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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
AMERICAN CONFERENCE ON TRADE

THE SHERATON PARK HOTEL

8:42 P.M. EST

Thank you very much, Walter, distinguished members of the Cabinet, public officials, dedicated American citizens, ladies and gentlemen:

It is a great privilege and a very high honor to have the opportunity of participating in this American Conference on Trade. At the outset, let me assure you that I thank you and I congratulate you on the magnificent efforts that you have made during the day, and previously, and I exhort you to continue your efforts until we are successful in the achievement of the objective that has been determined, which is in the best interest of our country.

Within the last several weeks, I traveled about half way around the world. I met leaders of Japan, Korea and the Soviet Union, and I am here tonight to call on you, my fellow Americans, to come with me on an even greater journey, a journey that could be without a question of a doubt the most important in our lives, yours and mine, and will affect countless of Americans for many, many years to come.

It is, very simply put, to redefine, to reshape the role of the United States in world trade. Those of you who are serious and cognizant, and all of you are, about the problems we face on this globe, you know that it is a new world out there. We are witnessing today a worldwide economic revolution.

New, acute economic problems and concerns have moved onto the world scene with startling swiftness. Nations, large as well as small, are redefining their national interests. Some talks in terms of economic bloc or area advantages, and there are those who face the increasing threat of a simple, very stark reality -- survival.

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The United States, and most nations, face the most serious economic challenge of the post-war period. Problems of energy, food, inflation, recession, pose unprecedented threats in all parts of the world. They threaten employment; they threaten income. They jeopardize international economic cooperation, and they menace political and security relationships that the United States has taken a generation to construct.

Unless we approach these problems constructively and cooperatively with our principal trading partners, we in the world may face a crisis of the most serious proportions. These times call for positive, constructive American leadership.

The United States cannot afford to drift in a sea of international uncertainty at a time when its highest economic interests call for very decisive action. We cannot honestly claim leadership of the free world if we do not influence with practical policies and real purpose greater economic cooperation.

We must be under no illusion that we can go it alone. I think that is why all of you are here tonight and why I am here. And that is the reason the journey we undertake here must go on vigorously, effectively and constructively.

The word must go out from here tonight to the American people, and to the people of other nations, and especially our friends in the Congress, that America has made a very serious decision. We must pass the Trade Reform Act now.

It is essential to the future of the United States trade policy and that of the world as well. The health of our domestic economy and the strength -- yes, the very structure -- of our international economic relations are deeply involved.

The Congress must act -- and I say this with the utmost seriousness -- or its inaction will gravely affect my efforts or anybody else's efforts to turn our economy upward. It will severely limit my ability or the ability of anybody else, to work for international economic cooperation abroad.

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You and I know that this legislation will, in all probability, be long delayed, possibly stymied forever, if it is not passed in the current session of this Congress. From a very practical point of view, it means that for the next year or more when the economic situation calls for decisive decisions, I will serve as your President without the power to fulfill my responsibilities in the crucial area of our Nation's trade.

This vital bill, the Trade Reform bill, has been pending before Congress for nearly two years. Actually, no President of the United States has had the authority to negotiate international trade matters since 1967. International trade relations have not been really revamped since that time. It has been 40 years, as we look back over the pages of history, since passage of the Nation's historic and fundamental Trade Agreements Act of 1934.

The central issue of trade reform is the close inter-relationship between our domestic economy on the one-hand and our economic interrelations. And let us look at this important interrelationship for just a moment.

Admittedly, the American economy is in a recession at the present time. Inflation pressures are many. Fear of unemployment is increasing among our people.

The highest priority of this Administration in the weeks and months ahead, as has been said since I took office four months ago, will be to attack these growing and changing economic problems, and one of the most effective ways to start is to pass the trade reform legislation in our national self-interest. Obviously, I will need the full cooperation of the Congress. That is essential for all 213 million Americans.

I will, and I have certainly welcomed the comments by the Senate Majority Leader, Mike Mansfield, for bipartisan cooperation. I commend the Senate Committee on Finance and Chairman Russell Long for acting with restraint and not attaching unrelated amendments.

The international economy faces very similar difficulties. Inflation is a world-wide problem. Most of the economies of the industrialized world have swung into a downward cycle, partly as a consequence of inflationary distortions.

International cooperation is absolutely essential if the world is to conquer this twin illness of global recession and global inflation. We in the United States must develop a coordinated domestic and international approach to inflation and to recession. Trade is vital, essential, critical to that program.

