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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE AT 11:15 A. M. THURSDAY, NOVEMBER 3, 1966

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY TO U. S. DEPARTMENT OF COMMERCE
MARKETING CONFERENCE, NATIONAL BUREAU OF STANDARDS,
GAITHERSBURG, MARYLAND, 11:15 A.M., THURSDAY, NOVEMBER 3,
1966.

It is very gratifying to have you with us today to consider the role of marketing in the pursuit of our nation's economic objectives and social aspirations.

The Gaithersburg campus is especially fitting for this meeting because it is dedicated to the enrichment of human knowledge. And we hope through this conference to enhance our knowledge of marketing and advertising as a force for progress and prosperity in America.

I have reiterated many times my belief that we need to be more thoughtful about the free enterprise system that has brought more benefits to more people than any other economic system in history.

It certainly follows that we need to be more thoughtful about the marketing system that makes our economic engine work.

This need becomes very clear indeed when we hear confused ideas about marketing that indicate not only a lack of understanding about its

functions, but a blindness to its contributions to the growth of our country and the economic future upon which all our hopes and national endeavors depend.

If advertising and marketing sometimes suffer hostile attitudes and distorted criticism, there can be no doubt that some of the fault rests with those who toil in the vineyard of selling. In this complicated world we live in it is not enough to do one's work well; one must also justify it.

Criticism and challenge are constructive forces of indispensable value to our society. They bring out the best in us and eliminate the worst and the waste. So we should welcome them as a discipline that strengthens the American system.

In marketing there are many challenges and tests ahead. I want to thank you gentlemen from business, education, and government for coming here to help describe these challenges and what we must do to make the utmost capital of the beckoning opportunities, not only in America but the world.

At no moment in history do I think the marketing profession has faced opportunities of such magnitude as today. And the future offers promises and rewards of truly enormous proportions.

President Johnson has said that the American marketplace "has proved itself as the generator of the world's highest standard of living." The very fact of our success enjoins us to beware of complacency and gird ourselves for greater tasks as we set out for the next rise.

We are faced with a major challenge over the next ten years to improve a distribution system that is already the best in the world.

The population explosion is triggering a chain reaction that will have a powerful impact on marketing and distribution. By late next year we will reach 200 million in population. Nearly 85 million of our citizens will be 21 years old or under. The implications of the growth and change in our population are evident.

Although the numbers are impressive in themselves, there are far more than numbers in the dynamics of this situation. The growth of purchasing power is multiplying the effect of our population gains in a rising progression.

At the end of World War II our population was around 140 million and our GNP between \$210-\$215 billion. And optimistic forecasters were talking of an unprecedented GNP of \$300 billion--a figure that we passed on the run in the early 50's.

There are now knowledgeable predictions that by 1975--one generation after that 1945 benchmark--our population will have increased to about 230 million and our GNP to an annual figure of a trillion dollars. That's about a 65 percent increase in population as compared with 350 percent in GNP.

The vigor of our competitive enterprise system has been demonstrated anew in the past few years. The unemployment rate today has been reduced to about half what it was five years ago. Corporate profits after taxes are twice as high as they were then. The income of the American family has soared more than 47 percent. And retail sales are up 45 percent--reflecting the very large percentage of disposable income that goes into the marketplace.

The Administration has relied heavily upon private enterprise in seeking to expand the American economy. Our industry has performed magnificently. Our consumers have a better opportunity than ever before to select and buy the products they want. We are the best housed, best fed, best clothed people in the world and we enjoy a fuller, more satisfying life with more leisure and recreational and cultural pursuits.

The Government has encouraged and assisted the modernization of our productive capacity by sound fiscal measures. And recently, through the State Technical Services Act, we have taken steps to make the fruits of

our massive research and development programs more widely available to commerce and industry.

But the economic growth we have experienced brings with it many changes besides those of size. It brings changes in emphasis, changes in the kinds of problems we have and where we have them.

The invention of the wheel is the classic analogy. After man devised the wheel, he was confronted with the problem of applying power to it and, after that, the problem of providing a pathway--a road--on which to operate it. And today we're still having problems with the wheel, and its full utilization.

So it is with our industrial society. Not so many years ago we were production-oriented and our problems were the problems of mass production.

I think one can safely say that we have mastered those problems to a very significant extent. We have reached the stage where, with a human hand to push a few buttons or adjust a dial or two, machines can manufacture steel, bore an engine block, put up a prepared cake mix, or turn out plastic toys.

In the course of the 100 years of our production revolution, we had a whole set of problems other than those of machines. The changes often

produced severe dislocations in our society and the consequences were felt far from the factory gates. Those problems and their solutions are a part of our history.

Now, when we can produce so much with comparative ease, we are beginning to see new problems in new places.

When we were production oriented, the primary function of the market was to bring goods to the consumer and let him know they were there.

Today marketing means nothing less than the creation of markets. It is an innovative force in our economy, and innovation stimulates economic growth.

In industries ranging from aluminum to electronics to the things we eat, new products account for a large percentage of output. Many of our major corporations producing consumer goods have reported that 20 to 70 percent of their current sales are in products which did not exist a decade ago.

Marketing has produced this growth.

This is why the achievement of a trillion-dollar economy by 1975 will depend so much on the further development of creative marketing

techniques. And it is why we must build a closer relationship between the marketing community and other groups in our society.

We in the Department of Commerce invited you to come here, but this is your conference. We have looked for suggestions from the marketing executives and academic leaders participating in today's discussions. We want to know how business, education, and government can work more effectively together in strengthening our free market economy. We need your counsel and have received it in full measure on these subjects:

- The development of public policies affecting marketing.

- Opportunities for further increases in the efficiency of our marketing system.

- The development of closer ties between the marketing community and our universities.

- The contribution marketing can make in meeting the Nation's changing social and economic needs.

The marketing practitioner is no stranger to public policies and regulation. In 1202 King John of England prohibited the adulteration of bread with ground peas or beans. And in 1784 Massachusetts enacted the first general food laws in the United States.

However, the development of national public policies affecting those in marketing did not come until the early part of this century--when we had moved from a largely agrarian to an industrial economy. In looking back at the evolution of public policy in this area we can see that the variety of consumer legislation proposed in recent years doesn't reflect so much upon our marketing industries, but simply emphasizes the speed with which our urban population is growing, and the problems of getting quality products to the ultimate consumer.

We recognize that the demands for governmental restrictions often reflect the doubts and fears of the consumer. It is encouraging to see more and more marketing men recognize that if they do not resolve the consumer's doubts someone else will. Voluntary self-regulation, therefore, has become a sign of a mature and responsible business community.

The textile industry, for example, has started a "care-labeling" program. And in Detroit recently, several auto manufacturers, reflecting concern with air pollution in our metropolitan areas, announced that they are experimenting with the development of electric and fuel-cell powered cars.

