

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR IMMEDIATE RELEASE FRIDAY, SEPTEMBER 9, 1966

John T. Connor, Secretary of Commerce and Chairman of the Combined Federal Campaign, today announced his Co-Chairmen in the fund drive of the National Capital Area.

Chairman Connor said that he was honored that Robert C. Weaver, Secretary of Housing and Urban Development, Stanley R. Resor, Secretary of the Army, Sargent Shriver, Director, Office of Economic Opportunity, and Esther Peterson, Assistant Secretary of Labor for Labor Standards, have agreed to serve as Co-Chairmen with him in the Campaign to raise \$5,500,000 among Federal employees. Richard J. Murphy, Assistant Postmaster General for Personnel, will serve as Chairman of the important Committee on Organization, Chairman Connor said.

The Campaign will be kicked off with a workers' rally on September 12 at 11:30 a.m. at the Departmental Auditorium at which Chairman Connor will address all campaign workers. The U. S. Army Band will participate and a musical salute will be rendered by the U. S. Army Chorus. Ferris and Co. has donated a color TV set that will be awarded as a door prize to some lucky participant.

USCOMM-DC-38150

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

G 66-169

FOR IMMEDIATE RELEASE
MONDAY, SEPTEMBER 12, 1966

SECRETARY ISSUES GRANT
FOR FOREIGN-TRADE ZONE
IN BAY COUNTY, MICHIGAN

Secretary of Commerce John T. Connor today issued a grant permitting the establishment of a foreign-trade zone and two subzones in Bangor Township, Bay County, Michigan.

Acting in his capacity as Chairman of the Foreign-Trade Zones Board, Secretary Connor made the grant to the Board of Supervisors of Bay County, Michigan, a public agency.

Present for a brief signing ceremony (10 A.M., Sept.12) in Secretary Connor's office were members of the Michigan Congressional delegation, the Bay County Board of Supervisors, the Dow Chemical Company of Midland, Michigan, and International Union of District 50, United Mine Workers of America.

The grant is the first which simultaneously permits the establishment of several zone sites. It authorizes a primary foreign-trade zone at a 2.6 acre site containing approximately 3,300 square feet of covered space, and an open area containing approximately 109,950 square feet.

Areas immediately available for later expansion of this primary zone include a contiguous 5.8 acre site and a 6.3 acre site nearby. The two subzone areas include an 8.4 acre site 800 yards northwest of the primary zone, and a 102 acre site nearby.

USCOMM-DC-38153

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE THURSDAY A.M., SEPTEMBER 15, 1966

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY TO THE ANNUAL MEETING OF THE
COUNCIL OF STATE CHAMBERS OF COMMERCE, DALLAS, TEXAS,
7:30 P.M., WEDNESDAY, SEPTEMBER 14, 1966

I am delighted and honored to be here tonight with this team
of public spirited business statesmen from every corner of the nation,
meeting here in the home state of our President, Lyndon B. Johnson.

Tonight, I first want to congratulate you, you who lead the
business community in every state of the Union. I want to congratulate
you, at this annual meeting, for another year of growth and attainment
that have kept the American economy an expanding arsenal of strength
to serve our national objectives at home and abroad.

You and your colleagues throughout America--at every level in
enterprises large and small--are prime movers in this free enterprise
system that brings ever increasing benefits to yourselves and your
countrymen in every walk of life.

USCOMM-DC-38158

We are now in the 67th consecutive month of advancing economic prosperity without precedent in American history.

During this period:

- Employment has risen by more than seven-and-a-half million.
- Unemployment has dropped from over 7 percent to less than 4 percent.
- Corporate profits after taxes have doubled.
- Personal income has increased nearly \$180 billion, to an annual rate of \$580 billion -- more than half a trillion dollars.
- The factory worker's wage has increased by one-fourth.
- Farm income has increased nearly 30 percent.
- And State and local governments, facing vastly growing demands on their resources as you are well aware, have also gained financial strength as a result of this great economic surge. Their receipts have risen some 60 percent to an annual rate above \$80 billion.

Yes, amid the demanding problems and compelling challenges that lie along the continuing road of achievement, you leaders of the business community can be proud of your role in the great story of progress that we are writing in this Nation today.

But the very success of these past few years now poses a complex of new challenges to our continued progress and expansion. Prosperity itself, as well as our Vietnam commitments, brings a whole set of new problems.

At a time of record levels throughout the economy, we must continue to achieve sound, stable, balanced forward movement--further broadening opportunity for individual Americans even while we strive to meet the soaring requirements of our times at home and abroad.

And, to do so, we must head off the upward spiral of inflation that could be the precursor of the downward spiral of recession.

There may be those who doubt the American economy can meet this test.

I am sure there are even some in the world who fervently desire us to fail, and await this circumstance with relish.

I am fully confident that we will succeed.

I say this not because I am committed to facile, simple solutions to broad problems. I will not suggest that there is an easy way to strike down inflation, to reach the right decisions every time through the length and breadth of our vast economy.

On the contrary, I believe there are no instant answers to many of the economic questions before us today. We are, in fact, sailing on uncharted economic seas where the experience of the past and the wisdom of the present can be no more than valuable guides.

Nevertheless, just as we succeeded in energizing a stagnant economy five-and-a-half years ago, I am confident that we Americans can and will succeed as the custodians of expanding prosperity.

I know that all of you here tonight share this confidence, as well as the determination to guard the economic advances of recent years in your own areas of direct concern and action.

Business is in the van of this national effort on the economic front today just as it has been through these years of historic expansion and prosperity.

Business and labor, and the other segments of the economy, share both the rewards in free enterprise and the heavy burden of responsibility that always accompanies freedom in any sphere.

Under today's economic conditions, this shared responsibility must be exercised through policies, decisions, and actions founded in an approach best defined as flexible restraint both in the public and private sectors.

Practiced by business and by labor and by government, flexible restraint can cap the pressures of inflation and clear the way for continued progress that marks these past years as only the beginning for modern America. This is the strategy that will win the battle on the economic front.

The anti-inflationary program put forward by President Johnson last week -- now before Congress -- will strike a timely and meaningful blow in this battle. This program will act rigorously to curb government expenditures consistent with national security requirements and the well-being of our people, ease the nation's money markets, and apply a measured restraining influence on the private economy.

The temporary nature of the suspension of capital investment incentives in this program emphasizes the flexibility that must be inherent in our approach to maintaining stable and balanced economic growth. In recommending action now to shift the economy into lower gear, the President remains no less fully committed to the long-term aim of a high-investment, high-research, high-growth economy.

But now, clearly, is the time for moderation. The President's program of action aims to help achieve moderation and thereby prevent the dislocations inherent in the pendulum economy of the 1950's or worse.

Our experience in those earlier years, as I told Congress just last Monday, reminds us that an ounce of prevention can be worth many pounds of cure.

I am convinced that what is good for the Nation is good for American business generally. In my opinion -- and I know a great many leading businessmen concur -- the President's program is indeed good for the economic health of the Nation.

I believe it should -- and will -- be enacted by Congress.

Yet, however resolute, Administration and Congressional action can do only part of the job of stopping inflation. Much of the rest must still be accomplished through the determined exercise of economic responsibility by business and labor in a framework flexible enough to meet individual circumstances, and yet sufficiently restrained to support moderation in the national economy.

Flexible restraint thus requires, as I wrote to many business leaders a few months ago, taking inflationary pressures into account in all private industry decision-making. This includes purchasing. It includes inventories. It includes pricing. It includes, in some cases, deferring or stretching out capital expenditures. And it includes wage settlements.

No single formula, in any of these areas, is going to achieve the desired results at all times, under all conditions, throughout a nation of such business and industrial diversity. Obviously, different companies and different industries have different situations.

But that does not relieve each primary participant in the free economic process from evaluating decisions in terms of the stability and balance that are the prerequisites of further economic progress for all. Exactly the opposite is the case.

The very fact that our system recognizes and encourages a rich pluralism of complexity and diversity makes it incumbent on each company, industry, and labor union to act with enlightened respect for the general interest. Nor would any group in the economy be immune to the harsh effects of the inflation we are determined to prevent.

Indeed, President Johnson's anti-inflation program is designed to assure an economic climate in which the voluntary actions of business and labor can take sound effect.

