

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

For Release in P.M. papers, Friday, April 2, 1965

Remarks by Secretary of Commerce John T. Connor Prepared for
Delivery Before The Council For Latin America, Hotel
Madison, Washington, D.C., Friday, 9:30 A.M.,
April 2, 1965

It is a pleasure to participate in this first public meeting of the
Council for Latin America.

As an active official of one of the groups which merged to form the
Council, I support wholeheartedly the idea of American businessmen speaking
as a united group on matters affecting Latin America.

Now that I'm with government, I'm glad that I will be hearing a single,
authoritative voice advising us of the business viewpoint on Latin American
policy.

Even more important is the fact that this new Council enables business to
coordinate its efforts to improve economic cooperation and understanding be-
tween the United States and our neighbors to the south.

This is one of the greatest challenges facing this nation. But I don't
have to tell you people that it is far from being simply a government-to-
government problem.

On the contrary, the American business community bears special responsi-
bility in this area. The U.S. business investment of \$10 billion and the
dominant position we occupy in trade, with exports and imports in excess of
\$6 billion, indicate how deeply business is participating in the economic life

of the Latin American countries. It is the actions and attitudes of your representatives who are on the scene that have the real day-to-day impact there. And the Council for Latin America can play an important part in shaping those actions and attitudes.

We share common ideals and a heritage of liberty with our fellow American Republics. But it was not only freedom that sent humanity streaming west to the New World. The quest was also for opportunity. We must do more to widen opportunities for our Latin neighbors and help them reinforce the fabric of their society with economic betterment.

This is a propitious time for the Council to be formed. For there is a new critical situation in our international economic affairs which must necessarily affect our economic relations with Latin America. Properly handled, the effect can be favorable.

I refer to our determination to correct the balance of payments deficit through a program which gives special treatment to direct private investments in the less developed countries such as those in Latin America. As you know, this is the President's voluntary program which we in Commerce are handling in cooperation with American business to help bring our international transactions into balance.

I want to emphasize that we have specifically told the more than 600 participating corporations that we are continuing to encourage private direct investment in the less developed countries. As serious as the deficit problem is, we are determined to continue policies which help raise living standards and help improve the economic vitality of countries such as those in Latin America.

We are asking, however, that corporations consider repatriating short-term funds invested in all countries, including the developing countries. And we are continuing to urge an increase in U.S. exports to Latin America and throughout the free world.

These exports to Latin America are important in themselves--as profitable opportunities to expand our sales abroad. But I might note also that, the effect of an increase in U.S. sales in these countries is primarily to switch their expenditures of foreign exchange from Europe to the United States. In short, these foreign exchange reserves--principally dollars--would not flow to those European countries which convert them into gold and thereby pull down our gold reserves.

The part of the program involving bank credits, which is administered by the Federal Reserve Board, also gives special treatment to the less developed countries. Banks have been requested to give absolute priority to export credits, and in the case of non-export credits, to give the highest priority to loans to LDC's. Bank loans to such developed countries as those in Western Europe will have to be reduced substantially, but the needs for export credits and loans to less developed countries are to receive priority consideration. In addition, export credits which are supported by the Export-Import Bank are entirely outside the program. These credits are, of course, of particular importance to the less developed countries.

Now what does this mean to Latin America?

It means that in the immediate future, American business is likely to be concentrating more of its attention and investment in that region. American corporations already established there may undertake expansion programs, and others not yet in that growing market may enter it for the first time.

There are also other favorable conditions, which affect the current picture. One is the improved political and economic stability in Latin America, offering greater security for American investment capital. And American business is already responding to that improved climate. Net U.S. direct investment in Latin American republics last year climbed to \$146 million, up from \$64 million in 1963. Added to this are the investments in the Caribbean area, amounting to \$114 million last year.

The 1964 economic record in Latin America also shows that per capita income grew by more than 3 percent, exceeding the 2.5 percent goal set by the Alliance for Progress. Higher world prices for commodity exports, excellent crops and expanding industrial activity all contributed to the general improvement.

Of course, the continuing population growth at one of the fastest rates in the world, makes it extremely difficult to raise living standards. This fact was underscored by the annual report of the Social Progress Trust Fund, issued two weeks ago by the Inter-American Development Bank. In food production, housing, and water and sanitation, the achievements are falling well below the annual requirements.

But, as the New York Times suggested recently, the possibilities are excellent for continued economic growth and relative political stability in the next three to five years.

So it is in this generally favorable situation, which could prove to be a significant turning point in the economic life of Latin America, that this Council is born.

There is one other factor in the current picture I'd like to mention. The increased contribution this Council will make in its sphere of interest fits in with a development that has received new impetus under President Johnson's Administration. I refer to the fact that business is playing an increasingly important role, not just as the traditional servant of investors, workers and consumers, but in the achievement of great national goals, in both domestic and foreign affairs.

One facet is a little campaign I've got underway here in Washington. Its purpose is to encourage more businessmen to speak out publicly on many vital economic issues where they now are largely silent, except in private conversations.

As I told the Economic Club of New York a couple of weeks ago, we in Washington need the benefit not only of the private criticisms of businessmen but of their constructive alternative proposals, voiced loud and clear in public.

Business owes it to the nation to advocate specific proposals for dealing with economic problems and challenges as they arise. And it must be "for" something not just "against." Business can help itself and the country in advancing constructive courses of action.

I know that in the past, many businessmen and their companies sometimes were subjected to unjust criticism when they spoke out on controversial issues. But the climate here is vastly improved, and business can now have better assurance of a fair hearing by every segment of our society.

Besides, the national interest requires that businessmen speak out. Sound economic policy cannot be formulated without the frank views of the managers of our production and distribution system. Neither can vital national objectives such as the correction of our international deficits be reached without the cooperation of business. The program we have underway recognizes this fact.

On this subject of communication, nowhere is there a greater need for improvement than in business' communication with the people in Latin America. There's nothing new in this idea, of course; it has been stated eloquently by many in this group, including David Rockefeller and George Moore. But I think that the current favorable situation introduces a new element of timeliness into the picture.

With this Council's formation and the improved prospects for that area, the time is ripe for action. The first step, I think, should be a detailed survey of the public relations efforts of every American company operating in Latin America. We are all aware of the outstanding efforts by many forward looking companies in that area, but we know little about the overall effort--or sometimes lack of effort--by hundreds of other firms.

And when I refer to public relations, I'm not talking about such things as product publicity and in-plant PR programs. I'm talking about programs that involve a company in the community generally, and seek to sell the company's good works and the viewpoint of the free enterprise system to educators and intellectuals in government service. I am thinking of the need to interpret business activities in terms of human values.

We need to know how much money is spent on the public relations effort, the number of personnel involved directly, and something about the different programs that are underway. We need to know whether the PR budget goes largely to entertain the brass from the home office or whether it's used for the job it was intended.

Generally speaking, there is no scarcity of good deeds by American business in Latin America. I know that an experience I had in Brazil is typical of many other examples of how U.S. business operations touch the lives of the people there.

The firm I was with had opened a new plant near Campinas, a modern industrial city and cultural center in the State of Sao Paulo. The plant was in the village of Sousas, where less than a thousand people lived.

At a gathering during my visit, the local priest stood up and told what our operation had meant to the villagers. Before, he said, Sousas was a place without hope.

The people had no shoes, few had running water or sanitary facilities. The town was at the end of a ten-mile rough clay road. There were many unemployed.

Now, he said, Sousas had been transformed. Wage earners, company-paid taxes and increased merchant activities had injected new life into the community. Additional electric power had been supplied to the town. The clay road had been replaced with a shorter, well-paved highway to Campinas.

On-the-job training had succeeded in transforming farm laborers into mechanics and technicians. Our employee training school was teaching English to young Brazilian secretaries and training them to take shorthand in both Portuguese and English.

The priest told how health facilities had been established. And he said the people now have shoes, and good clothes, and better food, and better transportation facilities. He told the story of the dramatic changes with tears rolling down his cheeks.

