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THE PRESIDENT HAS SEEN *df*

AMERICAN CONFERENCE ON TRADE

WASHINGTON, D. C.

TUESDAY, DECEMBER 3, 1974

*American
Conference on Trade.*

I RECENTLY TRAVELED ABOUT HALF WAY AROUND THE WORLD.

I MET LEADERS OF JAPAN, SOUTH KOREA AND THE SOVIET UNION.

I AM HERE TONIGHT TO CALL ON YOU, MY FELLOW AMERICANS, TO COME

WITH ME ON A NEW AND EVEN GREATER JOURNEY. A JOURNEY THAT

WILL BE AMONG THE MOST IMPORTANT OF OUR LIVES -- YOURS AND

MINE -- AND WILL AFFECT COUNTLESS AMERICANS FOR MANY YEARS

TO COME. IT IS, SIMPLY PUT: TO REDEFINE -- TO RESHAPE THE

ROLE OF THE UNITED STATES IN WORLD TRADE.

*Eisenhower - 1958
Kennedy - 1962*

IT IS A NEW WORLD OUT THERE.

WE ARE WITNESSING TODAY A WORLD-WIDE ECONOMIC REVOLUTION.

NEW, ACUTE ECONOMIC PROBLEMS AND CONCERNS HAVE

MOVED ONTO THE WORLD SCENE WITH STARTLING SWIFTNES.

NATIONS -- LARGE AND SMALL -- ARE REDEFINING THEIR NATIONAL

INTERESTS. SOME TALK IN TERMS OF ECONOMIC BLOC OR AREA

ADVANTAGES. AND THERE ARE THOSE WHO FACE THE INCREASING

THREAT OF A SIMPLE, STARK REALITY: SURVIVAL.

THE UNITED STATES AND MOST NATIONS FACE THE MOST

SERIOUS ECONOMIC CHALLENGE OF THE POST-WAR PERIOD. PROBLEMS

OF ENERGY, FOOD, INFLATION AND RECESSION POSE UNPRECEDENTED

THREATS IN ALL PARTS OF THE WORLD. THEY THREATEN EMPLOYMENT

AND INCOME. THEY JEOPARDIZE INTERNATIONAL ECONOMIC

COOPERATION. AND THEY MENACE POLITICAL AND SECURITY

RELATIONSHIPS THAT THE UNITED STATES HAS TAKEN A GENERATION TO

HELP CONSTRUCT.

UNLESS WE APPROACH THESE PROBLEMS CONSTRUCTIVELY AND
COOPERATIVELY WITH OUR PRINCIPAL TRADING PARTNERS, WE AND 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 DECISIVE ACTIONS. WE CANNOT 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.

THAT IS WHY YOU ARE HERE TONIGHT. AND WHY I AM HERE.

AND THAT IS THE REASON THE JOURNEY WE UNDERTAKE HERE MUST GO ON.

THE WORD MUST GO OUT FROM HERE TONIGHT -- TO THE AMERICAN PEOPLE

AND THE PEOPLE OF OTHER NATIONS, AND ESPECIALLY TO OUR FRIENDS

IN THE CONGRESS -- THAT AMERICA HAS MADE ITS DECISION:

WE MUST PASS THE TRADE REFORM ACT -- NOW. IT IS ESSENTIAL

TO THE FUTURE OF UNITED STATES' TRADE POLICY AND THAT OF THE

WORLD AS WELL. THE HEALTH OF OUR DOMESTIC ECONOMY AND THE

STRENGTH -- THE VERY STRUCTURE -- OF OUR INTERNATIONAL ECONOMIC

RELATIONS ARE INVOLVED.

THE CONGRESS MUST ACT -- AND I SAY THIS WITH THE
UTMOST SERIOUSNESS -- OR ITS INACTION WILL GRAVELY AFFECT
MY EFFORTS TO TURN OUR ECONOMY UPWARD. IT WILL SEVERELY
LIMIT MY ABILITY TO WORK FOR INTERNATIONAL ECONOMIC COOPERATION
ABROAD.

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 CONGRESS.

THIS 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 ACT -- 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 FORTY YEARS SINCE PASSAGE OF THIS NATION'S HISTORIC
AND FUNDAMENTAL TRADE AGREEMENTS ACT OF 1934.

THE CENTRAL ISSUE OF TRADE REFORM LEGISLATION IS THE
CLOSE INTER-RELATIONSHIP BETWEEN OUR DOMESTIC ECONOMY AND OUR
INTERNATIONAL ECONOMIC RELATIONS. LET US LOOK AT THIS
IMPORTANT INTER-RELATIONSHIP.

