

REMARKS BY SENATOR HUBERT H. HUMPHREY

BUSINESS INTERNATIONAL CHIEF
EXECUTIVE OFFICERS ROUNDTABLE

January 8, 1973

Puerto Rico

As you may well imagine, I am not here today to speak to you about the economics of trade.

I have relied on the other distinguished speakers to do that -- and they have done it extremely well.

What I do intend to address myself to is the political dimensions of the trade issue.

I cannot emphasize enough the importance of this subject.

Few would dispute the fact that trade and political diplomacy are meshed together closer than ever before since the end of World War II.

Yet, as clear as that fact may be, we still are not clear about exactly what this interrelationship portends for the future.

-- On the positive side, the emergence of trade and commercial policy as a number one issue for international political dialogue has increasingly replaced potential military confrontation.

But there are dangerous developments, too, that must be faced if we are to reap the potential benefits of this new dialogue.

To put it bluntly, I am referring to the danger that old allies could become new economic enemies.

What do I mean?

I mean that we are entering an era of rapprochement with the Communist bloc -- and that there are those who say this could weaken our relations with our allies, to the extent that such relations are built solely on defense ties.

And I mean that even while new trade opportunities are opening up a new dimension of competition and even hostility may be arising between us and our NATO and Japanese allies.

Am I suggesting the possibility of all-out economic warfare?

Surely this is not pre-World War I Europe.

And empires are not at each others' throats in the search for new markets.

But let me share with you the thoughts of Professor Richard Gardner, former Deputy Assistant Secretary of State for International Organization Affairs.

As you probably know, Professor Gardner was a member of President Nixon's Commission on International Trade and Investment Policy, commonly referred to as the Williams Commission.

He made four key points in testimony before the House Foreign Affairs Committee:

- First, the United States, Europe, and Japan are drifting into an economic war.
- Second, such a war can be avoided only by a major negotiation launched at the highest level.
- Third, this negotiation should cover trade, monetary and investment questions.
- Fourth, and most critical, success in this extraordinarily difficult negotiation will require major concessions from all the parties -- including the United States -- and an unprecedented strengthening of international economic organizations.

Professor Gardner made this statement in 1971. But developments since then, while encouraging, certainly do not render his judgment obsolete.

Ponder what J. Robert Schaetzel, former Deputy Assistant Secretary of State for European Affairs, had to say just a few weeks ago in Fortune magazine.

-- "America and Europe are cursed by a preoccupation with their own affairs and an inclination to deal with domestic problems in ways that ignore their impact on the other side of the Atlantic.

-- "The drift toward mutual hostility threatens to retard the growth of world trade and to complicate reform of the international monetary system.

Ambassador Schaetzel was speaking about Europe, but I would suggest that his thesis could be expanded most certainly to include Japan.

Here the cloud of mutual misunderstanding is even thicker, and the cause for alarm even greater.

Neither the United States, Japan, nor the Common Market has demonstrated the political astuteness or sensitivity which is required to avoid the profoundly adverse outcomes which may result from present trends.

It is all very well to give grandiose addresses on free trade and the glories of American-European and Japanese friendship.

But without any substantive backing, these words have an increasingly hollow ring.

I fear that all of our governments have been guilty of this, particularly the one I know best.

-- Witness the President's failure to consult the European community before imposing the import surcharge of August 15, 1971,

-- Or shoving down the Japanese throats so-called voluntary quotas on textiles after endorsing another formula in our negotiations.

-- Or his failure to consult Japan before making his visit to Peking -- which poisoned the atmosphere with a very important trading partner. While we are neglecting our major

trading partners in this way, we are wooing the Soviet Union and Eastern Europe.

Rendezvouzing with these previously forbidden partners has provided the American people with a new optimism about future trade.

The nation has been impressed by the President's economic openings to the east -- and the President deserves full credit.

But the clear danger is that the American people, led by the President, will fail to realize that the far less romantic business of trading with Canada, Japan, and Western Europe will constitute the bread and butter of our trade relationships for years to come.

Does the average American realize that we do \$11 billion of trade along with those solid but unexotic Canadians?

By contrast, our trade in the near future with China and the Soviet Union will be about as intense as the occasional shopping of a Long Island housewife at Bloomingdale's Chinese Boutique.

Even our trade with Latin America, while of relatively secondary import, deserves equal importance with that of Eastern Europe.

-- Is anyone, including the President, aware of our special relationship with 22 Latin-American nations established in 1970 in the form of a Special Committee for Consultation and Negotiation?

-- It is appropriate, as we sit here almost midway between North and South America, to remember that this committee includes an ad hoc group on trade whose enabling legislation calls for advance consultation, if the U.S. contemplates restrictions on imports.

Again, our failure to consult this group and others before imposing the import surcharge is symptomatic.

Our continued insensitivity to the feelings of old friends, as we romanticize our trade relationship with the Soviet Union and China, will clearly erode solid friendships.

Am I being a Doomsday prophet?

I don't need to tell you that I would never get past Hollywood's central casting if they were looking for a Jeremiah type.

No, I am convinced that the will and the opportunity exist to avoid an economic war with Europe and Japan.

But I am astounded at the lack of leadership demonstrated in this regard -- not only in the United States, but in all nations involved. Both the government and business communities are part of this serious negligence of leadership.

We must remember that nations don't plan for war, they slide into war, whether an economic war or a military one. And they do this because of poor leadership.

Unless we have the will and the leadership to take day-by-day steps to prevent such economic conflict, we will slide into it.

For the lust for economic power is stronger now than ever. And the trade wars of the late 1920's were child's play compared to what could break out in the '70's.

We are in the atomic age of economics, dealing with a wholly different magnitude of economic power.

The potentially destructive weapons what could be fashioned make the Smoot-Hawley tariff look like a child's toy pistol.

So we need safeguards that are of corresponding magnitude to the forces of our age.

We need an early warning system -- and a fail-safe system.

The world cannot afford the ad hoc approach of an earlier era, which saw the London Conference of 1930 convened only after full-scale economic war had broken out -- thus guaranteeing its failure, and precipitating a world-wide depression.

The world cannot afford to continue drifting through what Ambassador Schaetzel calls the "smog of ignorance, misinformation and maudlin propoganda" that surrounds relations between the U.S. and Europe" -- and I would add, Japan.

I, therefore, urge our respective leaders to hold a summit meeting on economic issues in early 1973, after the last of EEC member elections is held.

I am not very enamored of summitry, per se, but I make this suggestion at this time because of the sense of urgency I feel.

The issues have been hashed out in public, behind closed doors, by our government emissaries and by others long enough.

Some headway has been made, of course. I am encouraged by Secretary Schultz's remarks to the Board of Governors of the IMF at their September meeting in Washington. He

- Cautioned against a tide of protectionism
- Made some concrete suggestions to reform our international monetary adjustment process
- And called upon every member country to put his own house in order.

Yet, encouraged as I am by Secretary Schultz's proposals, and some of the statements and policies of Secretary Peterson, I am discouraged by other U.S. government spokesmen and by their counterparts.

- In our own country it is almost like the left hand not knowing what the right hand is doing.