In Campinas, the President of our company there had been named "Personality of the Year" for his work in child welfare.

As we all know, this same story can be told about thousands of the operations of U.S. business firms in Latin America. But generally speaking, we have done a miserable job in disseminating it.

I'm told by people who know that one of the basic problems is the lack of support from the home office of many companies. PR budgets for the personnel on the scene are virtually non-existent in some cases. And home office approval is sometimes required for an expenditure of as little as \$50.

Such a policy, set alongside the fact that the Communists are working day and night in that area to gain control, seems to make little sense when we realize that all our investments and operations depend on the goodwill of the people and governments there.

The United States Information Agency, of course, is widely represented in Latin America and does outstanding work. But our free enterprise system requires that the main job be done by private business operating there.

We all are aware, of course, that our ways of thinking and doing business are not all exportable. Very often they are not compatible with the machinery already in operation elsewhere. And certainly we have no intention of trying

to impose them on the countries of Latin America or anywhere else in the world.

At the same time, we can stress the benefits of American investment, and we must emphasize that investment capital enjoys a free market place in the world. It will go where there are prospects for a fair return with a minimum of risk; it will flee from conditions which threaten its freedom and security.

In our country, capital enjoys optimum conditions. And we know that this fact has contributed as much as anything else to the achievement of our unparalleled standard of living.

This is just one of the messages that we need to get across to our friends to the south. For it is private American investment, far more than U.S. government aid, that offers lasting hope for helping to lift the burdens of misery and despair from the shoulders of these people.

What it all boils down to is this: We've done the greatest job in the world of selling our superior machines, but a wretched job of selling the free enterprise system. Needless to say, this doesn't apply to the efforts of many outstanding firms such as Sears Roebuck, Ford, and Jersey Standard, but it does apply to some other firms who should know better.

I am convinced that, properly handled, we can sell the idea that "Profit is the Instrument of Progress." Even the Communists seem to be waking up to its truth--and the next thing we know they'll be claiming they invented the profit system.

We need to make it clear to every citizen of our sister republics that management achieves profits through the elimination of drudgery, that profits are the by-products of efficiency, as losses are the cost of inefficiency and waste.

We know that the profit motive can be harnessed and controlled, without in any way destroying its effectiveness.

We know that it can be made to help achieve the great social advances required for the well being and security of all the people.

We know that the prospect of profits brings investment, that investment brings mass production and jobs, and these in turn bring lower prices and mass consumption.

But these facts need to be spelled out in terms our friends in Latin America can understand, and I hope this Council will take the lead in the preparation of the necessary material.

Your leadership in this area can be another example of the increased responsibilities businessmen are shouldering in the national interest.

The more responsibilities you assume, the greater your influence will be.

For many years we have watched both labor unions and government broaden their responsibilities--and their power and influence have grown apace.

But I think that today business is voluntarily increasing its responsibilities through a greater awareness of the central position it occupies in our economic life. And we are witnessing its growing influence as it serves the increasing needs of our people and our country.

Latin America is a place where you can better serve our country, our friends and neighbors, and your own self-interest.

For "Profit is the Instrument of Progress."

Thank you.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

For Release at 3:30 P.M. Saturday,
April 3, 1965

Address by Secretary of Commerce John T. Connor Prepared for
Delivery at Founder's Day Convocation, Ohio Northern Univer-
sity, Lehr Auditorium, Ada, Ohio, 3:30 P.M. Saturday,
April 3, 1965.

I am most happy to speak here at Ohio Northern at the kind invitation of
President McIntosh and my good friend Dean Robert Fischelis of your College of
Pharmacy.

I have known Dean Fischelis through my own past connections with the phar-
maceutical industry--connections which I have severed as a businessman but re-
tained as a consumer. The headaches you get in government are no milder than
those you get in business.

In a sense, although I am out of the drug industry, I'm still very much
concerned with the health of the American people. Now it is their economic
health that concerns me most urgently, rather than their physical well-being.
But the two are closely related. A healthy economy requires a healthy work
force, and good health is necessary for us to enjoy fully the fruits of our
country's unprecedented prosperity.

So, as Secretary of Commerce, no less than as president of Merck and
Company, I am interested in what is necessary to keep Americans healthy phys-
ically and economically. This is a big problem with many facets. And it is
a problem that challenges each of you and this institution on the 74th anni-
versary of its founding.

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(over)

I have mentioned the pharmaceutical industry because it is a link we share through your fine School of Pharmacy, but also because what Dean Fischelis and his faculty are doing here this weekend is symbolic of the challenge we face--whether we are in education or business or government or one of the professions.

I helped create the problem he and the nation's pharmacists are facing. My former company spent--and is still spending--about \$30 million a year to discover and develop new drugs. Other companies spend similar large sums to help create the biochemical armaments of the war on disease.

Together they have helped make American medicine the finest in the world--not only by providing the medical profession with more effective drugs, but by putting those drugs and the knowledge of their use into the hands of the physician and into the corner drugstore.

You can see the problem this rapid change creates for the pharmacist who has been out of school--even for a few years. Most of the drugs doctors are prescribing today were not on the market a decade ago. And most of the prescriptions the pharmacist will fill five or ten years from now could not be written today. The drugs haven't been discovered yet.

And this is a problem that is appearing throughout our society.

There is an explosion of knowledge going on all around us. It's coming out of industrial laboratories and out of the laboratories of our colleges and universities.

And it's not merely an explosion of scientific knowledge--in the usual sense. It's much more than a rapid expansion of our understanding of the physical and biological aspects of our life. It involves the social and cultural areas as well.

The sociologist, the political scientist, the psychologist who left school a few years ago can't afford to be ignorant of what the computer, for example,

is doing to his field of knowledge--any more than can the physicist or chemist. The same thing is true of the economist and the business manager.

And it's not just the computer hardware or any other advance in equipment that is responsible for the change. There are new ideas emerging in every field that are potentially revolutionary in themselves.

Our experts in the Department of Commerce, for example, are working to develop the idea of a Harvard University economist into an important tool of business and government policymaking. Computers are involved, but the important thing is the concept. And the result--called the "input-output" tables--is deceptively simple. It boils down to a set of tables that show in quantitative terms the complex interrelationships in our national economy. It shows how much business is generated in each segment of the economy by an additional dollar's worth of output anywhere in the economic structure.

Right now we don't know just what impact the development of these input-output tables will have. But you can be reasonably sure that the next generation of economists and businessmen and government officials won't be able to do its job adequately if it doesn't understand the use of this and similar economic tools.

Keeping abreast of one's field today is truly a lifetime job. Those of you who are students here have really only begun your education. You may never come back to Ohio Northern for a special course or seminar. But increasingly more and more college graduates will find it necessary to return to the campus--for post-graduate programs. Like the Seminar on Contemporary Pharmacy being held here this weekend, these programs will be designed to bring you up to date and to broaden and deepen your understanding of the changing environment in which you work.

Businessmen are finding it necessary to strengthen their academic groundings in management techniques. They also are finding that periodic sessions

on college and university campuses are very valuable means of broadening their understanding of the social and political changes that vitally affect their business operations.

So I think it is particularly symbolic that a Seminar on Contemporary Pharmacy should be part of this annual Founder's Day observance. The best way you can honor the past of this great institution is to look to its future. And this is what you are doing.

Ohio Northern was born of Henry Solomon Lehr's desire to raise the level of competence of the poorly trained public school teachers in his region. He was trying to close the gap between what had been adequate--or at least tolerable--and what would be required of teachers in a burgeoning American economy. He dealt with the realities of the present--recognizing both the shortcomings of the past and the opportunities unfolding before our country and our people.

I think we must do the same.

President Johnson has summoned the American people to the task of building a Great Society. He has enormous faith in the idealism of our people and in their ability to respond to great challenges. But there is nothing "pollyannish" about his thinking. He recognizes that government cannot hand out a Great Society to an apathetic people. He realizes that we must do this job together over whatever period of time it may take, and that most of the work must be done through private initiative rather than through government action.