The President's Advisory Committee on Labor-Management Policy, of which I am chairman, recently completed a review of the wage-price guidepost concept against the background of our current economy. As you know, this committee is composed of outstanding business and labor leaders and public members, as well as the Secretaries of Labor and Commerce. The committee's report of August 18, 1966 to the President provides a perspective that I believe is particularly pertinent in view of the public discussion that has taken place with regard to the guideposts.

These are the applicable committee conclusions with respect to flexible restraint and the wage-price guideposts:

1. It is essential to the continued economic growth and health of the country that the present inflationary trends be stopped. Maximum

efforts should therefore be made to restrain, through voluntary procedures, unjustified wage or price behavior.

2. The goals reflected in the guideposts as set forth in the 1962 report of the Council of Economic Advisers, providing for the alignment of wages and prices with productivity in the economy as a whole, need and deserve support.

3. It is impractical if not impossible to translate the goals reflected in the guideposts into formulas for application to every particular price or wage decision.

4. In a free society, any policy to achieve price stability will be acceptable and effective only if it bears equitably on all forms of incomes.

Ultimately, of course, the key to success in a system of voluntary restraints lies in general recognition by all parties concerned of the plain fact that such restraints serve both the national and private interests.

All of this said, it is clear that the most effective answer to the threat of inflation must come from the continued strength and growth of the economy, from productivity and capacity in dynamic balance with mounting demand. This is the central theme of the Administration program--stable, balanced expansion that continues to bring increased capacity on line to meet increasing demands without fueling runaway inflation.

A high rate of stable, balanced expansion has characterized the prosperity we know today. By the end of this year, according to figures gathered in a private survey of manufacturers, industrial production will have risen by more than a third since the start of 1961. The increase in capacity on line in all manufacturing is expected to reach a high of 8 percent this year, up from 7 percent in 1965, and then continue at the rapid average rate of 5 percent a year for the remainder of the decade. And all of these increases are being made on a higher and higher base.

The projected total increase this year alone is actually above the average for the entire five-and-a-half years of expansion in every category of manufacturing surveyed.

For example, iron and steel capacity is expected to increase 6 percent this year compared to an average of 2.6 percent in the period 1960 to 1966.

Electrical machinery is expected to achieve a 9 percent increase compared to under 5 percent since 1960.

Transportation equipment shows a 12 percent rise this year compared to under 7 percent since 1960.

And textiles--the sick man of American industry during the 1950's--will jump in production capacity by 7 percent this year compared to 4.5 percent since 1960, and a scant 2 percent average before that.

Increased capacity and production levels have been the direct products of a 70 percent-plus surge in the rate of business investment since the start of 1961 under the stimulus of major Administration fiscal incentives. They have translated into rising wages and profits.

During the past year, however, the high and growing rate of capital investment has become a major source of inflationary pressure. The pace of investment is now outstripping the pace of total economic activity. At this rate, it could well lead to increases in industrial capacity that are in excess of the long-term growth in demand.

So, clearly, conditions indicate that the rapid pace of growth must be somewhat slowed. Moderation in the growth of industrial capacity should, indeed, be welcomed by all concerned. Experience confirms that the economy becomes distorted and vulnerable to cyclical instability if, over a period of years, increases in investment substantially exceed the over-all growth of the economy.

While the anti-inflation program now before Congress applies its considerable moderating influence in capital investment, difficult decisions in this area still present themselves to business.

Flexible restraint invites business to defer or stretch out capital expenditures. Plant and equipment investment holds one of the keys to

long-term progress, but if excessive it can also contribute seriously to inflationary pressures in the short run.

The solution must rest on timing in light of the nature of the investment. Perhaps one question that could be applied with good effect would be: Will this contribute directly to raising production to meet demand now existing or immediately ahead? If not, self-interest and the interests of the national economy may indicate it is better to put the investment forward to another time.

Such deferrals tend to relieve inflationary pressure now. They will contribute to economic expansion in the future. They will provide jobs for skilled workers at a time when demand may not be so high--or when manpower programs that business, labor and government are sponsoring today have helped expand the skilled labor market. Or indeed, and I say this hopefully, when the young people now in uniform will be back in civilian life. And they may come at a time when the climate of the credit market has shifted.

This is typical of the tough decisions that must be made within the framework of flexible restraint. It is perhaps the greatest strength of this approach that it provides freedom of movement to reach the soundest decisions in accordance with specific, individual circumstances as well as general economic conditions.

As you and your fellow leaders in all segments of the economy move forward to reach these decisions, the Federal Government stands ready to take any action required to achieve victory over today's broad economic challenge.

The Administration's position is clear.

Administration action established and nurtured the environment that has made our unsurpassed economic progress possible.

Today the Administration is determined to take whatever action is necessary -- in conducting Government operations and in formation of economic policy decisions -- to maintain stable growth and prosperity.

President Johnson has ordered Federal expenditures cut to the fullest extent consistent with national security and the wellbeing of Americans, and he has directed continued emphasis to meeting current expenditures out of current revenues, as is now the case.

Each government agency has been assigned a savings target in currently appropriated funds, with orders to meet that target. Reductions totaling \$1.5 billion have already been directed. Total savings of \$3 billion -- 10 percent of the budget under direct Presidential control-- are expected to be achieved.

The President is prepared to defer and reduce Federal expenditures by requesting appropriations at levels below those now being authorized by Congress, by withholding appropriations provided above his budget recommendations whenever possible, and by cutting spending in other areas which have significant impact in 1967.

And, should additional fiscal measures be required to preserve price stability and maintain sound conditions in the national economy in the months ahead, President Johnson will recommend such action.

Together, we can and must perpetuate America's march of progress. For, although we have come a long way, our country is still young. And our national journey has only just begun.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

G 66-173

FOR IMMEDIATE RELEASE FRIDAY, SEPTEMBER 16, 1966

SECRETARY CONNOR ANNOUNCES NEW POST
OF ASSOCIATE ADMINISTRATOR IN ESSA;
THREE NEW ADMIRALS TO BE APPOINTED

Secretary of Commerce John T. Connor today announced establishment of the position of Associate Administrator in the Environmental Science Services Administration.

The post will be filled by Capt. Don A. Jones, Associate Director, Office of Hydrography and Oceanography, in ESSA's Coast and Geodetic Survey. Capt. Jones will be promoted to the rank of Rear Admiral. The appointment will be effective on January 1, 1967.

The new Associate Administrator will report to Dr. Robert M. White, ESSA Administrator. He will supervise ESSA's Commissioned Corps and act as the focus for policy matters involving the agency's marine and charting operations.

At the same time, the Secretary announced that the Directorships of the Coast and Geodetic Survey's Atlantic and Pacific Marine Centers in Norfolk and Seattle also will carry the rank of Rear Admiral.

The posts are held by Capt. John C. Bull, Director of the Atlantic Marine Center, and East Coast Field Director of the Coast and Geodetic Survey; and Capt. Harold J. Seaborg, Director of the Pacific Marine Center. Both appointments also will be effective January 1.

(MORE)

BIOGRAPHY - - CAPT. DON A. JONES

Capt. Don A. Jones will become Associate Administrator of the Environmental Science Services Administration, with the rank of Rear Admiral, on January 1, 1967.

A Michigan native, he was graduated from Michigan State University with a B.S. in Engineering in 1933. He is a graduate of the U.S. Armed Forces Staff College.

He joined the Coast and Geodetic Survey in 1933 as a civilian employee, and was commissioned an ensign in 1940. In World War II he was transferred to the Army, where he served from 1942 to 1944 as a coast artillery staff officer, surveying and mapping officer, and submarine mine planter commander. From 1944 to 1946, he served with the Office of Strategic Services.

Returning to the Coast and Geodetic Survey, he was assigned to survey ships and triangulation parties on both coasts. From 1957 to 1961, Capt. Jones was chief of a geodetic project to establish ground control for water-resources mapping of the headwaters of the Blue Nile River in Ethiopia. Following his return, he was Assistant Chief of the Division of Geodesy for two years. He then became executive officer and commanding officer of the USC&GS SURVEYOR, engaged in hydrographic surveys and oceanographic activities in the North Pacific, Hawaiian Islands, and Alaska.

Capt. Jones became Associate Director, Office of Hydrography and Oceanography, last April.

He lives at 6716 Sulky Lane, Rockville, Md.

