

FOR IMMEDIATE RELEASE

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Office of the Vice President
(Washington, D. C.)

REMARKS OF THE VICE PRESIDENT
AT THE
JOAN BRADEN CONSUMER CONFERENCE
DEPARTMENT OF STATE
WASHINGTON, D. C.

(AT 9:40 A.M. CDT)

THE VICE PRESIDENT: Mr. Under Secretary, ladies and gentlemen, I am delighted to be here because I think that is an extremely important and ingenious approach for the State Department. I congratulate Mrs. Braden on suggesting it because, just as the Under Secretary said, the issue is a very interesting one, a very complicated one, and really hasn't been focused on as such, in my opinion, although when I was in the State Department it was so long ago that it is harder to remember.

But one can break this down for discussion purposes which is, I guess the basic approach here, to a series of different areas. One of the new areas in a sense affecting the American consumer is the controlled action of foreign countries, foreign governments in their own national interests; one, namely, the OPEC action, which is really sort of new to us as a nation. We never thought of some other group having that kind of influence over our pricing structure.

I don't think myself that between the Executive and the Congress that we really faced up to this issue realistically. The President has made a great many recommendations, the Congress has taken some actions on a very small percentage of his recommendations, but not discussing this on a partisan basis.

I think that in this kind of area, whether it is in energy, or whether maybe later it is in raw materials we have got to be far more conscious of the long term implications of this kind of action and much more ready to take effective, cooperative action between the government and the American enterprise system to meet these situations realistically in the interest of the consumer.

I am assuming that the consumer is the ultimate goal, really, or the citizen of all of our actions and that is government's responsibility, and it is the whole thrust of the private system, is to provide goods and services at the lowest possible cost.

So there is one area which I don't think we, as a nation, have really faced up to. I think we are subject to the same kind of thing in raw materials, but I would add a third factor where we can be very seriously affected, which is a different one, but one that I don't think we faced yet either; that is, the question that we take freedom of the seas for granted.

I think we no longer have a right to take it for granted. I think that the Soviet Union now has the capacity to interdict, if that is the right word, or to disrupt or to

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stop the shipment of goods to most any part of the world, or from most any part of the world if they want to. They take on some major risks, if they do, but there is a real possibility and there is a very significant capability in existence. So that one we ought to have in the back of our minds.

Then you come to another kind of the problem on the world basis which affects the American consumer tremendously, and again beyond our control; that is, the question of food. We have seen this and they are not only correct in their implication in terms of cost of either energy and energy-related operations or food directly, but it affects the entire structure, monetary structure in terms of inflation, so that these are wide-ranging in their implications.

Food has two aspects: One -- well, there is really, I guess, one different type of area, but the growing population, I was going to break it into population and production; the population obviously, and the production side. You really have to add the third because the studies we did -- we didn't, that were done for the Commission on critical choices facing Americans -- the capability of countries to produce food really with modern technology is there, but there is the problem of government structure in the different areas, developing areas particularly; then the capital and technology, and then the question of those who control the capital and the technology. Are they willing to take the risks of investing with existing governmental structures and the instabilities? So you have that problem.

But the result is that we gone from an export of \$3 billion in 1972 to \$22 billion now, which, along with the sale of arms, has balanced our foreign exchange so that we could import \$36 billion of energy, all of which is precarious in my opinion.

So we have a tough problem there, and while we brought in 60 million acres of land and we have been able to produce the food, still the whole thing is a very precarious question. I suppose this could lead us to then the next question which is food we import, such as coffee or sugar, it used to be, and then the fluctuations that take place, and this whole question which the State Department and the Secretary and the Department have been working on which is commodity agreements.

Some of us have followed commodity agreements for 30, 40 years, I guess 40 years. New groups come in each time with enthusiasm, but the same thing happens. You stabilize at a price that is satisfactory to the producing country, and then if there is flexibility, it encourages production. If there is overproduction, then what do you do with the surpluses?

We are going to face maybe that same problem in agriculture ourselves. So you have that whole huge question which affects consumers on the way down, but then you affect where we come into one of the major conflicting areas as far as the consumer's interest is concerned; namely, national security or world stability or world stability first and then national security from that, and that in many cases can be at the expense of the consumer.

So that is a fascinating question. You have the frost in Brazil, and it pushes coffee prices up, or we put an

export embargo on soybeans and the Japanese, who are now dependent on soybeans, have been for a long time, say they can't count on the U.S. market, so they will buy, I don't know, a million acres of coffee trees and finance the Brazilians in planting soybeans; they being one of the three great parts of the world that can produce soybeans.

You then have that impact on the coffee prices here because we are trying to protect soybean prices in the United States by putting an embargo on the export.

By this time the consumer ought to be confused if he is going to be represented in foreign policy, because these things really are absolutely fascinating, but they are totally interrelated but delayed action in so many cases so that what may be right for today may have a very adverse effect, either on our consumers or on other nations and their stability.

So that those aspects are very interesting. I have to think that political stability which we have less of increasingly around the world is a major factor and indirect factor on all of these questions.

Then you say political stability is important and desirable to our security and that is important to the consumer too, because in the last analysis if we lose our freedom, that has got to be the most important thing to the consumer, so you then go from that to the question of how do you create stability?