I personally think this calls for a new alliance of the campus and the company--of the academic and business worlds--in a sustained effort to cope with the problems and exploit the opportunities before us. I think such an alliance is especially needed in the field of education, manpower development, and employment opportunities.

I say "field" rather than "fields" because these are all aspects of a single challenge. You can look at it from different viewpoints. You can talk

about the need to develop our manpower resources to meet the demands of an increasingly sophisticated economy. You can talk about the right of the individual to a job and an opportunity to earn his own livelihood. You can talk about his obligation to develop marketable skills, or about the obligation of government, business, and the schools to give him an opportunity to develop his productive--and human--potential.

But these are all part of the same ball of string. And you know the answer to the question: Where do you start to unravel a ball of string? You start anywhere.

The same thing is true of this problem of education, human development, and economic growth. You start where you are--whether you are in business, in a classroom, or in a position of public or community influence.

As a businessman and now as head of a government agency charged with promoting economic development, I have been very much concerned with this problem of matching our manpower supply to the changing demands of an increasingly technical and rapidly changing economy.

The shifts on both sides are dramatic--on both sides of this supply and demand relationship. Not only is there continuing change in the kinds of jobs required, there is a big change occurring--as a result of the postwar "baby boom"--in the labor force available for these jobs.

The most dramatic change in job opportunities, of course, has been the decline in farm workers--from 37.5 percent of all American workers in 1900 to only 5 percent in 1964.

The proportion of factory "blue-collar" workers, however, has risen only slightly. But there have been substantial changes within this group. The demand for unskilled workers has dropped sharply from 12.5 percent to 5 percent. The demand for skilled workers has risen from 10.5 to 14 percent, and the demand for semi-skilled workers even more--from 12.8 to 20 percent of all workers.

The big growth has been in "white-collar" workers--from less than one in five workers in 1900 to nearly half the work force in 1964. The demand for professional, technical, and similar workers has nearly tripled. The demand for managers and officials has risen 50 percent. And the percentage in clerical and kindred jobs has increased five-fold since the turn of the century.

Today it is virtually impossible to get a job in a factory without a high school diploma, and it is even more difficult to get an office job without this minimum educational qualification. At a higher level, there is a great unsatisfied demand for top quality, highly educated people in virtually every field. In the Commerce Department, we are particularly concerned with the lack of advanced-degree people capable of doing engineering research and development--people who can bridge the gap between the basic scientific discovery and the production line.

On the other side of the picture, the labor force is growing faster than in the previous postwar period, and the composition of the labor force is shifting toward youth and inexperience.

Because of the baby boom after World War II, we had half a million more young people entering the labor force last year than the annual average of the previous five years. Between 1957 and 1962, the total labor force grew at an average rate of less than 800,000 a year. From 1962 to 1964, it grew by 1.2 million a year. And for the rest of this decade, the growth is expected to be about 1.5 million a year. This means we must create some nine million new jobs--1.5 million a year--just to take care of the growth in the labor force through 1970.

And that doesn't include doing anything about the 4 million currently unemployed, or about the additional workers that would move into the active labor force if the prospect of finding jobs improved significantly.

Another major change in the labor force is the above average growth in non-white--mainly Negro--participation. Although non-whites make up only

slightly more than one-tenth of the current labor force, they will account for roughly one-fifth of the growth in the labor force during the remainder of the decade.

This constitutes a major challenge for both education and business. These young Negro men and women must be equipped in our schools and colleges to fill the higher-skilled jobs that will be opening during the rest of the 1960's and beyond. But they must know that the jobs--which formerly were closed to them--will be there and will be open to them when they are prepared to take them. This will require a close cooperation of business and our institutions of higher learning to identify and meet the special educational needs of these young people--including the urgent need to strengthen their motivation to obtain higher education.

Today the unemployment rate among Negroes in the labor force is about 10 percent--double the rate for the population as a whole. For teenagers it is triple the general rate, and for Negro teenagers, I understand, it runs on the order of 25 percent.

I am concerned about the manpower development problem from the business point of view. But, as a businessman, nothing gave me greater satisfaction than the knowledge that I was helping to create jobs for my fellow citizens.

I think most businessmen feel this way. And I think businessmen are ready to accept the challenge to work intimately with the educational institutions and governmental bodies in their areas to help create job opportunities for every pair of willing hands.

In providing an adequate education for every American, there is a role for each of us to play. There is a local community responsibility. The state has a major responsibility. Our churches and our private educational institutions have a big opportunity. And the Federal Government has an important supplemental role to play.

I think the President's education program deserves full business support. I am not worried about Federal aid supplanting local support or local control in education. The job we face in education is so big that we need all the help we can get. And, if education is among the most important business of our society--and I think it is--we need not be afraid of the American people losing interest in it at the local and community level.

At the same time, I think business has a special obligation to support institutions such as this. Variety in educational opportunity is an important support and safeguard of a democratic society. But it must also be quality education. And business corporations, as well as individual businessmen, who have the means, should make support of private colleges and universities one of their continuing obligations.

President Johnson pointed out recently that this is the richest and most powerful country that ever existed, and that the might of past empires was little compared with ours.

"But," he said, "I do not want to be the President who built empires, or sought grandeur, or extended dominion. I want to be the President who educated young people to the wonders of their world--the President who fed the hungry--and helped the poor to find their own way--and enriched the simple, daily lives of every family. And I want to be the President who helped to end hatred among his fellow men, and war among the brothers of this earth."

I think this is what we all want. I think we want to be part of the generation that helped make these things possible for all our fellow men, and for all the world.

The campus and the corporation represent two of our most important means of furthering this ambition for America and mankind. I think they must work together in mutual support and with common purpose to achieve our goals. I am confident that they can work together for the benefit of an enlightened and capable people in a free and prosperous society.

Thank you.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

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Office of the Secretary

FOR RELEASE AT 12:30 P.M. MONDAY, APRIL 5, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY AT UNITED NEGRO COLLEGE
FUND CONVOCAION, BELLEVUE-STRATFORD HOTEL,
PHILADELPHIA, 12:30 P. M. MONDAY, APRIL 5, 1965

I am delighted to participate in the opening of the 1965 national campaign of the United Negro College Fund. I have long been interested in this great effort--as a businessman and as a citizen--and now my present responsibilities have deepened that earlier interest.

As you may know, we have in the Department of Commerce the new Community Relations Service established under the 1964 Civil Rights Act. This service is headed by former Governor LeRoy Collins of Florida, an extremely able and dedicated man, and it is playing an important role in the effort to give effective reality to the rights of our Negro citizens -- in the South and throughout the nation.

Recently, in the Selma crisis, the Community Relations Service was a key factor in relieving the situation. But more often it works quietly and without headlines to achieve peaceful community adjustment to the aspirations, not only of our Negro citizens, but of the

overwhelming majority of the American people. It is very satisfying to be able to work with Governor Collins in this program, and I fully support his efforts. And I think it is important to our national economy and to our democratic society that these efforts to deal with our racial problems have the active and open support of businessmen in every community throughout the country.

I am sure most of you here today are fully aware that the drive of our Negro citizens for full equality in our society is not an isolated phenomenon. It is part of our total democratic aspiration -- part of our desire to achieve a society in which each person has a practical opportunity to realize his own potential and to share in the fruits of our enormous economic prosperity. It is not merely a matter of votes or the right to eat in public places; it is even more a matter of jobs and the educational opportunities that lead to better jobs and a better life.

A few weeks ago I heard the extremely able and fair-minded Secretary of Labor, Willard Wirtz, make a presentation to the Cabinet on our teen-age unemployment problem, especially the acute problem among young Negroes. It is a very sobering picture:

Among all teen-agers in the work force, the unemployment rate is three times what it is for the population as a whole -- some 15 per cent. But among young Negroes it is even worse. Approximately 25 per cent of our Negro youth -- one out of every four -- is actively seeking work and unable to find it.

These unemployed Negro young people equal the number of students in all of our Negro colleges and universities.

