many of these decisions have been made by both political parties. I'm not here to claim that the only good people in the world are the Democrats. That's ridiculous, as most of you would say without my mentioning it. I am here to say, however, that we do understand that the international problems have top priority. But we also understand that, in order to solve the international problems, we have to have a strong, healthy, productive domestic economy, and a

society of reasonable political tranquility and balance.

I think that, when we understand that that's our purpose and we seek to build this kind of a society, then we're doing something real to prepare ourselves for international responsibility. So, Mr. Mayor, we will be giving a great deal of attention next year to our problems in Europe, to the strengthening of our Alliance for Progress in Latin America, to finding a solution, a peaceful solution, in South Viet Nam. Your President has pledged that, to the best of our ability. We will be giving attention to strengthening the United Nations. The Group of Ten is working on the reform of the international monetary system. We're working on these things. They have priority. But I wish I could tell you that I would live long enough to see all of them solved. I don't think so. That's why I want to see America strong in depth. I want to be sure that we have enough reserve strength that, no matter what it takes and how long it takes, we have *what* it takes to carry out our assignment. Thank you, Jerry.

HON. JEROME P. CAVANAGH: Mr. Vice President, this is the last question.

(Reading Question) "IN YOUR HEART, DON'T YOU REALLY MISS BARRY GOLDWATER IN THE SENATE?"

HON. HUBERT H. HUMPHREY: Yes, I really do. You know, strange as it may sound to some of you, I never really ever had any personal problems with Barry Goldwater. We used to get along very well. I always did say and I repeat it: I thought Barry Goldwater would make a fine neighbor—I just didn't think he would make a good president, that was all.

Can I just add a word about that Senate and that Congress? If there's any part of our government that takes a lot of razzing, it's the Congress. But I don't know what this world would be like and what this America would be like without it. It is the place where you have a venting of your opinions. I'm now a part of the Executive Branch, but I spend about half

of my time presiding at the Senate or visiting with the Senate, working out problems in the Congress, the House and the Senate. That's part of my duty.

I do not believe that any executive or any branch of government like the Executive Branch has a monopoly of wisdom. And I do believe that the Congress of the United States has, by its own efforts, amended, modified and changed legislative proposals—most of it to the good. I think there is more dedication to public service, man for man, office for office, in the Congress of the United States than any other institution that I know in this country. Most Congressmen work long hours. They seldom see their families. They have little private life, if any. And they give the best that they have.

I think that President Johnson was eminently correct when he said that he had never known a President that didn't try to do what he thought was right. I don't think I've ever known a Congressman that didn't try to do what he thought was right. Or a Senator. But the question is to know what is right. And that's where you really have a hard time. So, sometimes you may err in your judgment. In Congress, we only can vote two ways: aye or nay. Billie Farnum here and Congressman Vivian could tell you that, if they could vote "maybe" it would be much easier. But you can't vote "maybe."

So, may I just leave you with this? I saw one little card here that had something about the spending that we're doing and its impact on the economy and inflation. Our country is a growing country. We have reduced the tax rates twice—personal income tax, corporate tax, the investment tax credit and the excise tax—and despite the fact that we've reduced the tax rates substantially, we have larger revenues than ever before. We learned something. We learned that the best way was not just to tax and tax. We learned that the best way is to release the energies of this economy. So, we adjusted the tax rates—with the help of businessmen and

labor. They all got in there and worked. It took a lot of rethinking. Nobody ever dared do this until just the last few years. Despite the large federal deficit, we reduced the tax rates, increased the spending and cut the deficit. And if we can have any degree of peace in the world, it won't be long before we'll be able to have other adjustments that will release even greater capital for development in this economy.

Have a lot of faith in your country. I think that, when it's all added up a few years from now, this is going to be a mighty glorious chapter of American history — and you're helping to make it.

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