I was in Singapore, Mr. Lee Kuan Yew said one multinational corporation is worth two divisions in preserving freedom and fighting Communism. I am quoting Mr. Lee Kuan Yew. He got kicked out of the Peninsula in Malaysian Federation because he had too many Chinese and Malaysians are not crazy about the Chinese, so don't trust them.

He found himself with a little island, 2-1/2 million people, mostly Chinese, and all by himself, and he just decided -- which to me is one of the interesting sagas of modern history -- that with the standard of living, \$300 GNP per person, that he was going to make it a haven for multinational corporations.

He developed a 2,800 acre industrial park that was landscaped and beautifully done, and then built housing for workers, and so forth, and in 12 to 14 years he has attracted 623 companies and the standard of living of the individual in Singapore has gone in 12 or 14 years up to \$2,000 GNP per person from \$300. It is an absolutely fantastic story.

In fact, when I was out there and invited him -- not a sabbatical coming out of New York City but a lot of similarity. But here is someone who is a cold pragmatist, who just set out to do something and he has shown what you can do. You can say, all right, it is a unique situation, but he provided political stability and he had purpose and he went counter to the popular trend of the day, which is to talk against the multinational corporation, and said this is for me. It has worked.

That brings us to this question of development and stability, and some of us have worked in that field, international economic cooperation, and I have to say that we started that in the forties, that the most extraordinary vehicle,

whether some people like it or not, for transmitting capital, technology, management and markets, because this is a very important part, is the multinational corporation.

Immediately you run into another major group who are consumers but don't think of themselves as such, and that is Labor. George Meany says you are exporting jobs. Then you get back to all of our regulations in this country, all of which have social objectives that are very laudible. But we rush into things so rapidly that we tend to legislate objectives and legislative intent without really studying the implications.

The result is there has to be administrative procedure, administrative procedure means individuals instead of laws, and then you have legislative intent and that means that there are suits, because it is not clear, and that means the Courts are now in this country legislating and administering.

So we have a slight diffusion or confusion between the separation of the three branches of government, all of which means that if you are going to invest money as a corporation or take action as a State Government, you are not sure what the rules of the game are going to be and, therefore, you hesitate to take action and you lose your mobility. Therefore, you lose the capacity for development, and therefore it is simpler and easier to go abroad.

Again, maybe from the consumer's point of view, it is better because you get cheaper goods, and from the other nation's point of view maybe it is better because they get development.

We have got a very efficient method of doing that, but that requires stable government. All right, let's say the government decides they want to take over as many governments have in the international corporation, confiscated, whether they pay for it or not. That is another question. We will not get into that, but the effect is the same. The result is, it is very interesting.

In the speed of development of technology, even if a country does nationalize a corporation, they lose contact with the parent corporation where their research and development is being done so their goods go out of date with a very great speed. Therefore, they can maybe supply domestically, but they no longer can compete in the international market.

Therefore, they are not going to be selling up-to-date goods which the American consumer wants, and therefore that market is lost to them. That creates greater instability and then you get another type thing which is what Great Britain has, but that is still another question.

So there are some very interesting and fascinating and that is why I think what Mrs. Braden has done calling this meeting, is why to me it is so interesting, because these are fascinating problems, and there are very powerful lobbies here in Washington representing Labor's interest, representing other interests, and the consumers have very powerful lobbies but I am not sure they have fully focused on the international aspect of these questions. I am not sure they understand them and I am not sure I do. But I certainly know that they are fascinating and complicated, which leads me to the feeling

that we need to be far more conscious about what we are trying to achieve first, and then after we decide what we are trying to achieve understand what the forces are and what the factors are and the elements of change and then try to shape change to serve our interest before we go into crises. That I think is doable. But that requires a good deal of meeting of minds, whether they are conflicting interests, but on the other hand, this is the great strength of democracy and we should be able, at least the majority can come to the conclusions and if we can get the Executive and the Congress so that they can discuss these questions and if we can simplify -- I am talking a little out of turn maybe, but the Legislative Branch of government is where I am supposed to be vicariously associated with it.

(Laughter)

THE VICE PRESIDENT: If you can simplify the committee structure of Congress which I don't see at the present time how that is going to happen, because if you are the chairman of a committee, or the chairman of a subcommittee, you get an increase in salary, you get more staff.

Therefore, there is the highest consumer incentive not to simplify the structure of Congress. And without that simplification, how do you get considered action on inter-related subjects, overlapping subjects between committees which have vested interests in and control over segments of these problems?

You cannot solve any of these problems segmentally, if that is the word. They have got to be done by interrelation and this is very difficult, even in one House to get committees to work together, much less than reconciling it between the two Houses and then the Executive.

Then, of course, if you have legislative intent, it puts it in the Courts anyhow and they are going to make the decisions.

I don't want to be discouraging you, but it is very exciting and I think it is tremendously valuable and I must say maybe if we focus on the consumer in the broadest interest of the consumer, it would give us the key to try to reconcile some of the interrelated problems and how to deal with them.

Thank you. Those are just random thoughts, but I am very interested in the subject. So I am delighted. I would be very interested to know what the real pros think on this.

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(AT 10:10 A.M. CDT)