And this situation is likely to get worse before it gets better. We are facing an explosion in the number of young people entering the labor force

Between 1957 and 1962, the total labor force grew at an average rate of less than 800,000 a year. But from 1962 to 1964 -- largely because of this maturing of the "baby boom" -- the work force grew by 1.2 million a year. And for the rest of this decade, the growth is expected to be about 1.5 million a year.

This means we must create some nine million new jobs -- 1.5 million a year -- just to take care of the growth in the labor force through 1970 plus trying to take care of the 4 million currently unemployed.

Moreover, there will be an above average growth in the non-white participation in our labor force. Although non-whites -- who are mainly Negroes -- make up only slightly more than one-tenth of the current labor force, they will account for roughly one-fifth of the growth in the labor force during the remainder of the decade.

This constitutes a major challenge for both education and business.

What kind of jobs will these young people -- and especially these young Negro men and women -- be prepared to fill? Will they be adequately trained for the right kinds of jobs?

Not if they are trained according to the patterns of a half century -- or even a generation -- ago.

Nothing is going to keep most of our young people down on the farm -- whether or not they have even heard of "Paree." Jobs for farm workers have declined from 37.5 per cent of all job opportunities in 1900 to only 5 per cent in 1964.

This is particularly important in the South, where many negroes have worked on farms in past years.

In the nation as a whole the proportion of factory "blue-collar" workers has risen only slightly. Moreover, there have been important changes within this group. The demand for unskilled workers has dropped sharply from 12.5 to 5 per cent, while the demand for some skilled workers has gone up.

The big growth in job opportunities has been in the "white-collar" area -- from less than one in five workers in 1900 to nearly half of the work force in 1964. The demand for professional, technical, and similar workers has nearly tripled. The demand for managers and

officials has risen 50 per cent. And the percentage in clerical and kindred jobs has increased five-fold since the turn of the century.

Today it is virtually impossible for a young worker to get a factory job without a high school diploma. And it is even more difficult to get an office job without this minimum evidence of adequate educational qualifications.

At a higher level, there is a great unsatisfied demand for top quality, highly educated people in virtually every field. Many businessmen are now anxious to obtain qualified Negro graduates for their management development programs, for engineering positions, and for laboratory and research jobs.

But there is evidence to indicate that the field of business administration lags far behind the technical and scientific fields in the recruitment of qualified Negroes.

As one schooled in management, I hope we can improve the ratio. While many people advance from technical jobs into the top ranks of the corporate hierarchy, other jobs seem to offer a more promising route. These include financial administration, accounting, marketing, personnel and public relations.

How can we get more Negroes into these fields? Dr. Andrew F. Brimmer, our Assistant Secretary of Commerce for Economic Affairs, has suggested an interesting solution to the problem.

He points out that many Negroes have acquired educational and employment experience in fields not wholly removed from general management. Among these are public and educational administration, law, mathematics, insurance, real estate, and the social sciences.

The question is how to convert such well-educated professionals into potential corporate managers. Dr. Brimmer's suggestion is that these people devote one or more years to a specialized graduate course in business administration with the prospect that a fairly large number might be able to make the transition into the corporation, and assume responsibilities at the intermediate level in a number of areas.

As one individual who was converted from a lawyer to a corporate manager, I find this to be a most interesting suggestion, and I hope it can be given serious consideration.

I am sure I need not belabor here the need for major curriculum changes at our predominantly Negro colleges to adjust to these changes in the opportunities for employment. But I do want to point out the obligation of both the colleges and business to make these changes in job opportunities known--in a timely manner--to our Negro youth. These young men and women must be convinced that these opportunities do exist well before they arrive at the college registration desk, or many

of them will not be motivated to get there and many others will not have prepared themselves in high school for the courses open to them. Business' job recruiters can help greatly in this. But the unique role lies with the predominantly Negro college.

This brings us to the major problem facing our predominantly Negro institutions, and to the real challenge facing us today as we launch this national fund campaign.

Our immediate problem is to convince the potential supporters of this fund -- especially businessmen -- that advancing integration and improving opportunities for Negroes makes it much more important -- rather than less -- that we mobilize massive resources behind our predominantly Negro colleges and universities. This is our real challenge!

The United Negro College Fund has raised its sights this year -- setting its goal more than two thirds above last year's figure -- in recognition of this challenge. And the \$5,174,000 you will seek for the 33 private colleges participating in the fund will make a major contribution to their programs.

But I think we have to recognize that the sums these colleges and the other predominant'ly Negro colleges need must be calculated in the tens of millions of dollars each year -- if they are to do the job that must be done.

What we must ask of our predominantly Negro colleges and universities is not that they do a job equal to other institutions of higher learning. We must ask them to do an even bigger job. We must ask them to take the most educationally-deprived of our young people and prepare them to compete on equal terms with those who have had every educational advantage.

We must ask them to do this job because it must be done. We cannot have either racial harmony or full development of our economic potential if the job is not done. And I think it must be done within this generation.

We must ask our predominantly Negro colleges to do this job because we know realistically, that it will not be done unless they do it. Most of our Negro colleges are in the South, and this is where the problem is most acute.

In the South, as in the rest of the country, the poor and the poorly-prepared are finding it increasingly difficult to enroll and remain in college. Colleges are reacting to rapidly rising demand and costs by raising tuition and by screening their applicants more closely. They are simultaneously raising the entrance standards and raising the barriers higher and higher.

There is^A/real danger that many potentially very able young Negroes will find the doors of employment opportunity already closed by past discrimination in education and in employment. They will not be able to obtain the higher education they need because they were denied adequate primary and secondary education. Or they will not be able to pay for a college education because their parents were denied decent educational and employment opportunities.

Dr. Earl J. McGrath's new study of "The Predominantly Negro Colleges and Universities in Transition" points out that only 8 per cent of all college students come from families earning less than \$4,000 a year; but 42 per cent of the students attending Negro colleges are from families with incomes below this figure.

Our Department of Commerce census figures show that, while Southern white income is approximately 20 per cent lower than in the rest of the nation, the median income for nonwhite persons in the South is far less.

This points up dramatically the need of these colleges and universities that have as their special purpose the bridging of the "opportunity gap" for young Negro men and women.

The colleges and universities assisted through the United Negro College Fund understand the need and have the motivation to meet it. But they must be given the means. They must be able to keep their students' costs within the ability to pay, while at the same time providing a superior academic program, one capable of correcting some of the consequences of past educational neglect.

I don't believe anyone here would say that our predominantly Negro colleges and universities are presently capable of doing this job-- however excellent many of them may be.

Nor do I think that they or those of us who have supported them in the past have even begun to face up fully to the magnitude of their financial need.

We hope that President Johnson's proposed Higher Education Act of 1965 will provide significant additional support for these colleges. Title Three of the proposed act outlines a program of Federal assistance to strengthen our "less developed colleges."

And most of our predominantly Negro colleges clearly fall within that less developed category.

But I think business can and must do much more than it has been doing. Private givers can freely differentiate among the possible recipients of additional support for higher education. They can give major emphasis to the efforts to correct results of past discrimination and neglect in the education of our Negro citizens.

The need is almost overwhelming. But I can think of no more exciting challenge to American business. In no area of our national life can private initiative make a more meaningful contribution. In no better way can we demonstrate the appreciation of human values that underlies our free enterprise system and our democratic society.

Thank you.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

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Office of the Secretary

FOR RELEASE IN A.M. PAPERS FRIDAY APRIL 9, 1965

Address by Secretary of Commerce John T. Connor Prepared for
Delivery Before a Banquet Commemorating the 175th Anniver-
sary of the United States Patent System, at the Sher-
aton-Park Hotel, Washington, D. C., 8:30 P.M. Thurs-
day, April 8, 1965

It is a pleasure to participate in this important celebration.

I also have the honor to bring a message from the President of the United
States.