ADMITTEDLY, THE AMERICAN ECONOMY IS IN A RECESSION
AT THE PRESENT TIME. INFLATIONARY PRESSURES ARE MANY.
FEAR OF UNEMPLOYMENT IS INCREASING AMONG OUR PEOPLE.

THE HIGHEST PRIORITY OF MY ADMINISTRATION IN THE WEEKS
AND MONTHS AHEAD -- AS IT HAS BEEN 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 THIS TRADE REFORM LEGISLATION IN OUR NATIONAL
SELF-INTEREST. I WILL NEED THE FULL COOPERATION OF THE CONGRESS.
I WELCOME THE RECENT CALL OF SENATOR MANSFIELD, THE MAJORITY
LEADER OF THE SENATE, FOR BIPARTISAN COOPERATION. I COMMEND THE
SENATE FINANCE COMMITTEE AND CHAIRMAN RUSSELL LONG FOR ACTING
WITH RESTRAINT AND NOT ATTACHING UNRELATED AMENDMENTS.

THE INTERNATIONAL ECONOMY FACES 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 INFLATION. WE IN THE UNITED STATES MUST DEVELOP A
COORDINATED DOMESTIC AND INTERNATIONAL APPROACH TO INFLATION
AND RECESSION. TRADE IS CRITICAL TO THAT PROGRAM.

TWO-WAY TRADE FOR AMERICA AMOUNTED TO 163 BILLION DOLLARS FOR THE FIRST TEN MONTHS OF THIS YEAR. THOSE ARE OUR LATEST FIGURES. THIS LEAVES OUR CURRENT TRADE BALANCE AT A DEFICIT OF 2.3 BILLION DOLLARS. THIS IS DUE CHIEFLY TO THE HUGE INCREASE IN THE COST OF IMPORTED OIL. IN THE FIRST TEN MONTHS OF THIS YEAR, OIL IMPORTS COST US 20.1 BILLION DOLLARS COMPARED TO 7.8 BILLION DOLLARS 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 DOLLAR SURPLUS LAST YEAR. THIS IS
IMPORTANT TO NOTE: OUR EXPORTS -- FOR THE FIRST TEN MONTHS OF
THIS YEAR -- ARE RUNNING AT AN ANNUAL RATE OF 36 PERCENT ABOVE
1973.

THESE EXPORTS ADD UP TO MANY JOBS FOR AMERICANS IN
ALL PARTS OF THE COUNTRY AND IN ALL SECTORS OF OUR SOCIETY.

SOME THREE MILLION AMERICAN WORKERS OWE THEIR LIVELIHOOD TO
OUR EXPORTS -- FROM STEVEDORES TO AIRCRAFT MACHINISTS TO
WHITE COLLAR WORKERS STAFFING AMERICAN CORPORATIONS.

EVEN THE EMPLOYEES OF SMALLER COMPANIES: THREE OUT OF FIVE
SUCCESSFUL AMERICAN EXPORTERS HAVE FEWER THAN 100 EMPLOYEES.

MORE THAN TWENTY PERCENT OF AMERICAN FARM INCOME DERIVES FROM

SALES ABROAD. TRADE IS A BREAD-AND-BUTTER ISSUE TO WORKERS

AND BUSINESSES IN COMMUNITIES -- LARGE AND SMALL -- IN ALL

PARTS OF THE COUNTRY. THAT MEANS FARMS, BUSINESS AND

INDUSTRY.

OVER THE YEARS, THE EFFECT OF TRADE ON OUR ECONOMY
HAS BEEN HIGHLY FAVORABLE. THE U.S. ECONOMY -- CONSUMERS
AND WORKERS -- BENEFITS FROM IMPORTS AS WELL AS EXPORTS.

THE EXPLANATION IS THIS:

OUR TOTAL IMPORTS FOR THE FIRST TEN MONTHS OF THIS YEAR
AMOUNTED TO APPROXIMATELY 83 BILLION DOLLARS. ABOUT
37 BILLION DOLLARS OF THAT FIGURE WERE ESSENTIAL TO AMERICAN
PRODUCTION -- METALS, FOODS, CHEMICALS AND MINERALS,
INCLUDING OIL.