As we strive to serve and protect the consumer we must be no less zealous in our efforts to serve and protect the system that has generated

the wealth the consumer enjoys, and which indeed enables the consumer to satisfy his wants.

A vital part of that system is advertising, which amounts to the news columns of the manufacturer, the retailer, and all the other elements of the business world.

To disparage advertising as a key economic tool because of occasional abuses and lapses makes no more sense than disparaging music because someone writes a bad tune or condemning journalism because someone writes a bad story.

In this imperfect world there are no individuals or institutions that are not subject to improvement. Certainly advertising can be improved. I think we can confidently say it is being improved as a creative force in our economy.

Advertising faces its electorate every day in the marketplace and the consumer is the final judge of its merits. We must preserve freedom to sell if we are to preserve freedom of choice.

We also must recognize there can be no confidence in the marketplace if the consumer is not competent to judge. It is fundamental that the consumer who is wise enough to make a choice of political candidates is wise enough to make a choice of products.

The flow of new products and processes and the economic gains they are generating require more and better advertising than ever before, not less. So this is one of the challenges I submit to you in assessing the marketing needs of a new and different America.

American products enjoy a worldwide reputation for quality, dependability, and value. And these are the foundations of consumer confidence.

It is an historic fact that American brand name manufacturers pioneered confidence in the marketplace and drove caveat emptor into the shadows.

This is not to say there are not abuses of consumer confidence. Nor would anyone deny there is room for improvement. As I said earlier, criticism is welcome, and it can be highly constructive in motivating progress and ensuring satisfactory adjustments to the changing needs of our economy and our society.

Business benefits no less than the consumer from measures that ensure fair play in the marketplace and strengthen consumer confidence. And it is my judgment that the Fair Packaging and Labeling Act that President Johnson will sign into law later today does, in fact, reinforce the confidence factor and encourage fair competition.

This legislation serves essentially as a guide for fair labeling to assist the consumer in that choice. And it is my opinion that this act will have a most beneficial effect in alerting businessmen to the need for thoughtful attention to sound marketing policies in a day when the profusion of new products is creating all kinds of increased demands.

Enlightened businessmen recognize that the government has a valid concern for the consumer and would be guilty of forfeiture if it did not. They also recognize that we cannot have a free economy without consumer confidence.

But as we acknowledge that the free enterprise system thrives on confidence, we must grant the equal truth that it is nourished by competition of which marketing and advertising are indispensable instruments.

The second area we are considering is that of government services to marketing. How can the Commerce Department help you expand your markets and do it more efficiently?

This Department serves business in many ways. The Office of Business Economics collects the data and describes the major trends in our economy. The Bureau of the Census measures your markets. The Bureau of Standards offers technical information and voluntary

performance standards. The Patent Office protects your investment in new products. And, the Domestic and International Business area of the Department helps promote the expansion of markets at home and abroad.

Our efforts are far more productive when we work in close cooperation with both education and business.

For example, we have all shared in the development of the Input-Output analysis, a statistical tool which enables the marketer to follow the demand for his goods throughout the economy. The Input-Output concept was developed at Harvard. Commerce published the necessary basic data in its massive inter-industry study. Now companies can use computers to provide management with detailed information on the future demand for their products.

A basic problem is that of getting data to those who need it. We find there are still too many who are not fully aware of the marketing information available in Government. Also, marketing men have not always made certain that Census and other agencies designing surveys fully understand their special needs.

We should do more to ensure that you know about all the data we have and that we know more about your needs.

There is still another area in which I believe we can and should work together to the common advantage of all, and I have a specific proposal to make.

As we move up that steep curve to a trillion-dollar GNP, you in the business world will need more and more of the bright young people from our colleges and universities--and especially you will need talented people in marketing.

But today we find that more and more of the talented graduates are becoming teachers, entering public service, and that fewer and fewer are seeking careers in business.

This trend underscores the need for involving the outstanding students in the challenges and opportunities of business. We need to build more bridges between the universities and industry, to encourage talented students to identify themselves and their careers and interests with business.

To help meet this challenge, we propose the establishment of a doctoral dissertation awards program for the purpose of mobilizing business and academic resources for the study of contemporary business problems.

The Department would provide national scope and recognition to the program by publishing annually the outstanding dissertations chosen from among those nominated by a qualified review group.

We would propose to establish an advisory awards committee, composed of business, academic, and government representatives, to provide administrative guidelines and available assistance grants to qualified doctoral candidates, and to stimulate study at the doctoral level of current business problems.

If you feel this proposal has merit, the Department of Commerce is prepared to provide leadership in bringing it to the attention of business and the universities.

You leaders of marketing have special responsibilities today and tomorrow, I am confident you will meet them.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY BEFORE THE AMERICAN CHAMBER
OF COMMERCE (UNITED KINGDOM) AT ITS GOLDEN JUBILEE
DINNER, GROSVENOR HOUSE, LONDON, 8:30 P.M., THURSDAY,
NOVEMBER 10, 1966

I am honored to be a guest of this famed organization on such
an auspicious occasion, and it is a pleasure to be here.

This visit to London also affords me the opportunity to continue
the fruitful discussions I have had at various times with officials of the
British Government in Washington.

I also have had the personal satisfaction of renewing many old
friendships formed in Great Britain when I was in private industry. I
have been gratified by the confidence and determination these men ex-
pressed in connection with this nation's economic problems. The problems
are difficult and do not permit quick or easy solutions but we have faith in
Britain's ability to conquer the challenges of the present as decisively as
she has those in the past.

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Most of all on this visit, I welcome the privilege of joining in the tribute to this renowned Chamber on the occasion of its Golden Jubilee.

Your distinguished record of a half century of service to the business communities of our two countries has brought benefits to all our people.

You have helped expand the markets for the goods produced by our workers.

You have helped speed the interchange of the advanced technology that makes possible higher productivity.

And you have helped raise the standard of living of all our people through the benefits that accrue to the consumer from increased competition.

In sum, you have been a vital economic link between two great and powerful nations during the greatest period of progress in all history.

But as important as your contributions have been in the past, I believe they are only a prelude, only preparatory, for meeting the far greater challenges that lie ahead. For you share the responsibility, in concert with all business and with labor and government, to make the performance of the world's economy match the world's expanding capabilities.

"...to make the world's economy match the world's expanding capabilities."

Surely we have here nothing less than one of the greatest challenges the human race has ever faced. World peace, and the very survival of life on this cosmic cinder we call earth, may well hang on the outcome.

For we know, as a positive fact, that we have within our grasp the resources and the technical, organizational and managerial skills to produce a vastly better life for all men, everywhere. This knowledge must not give rise, of course, to extravagant hopes, to fanciful dreams of instant utopia, to absurd notions that Amalthea's horn need only be tapped for the world, and all its people, to be rolling in wealth.