It reads as follows:

"To the men and women of our Patent System--to the inventors, lawyers,
agents, businessmen, examiners, and the entire staff of the U.S. Patent Office:

"On this notable occasion celebrating the 175th anniversary of the United
States Patent System, I want to express the Nation's gratitude for your skilled
and dedicated work.

"You play a major role in an intellectual achievement of our era that is
without parallel. Never before has man unlocked so many secrets of nature and
applied the acquired knowledge with such beneficial effects to mankind. The
result has been the most revolutionary scientific and technological advances
in the history of civilization--gains which have brought America the highest
standard of living anywhere and have helped provide the foundation for the eco-
nomic and military strength of the entire free world.

"But the challenges ahead are even greater. We have no corner on the in-
ventive process, and the competitive world struggle intensifies with every pas-
sing year. In order to maintain our lead, we must make our Patent System even

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more perfect, and the Nation will be looking to you to increase its usefulness as one of the greatest instruments for progress that man has ever conceived.

"Best wishes for your anniversary celebration and my warmest personal regards to each of you."

Signed: Lyndon B. Johnson.

The President's message, I think, can serve as the keynote for this anniversary occasion: We not only celebrate the Patent System's accomplishments of the past; we also prepare to make its underlying principles serve us even better in the future.

Evidence that these principles are sound are all about us, for the System lies at the very heart of economic progress in our country.

It is the protection offered by patents and trademarks that encourages private enterprise to invest in new research and product development.

On this foundation whole industries are built. These create jobs. Many jobs combine to form mass markets. Mass markets make possible mass production. Mass production results in lower prices. Mass consumption and a rising standard of living follow.

Virtually our entire industrial machine has been built under the stimulus that the Patent System gives to the creation of intellectual property.

The 1906 Wright Brothers' patent on their "flying machine" formed the basis for today's aircraft industry employing half a million persons and having sales of \$8 billion a year.

The patented inventions of Samuel Morse and Alexander Graham Bell gave birth to the electronic communications industry employing almost a million persons and having sales of \$15 billion a year.

Today whole new industries spring up with spectacular suddenness on the basis of patents. The discoveries of Mr. Chester Carlson, whom we have just honored, have formed the basis for Xerox's fantastic growth. Dr. Edwin H. Land's

invention on synthetic polarizers and the polaroid camera have formed the basis for a whole new field of photography.

From personal experience I know that the Patent System is responsible for the development of numerous drugs vital to our health and which have contributed materially to our increased life span. Nine out of ten prescriptions today call for drugs that did not exist in 1950.

In sum, almost the entire history of our scientific and technological society can be written from the files of the U.S. Patent Office.

But the same revolutionary developments which the Patent System brought about also have posed great problems for it.

We must remember that the System, which has undergone virtually no basic change since the early years of the Republic, was designed to bring innovation to an essentially agrarian economy.

Most of the new technology introduced was comparatively simple and it came at a slower pace.

Virtually all the research and development was done by the private individual. Corporations and government were involved in very little.

Inventors not only devised the innovations, they also became the entrepreneurs who produced and marketed the new devices and processes.

Today all this is radically changed.

The United States has been transformed from a handicraft and agricultural economy to a highly complex industrial society.

Technological innovations, employing the most intricate techniques, are arriving in great numbers and the average case is becoming more difficult for the Patent Office to examine. Moreover, the number of patents which must be searched is mushrooming at a rate of over 50,000 U.S. and over 200,000 foreign patents each year.

The backlog of applications before the Patent Office exceeds 200,000 cases. The average pendency period between the filing of an application and the issue of a patent exceeds three years. This is much too long in an era of fast-moving technological developments.

Commissioner Brenner's progressive program to reduce the backlog is getting the full support from the patent examining corps and the patent profession, and we are grateful for these outstanding efforts, but we must look further into the workings of the System to find other means of eliminating the backlog.

The individual inventor still remains an important part of our patent community, but most of our new products and inventions are the result of a growing research and development effort by corporations and government.

Many inventors are now employed by industry and government as members of research and engineering teams. The organizations that employ them invest thousands of dollars in facilities for their use, and pay salaries and other compensations that take into consideration the fact that they are asked to assign to their employers most or all rights to any resulting patents. And the great increase in research expenditures and research establishments clearly shows that inventive work continues to be stimulated by the expectation of patent coverage.

Our government's deep involvement in research and development adds to the increasing complexity and change in the organization of the industrial complex. The government is now involved in virtually every field of technology, a situation that raises the most fundamental questions of ownership of inventions developed under government contract. Although questions are currently being raised in the Congress about the nature of the policy, the President's Statement of Government Patent Policy issued in 1963 has provided valuable guidance

and the necessary flexibility with respect to the determination of rights to such inventions.

And there are mounting technological problems which the Patent System must help solve. Our own Department of Commerce alone is engaged in activities that call for new advances in such fields as transportation, traffic safety, oceanography, weather forecasting, ship modernization, earthquake prediction, and more accurate methods of measurement.

In addition to the domestic problems facing the Patent System, there are those involving the international economy. As I have noted, our System's search file increases by over 200,000 foreign patents each year. And the patent systems of other countries throughout the world are similarly swamped.

The world patent situation is of prime concern to American industry. With the rapid expansion of world trade in recent years and the increasing importance of foreign markets, more and more American corporations are becoming interested in foreign patent protection. In 1963, overseas U.S. private investment, which then totaled \$66.3 billion after some years of build-up, returned \$4 billion in earnings, dividends, royalties and fees.

United States interests filed over 82,000 patent applications in foreign countries in 1963, a 43 percent increase over the number filed in 1959.

About half of the 520,000 applications filed around the world are of foreign origin and most of these are duplicates of applications filed elsewhere. As a result, much of the examination and search performed in different countries is duplicated in other examining countries. If this duplication of work could be reduced through international cooperation, the world backlog problem could be largely eliminated. In addition, we could reduce the complicated and expensive procedures involved in filing applications in more than one country.

The action could serve as a spur to world trade by stepping up the spread of technology.

At the same time that our Patent System struggles to cope with the radically-changed environment in our country and the world, we are placing new and heavier demands on its performance.

For we now recognize that the production and application of knowledge is our most important economic activity. No longer are natural resources the major source of our wealth. Rather our economic growth depends chiefly on the increased productivity made possible through invention and innovation. And we know that our Patent System is the means for both encouraging invention and making its benefits available to our industrial society.

Yet today, inspite of our abundantly high growth rate last year, we still have a 4.7 percent unemployment rate. And this is at a time when our labor force is increasing rapidly because of the effects of the post war "baby boom."

Besides providing additional employment opportunities, we must also meet the great social needs of our time. We must enlarge the educational opportunities for our people, provide better housing and health facilities, and give those who live in the sub-basement of poverty a real chance to share in our abundance.

All this requires the creation of wealth in growing amounts and at an increased tempo. And it is to private enterprise, as the producing arm of the economy, that we look to achieve these national goals. Our Patent System must be geared to give the maximum possible assistance by providing the proper incentives for inventors and businessmen.

In addition to the domestic requirements, we are calling on the System to help raise productivity so that we can meet the stiffer competition in international trade. The formation of the European Common Market and the rapid industrialization of Japan have created challenging new conditions in the world

market. In order for us to compete and at the same time continue our high wage rates, we must continually increase productivity through our superior scientific and technological resources. Our Patent System plays a major role in this task.

The urgent and fundamental nature of all these matters--the radically-changed structure of our domestic economy, the mounting problems facing the Patent System, and the increased demands we are placing upon it--requires a thorough review to determine whether our present System most effectively serves our national objectives. If the high purposes are not being fulfilled by the System as it now operates, we must determine what changes should be made.

We know the fundamental principles upon which the System is based are sound, but the techniques which served well in the past may have to be altered to serve the needs of an era that is pounding toward the year 2000 with breathtaking speed.

Moreover, the need for such a far-reaching study of the System can be met only at the very highest levels of Government. Tonight I have the honor and privilege of announcing, on behalf of the President of the United States, that such an evaluation will be undertaken.