In Europe and Japan I do not find the situation much different.

While Europe as a Community of Nine will be the largest trading bloc in the world accounting for 28% of world exports and 24% of world imports, the Common Market's policies and orientation have not, in my opinion, taken sufficient account of this fact:

- It continues to bend to a very active farm lobby which is largely responsible for the highly protectionist Common Agricultural Policy.
- It has recently made noises about a Common Industrial Policy which may become a vehicle for restricting American investment in Europe.

In the case of Japan the same thing is true.

Japan has catapulted itself into a major economic power with a phenomenal annual average growth rate of 15.9% between 1960 and 1970.

- She now accounts for just under five billion dollars of U.S. exports, making her the second largest importer of U.S. products.
- And the reverse is also true, with the United States being the largest market for Japanese products.

Now, there are clearly matters that need to be addressed between the two countries:

- The visibility of Japanese imported items and what is now estimated as an over-\$4 billion trade imbalance, has fueled the protectionist spirit in the U.S.

Despite this growing sentiment, the Japanese government has been reluctant to reduce its own trade barriers and open up its markets to American investors.

The developments I am describing have a momentum of their own.

My sense of urgency about a summit conference stems from my feeling that this protectionist momentum threatens to overwhelm the limited attempts now being made to forge new understandings.

For we have had conferences, and more conferences.

At each conference, new issues are raised, due to the complex relationship of economic, political and social forces in the trade-policy equation.

So each time we walk away with more issues raised and questions unanswered because the participants do not have the broad authority to give answers.

And now we have two more critical conferences on the horizon: both GATT and IMF meetings will take place next fall.

These are terribly important, But is the U.S. Congress or the American public aware of them?

Unless their importance to our economic and international future is dramatized and fortified by a summit meeting held in advance of them, I predict that such meetings will not succeed in reversing the protectionist drift we are witnessing.

The summit I am talking about would be one with an agreed-on agenda. It would not be an open-ended talkfest.

It would produce answers on basic issues, so that succeeding conferences of ministers will have authority to negotiate, based on policy positions at which their heads of state have arrived.

Most importantly, a summit meeting would be prepared to examine the kinds of economic weapons now in existence, and those being fashioned.

It would not avoid discussing the existence of aggressive measures such as dumping, which in economic terms are as destructive to human lives as military aggression is in physical terms.

A summit meeting would lay the groundwork for the development of international rules governing use of dumping as well as other measures such as tariffs, quotas, export subsidies, and other non-tariff barriers.

It would go beyond such controls to the creation of new, cooperative mechanisms to maximize the flow of trade -- not mouthing academic free trade slogans while practising the opposite, but living in a real world which recognizes that market-sharing is needed, that voluntary agreements are needed.

Such mechanisms should involve not only rules -- they should also involve people.

New forums must be created, so that a real dialogue can be developed between the actors on the international trade scene.

We need such a dialogue between parliamentarians of our respective nations.

Between labor leaders.

Between business leaders.

These powerful internal forces are now turned inward.

They must begin turning outward, and talking to each other across the oceans. Why do we have communications satellites anyway?

This is critical. For it is the inability of ministers to represent these forces that guarantees the continued weakness of international conferences and agreements.

This means a continued skepticism by other nations in the U.S.'s ability to follow through on trade agreements, such as those recently made with the Soviet Union.

Unless a new third force, emanating from such a dialogue, develops, to bridge the gap between ministerial agreements and Parliamentary protectionism, we are in trouble.

I have been talking up to now mainly about what the major economic powers can do in concert in coming years. Let me now focus on the special situation of the United States, and on the immediate situation which the 93rd Congress faces.

Nowhere, of course, is the inertia of protectionism more apparent than in the United States Congress.

Congressional sentiment for protectionism is clearly growing.

And this sentiment is being fueled by legitimate feelings of frustration and despair on the part of millions of American workers who feel that their jobs and families are threatened by the great influx of foreign made goods and the declining trade position of the United States.

The American worker is under great economic pressure. He is being assaulted by inflation, high interest rates, unfair wage and price controls and a sense of alienation which comes with blocked social and educational opportunities.

In addition, the average worker associates his own job security with the reduction of competition from abroad, either by foreign companies or American-owned subsidiaries. The translation of this sentiment means a growing protectionist constituency in the United States.

I don't believe that members of the Nixon Administration or leaders in the business community have been sensitive to the plight of the American worker. Because of this, there is great hostility among this group to a new era of international trade.

And the political sentiment in Congress arises from these feelings. It cannot be ignored or covered over by belated expressions of concern.

I can attest to the protectionist groundswell in the United States. During the past year as I travelled around the United States I realized how widespread the fear of foreign competition is among workers in union and non-union shops.

The Burke-Hartke bill with its new quotas on imports and repeal of tax advantages for U.S. corporations' investments overseas will get prime attention during the 93rd Congress. I can assure you of this.

The bill focuses on some very real issues -- issues that are of great concern to American workers.

I am not going to engage now in a detailed analysis of the bill, its pluses and its minuses, but I do want to stress its importance in the upcoming debate on trade in the Congress.

You can't tell the man who loses his job in a factory that his loss is the nation's gain.

Unless we face this fact, we will be severely hampered in the attempt to forge a new trade policy.

As far as the U.S. is concerned, one purpose of the summit meeting I have proposed would be to make it perfectly clear that progress in dealing with the felt needs of our own workers must accompany any international monetary and trade reforms.

The reduction of trade barriers by Japan and the Common Market, with a short-range goal of wiping out an anticipated \$7 billion trade deficit is as relevant as a sound incomes policy at home.

We must recognize that the strongly-held sentiments which lie behind the Burke-Hartke bill severely threaten the adoption of a liberal trade posture and the passage of other trade measures in the Congress.

Failure by other nations to reduce these barriers will mean an even stronger push behind the Burke-Hartke bill.

Of course, we cannot completely shift the burden to Europe and Japan.

Clearly, the time has come for the U.S. to provide a comprehensive adjustment program for workers in domestic industries that are affected by import competition.

Everyone recognizes that the present adjustment assistance program does not work.

-- It was created in a different economic era a decade ago, and at a time when the U.S. was just beginning to create manpower policies.

We have come a long way since then in relating manpower policies to economic policies.

-- We have seen the Congress pass the first job-creation program since the depression to deal with high unemployment.

-- So it is incredible that, although the U.S. is now spending several billions on manpower programs, it is spending nickels and dimes on adjustment programs.

-- This is incredibly short-sighted, since an effective adjustment assistance program would actually create jobs, by removing labor's fears, and thus allowing expansion of trade.

We should scrap the present program and create a new one that is not just one of a dozen different programs that an old-line bureaucracy runs when it feels like it.

Beyond adjustment assistance, the U.S. must also deal with the twin problems of inflation and unemployment, before it can more effectively deal with the political and economic pressures which give rise to protectionism.

I have been talking about what the government can do. But it is increasingly clear to me that business must do something, too -- that, in fact, the growth of protectionist sentiment has resulted from business's failure to realize and understand the human consequences of their activities.

You gentlemen are sensitive to the problems I have been speaking about, but what are you doing about it?