Two-way trade for America amounted to \$163 billion for the first 10 months of this calendar year. Those are the latest figures. This leaves our current trade balance at a deficit of some \$2.3 billion. This is due chiefly to

the huge increase in the cost of imported oil. In the first 10 months of this year, oil imports cost us \$20.1 billion compared to \$7.8 billion for all of 1973. Thus, without the enormous increase in oil costs, we would have a good-sized surplus this year.

The United States enjoyed a \$1.3 billion surplus last year. This is important to note: our exports, for the first 10 months of this year, are running at an annual rate of 36 percent above 1973.

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These exports add up to many jobs for Americans in all parts of our country and in all sectors of our society. Some three million American workers owe their livelihood to our American exports -- from stevedores to aircraft machinists to white collar workers staffing American corporations.

Even the smallest of our business organizations in this country, three out of five successful American exporters have fewer than 100 employees. More than 20 percent of American farm income derives from sales abroad.

Trade -- everybody in this room knows -- is the bread and butter issue to workers and businesses in our community, large, small, in all parts of our 50 States. That means farms on the one hand, business on the other, and industry as a whole.

Over the years the effect of trade on our economy has been highly favorable. The U.S. economy, consumers, workers, benefit from imports as well as exports. The explanation is relatively simple -- our total imports for the first ten months of this year amounted to approximately \$83 billion. About \$37 billion of that figure were essential to American production, metals, foods, chemicals, minerals, including oil.

Many American businesses are heavily dependent on imported materials. Let me offer just a couple of specific examples of how imports help us as an industrial nation.

We are almost entirely dependent on foreign countries for such vital materials as chromium, platinum, titanium and manganese. More than 85 percent of our aluminium comes from overseas; so does most of our bauxite.

When we add the vigor from these imports to the strength of exporting, we can see the significance of trade to America's economic health.

Trade adds to the income, the income of the American labor force and to our economic pre-eminence in the world at large.

There will be no plus in our balance of trade this year because of the severe high cost of importing oil. Otherwise, we could be and would be very much in the black.

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Nationally, I consider the price we are paying for oil as much too high. It is raising havoc on our domestic economy. If you deduct the increased cost of oil imports, the U.S. exhibits a favorable trade balance of nearly \$8 billion during the first six months of 1974.

Oil price increases are upsetting the entire international economic system. The adjustments, the answers, must come from international bargaining, from international cooperation, and that is the top priority of this Administration.

The overall effect of our trade is highly favorable, but the Trade Reform Act makes specific provision to assist those who might be adversely affected by imports.

No sector of our economy will be left to face serious disruption. The legislation clearly states -- and I will vigorously support such provisions -- that we will assist workers, firms, communities adversely affected by imports.

In these very difficult times, it may be tempting for some in our great country to turn inward. Powerful forces in this country are not only thinking but actually urging an inward course on legislation, not only in the Trade Reform Act but in many other pieces of legislation.

This, in my judgment, would reverse American post-war trade and other policies and would be enormously harmful to us as to the rest of the globe, our allies as well as our adversaries.

It is my strong feeling -- and I say this with the deepest conviction -- let us turn outward to view the complex picture of international trade. Our nation lives and acts in the world community within a very intricate framework. It is the framework of political security and economic ties that binds nations everywhere together.

There are those in the world who believe that unilateral and bilateral action, promoting their own self-interest, is the quickest and the most promising solution to their problems. I categorically reject that view.

We must believe, and I certainly do, that this policy can only lead to conflict, an unending series of flare-ups and disputes in all parts of the world.

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In contrast, the United States believes, and I am committed to this policy if the Congress will urgently let me negotiate, that the only real answer is the long-range solution of total world cooperation.

I seek multilateral solutions to common problems that will benefit all nations, but I need the Trade Reform Act, and I need it now, if the President of the United States is to have any voice in the international scene.

Let me spell out, if I might, some of the consequences if I do not obtain this legislation from this Congress before it adjourns.

The coming GATT international trade negotiations involving 105 members would be dealt a crippling setback. I would like the necessary legislative authority to implement my accords or any accords; therefore, it would be virtually impossible to arrive at any substantial trade agreements.

The United States international, political, military, economic commitments would be seriously undermined. This, in my opinion, would encourage unrest and would certainly encourage world instability.

But let's be even more precise, if I might. In energy, Secretaries Kissinger and Bill Simon are working diligently on international cooperation, but this cooperation cannot be one in a world involved with increasing strife in trade.