But we know that we have many of the tools today; and we are aware, as never before, of the boundless capabilities of the human intellect to provide any others that are necessary, in order to ultimately lift the burden of ignorance, disease, poverty and despair from the shoulders of mankind.

There is no question about this. The question is can we, will we, continue to make the improvements in our national and world economic systems and institutions required to translate these capabilities into the management and production efficiencies that get the job done.

This is the question. Do we have the wisdom and the resolve to face up to doing the myriad of things necessary to accomplish it?

None of us, of course, knows the answer for sure, and it is easy to find signs that point to the entire range of possibilities.

But one of the most reassuring things, I think--something that also is a measure of our progress, a measure of our strength, a measure of our confidence--is the fact that we accept this task as being fully within the realm of our power; that it neither awes nor unnerves us; and that to fulfill its promise of a better life for the world, we need only to summon the resolve and the good sense to get along with the job.

Now I believe it is an act of reason, as well as of faith, to be confident that we will do the job, and to believe with William Faulkner that man will not merely endure, he will prevail.

It is an act of reason because we know that the gathering intolerance with man's condition on earth permits no other course.

This is an intolerance, in high places as well as low, that demands that society be organized in such a way that all our resources--human resources, capital resources, natural resources, and technological resources--be utilized to the absolute maximum.

And how do we do this on national and worldwide scales at one and the same time?

We know that one of the best answers that society has ever discovered is epitomized in the kind of dedicated efforts of the organization we honor tonight--the work of increasing trade and investment among nations. Here surely is one of the principal means of energizing the world's economy so that it can fulfill the world's capabilities and man's expectations.

For trade is far more than simply the exchange of goods, and investment is more than the commitment of outside capital to a production project.

Trade is a method of exchanging human labor, human effort, and the skills and ingenuity of those that produce the goods. It enables each worker to make his unique contribution to the common world effort. And through its system of rewards for superior performance, it taps man's most basic desire for a better life for himself and his family.

And it is more: international trade is a gauge that enables nations to test their progress in the race to contribute to, and share in, the generation of wealth and human well-being. It channels the energies and resources of a nation into the production of the goods that are in the greatest demand in the world market, and it provides rewards commensurate with performance.

Trade is also a discipline, a taskmaster tempered by the fires of world competition that militates for the fullest and most efficient use of all the resources at a nation's command.

It is a discipline that dictates that the structure and policies of institutions serve the ends of the world marketplace. It will not tolerate a corporation that fails to reward merit among its employees, fails to modernize plant and equipment, fails to market its products aggressively, and fails in other ways to keep pace with the competition.

It will not tolerate a labor union that refuses to cooperate with management in realistic programs to increase productivity, whose featherbedding policies promote inefficiency, or whose excessive demands drain the organization of profit required for new capital outlays that in turn create new jobs.

And it will not tolerate a government whose policies fail to promote the national economy's competitive strength in the world marketplace.

Trade's twin partner in the international economy--direct investment--is the vehicle for the transfer of technology, managerial and marketing skills, and tested methods of doing business. The fact that only the best can be interchanged successfully guarantees every country an ever-increasing opportunity to share in the most productive that the world has to offer.

Through its development of natural resources and through its manufacturing and marketing enterprises, our international investment program offers employment for millions of people throughout the world. It upgrades manpower skills and raises incomes so that ever increasing numbers of people can enjoy the fruits of industrialized society while contributing to its growth.

And more: investment helps provide the taxes required for schools, highways, health facilities and the many other services that only government can provide and which serve all the people, not just those engaged directly in the investment project.

International investment is an absolute necessity if we are to manage the world's capital resources so that we get the fullest benefit from them. We know that underutilized resources--whether human resources, natural resources or capital resources--are wasted resources. The world is losing the full benefit of their power. Capital resources must no more be denied their best market--on a permanent basis--than goods. A free, stable, and open market for capital resources provides the greatest attraction for those resources, and sets in motion the self-generating process that accumulates more capital for re-investment.

But even above and beyond all these benefits, trade and investment and the development of the world market provide us with the opportunity to profit further from the earth-shaking events that found their focus in this world capital of Great Britain some two centuries ago: the industrial revolution. The same economies of scale that were made possible by mass production in the very beginning of industrialization can be multiplied a thousandfold if the world market is developed to its fullest potential.

Increased trade and investment are not only our best instruments for making the world's economy match the world's capabilities; they are in themselves a powerful contribution to world peace.

Trade and investment are based on the interdependence of men and nations. This sense of interdependence gains as the benefits of economic relationships become more widespread. So long as nations are trading and investing with one another, they each have a stake in the other's prosperity.

Those with whom you trade are those in whom you trust, for confidence is the necessary ingredient in economic transactions. The more we trade and the more we benefit from investment, the more that trust grows. Areas of cooperation and agreement multiply, and the whole world is brought closer together.

As you know, many of the Free World nations are seeking today to strengthen the international economy through the most significant multilateral tariff negotiation ever undertaken.

I refer, of course, to the Kennedy Round, in which some fifty countries are taking part. Ten of the biggest trading nations have offered a major part of their industrial imports for the full range--

50 percent--of linear tariff cuts. These include Great Britain and the United States, which have tabled among the most generous offers ever presented for negotiation.

To date, much progress has been made in these negotiations; the offers have been probed, clarified, and explained; many differences have been resolved. But the final and most difficult decisions are yet to be made, and unless the vital principle of reciprocity is followed by all involved, this great opportunity to promote the common interests of free nations through increased trade can slip from our grasp.

When we consider the consequences and the alternatives it is clear we must not permit this to happen. The hopes for decades to come hang in the balance. Less than a year from now, the U.S. Trade Expansion Act of 1962, which makes possible our participation in these negotiations, will expire. Protectionist forces are waiting in the wings, ready to vie again for the center of the stage, should the Kennedy Round fail in its grand purpose. We do not know when, or even whether, a comparable opportunity will come again for the United States and its trading partners. So we can only conclude that if the free nations assembled at Geneva fail to decide, they will have decided to fail. Let us face up to this stark fact--and then get along with the business we were meant to consummate, the business of increasing the exchange of goods, technology, opportunity, understanding and prosperity.

Let us recognize that the hopes of mankind rest in economic cooperation, not in the divisions and blocs and ancient rivalries that inevitably culminate in devastating wars.

Another field requiring the fullest measure of cooperation among nations, if trade and investment are to play their full role in promoting world prosperity, is in international monetary reform. The need to find a supplement to gold and the reserve currencies--principally the dollar and the pound--is real and is growing.

In recent years, new gold has been added to monetary stocks at no more than \$600 million a year, and not nearly that much during some years. The additional reserve needs of the world have been supplied largely by dollars and pounds through deficits in our respective balances of international payments. But in order to maintain confidence in our pledge that the dollar is as good as gold, we in the U.S. have had to set up voluntary programs with American business and banking firms to moderate the outflow of capital from the United States.