President Johnson asked me to tell you that today (at 6.05 PM) he signed an Executive Order establishing the President's Commission on the Patent System to make the first basic study of the System since its creation in its present form in 1836. In his order, the President points to the great benefits that the System has helped provide: increased productivity, economic growth, an enhanced standard of living and our increased ability to compete in world markets.

He calls attention to the fact--that industrial development depends increasingly upon scientific and inventive endeavors; that other industrial na-

tions may be expected to exert vigorous efforts to benefit from inventive activity; that we and other nations are concerned with improving the protection of industrial property to promote the exchange of products and services across national boundaries; and that our extensive international economic interests require that our Government take a leading role in international cooperation for the protection of industrial property.

The President also calls attention to the backlog of patent applications and the increased cost of processing such applications. And pointing out that the System has undergone no substantial change since 1836, he states that it is now necessary to evaluate our System and to identify possible improvements in it. The President plans to appoint the Chairman and other members of the Commission in the near future.

He asks the Commission to determine how well our Patent System currently serves our national needs and international goals, to devise possible improvements, and to recommend any legislation required to strengthen the System. The Commission is directed to make a preliminary report within one year and its final report and recommendations within 18 months. I know it is unnecessary for me to point out what a tremendous opportunity the President's action opens up for the Nation as a whole and the patent community in particular. The results may well be no less historic than those of the Patent Act of 1836 which President Andrew Jackson signed into law.

Certainly this 175th anniversary of the System's first establishment by Congress in 1790 is an auspicious moment for the Commission's beginning. But we will need the help, cooperation and advice of every leader of the patent community in order to reach the sound conclusions required to achieve our mission. I know we can count on you.

We know that the Patent System can no more stand still than the science and technology that it advances. We can, and will, make it serve the future

needs of our nation no less than it has served the past. And we are ready to take the lead in making the basic principles of the Patent System serve the needs of the whole free world. It offers one of our best hopes for lifting the burdens of misery, poverty and despair from the shoulders of suffering mankind everywhere.

Thank you.

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Office of the Secretary

FOR RELEASE AT 1:30 P.M., FRIDAY, APRIL 16, 1965

Address by Secretary of Commerce John T. Connor Prepared for
Delivery at Luncheon Meeting of the Annual Convention of
the American Society of Newspaper Editors at the
Washington Hilton Hotel, Washington, 1:30 P. M.
Friday, April 16, 1965

When I learned that Alfred Hitchcock was going to address your banquet tomorrow night, I thought momentarily of asking to be excused from my appearance today. I was a bit concerned about the inevitable comparison between two men in the same business.

You see, we both deal in mysteries and involved situations. But Mr. Hitchcock has a distinct advantage. His situations have pretty girls in them. Mine only have statistical figures. And he knows the outcome before he starts. I can only hope.

Truly, I was honored by your invitation and am delighted to be here today. And while the problem I want to discuss with you may lack the drama of a Hitchcock chiller, I believe it is of sufficient importance to put our minds to--this afternoon and for a good while to come.

I say "our minds," for we--you of the press and we in Government--share a broad community of purpose and responsibility.

Today I come to you with a problem. And I ask your help in an urgent matter that bears directly upon the strength of the United States at home as well as abroad.

The balance of payments problem, which I would like to explore with you this afternoon, requires the kind of illumination and understanding that you perhaps better than anyone, can bring to it.

Our payments deficit is not a matter far removed from Main Street, nor the kind of question we can shrug off as the province of economists or the responsibility of the Secretary of the Treasury or the Secretary of Commerce.

We are fighting the battle of the dollar--and it's everybody's dollar.

The persistent nature of the deficits problem is well known. The U.S. has had a payments deficit of \$3 billion or more for the past seven years. In 1959 the deficit reached crisis proportions of \$4.2 billion. We have made gratifying progress through a vigorous export expansion drive, through improved financing facilities, through the rigid control of government expenditures abroad, and through the interest equalization tax that restrains sales of foreign securities in the U.S. money market. In addition, our monetary authorities have exerted pressures on our short-term interest rates in order to reduce incentives to the outflow of liquid funds.

The combined effects of these moves have helped give the dollar its strong position in the world today--a far stronger position than it had three or four years ago.

And as President Johnson has said, "Clearly, those who fear for the dollar are needlessly afraid. Those who hope for its weakness, hope in vain."

But we still must solve the problem.

And it is going to be solved--not by decree, but by a voluntary course, by the personal involvement and cooperation of businessmen, bankers and ordinary citizens.

It is going to be solved by men who know that the strength of the dollar is imperative to the well-being of not only our own country but the entire society of free nations.

Now these urgencies are of local as well as national concern. The problem involves employment as much as it does investment. As one illustration, let me note that a steady increase in exports has been the biggest plus in our balance of payments.

And exports spell employment. Nearly 3.5 million Americans owe their jobs to exports, and these people live in every State in the Union, in both rural and urban areas.

Our people need to understand that our payments deficit is not an obscure and distant problem. They must recognize that it's a down-to-earth matter of livelihood for our neighbors and ourselves.

We must remember that every segment of our economy is inextricably linked with every other. Economic ills are not unlike physical ailments--that which affects one part of the body affects the total being. It is fallacious to think that if some development doesn't affect us directly and immediately, we have no need to be concerned with it.

So, in winning the battle of the dollar--and win it we will--it will be everybody's victory.

Yesterday was the deadline for the executives of more than 600 companies to send me their initial reports on their individual balance of payments ledgers which they are setting up under the President's voluntary program. This program is a soundly conceived plan which enables businessmen to solve the problem within the context of their own particular operations.

I can report today that the planning stage of the voluntary program is completed, and we are now entering the operational phase. The reports are currently being tabulated, and we should have summary results to announce within a few weeks.

Generally, we are very encouraged by the reaction to the plan. One thing that is clear is that the program enabled the participating corporations to start taking immediate action. All the other alternatives would have taken legislation and therefore would still be in the debating stage before Congress at the present time, whereas under this voluntary approach we have already seen results in the movement of funds.

Of course, we can't expect instant success. Many of the corporations in their replies have pointed out that the actions they are taking are going to be phased throughout the rest of the year and in 1966.

We can only be sure of the degree of progress as we see the results of this cooperative effort in the quarterly periods ahead. But it provides an effective stop-gap while the long-term solutions are being developed.

For the progress already indicated, we are in no small measure grateful to you of the press. You have recognized the gravity of our payments position and have helped make the public conscious of it.

But I must ask for additional help, because certain misconceptions have cropped up here and there about parts of the program and about its overall objectives. And because a solution of the problem depends--as it does with any major issue--upon an accurate understanding of the program's aims.

Let me point out a few questions and statements which to me reflect something less than an accurate understanding.

You perhaps have heard it said that the program overlooks curtailment of imports as a means of reducing the payments deficit.

But I want to emphasize in the strongest possible terms that import restriction is not part of the program.

This is a positive, not a negative program. We seek the continued growth of exports, not curtailment of imports. Any attempt to repress imports would be contrary to our established goal of world trade expansion and our policy of mutual exchange. Indeed, we all recognize trade is a two-way street, and that the expanding exchange of goods is the soundest foundation for world prosperity.

Next, it's been said that our payments program discriminates against old friends in favor of new and untried nations.

The fact is, our balance of payments problem resides in the more advanced developed countries. So it is on them we are focusing. We have taken every measure to insure that the less developed countries are not adversely affected. I have specifically called our business leaders' attention to the national objective of increasing the contribution by U.S. private investment to industrial growth in the less developed countries.

On the other hand, I want to make it clear that a company receives credits on its individual payments ledger for increasing exports to less developed countries.

These exports are not only important as such, but, they also result in the spending of foreign exchange in the United States that might otherwise be channeled to those European countries that would convert them into an additional drain on our gold.

It is equally in error to consider the program inflexible in its application in developed nations. We have urged companies with short-term funds in nations which themselves have a payments problem to avoid hasty action in repatriating these assets and to consult first with the Federal Reserve.