Everybody talks about what the President should be doing, or what Congress can do to stave off the tide of protectionism.

But what are you doing in your own enterprises?

-- What are you doing to cope with job training, and placement for your workers?

- What are you doing to convince the American public that your foreign investments and subsidiary plants really do mean new jobs for us in the United States?
- That they do improve our balance of payments and trade position?
- That they do improve our relations with other states?

I, for one, am not convinced that your foreign subsidiaries do all these things, and you'll have to work on me. You'll have to build your own popular constituency and not expect that we in this nation owe it to you to do what you tell us.

I have more questions for you, and so long as we are together in the present delightful circumstances, here they are:

- Why do representatives of the large multinational corporations pose as proponents of free trade, and lobby for anti-free-trade measures?
- Why do you expect tax favors that consumers, workers, small domestic industries do not receive?
- Why do you need organizations like the Domestic International Sales Corporation?
- Why do you need or deserve special treatment at all?

In the upcoming debate in Congress you will have to answer these questions. You will have to face issues squarely and honestly so that the trade issues can be fully understood, and handled in an equitable way.

Gentlemen, the implications of these tough questions are not just voiced by Hubert Humphrey, friend of labor.

Secretary Schultz seems to be taking a similar position. Before a recent IMF luncheon, he said:

"The general feeling in this administration is that we haven't in recent years gotten the best of it in trade. So we have to take less ritualistic positions. We have to get out and make sure that there's a square shake for American labor and American unions."

Our common goal must be equitable trade with a fair shake for both business and labor.

And unless such equity is achieved at home between business and labor, the chances of achieving it with our trading partners will be next to impossible.

I will close by saying that those in control of economic and trade policy in our respective nations must come to a new recognition of the interdependence of politics and trade -- both in their own countries and abroad.

They must realize that international trade and economics is too important to leave either to the economists, or the politicians alone.

It is time for you and I, the American public, the Japanese public, and the European public, as well as their respective leaders to begin to understand each other and work together.

In this way we can help provide the leadership which will prevent us from continuing on a collision course which only spells disaster in the worst political and diplomatic sense.

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REMARKS BY SENATOR HUBERT H. HUMPHREY

BUSINESS INTERNATIONAL CHIEF
EXECUTIVE OFFICERS ROUNDTABLE

JANUARY 8, 1973

PUERTO RICO

27/18
A+P
AS YOU MAY WELL IMAGINE, I AM NOT HERE TODAY TO SPEAK

TO YOU ABOUT THE ECONOMICS OF TRADE.

I HAVE RELIED ON THE OTHER DISTINGUISHED SPEAKERS TO DO
THAT -- AND THEY HAVE DONE IT EXTREMELY WELL.

WHAT I DO INTEND TO ADDRESS MYSELF TO IS THE POLITICAL
DIMENSIONS OF THE TRADE ISSUE.

I CANNOT EMPHASIZE ENOUGH THE IMPORTANCE OF THIS SUBJECT.

FEW WOULD DISPUTE THE FACT THAT TRADE AND POLITICAL
DIPLOMACY ARE MESHED TOGETHER CLOSER THAN EVER BEFORE SINCE
THE END OF WORLD WAR II.

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HP
YET, AS CLEAR AS THAT FACT MAY BE, WE STILL ARE NOT CLEAR
ABOUT ~~FACT~~ *what* WHAT THIS INTERRELATIONSHIP PORTENDS FOR THE
FUTURE.

-- ON THE POSITIVE SIDE, THE EMERGENCE OF TRADE AND
~~DOMESTIC~~ COMMERCIAL POLICY AS A NUMBER ONE ISSUE FOR INTERNATIONAL
POLITICAL DIALOGUE HAS INCREASINGLY REPLACED POTENTIAL
MILITARY CONFRONTATION.

BUT THERE ARE DANGEROUS DEVELOPMENTS, TOO, THAT MUST
BE ~~AVOIDED~~ *avoided* IF WE ARE TO REAP THE POTENTIAL BENEFITS OF THIS
NEW DIALOGUE.

TO PUT IT BLUNTLY, I AM REFERRING TO THE DANGER THAT
OLD ALLIES COULD BECOME NEW ECONOMIC ENEMIES.

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What do I mean?

I mean that we are entering an era of ~~a~~ rapprochement with the communist bloc and that there are those who say this could weaken our relations with our allies to the extent that such ~~normal~~ relations are built solely on defense ties.

And I mean that while new trade opportunities are opening up, a new dimension of competition, and even hostility, may be arising among allies.

Am I suggesting the possibility of all-out economic warfare? Surely, this is not pre-World War I Europe, and empires are not at each other's throats in the search for new markets.

-3-

27/4/8
f+r.
BUT LET ME SHARE WITH YOU THE THOUGHTS OF PROFESSOR RICHARD GARDNER, FORMER DEPUTY ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL ORGANIZATION AFFAIRS.

As you probably know, Professor Gardner was a member of President Nixon's Commission on International Trade and Investment Policy, commonly referred to as the Williams Commission.

He made four key points in testimony before the House Foreign Affairs Committee:

First, the United States, Europe, and Japan are drifting into an economic war.

Second, such a war can be avoided only by a major negotiation launched at the highest level.

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27/5
ftr.
THIRD, THIS NEGOTIATION SHOULD COVER TRADE, MONETARY
AND INVESTMENT QUESTIONS.

FOURTH, AND MOST CRITICAL, SUCCESS IN THIS EXTRA-

ORDINARILY DIFFICULT NEGOTIATION WILL REQUIRE MAJOR
CONCESSIONS FROM ALL THE PARTIES -- INCLUDING THE
UNITED STATES -- AND AN UNPRECEDENTED STRENGTHENING OF
INTERNATIONAL ECONOMIC ORGANIZATIONS.

PROFESSOR GARDNER MADE THIS STATEMENT IN 1971. BUT DEVELOP-
MENTS SINCE THEN, WHILE ENCOURAGING, CERTAINLY DO NOT RENDER
HIS JUDGMENT OBSOLETE.

PONDER WHAT J. ROBERT SCHAEZEL, FORMER DEPUTY ASSISTANT
SECRETARY OF STATE FOR EUROPEAN AFFAIRS, HAD TO SAY JUST A
FEW WEEKS AGO IN FORTUNE MAGAZINE.

27/8
6

(f4) -- "AMERICA AND EUROPE ARE CURSED BY A PREOCCUPATION

WITH THEIR OWN AFFAIRS AND AN INCLINATION TO DEAL WITH

DOMESTIC PROBLEMS IN WAYS THAT IGNORE THEIR IMPACT ON

THE OTHER SIDE OF THE ATLANTIC.

normal lc.

-- "THE DRIFT TOWARD MUTUAL HOSTILITY THREATENS TO RETARD

THE GROWTH OF WORLD TRADE AND TO COMPLICATE REFORM OF THE

INTERNATIONAL MONETARY SYSTEM.

AMBASSADOR SCHAEZEL WAS SPEAKING ABOUT EUROPE, BUT

I WOULD SUGGEST THAT HIS THESIS COULD BE EXPANDED MOST

CERTAINLY TO INCLUDE JAPAN.