The American business community has performed magnificently under the voluntary program, which I have had the responsibility of administering, and has made substantial contributions toward reducing the deficit. Indications are that corporations participating in the program

will make net contributions of \$17.8 billion on the balance sheet this year, an improvement of 6 percent over last year. The Balance of Payments Advisory Committee, composed of leading U.S. businessmen who counsel me on administration of the program, has recommended its continuance in 1967, provided its role is supplementary to the correct balance of monetary and fiscal policies.

While I'm sure that our friends in Great Britain and elsewhere fully appreciate the reasons for the program, we regret the necessity for it, as far as it might affect world economic development. I am especially unhappy about any effect it might have in restricting the fullest possible contribution of U.S. capital resources to the solution of Great Britain's current economic problems. And we look forward eagerly to the not-too-distant day when these programs can be terminated as our payments come into balance and when an improvement in the international monetary system enables the world's capital resources to play their full role in contributing to prosperity through trade and investment.

A third area for improvement in the international economy lies in trade relations with Eastern European countries. A month ago President Johnson emphasized again that the United States is seeking every opportunity to promote healthy economic and cultural relations with the Communist states of that region. Clearly this is a task in which we and the nations of Western Europe can move forward together.

Shortly thereafter I announced that we were removing some 400 non-strategic items from our export control list so that they may be freely exported to the U.S.S. R. and other Eastern European Communist countries. These commodities--peaceful goods which may be exported without any risk to U.S. strategic interests--include textile products, certain machinery, chemical materials and products, and a variety of manufactured articles.

Through this and other such moves, we hope to strengthen ties between East and West, and we plan to continue to explore other ways of encouraging the Soviet Union and the Eastern European countries to cooperate in tasks of common interest and common benefit.

In all of these areas--trade and investment among free nations and with those of Eastern Europe--we seem to be operating under a new and exceedingly important law of economics. It holds that the continued development of the international economy is the best road to the fullest utilization of the world's resources--and our only hope for making the performance of the world economy match the world's expanding capabilities.

Will we summon the resolve, and do we have the vision and maturity and economic statesmanship needed to make this law take hold?

Are we in fact the men that we think we are?

There was a time not long ago when the world was big--and men could afford to be small.

Today the world is small--and men must be big.

But tomorrow this shrinking globe is going to get much, much smaller. And men must be giants.

The American Chamber of Commerce in the United Kingdom is the kind of organization that has helped produce the big men of today and will produce the giants of tomorrow.

They are the men whom the world relies on today and tomorrow to make a dream come true: the dream of world peace and brotherhood among all men.

I am confident that with your help our two nations, Great Britain and the United States, will lead the way toward the fulfillment of that dream.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary



ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY BEFORE A MEETING SPONSORED
BY THE DEUTSCHER INDUSTRIE- UND HANDELSTAG AND THE
AMERICAN CHAMBER OF COMMERCE IN GERMANY, AT THE
D.I.H.T., BONN, 4:30 P.M., FRIDAY, NOVEMBER 11, 1966

It is indeed a pleasure to visit this great Republic--I feel
at home.

It has often been observed in the United States that the
American and the German people are alike in many ways.

Certainly industriousness, a talent for science and technology,
skill in management and organization, a firm reliance on education, a
cooperative spirit, and other characteristics--all are common traits
which distinguish our two peoples, and which are responsible for much
of the progress of our two nations.

Let me add that we also have a common appreciation of good,
economical transportation--and West Germany's awareness of this
fact has stamped a new silhouette on the stream of vehicular traffic in
the United States. The Volkswagen is the most visible evidence in our

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country of how trade with other nations can enrich the lives of our people with fine products that serve them well.

The common bond between our two nations even extends to common problems. They are the very welcome problems, however, of managing and sustaining a high level of economic activity--problems that are far preferable to those of economic recession that have plagued our two countries in the past.

We attack these problems through the common solutions provided by the competitive forces of the free enterprise system. And many of these solutions can be found in the improvement of competition in the international economy through lowering tariffs and the elimination of trade barriers. Such solutions to internal problems are being sought by many nations today--and we know exactly where these solutions lie--in success for the Kennedy Round, in improvement of the international monetary system, and through expansion of trade among all nations, including the expansion of trade in peaceful goods with the Communist nations of Eastern Europe.

We all know only too well, however, that the problem-solving forces of free international competition can all too easily be frustrated and contained by a narrow, economic nationalism or by inward-looking regionalism. Through such devices as high tariffs or other impediments

to international trade, through policies restrictive of the international flow of capital, or through similar actions designed to contain competition among nations and isolate one nation from the other --from these come--not progress--but at best a standoff, and at worst a standstill.

The great task before us then is to continue with presently successful and to forge new and concerted programs that will enable us to live and work more closely with one another in a great joint venture in progress.

In these days when so much can be so easily described negatively, when problems are easily discernible and solutions hard to perceive, I think we in the Atlantic Community must constantly remind ourselves to "Accentuate the Positive," and that means accentuate our partnership. If we stress the negative and the divisive, we can easily erode the solid brick and mortar which years of productive partnership have carefully and skillfully placed into the towering structure of the Atlantic Community.

What then are the challenges that we face together in this joint venture before us?

What are the obstacles we must surmount in pursuing our common interests and our common destiny as members of the Atlantic Community? Let me mention just a few of the more formidable ones.

How do we preserve our prosperity and maintain balanced growth?

How do we keep our price and wage gains within the scope of productivity increases?

How do we maintain a healthy condition in our international payments?

How do we develop more skilled manpower to produce our needed products and services?

How do we build bridges of friendship and trade toward the peoples of Eastern Europe?

How do we strengthen our mutual trade relations not only with each other but also with the developing areas of the world?

Our ability to solve these problems will depend on the ingenuity of the individual and the collective unity of our approach. For each of us, this will entail multi-national and international considerations consistent with our responsibilities. And for each of us certain accommodations and adjustments will be necessary to meet our obligations and to achieve our highest potentials.

Although these obligations and responsibilities may often differ not only in scale but also in kind, I nevertheless think it is accurate to describe our relations as a partnership of equals. The combined vigor and productive capacity of the European Economic Community is huge, just as is the combined economic strength of our 50 states. The United States and the European Common Market nations trade with each other on a basis of equal stature, and we should strive to maintain that equality.

We recognize the vital nature of the months ahead as we bring to a conclusion our long negotiations in the Kennedy Round. We are approaching a crossroads of decision that can have a far-reaching influence on the future course of world society in its pursuit of human betterment.

In order to succeed, this great international effort must be truly reciprocal in its benefits. As we come down to the final negotiation on the offers presented at Geneva, a balance of concessions can be achieved by either of two alternatives.