There is another area of misunderstanding that needs clarification.

How often have you heard this statement: "If the Government would stop spending all that money abroad, we wouldn't be in this mess."

That's not totally inaccurate. We wouldn't be in this mess. We'd be in a worse mess.

I won't go into our urgent need to preserve our military strength abroad and provide economic assistance to some of our neighbors if we are to hope for peace and stability.

The whole matter can be answered by a question: If we don't defend democracy and freedom in this troubled world, who will?

But let me assure you that stringent management has been instituted in our defense and aid programs and positive actions taken to reduce the dollar outflow.

Net defense outlays abroad have been reduced nearly 50 percent in the last four years--from \$2.8 billion to an estimated \$1.5 billion.

Consider also two other notable improvements in overseas defense costs:

One, receipts from the sale of military equipment abroad increased from \$300 million in 1960 to more than \$1 billion in each of the last three years.

And two, in the field of military assistance, 84 percent of last year's expenditures were made right here in the United States.

Even more can be said for economic assistance. Some 92 percent of aid outlays for goods and services last year were tied to purchases in this country. These were job-producing dollars that benefitted every community. And at the White House Conference on Export Expansion the nation's key business leaders went on record favoring a continuation of economic assistance to developing countries. In the AID program we are developing markets for U.S.

business as well as helping deserving and needy countries in their economic development.

Now to another contention, which goes like this: When all is said and done, tight money represents the only decisive means of correcting the U.S. deficit.

The Federal Reserve seems to disagree, all of us involved in the Balance of Payments program disagree, and I am sure that nearly all of you disagree. Any substantial tightening of our monetary policy could have painful consequences for our domestic economy.

Now I'll proceed from a contention to a question. It might be put like this: What is the policy on direct investment overseas?

It is a fact that direct productive investment abroad can pay off--in terms of earnings, dividends, royalties and a substantial volume of exports to foreign affiliates of U.S. firms. Both as a businessman and as a member of the Cabinet, I have regarded carefully planned direct investments overseas as profitable and beneficial over a period of time. But we are faced with an immediate challenge. The problem is now.

So we have suggested that direct investments in the developed countries be avoided or postponed for marginal projects and those which will not soon generate exports or income. We also have urged restraint in financing direct investments with money raised in the United States. And we have asked that wherever possible, financing be accomplished with funds raised in the developed countries, even though the charges be heavier than at home.

We've heard another question lately, which boils down to this: Who's going to tell me where to spend my vacation--and my dollars?

The answer, of course, is that our See the U.S.A. program does not tell anyone where to travel, or when. We do not propose restrictions on travel.

We do advocate what Lowell Thomas calls "the tingling pinnacle of higher adventure" to be reached by traveling in the United States--both for our own citizens and visitors from abroad.

It is not popular to point to travel as a factor in our balance of payments problem. Americans do not want curbs placed on their freedom to go where they please--and neither does the government. We want to preserve competition in the travel market.

But it would be ostrich-like not to recognize that the dollar outflow caused by travel abroad has grown to serious proportions. The travel deficit was \$1.6 billion last year, equivalent to one-half the deficit in our overall balance. And without a lot of second thoughts about traveling abroad, it's likely to worsen.

We should be doing much more to develop domestic travel. Other countries view tourism as a major national resource. With our great marketing talent, we can use tourism to open up an entire new field of economic opportunity and employment prospects in our country.

When we propose developing that resource in the U.S.A., we are encouraging a voluntary effort to reduce a national burden--our payments deficit--by exploiting a great national asset. We are only beginning to see the full potential of the beauty and diversity and the excitement of America as an attraction to the world.

One final question, which I have heard more and more frequently in recent days. It's this: Won't this entire program of voluntary cooperation work too well?

My answer is: No.

It is true that dollars are coming home. Short-term funds are being repatriated. Investment is being restrained and lending has decreased. There are fewer dollars available on the European exchanges, and interest rates

have gone up. As a consequence, the fear is voiced that a shrinkage in Europe's dollar supply will squeeze their economies into recession.

We certainly do not want that to happen, nor do we foresee such a prospect. But too many American dollars are now out of our control. In the interest of international monetary stability, and thereby in the interest of other economies as well as our own, we must lower the world's inventory of dollars. When that is done, the world economy can adjust to the new circumstances.

These are some of the questions and misconceptions that I believe should be answered in order to illuminate public understanding of the payments issues and the President's program. They illustrate the complexity of the subject and the need for us to walk around it and study every aspect. Without a thorough understanding, there is an irresistible tendency to shoot from the hip.

This, I suppose, is likely to be so with any complex, highly sophisticated issue. We can see a demand today for in-depth consideration of many problems on the domestic front, not to mention those torturous but vital responsibilities we bear on so many foreign fronts.

Our best brains, our ability to make the right decisions, our capacity for looking into the future--all are challenged daily by these problems and responsibilities. And these are joint challenges, for in this era of galloping technology and global competition, business and government have come to realize that cooperation is paramount, that division is fatal.

This realization has resulted in a sense of mutual trust that is without precedent. It is a spirit that has invigorated our entire economy and created an atmosphere of confidence which insures that no problem will face us down and no opportunity escape our grasp.

In any of the great economic challenges confronting our country, half the problem is licked when our people understand the problem. In this instance, before it is over, I predict we will be focusing not so much on our payments problem as on our economic strengths.

As the editors of our free press, you will have played a vital role in this progressive transition.

Thank you.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

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FOR RELEASE IN P.M. PAPERS, WEDNESDAY, APRIL 28, 1965

Address by Secretary of Commerce John T. Connor Prepared for
Delivery Before the 53rd Annual Meeting, Chamber of Com-
merce of the United States, Washington-Hilton Hotel,
9:45 A.M., Wednesday, April 28, Washington, D.C.

I am delighted to be here in this great forum of business thought.

The Chamber of Commerce of the United States and the Department of Commerce of the United States have many common objectives. In addition, you of the Chamber and we of the Department are both seeking to improve our service to the Nation by meeting the greater challenges created by a rapidly changing environment.

For this reason, I am especially honored to be invited to speak at this meeting which precedes consideration of your policy declarations.

Not that I intend to refer directly to these matters--although I have noted with interest that some items are of direct interest to the Department of Commerce.

Rather, it is gratifying to me to speak at this particular session because I want to discuss other matters of a similarly broad nature.

I want to explore for a few minutes the increased responsibilities of business in the emerging socio-economic conditions of our times.

I was prompted to choose this topic by my experience during the past few months in working with industry in the President's voluntary balance of payments program.

I have never seen a better example of business acting in the public interest. This fight to restore the balance in our international accounts is of major importance to every business and every worker in America.

For continued domestic economic growth depends on the sound dollar we are striving to maintain. So does the expansion of world trade, which flows on confidence in the dollar as the principal medium of international exchange. I'm sure you are aware that increased U.S. exports are a major factor in providing new jobs for our growing work force. Already sales abroad account for the jobs of some 3.6 million Americans, and every \$1 billion in additional exports will provide jobs for another 134,000.

But I want to emphasize that the corporations joining in this voluntary effort are doing so at a sacrifice. Without the slightest legal requirement, but at the request of the President, they are foregoing profit in order to help win this victory for all of us in America. In the long run both they and the entire nation will benefit, but we should recognize that they and their stockholders are the ones who are bearing the principal burden for the rest of us.

Now there is a most interesting aspect to this situation--and it is this: The very real contribution these corporations are making has attracted little attention among the public. True, the news media have carried many stories explaining the deficit problem and outlining the President's program to solve it. And a few columnists and editorial writers have praised the participating corporations for their cooperation with government.

But the public generally has simply taken for granted that business would act in the national interest in this matter. In fact, the American people would have been immensely surprised--and hurt--if business hadn't.

Now nobody likes to feel ignored. But I think the vast majority of businessmen feel the way I do--and I rejoice in the calm acceptance of the fact of business cooperation with the government.