HERE THE CLOUD OF MUTUAL MISUNDERSTANDING IS EVEN

THICKER, AND THE CAUSE FOR ALARM EVEN GREATER.

27/8
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44P

NEITHER THE UNITED STATES, JAPAN, NOR THE COMMON MARKET HAS
DEMONSTRATED THE POLITICAL ASTUTENESS OR SENSITIVITY WHICH
IS REQUIRED TO AVOID THE PROFOUNDLY ADVERSE OUTCOMES WHICH
MAY RESULT FROM PRESENT TRENDS.

IT IS ALL VERY WELL TO GIVE GRANDIOSE ADDRESSES ON
FREE TRADE AND THE GLORIES OF AMERICAN-EUROPEAN AND JAPANESE
FRIENDSHIP.

BUT WITHOUT ANY SUBSTANTIVE BACKING, THESE WORDS
HAVE AN INCREASINGLY HOLLOW RING.

I FEAR THAT ALL OF OUR GOVERNMENTS HAVE BEEN GUILTY OF
THIS, PARTICULARLY THE ONE I KNOW BEST.

27/8
P
WITNESS THE PRESIDENT'S FAILURE TO CONSULT THE EUROPEAN
COMMUNITY BEFORE IMPOSING THE IMPORT SURCHARGE OF AUGUST 15, 1971.

-- OR SHOVING DOWN THE JAPANESE THROATS SO-CALLED
VOLUNTARY QUOTAS ON TEXTILES AFTER ENDORSING ANOTHER FORMULA
IN OUR NEGOTIATIONS.

OR HIS FAILURE TO CONSULT ^{or inform} JAPAN BEFORE MAKING HIS
VISIT TO PEKING -- WHICH ^{caused serious domestic + foreign} POISONED THE ^{political} ATMOSPHERE WITH A VERY
IMPORTANT TRADING PARTNER.

WHILE WE ^{were treating} ~~ARE NEGLECTING~~ OUR MAJOR TRADING PARTNERS IN
THIS WAY, WE ^{set out to} ~~ARE~~ ^{was} THE SOVIET UNION AND EASTERN EUROPE.

RENDEZVOUING WITH THESE PREVIOUSLY FORBIDDEN PARTNERS
HAS PROVIDED THE AMERICAN PEOPLE WITH A NEW OPTIMISM ABOUT
FUTURE TRADE.

27/9 8
f+P.
THE NATION HAS BEEN IMPRESSED BY THE PRESIDENT'S ECONOMIC
OPENINGS TO THE EAST -- AND THE PRESIDENT DESERVES FULL CREDIT.

normal id
BUT THE CLEAR DANGER IS THAT THE AMERICAN PEOPLE, LED BY THE
PRESIDENT, WILL FAIL TO REALIZE THAT THE FAR LESS ROMANTIC
the nations of the Western Hemisphere,
BUSINESS OF TRADING WITH CANADA_x JAPAN, AND WESTERN EUROPE
WILL CONSTITUTE THE BREAD AND BUTTER OF OUR TRADE RELATION-
SHIPS FOR YEARS TO COME.

DOES THE AVERAGE AMERICAN REALIZE THAT WE DO \$11 BILLION
OF TRADE ~~AT THIS~~ WITH THOSE SOLID BUT UNEXOTIC CANADIANS?

BY CONTRAST, OUR TRADE IN THE NEAR FUTURE WITH CHINA AND
a fraction of that amount.
THE SOVIET UNION WILL BE (ABOUT AS INTENSE AS THE OCCASIONAL
SHOPPING OF A LONG ISLAND HOUSEWIFE AT BLOOMINGDALE'S
CHINESE BOUTIQUE.)

27/8
10

OUR TRADE WITH LATIN AMERICA, PLUS OUR INVESTMENTS,

SURELY MERIT PRIORITY ATTENTION. THE FIGURES SPEAK

FOR THEMSELVES:

~~9~~ IN 1969, WE HAD \$13.8 BILLION IN INVESTMENT IN

LATIN AMERICA AND IN 1971 OUR EXPORTS WERE \$6.44 BILLION

AND IMPORTS WERE \$6.03 BILLION.

IT WILL TAKE A LONG TIME BEFORE WE CAN DEVELOP

SUCH A VOLUME OF COMMERCE WITH NEW TRADING PARTNERS

IN EASTERN EUROPE.

~~(H)~~ IS ANYONE, INCLUDING THE PRESIDENT, AWARE OF

OUR SPECIAL RELATIONSHIP WITH 22 LATIN AMERICAN NATIONS

ESTABLISHED IN 1970 IN THE FORM OF A SPECIAL COMMITTEE

FOR CONSULTATION AND NEGOTIATION?

27/8
11

- 10 A -

It IS APPROPRIATE, AS WE SIT HERE ALMOST MIDWAY

BETWEEN NORTH AND SOUTH AMERICA, TO REMEMBER THAT THIS

SPECIAL COMMITTEE INCLUDES AN AD HOC GROUP ON TRADE

WHICH REQUIRES ADVANCE CONSULTATION, IF THE U. S.

CONTEMPLATES RESTRICTIONS ON IMPORTS.

normal ic.

-11-

27/12/8
AGAIN, OUR FAILURE TO CONSULT THIS GROUP AND OTHERS BEFORE
^{recent}
IMPOSING THE IMPORT SURCHARGE IS SYMPTOMATIC.

~~SENSITIVITY~~ INSENSITIVITY TO THE FEELINGS OF OLD FRIENDS,

AS WE ROMANTICIZE OUR TRADE RELATIONSHIP WITH THE SOVIET
UNION AND CHINA, WILL CLEARLY ERODE SOLID FRIENDSHIPS.

AM I BEING A DOOMSDAY PROPHET?

I DON'T NEED TO TELL YOU THAT I WOULD NEVER GET PAST
HOLLYWOOD'S CENTRAL CASTING IF THEY WERE LOOKING FOR A JEREMIAH
TYPE.

NO, I AM CONVINCED THAT THE WILL AND THE OPPORTUNITY
EXIST TO AVOID AN ECONOMIC WAR WITH EUROPE AND JAPAN.

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-12-

4+P

BUT I AM ASTOUNDED AT THE LACK OF LEADERSHIP DEMONSTRATED
IN THIS REGARD -- NOT ONLY IN THE UNITED STATES, BUT IN ALL
NATIONS INVOLVED. BOTH ~~THE~~ GOVERNMENT AND BUSINESS
COMMUNITIES ARE PART OF THIS SERIOUS NEGLIGENCE OF LEADERSHIP.

normal lc.

WE MUST REMEMBER THAT NATIONS DON'T PLAN FOR WAR, THEY
SLIDE INTO WAR, WHETHER AN ECONOMIC WAR OR A MILITARY ONE.
AND THEY DO THIS BECAUSE OF POOR LEADERSHIP.

UNLESS WE HAVE THE WILL AND THE LEADERSHIP TO TAKE
DAY-BY-DAY STEPS TO PREVENT SUCH ECONOMIC CONFLICT, WE
WILL SLIDE INTO IT.