The first is the negative method of withdrawals under which countries that have offered more than they have received will remove from the negotiations enough items to correct the inequality. This route may be necessary, but it has pitfalls since it is likely to lead to a process of unraveling and unraveling without end. It is usually not possible to withdraw concessions without affecting several countries. Typically,

a country imports the same goods from many countries, all of which are negatively affected by the withdrawal and which, in turn, are compelled to withdraw their concessions in order to rectify the new imbalance. This process can continue and be repeated until few offers remain outstanding.

The other way of redressing imbalance is the improvement of offers by participants who have many products on long exceptions lists and thus not yet available for negotiations. We have spent much time examining these lists of exceptions, and we are fully aware that the task of improving offers, particularly in the short time in which we have to work, will not be a simple task. We hope, nevertheless, that all participating nations take this constructive route and work toward the highest possible level of agreement.

The next two decades of our trading relationships will be in large part determined by our progress in the next few months in the Kennedy Round. The multiple benefits of expanded trade are obtainable for all of us, but even more important and fundamental is the direction of future world trade policy--whether we continue on the path of trade liberalization or whether we revert to narrow nationalistic and protectionist policies.

We stand at a threshold of opportunity. History will record that we were wise and courageous or that we were timorous and myopic.

Unless these negotiations succeed, and in a meaningful way, it may be difficult to preserve the gains of past years. In trade policy, as in other economic matters, there is no standing still--you either move ahead or go backwards. A few weeks ago the French Foreign Minister said that the Kennedy Round must succeed in order to prevent the United States from going protectionist. He might have added that, if the Kennedy Round is not successful, all countries, not only the United States, will find it more difficult to resist ever-present protectionist pressures.

There are other economic issues at stake in the Kennedy Round negotiations that are just as important. In the very near future the discriminatory movements being taken by the two European trade blocs, against each other and against third countries, will be complete. The greater this discrimination and the longer it remains in effect the deeper become the economic distortions and divisions. The Kennedy Round offers a timely opportunity to minimize the harmful effects of this discrimination and to pave the way for broader based European economic integration.

The large stakes involved in the Kennedy Round are clear. A successful conclusion will require more than a general feeling of goodwill. We must make difficult decisions and make them without undue delays. By success in Geneva, we will implant a large cornerstone vital to the growth of our joint venture for progress.

I want to note that a great deal more than the hopes of the United States and Europe rides on the outcome of the Kennedy Round. On the outer circle of the industrialized world are standing and waiting the hundreds of millions of human beings in Africa, Asia and Latin America. Their future, as much as ours, depends on enlightened economic statesmanship at Geneva.

Another area of joint concern as we look at the next two decades is our mutual problem of dealing with the European communist nations to the east. Just as through competing with each other we benefit one another, through trading in peaceful goods with the countries of Eastern Europe we can build bridges of understanding that will enhance the prospects for durable peace and further the well-being of all men.

I think that it is fair to say that in the past when approaching this problem of relationships, we Americans have tended to tie trade and politics closely together, while you in Europe have found it easier to separate the two factors. Both the United States and Western European nations, by national will and through international commitments, have rejected Communism as a method of organizing our society, and we have jointly rebuffed efforts to force Communism on weak and unwilling third parties who are entitled to shape their own destinies. We stand committed to a concept of joint defense against aggression from whatever source.

We Americans have conducted a trade policy toward Eastern Europe which has been colored by these political differences. You in Western Europe have in large measure separated your trade policy from politics. Hence the concept of "peaceful engagement" with the nations of Eastern Europe, as recently counseled by President Johnson, is newer for the United States than for most Western European nations.

We are now moving, slowly but deliberately, to a position closer to yours. We recognize the advantages of such "bridge building" as a means of improving the conditions of life and encouraging the peaceful aspirations of peoples who are increasingly demonstrating expectations not unlike our own. The hopes and wants of a family in Rumania are not materially different from those of a family in Racine or in Dusseldorf.

The determination to resist aggression is still fundamental to our policy, and hence our strong stand in Berlin, in Korea, in the Cuban missile crisis and today in Vietnam.

We Americans are coming to recognize, however, the existence of a second avenue of approach to the European communist world. This avenue is to be largely through expanded trade contacts, which we plan to increase slowly from the comparatively minor level of today, at least when compared to your efforts.

While our businessmen will be increasingly active in the years ahead, competing with yours for new business in Eastern Europe, we do so because we recognize, with you, the importance of "peaceful engagement" with the East. We, like you, would rather discuss contracts than contrasts. We do not foresee dramatic results from this effort in the near future, particularly because of the ramifications of Vietnam. But we have hopes of building some fairly strong bridges as time goes on, and in this our interests seem to coincide with yours.

Just as our businessmen trade together within the economic policies which governments formulate, so do our businessmen join together in creating productive enterprise. The story of international investment, flowing both ways across the Atlantic, is a key element of our joint venture for progress that will better enable the forces of competition to operate on behalf of all of us.

In the postwar era, the flow of investment capital from the United States to Europe has obviously been larger than the reverse flow. The impact of this American investment has been and still is the subject of considerable debate here in Europe, and as a representative of your equal partner in our joint venture I want to discuss some aspects of this debate.

Applying our rule of "positive thinking," we can recognize all of the positive contributions brought by this infusion of initiative, money, and skills: new employment opportunities, management innovations, capital formation, new productive capacity, export earnings, new technology, supply dependability, generation of additional tax revenues--to name but a few. To gain these same advantages, my government is actively promoting more private foreign investment in our country, and we welcome all to our market.

The United States Government imposes no licensing or other conditions on foreign investment in our economy. Ours, as yours, is a burgeoning economy with unlimited prospects for profitable investment. Let me take this opportunity to say to all German and European businessmen that the American economy is one that I would highly recommend you survey with a view to direct participation in it. Your investment will be welcome and the U. S. Government will do all within its powers to encourage and facilitate your operation of businesses within our borders. The Federal Government, as well as State, municipal and local governments offer a variety of incentives to investors, irrespective of their nationality. I urge you to explore these incentives, and to take full advantage of them.

Of late our ears have been ringing with the phrase "technological gap," a phrase used in Europe to describe a condition I think can be more accurately called "industrial disparities."

When used today in Europe, I gather that there is an implied criticism of American investment because it is assumed to have structural advantages, particularly in all fields of advanced technology. These advantages are deemed by some to be unfair, as they are supposedly based on large size, access to ready capital, and large U.S. government expenditure on research and development with its residue of commercially applicable technology. Combined with the competitive vigor of American firms, these disparities are the cause of what is apparently a growing concern among many thoughtful Europeans.

I think that we all have seen in our respective economies in the past 20 years a truly new industrial revolution based on burgeoning technology. We in America have benefited from new technology brought to our economy from other countries. The floating glass process came to us from England, while the field of cryogenics was developed basically in Holland. Natural product chemistry in Europe today is far ahead of American efforts. As we develop our high speed trains we will have to learn much from European and Japanese research and development. Great strides in the fields of optics, steel making through oxygen, and pre-stressed concrete came from Europe to our country.