For I count it as the highest compliment that the American people could pay to business. It demonstrates that they are coming to expect business to perform great acts of national service. It shows they are becoming accustomed to business behaving this way. It shows they trust business.

I see their silence not as a sign of indifference, but as an act of faith in business.

And in a historical sense, it demonstrates something in which I have a special interest: That the rightful posture of business is to seek additional responsibilities and broaden its mutual concerns.

For many years we have watched both labor unions and government widen their responsibilities--and their power and influence have grown apace.

Let me clear, of course, that I do not oppose any proper exercise of power by any group in the country. In fact, I welcome it, as the chief benefit of a pluralistic society where power is diversified among many contending groups.

But as a businessman and as a public official, I have very much regretted that too often in the past the voice of business has either not been heard or has not carried the weight its importance deserves in the councils of the nation.

Today, however--and the situation in this balance of payments program illustrates it--business has reversed this historic trend by voluntarily increasing its responsibilities in many areas. And with it has come a growing influence that, in my opinion, is having the most salutary effect on our entire national life.

Today, more than ever, our country needs public-spirited businessmen with organizational ability and leadership qualities that can help solve the difficult and complex problems of our times. And, I am glad to say, we are seeing such men in growing numbers, acting as individuals, through their firms, and through local and national organizations such as this great Chamber of Commerce.

The inventory of responsibilities in which business is assuming a leadership role reads almost like a full listing of national objectives. They include:

--Overall economic growth to lift our standard of living and to help provide jobs for the unemployed and the rapidly increasing number of new workers.

--Job re-training to give displaced workers a new opportunity for gainful employment.

--Taking into consideration the guideposts on prices to help prevent inflation.

--The application of advanced technology in order to increase productivity, reduce costs, and maintain our competitive position in the world market.

--Increased exports.

--Active participation in many aspects of the voluntary balance of payments program to help eliminate our persistent deficit.

--Support of education.

--Participation in community affairs.

--Prevention of air and water pollution.

--Equal opportunity for all Americans regardless of color or national origin.

--Providing a major source of tax revenue to help government meet the needs of a growing population.

--Improvement of our people's health.

--And production of the superior weapons needed for the defense of the free world.

There are others, but I have reserved business' traditional responsibility to maximize profits for special comment.

For we now view profit not in the narrow context of simply a reward to the entrepreneur and the stockholder for risk of capital and for sound management in the production of a better product or service, although they are certainly important objectives.

Rather, we see it in the broader context of a benefit to society in general. I have said that "profit is the instrument of progress"--for it is the prospect of profit that underlies the operation of our entire free enterprise system. This is the creative force that brings investment in plant and equipment, resulting in mass production, lower prices and a rising standard of living for all.

So when business assumes responsibilities other than profit making, this should not be taken as an indication that it is neglecting its traditional goal of efficient production and distribution at the lowest possible cost.

On the contrary, such a move shows business' appreciation of the fact that it is a functioning part of a larger social organization, and must conduct itself as a responsible member of that organization.

Additional responsibilities do not restrict business freedom; they open up additional business opportunities. A better America is a better place to do business; there are more, not fewer opportunities to make a fair profit. The proof lies all about us--and in the healthy profit position of American business today.

We have learned that the cost of doing business includes the cost of a stable society. This requires fair and equitable wages, pension plans, decent housing, adequate health facilities, increased educational opportunities, and many other things.

This new social awareness by business reflects the fact that changing times and ideas have created a different world. The thousands of young people in our midst who are actively engaged in the civil rights movement and who are working for the Peace Corps under difficult conditions around the globe are indicative of the sharpened social conscience of modern America.

These are trends which business cannot--and is not--ignoring. But business must be a leader, not a follower, if it is to retain its rightful place as the central organizer of our economic life, and influence the total development of our society.

In many areas, we have made great strides. In others, we have a long way to go.

One of the latter is equal job opportunity. And in this area, business has a special responsibility--as well as an important stake.

In a report the President recently presented to the Cabinet, the Council of Economic Advisers outlined the economic cost of discrimination.

The report pointed to the fact that Negroes on the average have less education, work in less skilled occupations, suffer more unemployment, and get paid lower wages.

But if Negroes had the same educational attainments as white workers and earned the same pay and experienced the same unemployment as whites, their personal income--and that of the Nation--would be \$20.6 billion higher.

The report pointed out that the entire economy would benefit from better education of Negro workers and an end to job discrimination. Industry would earn additional profits, and the Gross National Product would rise by an estimated \$23 billion.

The issue of civil rights, of course, is an emotionally-charged subject, but the most significant development in this area during the past six months has been the growing participation by business in the movement.

As you know, the Community Relations Service headed by Governor LeRoy Collins, is a part of the Department of Commerce, so I am in close touch with the developments in this field.

It is gratifying to note that many improvements in local situations recently have been effected by the leadership of the business community. Of equal if not more significance is the fact that in situations where there has been little or no lessening of tension, chances are that business has failed to act adequately or in time.

But I would like to have seen more business people leading in this movement, not following.

We know that good human relations is good business, and bad human relations is bad business. Beyond that we know that the conscience of business can quicken the conscience of the country.

Right here, let me put in a special plea that you gentlemen return to your homes and launch some kind of community-wide effort to offer employment to as many unemployed teen-agers as possible this summer--and on a non-discriminatory basis.

Idleness breeds frustration, unrest--and trouble.

Business can perform a service to itself and the whole country by coming up with a creative solution to this problem.

I believe that if you business leaders right here in this room put your organizational skills to work on it, the problem would be largely solved.

This nation has never faced a challenge that was not also a challenge to business. And this is one that deserves the kind of energetic response that you gentlemen can bring to it in greater measure than anyone I know.

We must always be alert to the flashing red lights in the distance that spell trouble ahead.

We must not fear self-criticism that aims to solve problems before they become acute.

We must not be afraid to propose reforms and improvements in any part of the free enterprise system. Its strength rests in its flexibility, not rigidity.

Some businessmen feel that if they themselves find fault with the system, this will simply encourage its detractors to echo such criticisms.

But no system is perfect--and whom do we want to propose the improvements, businessmen or outside pressure groups? In today's world no system can remain static. The dynamics of change require new departures--and who is more qualified to effect adaptations than those who are carrying on the conduct of business day-by-day?

One area which I think business should scrutinize carefully is its relations with consumers.

We know that the American consumer enjoys the highest standard of living in the world, and nowhere does the consumer have such a wide choice of quality products at such low prices.

As a pioneer American market researcher said half a century ago, "The consumer is king." And his whims can make or break great enterprises.

Nothing is more precious to business than consumer confidence.

Yet today we can detect signs of consumer unrest about some phases of product and service merchandising. We see proposed legislation dealing with some of these situations, and I myself have been involved in reviewing some of these proposals.

You may have seen recent newspaper stories on the installment credit conference of the American Bankers Association in Chicago. A Purdue University professor of industrial administration was quoted as telling the conference:

"The fact remains that the voice of the consumer will be heard more and more in the land. And if business does not hear the voice, legislators will."

I hope those in business who should be listening will hear this voice before it becomes a shout.

The consumer of the future will be better educated, more discriminating, more sophisticated, and probably less inhibited about voicing his and her complaints. And I think most businessmen do not want the consumer to have any justifiable complaints.

The dogmatic and rigid positions of the past, the stand-patism of an earlier era, have given way to a new enlightenment that augurs well for the future of business and the nation.

Acting through such organizations as your local and national Chamber of Commerce, there are few things you cannot accomplish.

No one expects business to do the job alone. The cooperation of business, labor and government is required to build the great American society that President Johnson envisions.

But as we witness the growing acceptance of responsibility by business, let no one forget the Nation's responsibility to business.

Business needs freedom, a climate of confidence, and the invigorating competition of the open market place. We know that profit is the best measure of efficiency--and business must be free to make the decisions necessary to produce profit.

I am confident that America will not forget its responsibility to business, but as Secretary of Commerce I intend to remind the nation of it--as well as to remind business of its responsibility to the nation.

Thank you.

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