MANY AMERICAN BUSINESSES ARE HEAVILY DEPENDENT ON IMPORTED MATERIALS. LET ME OFFER SOME 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 ALUMINUM 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 OUR ECONOMIC HEALTH. TRADE ADDS TO THE INCOME OF THE AMERICAN LABOR FORCE AND TO OUR ECONOMIC PRE-EMINENCE IN THE WORLD.

THERE WILL BE NO PLUS IN OUR BALANCE OF TRADE THIS YEAR BECAUSE OF THE SEVERE, HIGH COST OF IMPORTING OIL. OTHERWISE, WE WOULD BE VERY MUCH IN THE BLACK.

I CONSIDER THE PRICE WE ARE PAYING FOR OIL AS MUCH
TOO HIGH. IT IS WREAKING HAVOC ON OUR DOMESTIC ECONOMY.

IF YOU DEDUCT THE INCREASED COST OF OIL IMPORTS, THE U.S.
EXHIBITS A FAVORABLE TRADE BALANCE OF NEARLY EIGHT BILLION DOLLARS
DURING THE FIRST SIX MONTHS OF THIS YEAR. OIL PRICE INCREASES
ARE UPSETTING THE ENTIRE INTERNATIONAL ECONOMIC SYSTEM.

THE ADJUSTMENTS AND ANSWERS MUST COME FROM INTERNATIONAL
BARGAINING -- FROM INTERNATIONAL COOPERATION -- AND THAT IS
A TOP PRIORITY OF MY ADMINISTRATION.

THE OVERALL EFFECT OF OUR TRADE IS HIGHLY FAVORABLE.

BUT THE TRADE REFORM ACT MAKES SPECIFIC PROVISION TO ASSIST

THOSE WHO MAY BE ADVERSELY AFFECTED BY IMPORTS. NO SECTORS

OF OUR ECONOMY WILL BE LEFT TO FACE SERIOUS DISRUPTIONS.

THE LEGISLATION CLEARLY STATES -- AND I WILL VIGOROUSLY SUPPORT

IT -- THAT WE WILL ASSIST WORKERS, FIRMS AND COMMUNITIES

ADVERSELY AFFECTED BY IMPORTS.

IN THESE DIFFICULT TIMES, IT MAY BE TEMPTING FOR SOME
OF US TO TURN INWARD. POWERFUL FORCES IN THE COUNTRY ARE
NOT ONLY THINKING BUT ACTUALLY URGING AN INWARD COURSE ON
LEGISLATION. THIS WOULD REVERSE AMERICAN POST-WAR TRADE
POLICY AND WOULD BE ENORMOUSLY HARMFUL TO US.

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 A

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 INTERESTS --
IS THE QUICKEST AND MOST PROMISING SOLUTION TO THEIR PROBLEMS.
WE BELIEVE THIS POLICY CAN ONLY LEAD TO CONFLICT -- AN UNENDING
SERIES OF FLAREUPS AND DISPUTES IN ALL PARTS OF THE WORLD.

RATHER, THE UNITED STATES BELIEVES -- AND I AM COMMITTED
TO THIS POLICY IF THE CONGRESS WILL ACT URGENTLY AND LET ME
NEGOTIATE -- THAT THE ONLY REAL ANSWER IS THE LONG-RANGE
SOLUTION: WORLD COOPERATION. I AM SEEKING 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 ON THE
INTERNATIONAL SCENE.

LET ME SPELL OUT SOME OF THE CONSEQUENCES IF I DO

NOT OBTAIN THIS NECESSARY LEGISLATION:

-- THE COMING GATT INTERNATIONAL TRADE NEGOTIATIONS --

INVOLVING 105-MEMBER-NATIONS -- WOULD BE DEALT A CRIPPLING

SETBACK. I WOULD LACK THE NECESSARY LEGISLATIVE AUTHORITY

TO IMPLEMENT ANY ACCORDS. THEREFORE, IT WOULD BE

VIRTUALLY IMPOSSIBLE TO ARRIVE AT ANY SUBSTANTIAL TRADE AGREEMENTS.

THE UNITED STATES' INTERNATIONAL POLITICAL,

MILITARY AND ECONOMIC COMMITMENTS WOULD BE UNDERMINED.

THIS, IN MY OPINION, WOULD ENCOURAGE UNREST AND WORLD

INSTABILITY.