The international monetary system needs significant improvement. If we slide back into trade wars, we undermine our honest efforts to keep the international monetary system functioning effectively. Friendly trade is a must if we are to improve our market imbalances.

Trade is necessary so that developing countries can pay back various forms of outside assistance. Some of the developing nations are directly involved in our own growth. They own raw materials and other commodities in short supply, essential to our development.

The Trade Reform Act offers me sufficient negotiating authority to achieve a substantial reduction in tariff levels on a worldwide basis. It would allow me to work toward greater market access for U.S. products abroad, adding innumerable thousands of jobs in our own 50 States.

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This means jobs for Americans. That means a healthier economy. That means Congress has a duty and an obligation to pass this legislation now.

Let me use one other fact, if I might. I can assure you from my recent experiences that the Soviets are not sitting back. They are not looking for a seat as a spectator. They want and they will get part of the action.

The Soviets are ready to trade, politically, economically, but it will take time. It will take negotiation on the one hand, so very hard bargaining on the other.

We have made a good beginning politically, a breakthrough on controlling the latest generation of nuclear weapons, a breakthrough for peace.

Let us make the same breakthrough for trade, essential for detente and progress around the world.

In 1973 the United States achieved a trade surplus of more than \$1 billion from the Soviet Union. Another \$900,000 surplus came from other Communist countries around the world. Trade with these nations was, therefore, a very crucial factor in our overall trade surplus of \$1.7 billion in 1973.

The Soviets will not deal unless we work to achieve mutually beneficial economic policies, including the elimination of discrimination against their trade, and unless we are willing to provide appropriate levels of credit within the framework established by the Congress.

Let's be very clear about this. Our competitive trading partners of Western Europe and Japan are issuing credits to Communist countries with which they are now trading. Their record shows that the Soviet credit is good. The credits we issue are small compared to our Western trading partners.

The world today looks to the United States of America for leadership. We have provided this since the end of World War II. We did not provide it prior to World War II. Therefore, I would find it inexcusable, as would many Members of Congress and many Americans, if this legislation were to die as a result of delay and procrastination.

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The Congress and the Executive Branch have cooperated more closely -- and I might say at a greater length -- on this bill than in any other single piece of legislation in the past six years. I can recount in the four months that I have been President a number of meetings with various Senators, various other Members of the Congress, in trying to find a reasonable, constructive compromise on how we might move this legislation forward, and I can assure you that I will personally continue these efforts in the remaining weeks of this session of the Congress.

And let me add this, if I might. And I see how many members of my Cabinet are here -- three, four. They are being told tonight, and everybody in their department, that this is the job of highest priority to get this legislation through between now and adjournment.

And I will add a P.S. If they don't get it through, they are at fault, and you are, too. (Laughter)

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Well, let me just conclude with these observations and comments.

I would find it inexcusable if this legislation were to become encumbered with nonrelated or nongermane amendments. This is somewhat technical, but those of us who have struggled in the Congress for sometime know precisely what it means. These would be unrelated amendments, not related to the fundamentals of trade legislation under any circumstances.

They would be amendments that had no prior consideration at all in the Senate Committee on Finance. They would be extraneous to the subject matter that has brought all of you to the Nation's Capitol.

I think the time has come; it is far too serious for this important legislation to be encumbered by these non-related or nongermane amendments. So, as you go through the halls and into the offices on Capitol Hill, make the point strongly, effectively, that this legislation must stand on its own and should not be overwhelmed with amendments that have no relationship to trade per se.

At this critical moment in our legislative history on this legislation, I don't think we can afford the gamesmanship of nonrelated, nongermane amendments.

I see some former colleagues of mine in the House of Representatives. In the main, we were able to keep nongermane amendments out of the House version of the bill. The burden is now on the United States Senate to do exactly the same.

And let me conclude with these final observations, if I might. I happen to believe that a society is great if its people think greatly, if its people act greatly, and this is a moment for greatness in America.

The journey which we together have started here tonight has no end. For the labor we undertake will never be complete: to help build a world economy that will contribute to the health and prosperity of people everywhere throughout this globe.

Every nation must carry its share of that great burden to uplift itself on the one-hand and others as we move ahead.

Every nation must reach out, out to others, to work together, to share in sweat and in sacrifice, secure in the knowledge that none will have to go it alone. This truly, as I see it, could be one of the world's finest hours. With your help, with our cooperation and with the dedication of everybody, we can make it so. Thank you very much.

END (AT 9:09 P.M. EST)