Your economies have gained from our many experimentations in electronics, our data processing and computer technology, and our advances in communications--to name a few.

America has obviously charted great new areas through its defense and space research and development, and our businessmen have used these techniques and processes to advantage in the commercial world.

Certainly technology differs in different countries. To put it in its simplest form, a maritime nation could become more proficient in all aspects of maritime transportation; a land locked nation could, of course, specialize in train, automotive and aviation transportation. A disparity would exist in each case--and appropriately so. As a matter of fact, one finds disparities not only between countries, but between regions within a country, and between industries in a country or region. In some cases this might be desirable, in others not.

There are problems on both sides of the Atlantic in several directions--in size, in management skills, in technology--and I think we can agree that this is one of the bases for international trade, and no one would insist that we all be technologically identical.

I cannot attempt to tell you how to solve this problem, to the extent that it is a reality, in Europe. It has, I think, been overstated. However, in approaching the problem, I think we should recognize that the "technological gap" deals with inputs. The outputs are important too, for they are the products of technology, and are reflected in the degree to which such products obtain a share of the market. Hence, we must examine the outputs. If one company, for example, increases its share of the market for its products by, say, 8 percent and another company by only 2 percent, we must search for the reasons why.

From the national point of view, the rate of economic growth is very important, and, significantly, the OECD countries in the last 15 years have shown a more rapid rate of economic growth than has the United States. Even in production for export, Western Europe, not including the United Kingdom, has done substantially better than the United States. I do not mean to minimize either the political or the economic aspects of the problem, but I do think we need to look at the realities of it. As for our experience in the United States, I can describe for you some of the elements in the American economic climate which have helped our businessmen to develop greater national wealth from technology.

As one looks at the process of innovation, one can see new developments go from the idea stage to the laboratory for refinement and then

to the industrial complex for exploitation and translation into benefits for people. The speed of the process, and the success of the result, depend tremendously on management attitude.

The sources of new ideas for technological development are multiple:

--from individuals of an inventive frame of mind who are stimulated to let their imaginations and energies roam-

--from basic scientific research, which must be financed and promoted-

--from government-sponsored or industry-sponsored research and development-

--from the process of adapting ideas to commercial purposes.

The way in which these sources get developed is a matter of organization. The basic desire for and stimulation of new ideas--a better way of doing things--is a question of attitude.

Whether new ideas are carried through to practical, commercial application depends in turn on several broad questions--at least according to our experience.

Is there a competitive spur and impetus constantly at work to stimulate new or better products?

Is the potential market big enough to warrant expenditures for research and development on the new idea?

Are management techniques and procedures of the kind that will bring to bear all relevant corporate resources on new ideas? Is the company organized internally for aggressive prosecution of a new idea all the way through the research and development to design to pilot production to mass production to marketing and distribution?

Is the educational system one that produces not only scientists and engineers in adequate numbers but also managers and administrators capable of taking advantage of scientific progress?

We have found the preceding questions to be essential elements when considering the growth of technological achievement.

From a governmental policy point of view, it should be clear that my government has no policy aimed at maintaining any particular technological level as against Europe or any other area of the world. Our intent is that our economy will continue to be a highly dynamic one and

creative innovation certainly will be a vital instrument for achieving this. Technological progress made anywhere in the world has been found to benefit us as well as the developer. We look forward to a continuing two way flow for our two way benefit, and we stand ready to identify ways in which we can cooperate even more productively to enhance our common technological base. The question of industrial disparities and of the role of technology in international business relations is one which needs far wider discussion and understanding, particularly among people in the private sector of our economies because there is where the great industrial and commercial advances are taking place.

We are also pleased to see the efforts within the OECD structure to analyze these problems and to better define the areas that are of major importance.

We in America are also searching for a better understanding through broader discussion and study. In fact, I am returning to Washington on Sunday in order to be there to open a two day symposium on "Technology and World Trade" as part of the dedication ceremonies for our National Bureau of Standards headquarters. Many prominent European business and academic leaders will join their American counterparts in studying and discussing this vital subject.

So, we can see behind us two decades of partnership in which the benefits of our collaboration have exceeded our strongest hopes. Ahead we face some problems and prospects in which our ingenuity will be tested. We have conquered many obstacles in the past because our leaders were able to see the larger gains available from farsighted and flexible policies enabling the forces of competition to operate more fully among nations. Our current and future generation of leaders must work together in continuing this great joint venture for progress.

Thank you very much.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY BEFORE REPRESENTATIVES OF THE
EUROPEAN TRAVEL AGENTS TOUR, DEPARTMENT OF COMMERCE,
WASHINGTON, D.C., 9:30 A.M., TUESDAY, NOVEMBER 15, 1966

Welcome!

We are delighted to have you in the United States. Please convey to the others of your group our Government's warmest greetings and the hope that the trip will be most enjoyable and rewarding.

We deeply appreciate your interest in the travel attractions of the United States. We are confident that we have a truly great product for tourists to see and experience, and we hope your visit will help you sell it with even greater success in the future.

I should also like to take this opportunity to express our Government's thanks to all who helped make your visit possible--the American Express Company, the carriers, and all those in the travel industry who are providing services and facilities for this tour. They are making a very real contribution to the nation and to international understanding.

As you know, I represent the business agency of our government. We're concerned here primarily with the maintenance of sound economic growth through policies that encourage expansion in both the domestic and international markets.

Other members of the President's Cabinet, of course, are concerned with other aspects of our national life--and were you being greeted today by one of them, he would no doubt stress his particular interests.

Secretary of the Interior Stewart Udall would surely tell you about the magnificent parks, recreational areas, and historical monuments and sites you will be seeing on this trip.

Secretary of Agriculture Orville Freeman would urge you not to miss a visit to some of our great farms and ranches, which supply so much food and fiber for people around the globe.

Secretary of Health, Education and Welfare John Gardner would suggest that your tour include a visit to some of our wonderful universities and health facilities.

Other Secretaries would have other suggestions, and all of them would be valuable, if you are to become better acquainted with our country.

But in ~~order~~ to catch the full spirit of this nation, I think you must also see the source of our material greatness, and as Secretary of Commerce let me urge that a visit to some of our great industrial plants be included in your tour. For to see these--to see our skilled workmen at their tasks, to see our advanced science and technology at work--to do this is to experience a very important part of our national life.

It is a part of our nation that I think is of particular interest to visitors, for we share this part with countries around the globe--with your own countries and with others. We share it in the products that these plants produce and ship and sell in the world marketplace. Through these, other nations are able to enjoy the effort and ingenuity of our workers, the knowledge of our scientists and engineers, and the managerial ability of our business leaders.

But this trade is not a one-way street. As you travel around the United States, you will see in our shops goods from countries all over the world. We offer the greatest market in the world for the products of other countries, and everybody benefits, both seller and buyer.