FOR THE LUST FOR ECONOMIC POWER IS STRONGER NOW THAN EVER.
AND THE TRADE WARS OF THE LATE 1920'S WERE CHILD'S PLAY COMPARED
TO WHAT COULD BREAK OUT IN THE '70'S.

27/14 8
f+p
WE ARE IN THE ATOMIC AGE OF ECONOMICS, DEALING WITH A
WHOLLY DIFFERENT MAGNITUDE OF ECONOMIC POWER.

THE POTENTIALLY DESTRUCTIVE WEAPONS THAT COULD BE FASHIONED
MAKE THE SMOOTH HAWLEY TARIFF LOOK LIKE A CHILD'S TOY PISTOL.

normal IC.
SO WE NEED SAFEGUARDS THAT ARE OF CORRESPONDING MAGNITUDE
TO THE FORCES OF OUR AGE.

WE NEED AN EARLY WARNING SYSTEM -- AND A FAIL-SAFE SYSTEM.

THE WORLD CANNOT AFFORD THE AD HOC APPROACH OF AN EARLIER
ERA, WHICH SAW THE LONDON CONFERENCE OF 1933 CONVENED ONLY
AFTER FULL-SCALE ECONOMIC WAR HAD BROKEN OUT -- THUS
GUARANTEEING ITS FAILURE.

-13A-

27/15 8
fhp
THIS REINFORCED A WORLD-WIDE DEPRESSION AND BROUGHT
A NEW AND MORE VIRULENT NATIONALISM -- WHICH TRAGICALLY
CULMINATED IN A WORLD WAR.

normal lc.
SURROUNDS RELATIONS BETWEEN THE U.S. AND EUROPE" -- AND I
WOULD ADD, JAPAN.

I, THEREFORE, URGE OUR RESPECTIVE LEADERS TO HOLD A
SUMMIT MEETING ON ECONOMIC ISSUES IN EARLY 1973, AFTER THE
LAST OF EEC MEMBER ELECTIONS IS HELD.

I AM NOT VERY ENAMORED OF SUMMITRY ~~RESTATE~~ BUT I MAKE
THIS SUGGESTION AT THIS TIME BECAUSE OF THE SENSE OF URGENCY
I FEEL.

-15-

ftd The issue of Trade and investment

THE ISSUES HAVE BEEN HASHED OUT IN PUBLIC, BEHIND CLOSED
DOORS, BY OUR GOVERNMENT EMISSARIES AND BY OTHERS LONG ENOUGH.

minutes 10. SOME HEADWAY HAS BEEN MADE, OF COURSE. I AM ENCOURAGED BY
SECRETARY SCHULTZ'S REMARKS TO THE BOARD OF GOVERNORS OF THE
IMF AT THEIR SEPTEMBER MEETING IN WASHINGTON. HE

4 CAUTIONED AGAINST A TIDE OF PROTECTIONISM

4 MADE SOME CONCRETE SUGGESTIONS TO REFORM OUR

INTERNATIONAL MONETARY ADJUSTMENT PROCESS

4 AND CALLED UPON EVERY MEMBER COUNTRY TO

PUT HIS OWN HOUSE IN ORDER.

YET, ENCOURAGED AS I AM BY SECRETARY SCHULTZ'S PROPOSALS,
AND SOME OF THE STATEMENTS AND POLICIES OF SECRETARY PETERSON,
I AM DISCOURAGED BY OTHER U.S. GOVERNMENT SPOKESMEN
AND BY THEIR COUNTERPARTS.

27/8
17

f+p

IN OUR OWN COUNTRY IT IS ALMOST LIKE THE LEFT HAND

normal lc.

NOT KNOWING WHAT THE RIGHT HAND IS DOING.

IN EUROPE AND JAPAN I DO NOT FIND THE SITUATION MUCH
DIFFERENT.

WHILE EUROPE AS A COMMUNITY OF NINE WILL BE THE LARGEST
TRADING BLOC IN THE WORLD ACCOUNTING FOR 28% OF WORLD
EXPORTS AND 24% OF WORLD IMPORTS, THE COMMON MARKET'S
POLICIES AND ORIENTATION HAVE NOT, IN MY OPINION, TAKEN
SUFFICIENT ACCOUNT OF THIS FACT:

IT CONTINUES TO BEND TO A VERY ACTIVE FARM LOBBY

WHICH IS LARGELY RESPONSIBLE FOR THE HIGHLY
PROTECTIONIST COMMON AGRICULTURAL POLICY.

27/18 8

4+P

~~9~~ IT HAS RECENTLY MADE NOISES ABOUT A COMMON

normal lo

INDUSTRIAL POLICY WHICH MAY BECOME A VEHICLE FOR

RESTRICTING AMERICAN INVESTMENT IN EUROPE.

IN THE CASE OF JAPAN THE SAME THING IS TRUE.

JAPAN HAS CATAPULTED ITSELF INTO A MAJOR ECONOMIC POWER
WITH A PHENOMENAL ANNUAL AVERAGE GROWTH RATE OF 15.9% BETWEEN
1960 AND 1970.

~~9~~ SHE NOW ACCOUNTS FOR JUST UNDER FIVE BILLION DOLLARS

OF U.S. EXPORTS, MAKING HER THE SECOND LARGEST

IMPORTER OF U.S. PRODUCTS.

~~4~~ AND THE REVERSE IS ALSO TRUE, WITH THE UNITED STATES

BEING THE LARGEST MARKET FOR JAPANESE PRODUCTS.

000936

-18-

27/19 8
4+P
Now, THERE ARE CLEARLY MATTERS THAT NEED TO BE ADDRESSED
BETWEEN THE TWO COUNTRIES:

normal 10.

Q# THE VISIBILITY OF JAPANESE IMPORTED ITEMS AND WHAT

IS NOW ESTIMATED AS AN OVER-\$4 BILLION TRADE IMBALANCE,

HAS FUELED THE PROTECTIONIST SPIRIT IN THE U.S.

DESPITE THIS GROWING SENTIMENT, THE JAPANESE GOVERNMENT
HAS BEEN RELUCTANT TO REDUCE ITS OWN TRADE BARRIERS AND
OPEN UP ITS MARKETS TO AMERICAN INVESTORS.

THE DEVELOPMENTS I AM DESCRIBING HAVE A MOMENTUM OF THEIR
OWN.

Summit

000937

27/208
fip
MY SENSE OF URGENCY ABOUT A SUMMIT CONFERENCE STEMS FROM
MY FEELING THAT THIS PROTECTIONIST MOMENTUM THREATENS
TO OVERWHELM THE LIMITED ATTEMPTS NOW BEING MADE TO FORGE
NEW UNDERSTANDINGS.

FOR WE HAVE HAD CONFERENCES, AND MORE CONFERENCES.

AT EACH CONFERENCE, NEW ISSUES ARE RAISED, DUE TO THE
COMPLEX RELATIONSHIP OF ECONOMIC, POLITICAL AND SOCIAL
FORCES IN THE TRADE-POLICY EQUATION.