BIOGRAPHY -- CAPT. JOHN C. BULL

Capt. John C. Bull, Director of the Coast and Geodetic Survey's Atlantic Marine Center in Norfolk, Va., will become a Rear Admiral in ESSA's Commissioned Corps on January 1, 1967.

Capt. Bull, born in Georgetown, S.C., was graduated from The Citadel in 1930, with a B.S. in civil engineering. He has served with the Coast and Geodetic Survey for 36 years. During World War II he was transferred to the Army, serving in the European Theatre. He was awarded the Bronze Star and the Croix de Guerre avec Etoile de Vermeil. After the war, he served on numerous ships in the Survey fleet, spent two years at Ft. Bragg as liaison officer with the Army, and attended the Armed Forces Staff College.

He was Chief of the Hydrography Branch of Coastal Surveys, and Assistant Chief of the Photogrammetry Division. He commanded the USC&GS EXPLORER in 1963 on its duties with the International Cooperative Investigations of the Tropical Atlantic.

Capt. Bull then became Director of the Survey's Norfolk District Office.

Upon establishment of ESSA in July 1965, he was named to his present position.

Capt. Bull is married to the former Cora Lee Kitchings. A son, John C. Jr., is a physician on active duty with the Navy.

BIOGRAPHY -- CAPT. HAROLD J. SEABORG

Capt. Harold J. Seaborg, Director of the Coast and Geodetic Survey's Pacific Marine Center at Seattle, will become a Rear Admiral in ESSA's Commissioned Corps on January 1, 1967.

Capt. Seaborg, a native of South Bend, Ind. was graduated from Purdue University with a B.S. degree in civil engineering in 1929. He was commissioned an ensign in 1931. During his career he has spent more than 16 years aboard Coast and Geodetic Survey ships, serving as commander of five.

From December 1945 to April 1947 he was assistant to the supervisor of the Northwestern District Office in Seattle. He has also served as Director of Coast Survey offices in Kansas City and Honolulu, and has been active in field work encompassing all kinds of geodetic and photogrammetric control surveys. He was captain of the USC&GSS PATHFINDER before assuming command of the Pacific Region. He is married to the former Ellie Lavette. They have two children and live in Edmonds, Wash.

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE AT 2:00 P.M. SUNDAY, SEPTEMBER 18, 1966

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY AT THE OPENING OF WORLD TRADE
WEEK IN PUERTO RICO AND THE VIRGIN ISLANDS, PUERTO RICO
SHERATON HOTEL, SANTURCE, PUERTO RICO, 2:00 P.M.,
SUNDAY, SEPTEMBER 18, 1966

It is indeed a pleasure to be here -- and doubly so because I have
the honor to bring you a message from the President of the United States:

"To all those joining in the observance of World Trade Week in
Puerto Rico and the Virgin Islands, I extend my best personal wishes.
Your dynamic spirit and well-established working partnership among
business, labor and government can launch the Commonwealth and the
Virgin Islands on a new era of export expansion which would benefit
every citizen. The challenges are great, but the opportunities are even
greater. I commend you to the required effort and am confident that in
years to come the people of Puerto Rico and the Virgin Islands will
look back on your achievements and say, 'Those were men who saw
the future -- and seized it.' "

Lyndon B. Johnson

To see the future -- and to seize it: this is indeed the overriding task facing our nation today. The realized goals of the past cannot form the blueprint for building our tomorrows. They can inspire us, they can challenge us, but they cannot be our goals. We need new vision, new foresight, and renewed determination, to plan and work for a future that is even brighter than the present.

For you to do less here in Puerto Rico would be to fail to keep faith with the magnificent advances under the leadership of Luis Munoz Marin. And it would be to fail to keep faith with the farsighted businessmen, both here and on the Mainland, who saw the opportunities which have become the reality of economic progress for the Commonwealth today.

Let me assure you that on the Mainland we are looking to the future. We have our problems certainly, but they are the welcome problems of prosperity and not the depressing problems of economic stagnation -- which we have overcome in these past five years.

Some of us, it is true, seem to fear our new problems even more than the old ones. I don't know why, unless maybe the old problems had been with us so long they'd taken on a familiar look, and we were comfortable with them, like old friends. The new problems are strangers to us; they're different; we're wary of them.

But let me assure you that we are coming to grips with them, and have no intention of letting them swerve us from the path of progress on which we must walk forward. The President's forthright recommendations to Congress ten days ago are convincing evidence of this resolve, I think, and are worthy of the support of every segment of the economy.

I believe that businessmen generally will understand the reasons for, and the benefits from, the temporary suspension of the 7 percent investment tax credit and the accelerated depreciation of commercial buildings. They certainly will welcome the \$3 billion or more reduction in Federal expenditures to which the President is now committed.

As the President emphasized, he is asking for a temporary suspension for 16 months of the tax credit on equipment and depreciation allowance on buildings, not permanent repeal of these valuable incentives to business. These provisions in the tax laws are a prime necessity over the long haul, as an encouragement to business to modernize plant and equipment in order to remain competitive in both the domestic and overseas markets.

Last month the President's Advisory Committee on Labor-Management Policy, of which I am chairman, reached this conclusion:

"We believe that it is essential to the continued economic growth and health of the country that the present inflationary trends be stopped, and that maximum efforts should therefore be made to restrain, through voluntary procedures, unjustified wage or price behavior."

The new fiscal measures now recommended by the President will, if enacted, do much to provide an economic climate in which voluntary actions by management and labor can operate with a better chance of success. Without such cooperation, we cannot expect economic stability. Federal fiscal and monetary policies alone cannot do the job. The active concern and participation of our private sector is vitally necessary, and I hope that the leaders of business and labor in Puerto Rico will join in this effort as long as the inflationary pressures persist.

One of the requirements to maintain our sound and balanced economy is to expand exports. We not only need increased overseas sales in order to help overcome our persistent balance of payments deficit, we also need them in order to extend our position in the world market as insurance against a slowdown in the domestic sphere. Beyond that, business statesmanship dictates that we act now to establish ourselves in the growing global market because of its enormous potential, and its essentiality to the economic future of our nation.

I know that you are aware that export expansion is of particular importance to the economic well being of your Commonwealth. Like most of the world's islands, you are heavily dependent on trade with the outside to provide the many and diverse products required to sustain a modern economy. The U. S. Mainland is your greatest market, of course, but exports to the markets of other countries can also become of vital importance to your economy. Let me suggest that perhaps it's time for government and industry to join together in mounting "Operation Export" as a sequel to the highly-successful Operation Bootstrap.

Already your Commonwealth's Department of Commerce and the Regional Export Expansion Council here are doing an outstanding job to further overseas sales. Exports to foreign countries have jumped, I know, from \$13 million in fiscal 1961 to more than \$31 million in fiscal 1965.

But I believe this is only the beginning. Your Commerce Department's Program of International Trade, with its market analyses, its increased counseling services for exporters, and the trade missions, and participation in trade fairs--all are evidence of a new awakening to the potential for sales of Puerto Rican products overseas and are certain to pay handsome dividends as the momentum in this drive picks up. In fact, I would say that "Operation Export" is already underway.

I know that John Shoaf and his staff here at Santurce are doing an outstanding job in this area--and I hope that all those interested in exporting will utilize to the fullest the many services available through his office. This includes information on exhibits which the U.S. Department of Commerce sponsors at international trade fairs, as well as the independent exhibitions it stages.

I recently had the pleasure of opening one of these "solo" exhibitions in Mexico City, and I can tell you that it can only be described as superb. It was a showing of industrial equipment--metalworking tools, scientific instruments, and packaging machinery--and without question it was the finest exhibition of its kind I have ever seen. In addition, the thoroughly competent market research that preceded the exhibition paid off handsomely. Immediate sales from the floor amounted to \$2.3 million, and sales for the coming 12-month period are estimated at \$12.4 million--both record figures.

Now it's time--no, it's long past time--that Puerto Rican and Virgin Island manufacturers began to reap the profits such exhibitions offer. But to date, as far as I can learn, not a single manufacturer from the Commonwealth or the Islands has ever joined in one of these shows arranged by our Department--and I would very much like to see this World Trade Week mark the beginning of active participation in this great world-wide promotional undertaking. We have six Trade Centers which are permanent installations, and we will be staging 70 commercial exhibitions at international

trade fairs in the coming year. We expect them to be the most productive on record--but we'd like to have some Puerto Rican and Virgin Island products to show 'off.