From the experience of visiting some of these industrial plants, I would hope that you gain an insight into one of the great purposes of this nation--to help raise the standard of living of all people--those in our own country and other countries--through increasing the exchange of goods and technology, through widening the opportunities for growth and development.

This is one of the great messages that this country has for visitors from other countries--and it is couched in an international language that can be understood and appreciated by all. I hope you will help broadcast this message--and I believe it can help you sell your prospects on a visit here.

If you would like to know more about industrial plants that offer such tours, I know that our United States Travel Service will welcome your inquiries. The Service has published a booklet listing such tours, and if you don't have copies, I'm sure John Black and his staff will be glad to make them available to you.

One brief word more. We are keenly interested in having foreign visitors thoroughly enjoy their trip here, and I wondered if you would be kind enough to let us have the benefit of your suggestions for improvements, based on your personal experiences on this journey. We would especially like to know of any changes you would suggest in requirements of government agencies, for we are making every effort to ensure that visitors from abroad receive every assistance as well as a traditionally American welcome. I can assure you that your suggestions would be valued highly, and if you will direct your letters to either John Black or myself, they will get the most careful attention. If there is anything that you particularly enjoy, we would like to know about that too, as it may provide us with clues as to what we should stress in promotion materials.

So, thank you for coming to see us, have a good time, and come
back soon.

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Office of the Secretary

FOR RELEASE AT 2:30 P.M. TUESDAY, NOVEMBER 15, 1966

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED
FOR DELIVERY AT THE DEDICATION OF THE NATIONAL BUREAU OF
STANDARDS LABORATORIES, GAITHERSBURG, MARYLAND, 2:30 P.M.,
TUESDAY, NOVEMBER 15, 1966

It is a pleasure for me to join in this ceremony today, and I have
the honor to bring you this message from the President of the United States:

"I am delighted to participate in this way in the dedication of the
magnificent new laboratory facilities of the National Bureau of Standards.

"This eminent institution now has the resources for even greater
service to America and the world.

"Throughout its sixty-five years, the National Bureau of Standards
has advanced the frontiers of measurement in pace with the increasing
demands of science and industry. Our national measurement system pro-
vides an equitable foundation for the exchange of goods, the technical founda-
tion for mass production, and the intellectual foundation for understanding
the world of physical phenomena.

US Comm--DC--38364

"It is especially appropriate to link this dedication with a symposium on technology and international trade. The presence of experts from all over the world attests to the interdependence of technology and commerce and their importance to every nation. I am confident that the ideas emerging from this symposium will provide a fresh insight into the task of creating a life of abundance for people everywhere.

"To all who have played a part in building these new laboratories, I extend my congratulations and best wishes for continuing achievement."

(Signed:) Lyndon B. Johnson

I don't know how many of you have noticed, but here in our midst is an apple tree. This, however, is no ordinary apple tree. It is a direct descendant of the tree whose fruit inspired the genius of Sir Isaac Newton, three centuries ago.

The inscription on the sign includes these words: "Science has its traditions as well as its frontiers." Today, we are celebrating both of those concepts.

The National Bureau of Standards has sixty-five years of proud and significant accomplishments behind it. The worlds of science, technology, industry, business and commerce would all be vastly poorer today without those achievements. Yet, far from fading gracefully into retirement at age

sixty-five, the Bureau now stands on a promising threshold of even greater contributions to the nation. These new facilities are the physical symbol of what lies ahead. The real germ of achievement, however, lies in the minds and hearts of the dedicated staff members of the National Bureau of Standards.

It is no accident of history that the establishment of NBS in 1901 coincided with the beginning of America's transformation into the industrial giant of the twentieth century. Before NBS, American manufacturers had to send their measurement instruments to Europe for checking and calibration. There was, in effect, no national measurement system.

The Bureau was established to provide the central foundation for such a system --one fully adequate to the needs of an economy that was changing from a predominantly agricultural base to a predominantly industrial base. Starting out then with a meter bar, a kilogram, and a few electrical standards, the Bureau now maintains more than 40 national standards. Some of the physical quantities represented by these standards, such as in the field of radioactivity, were not even known in those early days.

But there is more than measurement in the history of the National Bureau of Standards. In times of peace as well as in times of emergency, the Bureau has always adapted itself to meet the changing needs of the nation. At a time when American mass-production manufacturing was first becoming

widespread, Bureau scientists and engineers worked with industry to develop basic data on the properties of materials and the performance of components used in manufactured products.

When national emergencies arose, the Bureau turned its talents to such problems as the production of optical glass, development of techniques for the manufacture of gauge blocks, and the purification of uranium.

Today the demands made upon the Bureau and the nature of its program reflect the complexity of our atomic and space-age world. NBS atomic clocks measure time with an accuracy of one second in 30,000 years not just to prove it can be done but to meet a specific need in the exploration of space.

Its Clearinghouse for Federal Scientific and Technical Information disseminates reports resulting from the \$100 billion the Government has spent on research and development during the past two decades.

Its National Standard Reference Data System provides the nation's scientists and engineers with reliable, critically-evaluated data important to their work, whether in a laboratory or in a production plant.

Thus the responsibilities of the National Bureau of Standards today are far broader than its name would imply. But the entire area of science

and technology today is far broader than the period, ages ago, when man engaged in what was probably his first technical activity in measuring by eye a stone or stick to defend himself against some now-extinct species of animal life.

Today it is not enough to be able to measure the diameter of a ball bearing or the strength of a concrete wall. We need to be able to measure the performance characteristics of entire systems: a house, a computer, a communications network, even an entire industry. We need to be able to apply measurement techniques to complicated problems such as distribution and marketing, and urban change.

Just two weeks ago, the President signed into law a bill designed to extend further the benefits of standards to American consumers. I am referring, of course, to the Fair Packaging and Labeling Act. Under this landmark piece of legislation, the Department of Commerce will work with industry and consumers in a program aimed at curbing the proliferation of weights and quantities of consumer products. The objective is to insure fair competition and provide the consumer a clearer means of discerning values in the marketplace. Since all Americans are consumers, this legislation should benefit everyone. It strengthens the free enterprise system by protecting and enhancing faith and fair play in the marketplace. The National Bureau of Standards will play an important role in this program.

These new laboratories are a reflection of the response by the National Bureau of Standards to all of the new demands placed upon it. But they are something else, too. They are a national investment in progress, an investment made by all the people. They represent a recognition by the Congress of a national need and a determination by the Congress to meet that need.

There is no doubt whatsoever in my mind that these facilities will pay untold dividends to American science, industry, and commerce on the public investment for many years to come. Unquestionably, what we have here is a true "blue chip" investment.