SO EACH TIME WE WALK AWAY WITH MORE ISSUES RAISED AND
QUESTIONS UNANSWERED BECAUSE THE PARTICIPANTS DO NOT HAVE
THE BROAD AUTHORITY TO GIVE ANSWERS.

27/21 8
f+p
AND NOW WE HAVE TWO MORE CRITICAL CONFERENCES ON THE
HORIZON: BOTH GATT AND IMF MEETINGS WILL TAKE PLACE NEXT FALL.

normal le. THESE ARE TERRIBLY IMPORTANT, BUT IS THE U.S. CONGRESS
OR THE AMERICAN PUBLIC AWARE OF THEM?

UNLESS THEIR IMPORTANCE TO OUR ECONOMIC AND INTERNATIONAL
FUTURE IS DRAMATIZED AND FORTIFIED BY A SUMMIT MEETING HELD
IN ADVANCE OF THEM, I PREDICT THAT SUCH MEETINGS WILL NOT
SUCCEED IN REVERSING THE PROTECTIONIST DRIFT WE ARE WITNESSING.

THE SUMMIT I AM TALKING ABOUT WOULD BE ONE WITH AN AGREED-
ON AGENDA. IT WOULD NOT BE AN OPEN-ENDED TALKFEST.

27/22 8

000939

-21-

he designed to

IT WOULD PRODUCE ANSWERS ON BASIC ISSUES, SO THAT

SUCCEEDING CONFERENCES OF MINISTERS WILL HAVE AUTHORITY TO
NEGOTIATE, BASED ON POLICY POSITIONS AT WHICH THEIR HEADS OF
STATE HAVE ARRIVED.

MOST IMPORTANTLY, A SUMMIT MEETING *should* ~~WULD~~ BE PREPARED TO

EXAMINE THE KINDS OF ECONOMIC WEAPONS NOW IN EXISTENCE,
AND THOSE BEING FASHIONED.

Should
IT ~~WOULD~~ NOT AVOID DISCUSSING THE EXISTENCE OF AGGRESSIVE

MEASURES SUCH AS DUMPING, WHICH IN ECONOMIC TERMS ARE AS

DESTRUCTIVE TO HUMAN LIVES AS MILITARY AGGRESSION IS IN

PHYSICAL TERMS.

27/23 8

000940

-22-

ALL ROMAN

f+p

A SUMMIT MEETING WOULD LAY THE GROUNDWORK FOR THE

DEVELOPMENT OF INTERNATIONAL RULES GOVERNING USE OF DUMPING

AS WELL AS OTHER MEASURES SUCH AS TARIFFS, QUOTAS, EXPORT

normalic.

SUBSIDIES, AND OTHER NON-TARIFF BARRIERS.

It would go beyond such controls to the creation of new,

COOPERATIVE MECHANISMS TO MAXIMIZE THE FLOW OF TRADE --

NOT MOUTHING ACADEMIC FREE TRADE SLOGANS WHILE PRACTISING

THE OPPOSITE, BUT LIVING IN A REAL WORLD WHICH RECOGNIZES

THAT MARKET-SHARING IS NEEDED, THAT VOLUNTARY AGREEMENTS

ARE NEEDED.

ALL ROMAN

SUCH MECHANISMS SHOULD INVOLVE NOT ONLY RULES -- THEY
SHOULD ALSO INVOLVE PEOPLE.

27/248
ftr
NEW FORUMS MUST BE CREATED, SO THAT A REAL DIALOGUE
CAN BE DEVELOPED BETWEEN THE ACTORS ON THE INTERNATIONAL

TRADE SCENE.

ALL ROMAN

normal le.

WE NEED SUCH A DIALOGUE BETWEEN PARLIAMENTARIANS OF OUR
RESPECTIVE NATIONS.

BETWEEN LABOR LEADERS.

ALL ROMAN

BETWEEN BUSINESS LEADERS.

THESE POWERFUL INTERNAL FORCES ARE NOW TURNED INWARD.

THEY MUST BEGIN TURNING OUTWARD, AND TALKING TO EACH
OTHER ACROSS THE OCEANS. WHY DO WE HAVE COMMUNICATIONS
SATELLITES ANYWAY?

27/25 8
4x8

THIS IS CRITICAL. FOR IT IS THE INABILITY OF MINISTERS
TO REPRESENT THESE FORCES THAT GUARANTEES THE CONTINUED
WEAKNESS OF INTERNATIONAL CONFERENCES AND AGREEMENTS.

THIS MEANS A CONTINUED SKEPTICISM BY OTHER NATIONS IN
THE U.S.'S ABILITY TO FOLLOW THROUGH ON TRADE AGREEMENTS,
SUCH AS THOSE RECENTLY MADE WITH THE SOVIET UNION.

UNLESS A NEW THIRD FORCE, EMANATING FROM SUCH A DIALOGUE,
DEVELOPS, TO BRIDGE THE GAP BETWEEN MINISTERIAL AGREEMENTS
AND PARLIAMENTARY PROTECTIONISM, WE ARE IN TROUBLE.

I HAVE BEEN TALKING UP TO NOW MAINLY ABOUT WHAT THE
MAJOR ECONOMIC POWERS CAN DO IN CONCERT IN COMING YEARS.

-25-

27/26 8
LET ME NOW FOCUS ON THE SPECIAL SITUATION OF THE UNITED STATES, AND ON THE IMMEDIATE SITUATION WHICH THE 93RD CONGRESS FACES.

NOWHERE, OF COURSE, IS THE ~~DEGREE~~ *drive for* OF PROTECTIONISM MORE APPARENT THAN IN THE UNITED STATES CONGRESS.

CONGRESSIONAL SENTIMENT FOR PROTECTIONISM IS CLEARLY GROWING.

AND THIS SENTIMENT IS BEING FUELED BY LEGITIMATE FEELINGS OF FRUSTRATION AND DESPAIR ON THE PART OF MILLIONS OF AMERICAN WORKERS WHO FEEL THAT THEIR JOBS AND FAMILIES ARE THREATENED BY THE GREAT INFLUX OF FOREIGN MADE GOODS AND THE DECLINING TRADE POSITION OF THE UNITED STATES.

-26-

27/27 8
fxp
THE AMERICAN WORKER IS UNDER GREAT ECONOMIC PRESSURE.

HE IS BEING ASSAULTED BY INFLATION, HIGH INTEREST RATES,

UNFAIR WAGE AND PRICE CONTROLS AND A SENSE OF ALIENATION

WHICH COMES WITH BLOCKED SOCIAL AND EDUCATIONAL OPPORTUNITIES.

domestic.

IN ADDITION, THE AVERAGE WORKER ASSOCIATES HIS OWN JOB

SECURITY WITH THE REDUCTION OF COMPETITION FROM ABROAD, EITHER

BY FOREIGN COMPANIES OR AMERICAN-OWNED SUBSIDIARIES. THE

TRANSLATION OF THIS SENTIMENT MEANS A GROWING PROTECTIONIST

CONSTITUENCY IN THE UNITED STATES.

I DON'T BELIEVE THAT LEADERS OF THE GOVERNMENT

OR LEADERS IN THE BUSINESS COMMUNITY HAVE BEEN SENSITIVE

TO THE PLIGHT OF THE AMERICAN WORKER.