And let me digress here for just a moment to say that while I know that every Puerto Rican is proud of the accomplishments of his Commonwealth in the past 15 years, I'm not sure that you all realize how proud we are on the Mainland of what has happened here. We not only can bathe in the reflected glory of your accomplishments, we feel that Mainland business and labor were partners in the operation. If ever there was an example of what the creative free enterprise system can accomplish, Puerto Rico is it. And we'd like to display the resulting Puerto Rican products all over the world.

Not only will your economy benefit, the products of your Commonwealth can help build bridges of understanding everywhere for our country and our system. This is especially true among the nations of Latin America--and this is one of the principal reasons we are all so vitally interested in the trade mission which leaves today for the Dominican Republic. I know that our people at Commerce had a hand in helping to make arrangements for the visit of this mission, and Ambassador Crimmins is looking forward eagerly to receiving its members during their stay.

Industry leaders on this mission are important "ambassadors," also. In the Dominican Republic, throughout the Carribbean, and in Central and South America, your businessmen can carry an important message of

goodwill for our country. Your common Latin heritage, your knowledge of the language, and your familiarity with the ways of thought and doing business in this area--all give you an invaluable ability to build bridges of mutual trust and understanding between Americans of Anglo-Saxon origin and those of Latin background. We of this Hemisphere, with common aims and aspirations, are bound together in a common destiny, and we can make that destiny whatever we want it to be. You of Puerto Rico have an opportunity to play a leading role in this great drama of progress, and I know that we on the Mainland will be calling on you increasingly in the future to help meet the challenges along the way.

So trade missions, trade fairs and many other special aids, such as credit facilities, adequate transportation, and others, are all vital components of the total effort to increase exports. But there is also another factor -- an ingredient not less important than all the others put together. I'm talking about business confidence.

Somebody once said that confidence is a plant of slow growth. He might have added that it also can't be force fed: it is something beyond the power of compulsion. The King cannot compel his subjects to trust him; nor can democratic government require its citizens to believe implicitly in all its policies.

This includes businessmen as much, if not more, than it does all other citizens. The nature of business affairs requires men to launch enterprises, great and small, that are founded largely on faith.

Despite the modern analytical tools that aid businessmen in making decisions, a very large element of risk is still involved in their every undertaking.

One of the principal things that prompts businessmen to take these risks is confidence in the policies of government and in the men who run government. For in the complex socio-economic environment of modern society, we cannot escape the deep involvement of government in the affairs of business. Its all-encompassing economic policies, including both fiscal and monetary measures, must be taken into consideration in every business decision -- for they are part and parcel of every business transaction. And in order for business to be able to play its most productive role in supplying the material needs of our people, it must operate under enlightened government policies that contribute every step of the way to economic stability and progress.

The giant strides of progress here, which have brought hope and opportunity to every Puerto Rican, are directly attributable to past years of business confidence in the economic climate which government helps create.

I hope these policies will be further consolidated, and even extended, in the years ahead. For they are of prime importance to exporters, and potential exporters, to foreign countries.

The reason is -- and there is no denying this -- exporting is a particularly venturesome game. It requires businessmen to extend their operations into strange and different markets, to offer their goods to peoples of perhaps different tastes, different customs, sometimes different cultures. It often requires long-range planning and investment, and the development of special sales and marketing staffs. The rewards, of course, can be great, but so can the risks.

Established government policy can help encourage businessmen to take these special risks. And I hope the men who direct your government's affairs in the years to come pursue such policies and enlist popular support for them.

Generating this support is not only the job of government, but also of your educational institutions, which have the primary responsibility for education in the art and science of economics. Without a foundation in basic economic theory and the operation of the free enterprise system, our citizens can hardly be expected to understand, and act intelligently, on the complex economic issues that must be resolved by them as members of a democratic state.

Another requirement for export expansion is for labor to appreciate the problem of competing in foreign markets where the wage level is often far lower than ours. Excessive demands by our workers can negate the only factors which enable us to compete in those areas

at all -- the high productivity resulting from our advanced technology, and the superior design and workmanship of our products. In addition, as the trend toward a one-world market gathers momentum, we must be prepared to compete in our own domestic market with products from those low-wage countries. Moreover, we have no permanent corner on advanced technology -- it is available also to them.

So we in this Nation have our work cut out for us. Someone among us must take the lead. I have remarked before that for the crowd to advance, a few must go first. Puerto Rico can be in the vanguard of that few. And I'm sure that under the dynamic leadership of Roberto Sanchez Vilella, Puerto Rico will fulfill this promise.

This golden island bears the distinction of having been one of the original discoveries of the Admiral of the Ocean, Christopher Columbus. To the past, you were the New World. To the present, you are the unrivalled example of progress. To the future, you can be the men of vision who saw that future and showed the whole world how to seize its opportunities.

I am confident that you are in truth those men. And I am counting on you to prove me right.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE AT 1:30 P.M., WEDNESDAY, SEPTEMBER 28, 1966

WORLD TRADE AS AN INSTRUMENT OF PEACE

AN ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
TO THE CLEVELAND CHAMBER OF COMMERCE ON THE OCCASION
OF INTERNATIONAL DAY IN CLEVELAND, OHIO, CLEVELAND-
SHERATON HOTEL, 1:30 P.M., WEDNESDAY, SEPTEMBER 28, 1966

This is an exciting day for me.

I have been privileged today to see and feel the proud and vital
and warm spirit of a uniquely great American city.

There is no mistaking the fact: Cleveland has it --- that
dynamic something, an elan that grips a visitor and distinguishes a
great city from those that are little more than dreary conglomerates of
people and industry.

Cleveland is a city with a will that knows where it wants to go,
knows why, and knows the way -- in art, in industry, in education, in
trade.

I say this because I heard Cleveland speak its will today. I
heard it speak out on a matter of great urgency, not only for Cleveland,
but for the Nation and the Free World. I heard it shout its endorsement,

its affirmation of a concept that is too often mistaken as only a starry-eyed ideal, too often reduced to the level of an expedient arrangement, too often dismissed as a fantasy. I heard the voice of Cleveland say today that the people of Cleveland not only believe in, but will do all they can to implement, the interdependence of nations and the brotherhood of man, through international trade.

I heard the voice of Cleveland say that the common bonds of humanity are the lifeline of man in his long climb toward the summit of human aspiration.

No man is an island, the poet said, because the fact is we are all inhabitants of a very small and very isolated island planet called earth. And common sense, the radar of reason that can sense the shape of the future, tells us that the close-knit world of tomorrow will be little more than a global village, electronically united, supersonically joined.

In this tight little world, this village, it will not be so hard to see how the needs of all nations and their peoples are so closely intertwined. It will not be so hard to see how much we actually do serve each other, help each other, by trading the products of our labor and by the exchange of ideas and possibilities.

Having removed the barriers of time and distance that now blind and divide us, we will be able to see more clearly, not how every man's death

diminishes us, but how every man's life can enrich our own. With a directness and immediacy not now possible, we will be able to see how the enemies of life -- disease and ignorance and the social and economic impotence imposed by poverty, no matter where they exist -- limit the fullness of our own lives.

It will be all too visible, this loss, and too great to be tolerated.

Can you imagine, can anyone imagine, what this world would be like if every nation, all people, enjoyed the per capita production that we are capable of right now in the United States? And the level of health and the standard of living that we have right now?

Then look ten years ahead, given our rate of growth and the social and economic progress of the last five years, and imagine that on a world-wide scale.

What a place this world would be.

What a place this world will be. For we can speed the coming of that time and the making of that place through progressively freer trade and investment, by letting the rapidly increasing energies of men and machines find their most useful outlets through allocation by the competitive forces of a free marketplace.

This is the best way to make the most of our human and natural resources. It is the best way that we can work together on a global scale.

But I don't have to tell you here in Cleveland about the values of international cooperation. Because Cleveland is not only an international city, it is virtually the global village of tomorrow in microcosm.

I am pleased but I am not surprised that Cleveland has set aside a day to officially celebrate its ties to the world community -- ties of trade, ties of culture, ties of blood.