LET ME BE EVEN MORE PRECISE:

-- IN ENERGY, SECRETARIES KISSINGER AND SIMON ARE
WORKING DILIGENTLY ON INTERNATIONAL COOPERATION. BUT THIS
COOPERATION CANNOT BE WON 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 EFFORTS TO KEEP THE INTERNATIONAL MONETARY SYSTEM FUNCTIONING
EFFECTIVELY. FRIENDLY TRADE IS A MUST IF WE ARE TO IMPROVE
MARKET IMBALANCES.

-- TRADE IS NECESSARY SO THAT DEVELOPING COUNTRIES
CAN PAY BACK VARIOUS FORMS OF OUTSIDE ASSISTANCE. SOME OF
THESE 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
WORLDWIDE. IT WILL ALLOW ME TO WORK TOWARD GREATER MARKET
ACCESS FOR U.S. PRODUCTS ABROAD.

THAT MEANS JOBS FOR AMERICANS. THAT MEANS A
HEALTHIER ECONOMY. THAT MEANS CONGRESS MUST PASS THIS
LEGISLATION NOW.

LET ME TELL YOU ANOTHER FACT -- THE SOVIETS ARE NOT
SITTING BACK. THEY ARE NOT LOOKING FOR A SEAT AS A SPECTATOR.
THEY WANT PART OF THE ACTION!

THE SOVIETS ARE READY TO TRADE -- POLITICALLY AND
ECONOMICALLY -- BUT IT WILL TAKE TIME. IT WILL TAKE NEGOTIATION.
SOME HARD BARGAINING. WE HAVE MADE A GOOD BEGINNING
POLITICALLY -- A BREAKTHROUGH ON CONTROLLING THE LATEST
GENERATION OF NUCLEAR WEAPONS. A BREAKTHROUGH FOR PEACE!
LET US MAKE SOME BREAKTHROUGH ON TRADE -- ESSENTIAL FOR DETENTE.

IN 1973, THE UNITED STATES ACHIEVED A TRADE SURPLUS
OF MORE THAN ONE BILLION DOLLARS FROM THE SOVIET UNION.
ANOTHER 900,000 DOLLARS SURPLUS CAME FROM OTHER COMMUNIST
COUNTRIES. TRADE WITH THESE NATIONS WAS, THEREFORE, A
CRUCIAL FACTOR IN OUR OVERALL TRADE SURPLUS OF 1.7 BILLION DOLLARS
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 US BE VERY CLEAR: OUR COMPETITIVE TRADING
PARTNERS OF WESTERN EUROPE AND JAPAN ARE ISSUING CREDITS
TO COMMUNIST COUNTRIES WITH WHICH THEY ARE NOW TRADING.
THE SOVIET CREDIT RECORD 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. 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.

THE CONGRESS AND THE EXECUTIVE BRANCH HAVE COOPERATED
MORE CLOSELY -- AND AT GREATER LENGTH -- ON THIS BILL THAN ON
ANY SINGLE PIECE OF LEGISLATION IN THE PAST SIX YEARS.

I WOULD ALSO FIND IT INEXCUSABLE IF THIS LEGISLATION
WERE TO BECOME ENCUMBERED WITH NON-RELATED OR NON-GERMANE
AMENDMENTS. THESE UNRELATED AMENDMENTS HAVE -- BY THEIR
VERY NATURE -- NOT BEEN CONSIDERED BY APPROPRIATE COMMITTEES
OF THE CONGRESS. THE TIMES OF TODAY ARE TOO SERIOUS FOR
SUCH LEGISLATIVE PRACTICES. THIS COUNTRY CANNOT AFFORD THE
LUXURY OF THIS KIND OF GAMESMANSHIP. NOR CAN THE REST OF
THE WORLD. ^{sincerely} I HOPE THE SENATE WILL FOLLOW THE RULE OF STRICT
₁
GERMANENESS.

I BELIEVE THAT A SOCIETY IS GREAT IF ITS PEOPLE THINK
GREATLY -- IF ITS PEOPLE ACT GREATLY. THIS IS A MOMENT
FOR GREATNESS. .

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. EVERY NATION MUST CARRY
ITS SHARE OF THE BURDEN -- TO UPLIFT ITSELF AND OTHERS.
EVERY NATION MUST REACH OUT TO OTHERS -- TO WORK TOGETHER --
TO SHARE IN SWEAT AND SACRIFICE -- SECURE IN THE KNOWLEDGE THAT
NONE WILL HAVE TO GO IT ALONE. THIS TRULY COULD BE ONE OF THE
WORLD'S FINEST HOURS. LET US MAKE IT SO. THANK YOU.

END OF TEXT