~~or sufficiently~~
~~away of the~~ what the American worker
believes to be the threat to his job from
foreign competition

27/288) It isn't only what is true that moves - affects people - it is what they think is plausible to be true that is even more significant.

000945 -27-

BECAUSE OF THIS, THERE IS GREAT HOSTILITY AMONG THIS GROUP
TO A NEW ERA OF INTERNATIONAL TRADE.

AND THE POLITICAL SENTIMENT IN CONGRESS ARISES FROM
THESE FEELINGS. IT CANNOT BE IGNORED OR COVERED OVER BY
BELATED EXPRESSIONS OF CONCERN.

I CAN ATTEST TO THE PROTECTIONIST GROUNDSWELL IN THE
UNITED STATES. DURING THE PAST YEAR AS I TRAVELLED AROUND
THE UNITED STATES I REALIZED HOW WIDESPREAD THE FEAR OF
FOREIGN COMPETITION IS AMONG WORKERS IN UNION AND NON-UNION
SHOPS.

THE BURKE-HARTKE BILL WITH ITS NEW QUOTAS ON IMPORTS AND
REPEAL OF TAX ADVANTAGES FOR U.S. CORPORATIONS' INVESTMENTS
OVERSEAS WILL GET PRIME ATTENTION DURING THE 93RD CONGRESS.

-28-

27
29 8
fhp
I CAN ASSURE YOU OF THIS

THE BILL FOCUSES ON SOME VERY REAL ISSUES -- ISSUES THAT
ARE OF GREAT CONCERN TO AMERICAN WORKERS.

I AM NOT GOING TO ENGAGE ~~ME~~ IN A DETAILED ANALYSIS OF
THE BILL -- ITS PLUSES AND ITS MINUSES -- BUT I DO WANT TO STRESS
ITS IMPORTANCE IN THE UPCOMING DEBATE ON TRADE IN THE CONGRESS.

YOU CAN'T TELL THE MAN WHO LOSES HIS JOB IN A FACTORY
THAT HIS LOSS IS THE NATION'S GAIN.

UNLESS WE FACE THIS FACT, WE WILL BE SEVERELY HAMPERED
IN THE ATTEMPT TO FORGE A NEW TRADE POLICY.

27/308

000947

-29-

fhp

AS FAR AS THE U.S. IS CONCERNED, ONE PURPOSE OF THE
SUMMIT MEETING I HAVE PROPOSED WOULD BE TO MAKE IT PERFECTLY
CLEAR THAT PROGRESS IN DEALING WITH THE FELT NEEDS OF
OUR OWN WORKERS MUST ACCOMPANY ANY INTERNATIONAL MONETARY
AND TRADE REFORMS.

normal 10.

THE REDUCTION OF TRADE BARRIERS BY JAPAN AND THE
COMMON MARKET, WITH A SHORT-RANGE GOAL OF WIPING OUT AN
ANTICIPATED \$7 BILLION TRADE DEFICIT IS AS RELEVANT AS A
SOUND INCOMES POLICY AT HOME.

WE MUST RECOGNIZE THAT THE STRONGLY-HELD SENTIMENTS
WHICH LIE BEHIND THE BURKE-HARTKE BILL SEVERELY THREATEN
THE ADOPTION OF A LIBERAL TRADE POSTURE AND THE PASSAGE OF
OTHER TRADE MEASURES IN THE CONGRESS.

278
318
410

remove this trade
FAILURE BY OTHER NATIONS TO ~~REMOVE THESE~~ BARRIERS WILL

MEAN AN EVEN STRONGER PUSH BEHIND THE BURKE-HARTKE BILL.

OF COURSE, WE CANNOT COMPLETELY SHIFT THE BURDEN TO

normal ic.

EUROPE AND JAPAN.

CLEARLY, THE TIME HAS COME FOR THE U.S. TO PROVIDE A
COMPREHENSIVE ADJUSTMENT PROGRAM FOR WORKERS IN DOMESTIC
INDUSTRIES THAT ARE AFFECTED BY IMPORT COMPETITION.

EVERYONE RECOGNIZES THAT THE PRESENT ADJUSTMENT
ASSISTANCE PROGRAM DOES NOT WORK.

~~4~~ IT WAS CREATED IN A DIFFERENT ECONOMIC ERA A
DECADE AGO, AND AT A TIME WHEN THE U.S. WAS JUST
BEGINNING TO CREATE MANPOWER POLICIES.

27/8
32

lhp

WE HAVE COME A LONG WAY SINCE THEN IN RELATING MANPOWER
POLICIES TO ECONOMIC POLICIES.

Q WE HAVE SEEN THE CONGRESS PASS THE FIRST JOB-
CREATION PROGRAM SINCE THE DEPRESSION TO DEAL WITH
HIGH UNEMPLOYMENT.

Q SO IT IS INCREDIBLE THAT, ALTHOUGH THE U.S. IS
NOW SPENDING SEVERAL BILLIONS ON MANPOWER PROGRAMS,
IT IS SPENDING NICKELS AND DIMES ON ADJUSTMENT
PROGRAMS.

Q THIS IS INCREDIBLY SHORT-SIGHTED, SINCE AN
EFFECTIVE ADJUSTMENT ASSISTANCE PROGRAM WOULD ACTUALLY
CREATE JOBS, BY ^{alleviating some of} ~~REMOVING~~ LABOR'S FEARS, AND THUS
ALLOWING EXPANSION OF TRADE.

27 8
33

418 WE SHOULD SCRAP THE PRESENT PROGRAM AND CREATE A NEW
ONE THAT IS NOT JUST ONE OF A DOZEN DIFFERENT PROGRAMS
THAT AN OLD-LINE BUREAUCRACY RUNS WHEN IT FEELS LIKE IT.

normal 18.

BEYOND ADJUSTMENT ASSISTANCE, THE U.S. MUST ALSO
DEAL WITH THE TWIN PROBLEMS OF INFLATION AND UNEMPLOYMENT,
BEFORE IT CAN MORE EFFECTIVELY DEAL WITH THE POLITICAL AND
ECONOMIC PRESSURES WHICH GIVE RISE TO PROTECTIONISM.

I HAVE BEEN TALKING ABOUT WHAT THE GOVERNMENT CAN DO,
BUT IT IS INCREASINGLY CLEAR TO ME THAT BUSINESS MUST DO
SOMETHING, TOO -- THAT, IN FACT, THE GROWTH OF PROTECTIONIST
SENTIMENT HAS RESULTED FROM BUSINESS'S FAILURE TO REALIZE AND
UNDERSTAND THE HUMAN CONSEQUENCES OF THEIR ACTIVITIES.

27/8
34

44P

YOU GENTLEMEN ARE SENSITIVE TO THE PROBLEMS I HAVE BEEN
SPEAKING ABOUT, BUT WHAT ARE YOU DOING ABOUT IT?