People who can trace their origins to 63 different nations work and live together here in fruitful interdependence. And, significantly, the products of their labor go forth from here to at least as many countries the world over. Cleveland ranks 8th among the Nation's exporting cities, and through the mechanism of trade, the people of Cleveland, here on America's fourth seacoast, still serve the people of lands remembered, for the most part, only in their genes.

I find this a most satisfying symbol of man's essential unity, and a most hopeful sign of what is to come. For we are all sprung from a common seed.

The United States -- and never more so than in the administration of Lyndon Johnson -- is irrevocably and deeply committed to the proposition that we cannot have too much economic cooperation among the

peoples of the world, that progressively freer trade is the right road and the high road to harmony and prosperity for all nations.

We believe this because we have seen that it works.

We have seen it work, with spectacular success, right here in the United States, the world's first great common market. It worked when we were a union of 13 sovereign states, it worked when we were 23 states, 34, 48 and I would say that it is working fine right now with 50.

So your Government is not supporting, nor am I proposing, any new and wild-eyed scheme for improving the world. We have been the laboratory for progressively freer and more encompassing trade between states and regions. And the historic experiment has worked. The proposition can no longer be considered hypothetical.

We have tried, on occasion, to unlearn the lesson of our own experience. We tried in 1930 with the Smoot-Hawley Tariff. The avowed purpose of this incredible hiking of tariffs to their highest point in our history was not only to protect American industry against foreign competition but also to prove that we could be a self-sufficient and self-contained nation. No ill winds from a troubled and depressed Europe would disturb us as we waxed bountiful in our economic fortress.

The results were, or should have been, predictable. The depression deepened. Nation after nation retaliated with import quotas, higher tariffs,

subsidies, exchange controls and other beggar-thy-neighbor policies. Unemployment became the world's number one export.

World trade slumped alarmingly. American imports dropped from \$4 billion annually to \$1.4 billion, while exports sagged to \$1.6 billion from an earlier high of \$4.6 billion.

Then came a new look at our trade policies, and a bold new approach in the Reciprocal Trade Agreements Act of 1934, which empowered the President to enter into trade agreements with other countries and to revise rates without specific congressional approval in each case. The President could reduce or raise tariffs up to 50 percent on a product-by-product basis, in return for reciprocal concessions by other nations on U.S. exports.

A new and more enlightened kind of internationalism became the official trade philosophy of the Nation. Die-hard protectionists fumed and prophesied economic ruin.

But the new philosophy worked. It wasn't perfect. It didn't accomplish all that the free trade visionaries hoped for. It was no economic panacea -- no policy is. But it served its purpose; it stimulated and made possible the tremendous growth of American trade with the rest of the world. The proposition, the lesson of our own experience, was now twice proved.

President Johnson summed up his evaluation of this trade philosophy last October in his letter to the Congress transmitting the Ninth Annual Report on the Trade Agreements Program. "The policy of two-way trade expansion and liberalization," he wrote, "initiated with the Trade Agreements Act of 1934 and continued by every Administration since that time, has brought great benefits to this country. In general," the President continued, "U. S. goods have enjoyed progressively easier access to foreign markets. Low-cost, high-quality U. S. exports, sold and used in every corner of the world, have provided immediate evidence of the vitality of our free-enterprise system. Our processors have gained ready access to essential raw materials, and have profited from the stimulus of keener competition. Consumers have enjoyed the wide-range of choice which the world market provides.

"But," the President concluded, "we have only begun. We must build on past success to achieve greater well being for America, and for all the world's peoples. In particular, we must make every effort to assure the success of the current Geneva negotiations, known as the Kennedy Round."

The proposition born of and twice proved by our experience now faces its greatest test. The success that President Johnson wants--and the success the majority of the business community supports--means no less than the

greatest possible reduction in tariffs and other barriers to trade, done on a fair and reciprocal basis. What the President wants--and what the business community must have if trade is not to regress by default--is the most significant, the most enlightened step in the direction of international economic integration--economic good sense is a better phrase--the Free nations of the world have ever taken.

There is an impression-- a misconception-- current in the business community that the Kennedy Round is primarily a bilateral negotiation between the United States and the Common Market and that the other countries participating are only nominally involved. This notion reduces the significance of the Round out of all proportion to the real, immeasurably more urgent facts of the matter.

No less than 43 countries are taking part in the negotiations, and virtually all of them, singly and together, have a very large stake in its outcome. All have made offers of varying degrees in both the agricultural and industrial sectors. Ten of the biggest trading countries, for example, including the United States, those that account for a major share of world trade, have offered a major part of their industrial imports for the full range--50 percent--of linear tariff cuts. But many of the offers from other nations so far have been most disappointing, particularly the European Common Market offer on agricultural products. And non-tariff

barriers, the hidden shoals of trade such as discriminatory taxes and unfair customs valuation procedures, have been added to the agenda for the first time in a tariff conference, thereby enlarging the opportunities for significantly freer trade.

We must not weaken in our conviction that the greatest possible reduction in tariffs and non-tariff barriers to trade is in our best interest and the best interest of all nations. The cuts must be reasonable, of course, but that offers no cause why they should not also be broad and deep.

The United States especially, with the great leverage provided by the wide diversity and efficiency of its industry, has every opportunity to lead the way toward both a reasonable and effective liberalization of world trade, a lowering of trade barriers that will set the Free World on the course of greater prosperity and greater unity -- for trade ties also effect a closer knitting of the political fabric. But our trade expansion law enacted in 1962 and expiring in mid-1967 properly provides that any overall trade concessions we make must be on a reciprocal basis, and time is closing in on the prospects for offers from the EEC and some other countries like Japan that match our proposals and thus enable the satisfactory conclusion of agreements. It would be tragic indeed, if this great opportunity for freer world trade is lost now, especially since no one can predict what kind of negotiating authority Congress will authorize in 1967.

With freer trade, trading volume increases. Trading opportunities increase. The goods of the world increase. Want decreases. And our own experience here in the continental market of the United States proves it.

To abandon or even weaken the principle of freer trade, to reject its promise, would be a crushing blow especially to the developing countries of the world. They need desperately to develop markets for products they can efficiently produce, and they need to diversify their exports. The Kennedy Round offers them the hope of accomplishing this.

It offers them the hope of gaining a little firmer foothold on the modern world.

About 70 per cent of their 1964 trade was with the developed countries involved in the Geneva talks. The Kennedy Round is the forum in which the future of their trade will be decided, and many of the developed countries have already made substantial offers that will be of great value to them if the negotiations are successful.

The United States, for one, is making every reasonable effort to accommodate the developing countries, although reconciling their demands with our own market and industry requirements is not always an easy task. Perhaps because their needs are more urgent, their perspective, particularly on such matters as orderly markets, differs from ours.

But we do recognize our responsibility to them, just as we recognize our responsibilities of leadership in the negotiations themselves.

There is also another responsibility that we recognize, a contingent responsibility. And that is the need to keep this Nation in good economic shape at home, so that it can do an effective economic job abroad, and fulfill without sacrifice the obligations of leadership.

As you may have noted, prosperity has been giving us some problems lately. Let me say that I welcome the operational problems of keeping prosperity going much more than the problems of getting it started -- such as those we faced five years ago. But I assure you we are in no way trying to avoid or downgrade these problems. We are particularly concerned with the current inflationary trend, and the President's recommendations to Congress three weeks ago are, I think, convincing evidence not only of his concern, but his resolve.

As you know, to accomplish the delicate task of braking demand without bringing it to a jolting halt, the President recommended a temporary suspension of the 7 percent investment tax credit and the accelerated depreciation of commercial buildings. I emphasize, as he did, the words "temporary" and "suspension." The President did not recommend a permanent repeal of these valuable incentives to business.

His aim is to bank, not put out, the fires of demand. I am sure you also noted that the President committed the Government to a \$3 billion

or more reduction in Federal expenditures.

As regards our international trade, the threat of inflationary pressures can be simply stated: They can price us out of world markets.

Needless to say, unless we can steadily increase our participation in those markets, freer trade is not going to be of much economic benefit to us. Of course, an even more urgent reason for being priced right is the need to halt the decline in our trade balance and improve our balance of payments.

Incidentally, the temporary suspension of the investment tax credit should give us some short run relief in this respect. The demand for machinery and equipment has been so extraordinary that our producers have been too busy filling domestic orders to take on an increasing number of overseas orders. Even more significant, imports of these capital goods have risen sharply, and our favorable balance of trade is declining sharply this year as a result.

