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THE WHITE HOUSE

TEXT OF THE PRESIDENT'S REMARKS  
TO THE AMERICAN CONFERENCE ON TRADE  
SHERATON PARK HOTEL

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.

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 swiftness. 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 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 the 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.

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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 40 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 interrelationship between our domestic economy and our international economic relations. Let us look at this important interrelationship.

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 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. 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, compared to \$7.8 billion for all of 1973. Thus -- without the enormous increase in oil costs -- we would have a good-sized trade surplus this year. The United States enjoyed a \$1.3 billion 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.

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These experts 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 20 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 -- benefit 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. About \$37 billion 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 minerals 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 \$8 billion 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 policy and would be enormously harmful to us.

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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 of political, security and economic ties that bind 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 Russians are not sitting back. They are not looking for a seat as a spectator. They want part of the action. The Russians are ready to trade, politically and economically -- but it will take time. It will take negotiations. Some hard bargaining. We have made 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 \$1 billion from the Soviet Union. Another \$900,000 surplus came from other Socialist countries. Trade with these nations was, therefore, a 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 us be very clear: Our competitive trading partners of Western Europe and Japan are issuing credits to Socialist 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. I hope the Senate will follow the rule of strict 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.

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