L EVERYBODY TALKS ABOUT WHAT THE PRESIDENT SHOULD BE DOING,
OR WHAT CONGRESS CAN DO TO STAVE OFF THE TIDE OF PROTECTION-

normal to.
ISM

ALL ROMAN

BUT WHAT ARE YOU DOING IN YOUR OWN ENTERPRISES?

-- WHAT ARE YOU DOING TO COPE WITH JOB TRAINING, AND

PLACEMENT FOR YOUR WORKERS?

ALL ROMAN

+ WHAT ARE YOU DOING TO CONVINCE THE AMERICAN PUBLIC

THAT YOUR FOREIGN INVESTMENTS AND SUBSIDIARY PLANTS

REALLY DO MEAN NEW JOBS FOR US IN THE UNITED STATES?

ALL ROMAN

27/35
4+8
A THAT THEY DO IMPROVE OUR BALANCE OF PAYMENTS AND
TRADE POSITION?

DO NOT
A THAT THEY DO IMPROVE OUR RELATIONS WITH OTHER STATES?

many are
~~THESE MEN~~ AM NOT CONVINCED THAT YOUR FOREIGN SUBSIDIARIES

DO ALL THESE THINGS, AND YOU'LL HAVE TO WORK ON ME. *you must*

~~HAVE TO~~ BUILD YOUR OWN POPULAR CONSTITUENCY AND NOT EXPECT

that the Congress will do
~~THAT HE IN THIS NATION ONE TELLS YOU TO DO WHAT YOU TELL US.~~

I HAVE MORE QUESTIONS FOR YOU, SO AS LONG AS WE ARE
TOGETHER IN THE PRESENT DELIGHTFUL CIRCUMSTANCES, HERE
THEY ARE:

WHY DO REPRESENTATIVES OF THE LARGE MULTINATIONAL
CORPORATIONS POSE AS PROPONENTS OF FREE TRADE, AND
LOBBY FOR ANTI-FREE-TRADE MEASURES?

27/8
36

000953

-35-

4-18 Q WHY DO YOU EXPECT TAX FAVORS THAT CONSUMERS, WORKERS,

SMALL DOMESTIC INDUSTRIES DO NOT RECEIVE?

Q WHY DO YOU NEED ORGANIZATIONS LIKE THE DOMESTIC
INTERNATIONAL SALES CORPORATION?

normal id.

Q WHY DO YOU NEED OR DESERVE SPECIAL TREATMENT AT ALL?

IN THE UPCOMING DEBATE IN CONGRESS YOU WILL HAVE TO
ANSWER THESE QUESTIONS. YOU WILL HAVE TO FACE ISSUES SQUARELY
AND HONESTLY SO THAT THE TRADE ISSUES CAN BE FULLY UNDERSTOOD,
AND HANDLED IN AN EQUITABLE WAY.

GENTLEMEN, THE IMPLICATIONS OF THESE TOUGH QUESTIONS ARE
NOT JUST VOICED BY ~~me.~~ ~~THESE IMPERIALIST FRIENDS OF LABOR.~~

SECRETARY SCHULTZ SEEMS TO BE TAKING A SIMILAR POSITION.

BEFORE A RECENT IMF LUNCHEON, HE SAID:

"THE GENERAL FEELING IN THIS ADMINISTRATION IS THAT WE
HAVEN'T IN RECENT YEARS GOTTEN THE BEST OF IT IN TRADE. SO
WE HAVE TO TAKE LESS RITUALISTIC POSITIONS. WE HAVE TO GET
OUT AND MAKE SURE THAT THERE'S A SQUARE SHAKE FOR AMERICAN
LABOR AND AMERICAN UNIONS."

OUR COMMON GOAL MUST BE EQUITABLE TRADE WITH A FAIR
SHAKE FOR BOTH BUSINESS AND LABOR.

AND UNLESS SUCH EQUITY IS ACHIEVED AT HOME BETWEEN BUSINESS
AND LABOR, THE CHANCES OF ACHIEVING IT WITH OUR TRADING
PARTNERS WILL BE NEXT TO IMPOSSIBLE.

27/8
38

As WE LOOK AHEAD TO VIGOROUS COMPETITION IN WORLD

f+p

TRADE -- AND IT WILL BE JUST THAT -- LET ME SHARE A

FEW THOUGHTS WITH MY FELLOW AMERICANS WHO ARE

HERE.

normal ic.

It IS TIME FOR BUSINESS, GOVERNMENT, LABOR AND

AGRICULTURE TO ARRIVE AT A COMMON TRADE POLICY.

In THE REAL WORLD OF TODAY, GOVERNMENT AND BUSINESS

MUST BE WORKING PARTNERS IN THE FIELD OF FOREIGN TRADE --

SURELY WE SHOULD HAVE LEARNED THIS BY NOW FROM OUR EXPERIENCE

WITH OTHER COUNTRIES.

THESE NATIONAL PARTNERSHIPS MUST, HOWEVER, ABIDE

BY INTERNATIONAL STANDARDS SUCH AS GATT.

27/8
39

f+8

LET'S BE CANDID -- AMERICAN INDUSTRY HAS TRADITIONALLY
BEEN GEARED TO ITS DOMESTIC MARKETS AND TO ASSURED *foreign*
MARKETS, ~~SECURE~~.

normal lc.

AS A RESULT, OUR TRADE, FINANCIAL AND ECONOMIC
POLICIES ARE NOT DESIGNED TO MEET THE COMPETITIVE
REALITIES OF THE PRESENT.

IN THE YEARS AHEAD, WE MUST REFASHION POLICIES.

WE MUST BE MORE COMPETITIVE, MORE INNOVATIVE.

We must be export and investment minded.
and WE MUST USE THE TOOLS OF MARKET RESEARCH TO MAXIMIZE

OUR EXPORT POTENTIAL.

WE MUST START DOING ALL THESE THINGS, AND START
DOING THEM NOW.

27/8
40

I WILL CLOSE BY SAYING THAT THOSE IN CONTROL OF ECONOMIC

AND TRADE POLICY IN OUR RESPECTIVE NATIONS MUST COME TO A NEW

RECOGNITION OF THE INTERDEPENDENCE OF POLITICS AND TRADE --

BOTH IN THEIR OWN COUNTRIES AND ABROAD.

THEY MUST REALIZE THAT INTERNATIONAL TRADE AND ECONOMICS

IS TOO IMPORTANT TO LEAVE EITHER TO THE ECONOMISTS, OR THE

POLITICIANS ALONE.

It IS TIME FOR YOU AND I, THE AMERICAN PUBLIC, THE
JAPANESE PUBLIC, AND THE EUROPEAN PUBLIC, AS WELL AS THEIR
RESPECTIVE LEADERS TO BEGIN TO UNDERSTAND EACH OTHER AND
WORK TOGETHER.

normal le.

27/8
41
f-18

IN THIS WAY WE CAN HELP PROVIDE THE LEADERSHIP WHICH

WILL PREVENT US FROM CONTINUING ON A COLLISION COURSE WHICH

ONLY SPELLS DISASTER. we can and must
~~IN THE WORST POLITICAL AND DIPLOMATIC~~

Develop trade, Investment and Monetary
policies which allow us to
grow ~~together~~ ^{#####} Rather than
grow apart.



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