But even without inflation, our exports have been steadily losing ground in world markets, on a relative basis. Last year, although our exports hit an all-time high of \$26.6 billion, the U.S. share of world business declined in two-thirds of our principal foreign markets.

To maintain even our current share is going to take a lot of doing by U.S. exporters. Based on sound projections, Free World Trade is expected to hit \$210 billion by 1975 and no less than \$365 billion by the turn

of the century, compared to the present annual rate of \$180 billion. To maintain their share, U. S. exporters will have to increase sales abroad by 50 per cent in the next decade and by almost 300 per cent by the year 2000.

It is worth remembering, of course, that in the last 25 years, we managed to increase our exports by more than 500 per cent. But it is also worth remembering that for most of those years we also had a much better comparative advantage over our competitors than we have today.

Protecting and enhancing our comparative advantage through price and quality and productivity -- and through policy -- demands the cooperation of all sectors of our economy -- business, labor, government.

It requires economic stability with economic growth at home, and I should like to point out that President Johnson in his message to Congress appealed to both business and labor in the fight on inflation, and not just business alone.

It requires a business community that is as inventive as it is venturesome, as creative as it is enterprising. It requires a labor force that fully appreciates the problem of competing in foreign markets where the wage level is often far lower than ours, but where our level of productivity and quality can provide us with the necessary competitive edge.

The potential of the growing global market is enormous, and our

fair share of it is essential to the economic future of the nation.

But what we can get from world trade by comparative advantage is not nearly so great as what we can contribute to human advantage by participating in trade as broadly and deeply as possible --by sharing the load, by exchanging the special best of our labor for the special best of the labor of the other peoples of the world.

For trade, as I stated earlier, is the best way that we can work together on a global scale. It is an ideal arrangement. But to perfect that arrangement, to achieve the effective and efficient organization of our common effort, will test not only our will but our wisdom in the months and years ahead.

Like Cleveland, we know where we want to go, and we know why. But the way is not always so clear.

At Geneva, we as a nation must continually strive to protect and further our own national interests, yet never lose sight of, and never lose heart in, our international responsibilities.

At home, we as individuals, whether in business, labor or government, while relying on the competition of interests that has characterized our Nation's history, must never lose sight of our obligations to the Nation's welfare that shelters the pursuit of happiness of each and every one of us.

We are guided, all men, all nations, by the common interest of our common cause--a better life, a lightening of the human burden, a lifting of the human condition.

Time runs out for each of us, but it never stops running on. There is always a new generation from the common seed. And therein lies the source of our hope and the spur of our effort.

Through trade, we extend that effort and increase our effectiveness. Through trade we can reach out across all the divisions of mankind--across oceans and mountains, colors and creeds--and work to make whole the fragmented identity that today sets man against man.

I think the time is fast approaching, our technological capacity is fast building to the point, where a measure of good living for all men will no longer be an ancient dream but a present reality.

I think that we can see, certainly see it from the command posts of industry in the world's most developed country, that that time is within our reach and almost within our grasp, if--and the "if" looms large--if we never lose sight of our common lot and our common cause.

And when that time comes, when scarcity ceases to be the dominant factor of the human condition --perhaps just around the corner of this century--then shall Man assume the mantle and the majesty of myth, then shall Man become Atlas, holding high, not the heavens on his shoulders, but the world in the palm of his hand.

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE THURSDAY, A. M. SEPTEMBER 29, 1966

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY TO THE CLEVELAND ADVERTISING
CLUB, STATLER-HILTON HOTEL, CLEVELAND, OHIO, 8:00 P.M.,
WEDNESDAY, SEPTEMBER 28, 1966

I am delighted that I could join you here tonight.

One of the very first invitations I received after my appointment as Secretary of Commerce was to address the Cleveland Advertising Club. So I was especially pleased to meet with you who sell Cleveland, the Nation, and increasingly the world.

I understand that this November you will be celebrating your 65th birthday as the oldest continuously active advertising club in the Nation. I might add that by reputation you are also the oldest most continually productive club.

Your "Cleveland Plan for Maintaining Public Confidence in Advertising" set a standard of integrity and responsibility that establishes advertising not only as a full-fledged profession but a profession in the front rank of public service. The Plan has served not only your own

community well, but the many, many others where it has been adopted and put into use. It is a code of honor that does honor to you who created it.

For this achievement alone, your profession and the business community as a whole is in your debt--not to mention the ultimate beneficiary, the consumer.

I was interested to learn that tonight marks the 48th anniversary of another of your outstanding accomplishments--your pioneering and pace-setting school to ground young people in the fundamentals of your profession--fundamentals that spell good, ethical, effective advertising. Graduates of your school have spread the spirit of Cleveland advertising throughout the business community, and I am sure they will continue to do so for many years to come with, if possible, increasing impact.

I would say, on the basis of your record of achievement over the years, that advertising here in Cleveland is certainly fulfilling its many responsibilities. The public you serve and the clients you service are fortunate to have you, and I can only hope that they appreciate what they have.

The best way to judge the value of anything--whether it be a law or a practice or a profession--is to deduce the consequences of its absence.

It is interesting to speculate about what Cleveland and the Nation would be like without advertising?

I can tell you something of what the Nation would be like. It would not be so prosperous. Without advertising, we most certainly could not have had the unprecedented prosperity of the last 67 months, because advertising is an absolutely indispensable element in the economic mix of the free enterprise system that produced that prosperity.

We would not have had, during this period, a rise in the number of people gainfully employed by more than seven and a half million.

We would not have had, without advertising, a drop in unemployment from over 7 percent to less than 4 percent.

We would not have had a doubling in corporate profits after taxes; nor an increase of nearly \$180 billion in personal income to an annual rate of more than half a trillion dollars; nor an increase of one-fourth in factory worker's wages; nor an increase of nearly 30 percent in farm income; nor a strengthening of State and local governments to the extent of a 60 percent rise in tax receipts to an annual rate above \$80 billion.

That is one good answer to those social critics who would have you believe that advertising is--and I quote one of them--a "corrosive stain"

on the fabric of our otherwise admirable society. We should never permit the occasional abuses of advertising to obscure its vital function as an economic and social force in our society--a force for culture as well as growth, a force for progress as well as profits.

You know my position on the value of advertising. I stated it for the record in your own publication, "The Force of Advertising," a little over a year ago. I pointed out that if the United States did not have a nationwide market, its economy would be segmented, unstable and far, far less productive than it is today. This national market has shaped an interdependent, closely-knit economy that generates its own growth. Each part--each industry, each city, state, region--each part, through the sale of its products and services creates wealth that in turn provides buying power for the products and services of other parts. In effect, I wrote, we all buy each other's bread.

The simple fact of the matter is, we wouldn't have, nor could we sustain, this dynamic national market without advertising. The gigantic domestic market, the greatest source of goods and services in all history, is directly traceable to the imaginative and creative talent of advertising. And the economic wealth that has stemmed from this achievement has spread to every part of the globe.

"Corrosive stain!" I rather think advertising is essential to the very weave, and that without it we could not have developed the mass consumption society with its many benefits for our people--lower prices, higher quality, and a wide range of choice.

If we didn't have advertising as a primary vehicle of mass marketing, there is no telling what would happen to the economic growth that underwrites and has underwritten all the many good things of life which our society has in such great abundance.

How would the consumer receive word of new products and processes? Who or what would help keep the consumer informed about new synthetic fibers, new plastics, new household appliances, new chemicals for the gardener, and a host of other new products that are of absolutely no value to the consumer who doesn't know they exist or the advantages new products and processes offer.

We have the press, of course. Mr. and Mrs. Consumer could get their new product information from the press. Certainly, and anyone who could afford the \$5 or \$6 a copy that a daily newspaper would cost without advertising could read all about it.

The advertising support of our free press is best described with figures rather than words. The figures for 1965 tell the story--broadcast advertising, \$3.4 billion; general circulation magazines, \$1.2 billion; newspapers, \$4.4 billion.

Beyond all the economic considerations, the press, both print and broadcast, relies on the revenues of advertising to support the economic burden of exercising the people's right to know.

The newspaper at our doorstep, the radio at our fingertips, the business periodical that is a courier of essential facts, the entertainment and educational and cultural values of television and magazines--none would be within prices most people could pay were it not that advertising underwrites the principal costs.

Take a look at some of the great educational efforts not only made possible by advertising, but carried out directly through advertising. The Federal Government repeatedly turns to advertising to help create public understanding of the Nation's needs and get action programs going. To cite just a few--Peace Corps recruitment, the drive to curtail high school drop-outs, job training, savings bond campaigns, employment of the handicapped, and countless others.

With the help of advertising, we succeeded in winning widespread understanding and support of the Nation's balance of payments problem.

When President Johnson instituted firm measures to curb the dollar outflow that has drained our gold reserves since the mid-1950's, he placed much reliance on the voluntary cooperation of businessmen and bankers.

It was clear that the success of the President's efforts would hinge on the program of voluntary restraint by American companies on direct investment overseas. And it was recognized from the outset that a vast educational effort was essential to earn public support.

The Advertising Council responded, as it always has, to our country's need. The complicated and changing nature of the balance-of-payments problem imposed formidable obstacles to public enlightenment. But the Ted Bates Company helped conceive and carry out a campaign that was in a sense historic.

But you know as well as I that we have no patent on technology and superior methods. Other nations, like West Germany and Japan, also are forging rapidly ahead in every phase of industrial development. Their success in selling their fine products in both our own domestic markets and in other countries attest to this fact.

We must, of course, meet this competition. We must meet it with constantly improving product design, with greater productivity that will make us able to meet their prices without sacrifice to our standard of living, with new technology and new marketing techniques. And we must meet it with increasingly more effective advertising--no small order, considering the great job advertising is already doing.

But even if this means learning how to write copy for the balloons that are sometimes used for advertising in Japan, then you had better learn, and learn how to do it better than the Japanese. You had better learn how because nothing less than the future economic strength of the United States depends on it in no small measure. If advertising is an essential element of our economic success here in the United States, it is and will be no less essential in penetrating and sustaining foreign markets.

There is one other thing I would like to discuss briefly with you tonight, and that is sustaining and strengthening consumer confidence here at home, a subject which I realize you are quite expert in, but which, because it is so much in the news these days, I feel I should comment.

American consumers aren't--and certainly don't want to be-- suspicious of every item they buy, or even some of them. Of course, in a free, open, and democratic society, the individual has a responsibility to keep himself informed, but not many people want to make a career out of being the smartest shopper in town. They prefer to spend their time enjoying the many wonderful products manufacturers are providing. And they gain some of that time by being able to buy with complete confidence in the quantity and quality they are getting for their money.

Confidence is the most precious ingredient in the marketplace, and we must protect it with every power at our command.

The advertising profession here in Cleveland has shown, with its code, and even more emphatically, by its practices, that it fully appreciates the importance of consumer confidence. Consequently, I can assure you that neither you nor your business clients need have any fear of any government regulations or legislation so long as you continue to adhere to your traditional standard of excellence and the tenets of your code.

Indeed, it was the advertising profession that helped invent consumer confidence. Before the advent of brand names, and before the advertising profession identified those brand names as synonyms for quality in the public mind, the consumer accepted it as a fact of life that quality was a hit or miss affair.

It wasn't until the cracker was taken out of the cracker barrel and put in a tin can with a name on it, and not until that name was given circulation through advertising, that the consumer began to expect quality or was readily able to identify quality products. And because she got it, she increasingly bought other brands that she saw advertised.

It was advertising and brand names that gave us faith in the marketplace in the first place.

So, as far as consumer confidence is concerned, this is not a battle to be won but simply a victory to be built upon.

Excellence imposes its own obligations. And in the case of the advertising profession in Cleveland, you are going to have to live with those obligations--and keep getting better and better and better.

I haven't a single doubt that you will do exactly that.

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 1:30 P. M. THURSDAY, SEPTEMBER 29, 1966

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR,
PREPARED FOR DELIVERY AT THE CONFERENCE ON UNSKILLED
WORKERS IN THE LABOR FORCE, THE PLAZA HOTEL, NEW YORK
CITY, 1:30 P.M., THURSDAY, SEPTEMBER 29, 1966

Your conference today dealt with Unskilled Workers - their problems and their prospects. You're gathered here together in the hope of coming up with some new solutions, or at least some new approaches, new ideas. This is a perfectly natural and logical way to face up to a problem.

And yet, in a historical sense, the Conference is a symbol not of a problem, but of a great success. Just three short decades ago, within the memory of many of us here today, scientists, engineers, technicians, and skilled workers were out on the streets looking for jobs, and unable to find them. In that kind of a situation, there was no special focus on the problems of unskilled workers.

Today, with unemployment under 4 percent, things are different. With our rising affluence, the problem of unskilled workers has risen to

the surface, and cries out for attention now. We must, and will, solve this problem, not only for the sake of the unskilled workers themselves, although that is reason enough, but for reasons of national interest, good economics, and plain common sense.

First, though, we've got to start thinking of people as resources, as national resources--just as tangible and potentially much more valuable than natural resources. There are many examples of nations poor in natural resources which have nevertheless managed to prosper because of the nature and quality of their human resources. Israel is an outstanding case in point. There are other nations in the world that are well off in natural resources, but which have not yet developed an economy commensurate with their needs and potential. Mainland China typifies this situation. Mainland China also demonstrates that mere numbers alone is not the solution. The people must be educated, trained, and properly motivated if the combination of natural and human resources is to pay off.

In our own United States, all the natural resources which were so vital to our economic development were present for thousands of years before settlers from Western Europe landed here. The Indians were brave and skilled hunters and woodsmen, but they lacked the technical knowledge required to put the resources of the land to use. Many of the settlers, however, were well educated. Many were skilled craftsmen. And the political and economic philosophy they brought with them encouraged hard work and initiative.

The comparison between natural resources and human resources can only be carried so far, of course, because there is one essential difference between them. We stockpile critical materials and food supplies to assure that we will have enough in times of national need. But we can't stockpile people. Knowledge and skills and abilities are perishable commodities. When they are not utilized, they are wasted. And this is a practice that not even the richest nation on earth can afford.

Historically, as our population grew in size, our country grew in strength and vitality. In 1770, there were about 2 million settlers in America. In 1870, the population was 40 million. And by the end of next year, we will be more than 200 million. Some of this growth came from immigration, but the greater portion was accounted for by natural increase. Birth rates in Colonial America were several times higher than they are today. Large families were the rule, and the entire nation has benefitted.

The catalytic agent that brought about a fruitful reaction between our human and our natural resources was enlightened public policy. The Homestead Act, for example, offered public lands at nominal fees to anyone who would settle there. Thus, large numbers of people and vast areas of land combined to start the agricultural miracle that has taken place during the past one hundred years. The establishment of the Land Grant Colleges, agricultural experiment stations, and the county agent system resulted in new agricultural technology, provided for the widespread

dissemination of that knowledge, and extended higher education to every section of the country.

The idea of widespread, higher education was revolutionary at that time. In the perspective of today, we can look back on it as a national investment in human resources. And this investment paid off handsomely. With the mechanization of agriculture, and increased productivity, capital and manpower became available for the rapid industrialization of our economy around the turn of the century.

It is interesting to note that Thomas Malthus, the economist and population expert, looked to America for the experimental verification of his theory that the population would always outrun the means of subsistence. America was a land with abundant natural resources and a very small indigenous population. Suddenly, a new group is introduced, one with a very high birth rate. According to theory, the new group should have grown to such enormous size that famine, disease, and war would ultimately decimate the population.

But somewhere, something went wrong with the theory. We not only survived; we thrived. America today is the most powerful and the wealthiest nation in the history of the world. Malthus must have left some factor out of his theory. Perhaps he placed too great an emphasis on people as consumers of resources, and not enough emphasis on people as resources themselves.

If we accept the idea that people are our greatest resource, then we must see to it that our people have opportunities to use their own resources as effectively as possible. And we need to do this for pragmatic reasons as well as for humanitarian reasons. Does America have everything it needs? Have we finished building the kind of society we want? Is the work done? Have all the good ideas been put into practice? Until the answers to these questions are "Yes," then we need the contributions of all our people who have any contribution to make. A forest fire in valuable timberland, a gusher oil well running wild, this type of waste makes us shake our heads at the loss. Wasted or unused human resources must also make us shake our heads, because collectively they are a national tragedy, and individually they represent a human tragedy.

If the pragmatic and humanitarian considerations fail to move us, we should take a look at the Employment Act of 1946. This landmark legislation has several provisions. One of the most important, and germane to our meeting today, is that it commits the Federal Government to pursue those economic policies that will help "...promote maximum employment, production, and purchasing power." Here is the nation speaking out, through its elected representatives, for the most effective use of our human resources.

There are two roads open to us. One is the highway of investment. The other is the byway of neglect. Interestingly enough, we have travelled

both roads in the past, sometimes at the same time. One of the best examples of the positive approach is the educational section of the GI Bill for veterans of World War II and Korea. The bills were motivated, in part, by feelings of gratitude, and the desire to help returning veterans get a fresh start. There was also the notion of helping make up for the years lost while in military service. Actually, however, the bills were a national investment in human resources. And the payoff has been enormous, beyond the fondest dreams of those who passed the laws.

The GI bills for World War II and Korea cost about \$21 billion, a large sum of money by any standard of comparison. Up through this year, economists estimate that \$60 billion has been returned to the Treasury in Federal taxes, alone. This figure is based on the higher earnings of veterans who went to college or received vocational training. Here is a rate of return on invested capital which any corporation president would be proud of.

But there is more to the story than dollars. Over ten million veterans had their education or their skills advanced. Almost half a million engineers were trained, one-third of a million teachers, hundreds of thousands of skilled workers, tens of thousands of doctors and other professionals. Undoubtedly the bills are partially responsible for the fact that the income of the average veteran is 30 percent above the average for non-veterans, and the unemployment rate for veterans about half the rate for non-veterans.

I am confident that the ultimate benefits of the Cold War GI Bill, recently signed into law by President Johnson, will tell a similar story when the final result is known.

Unfortunately, we have sometimes travelled the road of neglect with regard to our human resources. Appalachia is a prime example. We should understand at the beginning that Appalachia doesn't involve merely a handful of displaced coal miners, or a few counties in the mountains that haven't yet caught up with the rest of the country economically. Appalachia cuts across ten different states. It comprises an area ten times as large as Switzerland. Almost 16 million Americans live in the region.

Beneath the land lie some of the nation's richest mineral deposits. The area receives an annual rainfall far above the national average. More than 60 percent of the land is covered with trees. I am sure that many of you can verify from personal observation that its mountains offer some of the most beautiful landscapes in eastern America.

But what of the people?

During the 1950's Appalachia lost almost 2/3 of a million jobs in mining and agriculture. Unemployment in the region has been as much as 50 percent higher than the national rate. Per capita income

has consistently been below the rest of the nation. The average educational level in Appalachia is two years below that of other regions in the country. At one time, about 20 percent of the people in Appalachia were subsisting on commodity doles or food-stamp welfare.

Some authorities estimate that if one million new jobs were suddenly and miraculously created in Appalachia tomorrow, only a fraction of the region's unemployed could even qualify for the jobs. Similar examples could be cited about the region's health needs, the decline in population, and the discouraged attitude among the people of all age groups. The President's Appalachian Regional Commission summed the problem up this way: rural Appalachia lags behind rural America; urban Appalachia lags behind urban America; and metropolitan Appalachia lags behind metropolitan America.

As you know, the problems of Appalachia are now being attacked by the Johnson Administration in a massive and coordinated program, and we are going to solve them. But we are learning that the cost of total repair is much higher than the cost of preventive care.

What is the cost on a national scale? How much are we paying for unused and underutilized human resources? No one has the absolute

answer. Perhaps it is incalculable. How do you measure the cost in family stability when the sons have to leave a region in order to find work? How do you measure the cost in human aspiration when a child has no expectation of finishing high school?

There are actually two kinds of costs involved. There are the direct costs of welfare payments, unemployment compensation, health services, etc. Then there are the indirect costs of tax dollars that never materialize because income levels are too low, contributions to the Gross National Product which never appear because people are not working, a tight national labor market which might be eased if more people could be made productive. There are the social and psychological tensions which arise when the "man of the family" is out of work. There is the loss in purchasing power when people are not functioning at their full economic potential.

We do have some qualitative answers to these questions. A study made last year estimated that racial discrimination against Negroes in education, income levels, and employment is costing the nation about \$23 billion a year in lost GNP. In 1965, the loss to the economy from high school dropouts of preceding years was almost \$20 billion. The number of people presently unemployed represents a loss in purchasing power that runs into billions of dollars yearly.

You can see that making the best possible use of our human resources is a challenge deserving our finest thinking and our best efforts. A great deal is being done, but we need to do much more. For one thing, we need to get rid of some old attitudes, ones that don't die easily. We need some fresh thinking on what women and older people can do in the labor force, and less worrying about what they can't do. We need to dispel the myth that all people on relief prefer welfare to a job.

We need to demonstrate the great strides made in the fields of rehabilitation and retraining. We need to establish realistic qualifications for unskilled jobs, to open doors for people who have been kept sitting in the waiting room too long. We need to spread the word about all the things physically handicapped and mentally retarded people can do-- people who are specially qualified for some, but not all tasks.

This last category, the mentally retarded, is a relatively untapped source of manpower for unskilled jobs. I'm not referring to sheltered workshops, which perform an important, but different function. I'm referring to unskilled jobs in our competitive, free enterprise, private economy, where production and labor costs play a large role in determining whether a company thrives, survives, or simply dies.

President Johnson set the philosophical framework when he said, "Equality of opportunity in America must never be restricted by an IQ

number." I'd like to point out some of the hard dollars and cents reasons why it makes good sense to consider the mentally retarded for some of your unskilled and unfilled jobs.

To begin with, mentally retarded workers have a very low turnover rate. They have the patience to stick with simple, repetitive jobs which would bore other people. The average worker considers himself reaching down to take one of these jobs. The mentally retarded worker is reaching up for these jobs. They represent a successful step forward to him. With this type of motivation, their absentee record is extremely low. How do we know these facts? From experience. This is not some untried social experiment. There are more than 2 million mentally retarded persons working in private industry today.

How are they doing? A shoe company in Pennsylvania spent \$300 developing a metal jig to guide workers in attaching brass decorations to ladies' shoes. The device wasn't accurate enough for one young, mentally retarded worker. He took a block of wood, two nails, and a dozen eyelets, and designed a jig of his own, which was more accurate. Total cost - 24 cents. Now, his jig is used throughout the factory.

The head of a chain of gas stations in Washington hired mentally retarded workers for pumping gas, oil, lubrication, etc. Their work was perfectly acceptable to him, but he wondered about his customer's

reactions. To find out, he wrote letters to regular customers and told them that some of his workers were mentally retarded. He asked the customers if they felt he should continue this practice. The response was an overwhelming "yes" from 99 percent of the returns.

A restaurant chain had to hire almost 500 men a year to keep fifty unskilled jobs filled, due to the high rate of turnover. When they began to hire mentally retarded persons, the turnover rate fell dramatically, and there was no decline in the quality of the work performed.

In the Federal Government, there are about 2,000 mentally retarded persons working at a wide variety of jobs. These jobs were not specifically created for them, and job performance standards were not weakened to accommodate the retarded. About 80 percent of these people hired since the program began a few years ago are still on the job. Of the separations, only about 8 percent were for inability to do the job, or for inability to make the necessary social adjustments. About 1 out of fifteen have received outstanding performance ratings or have been promoted. I don't know what better results anyone could ask for.

I could go on with other examples from both Government and industry, but I think the point has been made.

The President's Commission on Automation, Technology, and Economic Progress in its report this year concluded that automation

eliminates specific jobs, but it does not eliminate work. That's an important distinction. We still have a lot of work to do in this country and in the world before we can consider our job done. And it isn't going to happen in the foreseeable future.

We need to use all of our strength and all of our resources. As the proverb says, waste not--want not. There is something productive that almost everyone can do; whether it is conceiving a new theory of relativity or developing a better jig in a shoe factory. I urge you to give serious thought to the new solutions for old problems advanced at this conference. You will benefit. The economy will benefit. The country will benefit. And a lot of people will get a new, perhaps their first, lease on life.

The great driving spirit of America is not so much the desire to make a better life for our people as to enable our people to make a better life for themselves.

The task then for us is to open the door of opportunity so that each may fashion his own future in his own way. We can achieve the kind of America we want by giving every man and every woman a real chance.

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