One of the reasons for my confidence is the demonstrated capacity for leadership and accomplishment of Dr. Hollomon, Dr. Astin, and the entire staff of this great institution. During the past two years, I have had the opportunity to observe at first hand the transformation of plans and aspirations into the reality of these laboratories. My reaction is a highly optimistic curiosity at the wonders which will inevitably come forth from these laboratories in the years ahead.

An American poet many years ago in referring to the Great West, wrote, "Give me men to match my mountains." I think we can truly say today that the National Bureau of Standards has "Laboratories and other facilities to match its men and its women."

I am now going to use a standard signal transmitted by NBS radio station WWV, and received here on the platform, to unveil a replica of the Dedication Placque. At the same moment, the signal will unveil the original Dedication Placque mounted on a wall in the lobby of the Administrations Building behind us.

In so doing, we dedicate these facilities to man's continued progress through man's growing knowledge.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE IN P.M.S WEDNESDAY, NOVEMBER 16, 1966

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY AT THE SYMPOSIUM ON TECH-
NOLOGY AND WORLD TRADE, NATIONAL BUREAU OF
STANDARDS, GAITHERSBURG, MARYLAND, 9:30 A. M.,
WEDNESDAY, NOVEMBER 16, 1966

I am pleased to welcome all of you to this Symposium on Technology and World Trade. Many of you have come a great distance to participate in this dialogue. I am confident that when we are finished, our efforts will be repaid with a clearer view of common problems we face in the global exchange of goods, services, commodities, knowledge, attitudes, and ideas.

At the dedication of these magnificent facilities yesterday President Johnson sent a special message of greetings. He noted that the Symposium would open here today, and expressed his confidence that the ideas emerging from this Symposium will provide a fresh insight into the task of creating a life of abundance for people everywhere.

US Comm--DC-- 38357

This Symposium is especially appropriate at this time, coinciding with a momentous event in the history of the National Bureau of Standards. The Department of Commerce is charged with helping create those conditions which will encourage and stimulate the growth of the national economy. Technology and world trade are vital elements in the economic life of all nations in the shrinking world and accelerating times of today. The National Bureau of Standards is a charter member of the Commerce Department, having joined us when the Department was established more than a half century ago. NBS is also the Nation's measurement laboratory, our spokesman in the international language of science, a center for research, technology, and its application.

The dedication of these new laboratories occurs as the Bureau is placing increased emphasis on several fruitful areas of cooperation with American business and industry: international standardization of industrial products, the development of performance criteria for technological goods and services, methods for measuring the performance of entire systems, and the dissemination of scientific data and technical information. These activities all have great relevancy to international trade.

From the earliest days of its planning, I have sensed an air of excitement about this Symposium. For this reason, I don't want to delay your exchange of ideas and opinions for one minute longer than necessary. I would, however, like to take a few minutes to examine with you some of the

foundation stones on which your dialogue will be based. These fundamental notions are axiomatic to the specialist. To a non-specialist, such as myself, though, they sometimes provoke more questions than they provide answers.

In this setting, sequestered from the day-to-day consideration of immediate problems, perhaps we can suspend the old dogma, and construct an edifice of new ideas, beginning from the ground up.

This Symposium has three purposes; first, to look at the impact of technology upon international trade and investment, second, to outline a world environment which will encourage more widespread use of technology, and third, to seek new ways for technology and trade to promote economic development. These objectives combine to create a very formidable challenge. Fortunately, you and your speakers are admirably qualified to come up with constructive answers.

Technology is older than world trade, and the two have been interacting with one another for thousands of years. So we are not faced with a recent development in the history of civilization. We are not faced with a unique phenomenon in the relations between states. What we are confronted with is a vast difference in the scale of world trade, and a rapidly increasing development and introduction of new technology.

During the past ten years, total world trade has doubled in volume, and it now approaches a yearly level of \$200 billion. During this same

period, three new words which have become part of our everyday language--atomics, astronautics, and electronics--speak volumes on the depth and extent of technology in every facet of our lives.

The fundamental basis for the exchange of goods and services between countries is that one country has something that another country needs or wants, and vice-versa. This something could be raw materials; bauxite, oil, rubber. It could be agricultural or manufactured products; coffee, furniture, clothing. It could also be products which flow from highly sophisticated technology; computers, supersonic transports, nuclear reactors, engineering services.

Looked at from this "differential need" point of view, it is clear that differing levels of technology in various fields among the nations of the world, act as a stimulus to world trade. If all the nations in the world could develop and produce computers as cheaply and efficiently as the U.S., for example, there would be very little international trade in computers. And this same statement could be applied to other products and other countries.

The point is that technology flows from one country to another in the channels of international trade. The technology is contained in the goods and services that countries exchange, more so than in engineering textbooks. Technology also flows between countries, of course, through a myriad of licensing arrangements.

Technology has done a great deal to expand world trade, and it has done this in many ways. For example, technology has been applied to the instruments of world trade; steam power, internal combustion engines, nuclear propulsion, navigation, air transportation, refrigeration, communications systems. Technology, through raising productivity and standards of living, and lowering unit costs, also has helped create viable markets where none existed before. Auto workers in some European countries, until recent times, used to travel to their jobs on bicycles. Now, there is a mass market for private autos in Europe. On the other hand, there is no viable market today for refrigerators in some of the developing nations. To describe it differently, a need is not necessarily the same thing as a market.

In this age of rapid material and social change, a mystic aura has developed around science and technology, two of the main forces for change and growth. We tend to regard scientists as a special type of people, with unique insight and foresight. As a corollary to this, many myths have developed about the processes of science and technology. Myth-makers in the past have been celebrated in song and prose. Myth-breakers have often suffered a different fate. Nevertheless, I think we should face the facts as they are, and not as they appear, or as we would wish them to be.

For example, there is the widely-held notion that large amounts of basic research and development in a given field will inevitably result in technological leadership in that field. There is no correlation, however,

between Nobel prize winners per capita and technological leadership. Japanese industry, to its credit, mastered the technology of transistor production with little investment in basic research in solid-state physics. The result was that Japan was able to enter many world markets successfully with a variety of electronic products.

When we view the difference in technology between nations, we cannot have a simple view but must consider it across the broad spectrum of industrial activities. We must look at the situation country by country, and industry by industry, and even product by product.

The problems arising from differing levels of technology in various fields among the nations of the world must be looked at against the needs and goals of countries, and the level of development of their economies. These goals, incidentally, include non-economic objectives as well as the goal of economic growth and development. How significant is the difference in level of technology in computers between the United States and the developing nations? Perhaps it is not important at all at this particular time.

And speaking of economic goals, no nation should overlook the potential benefits of technological investment in the agricultural sector. In the United States, as highly industrialized as we are, the rise in productivity of the farm sector in recent years is more than twice as great as the rise in productivity for the rest of the economy. If this is true for us, then it is clearly an appropriate area for consideration by other countries. After all, agriculture involves machinery, transportation systems, management and planning skills, opportunities for exports, and many other desirable economic phenomena.

For some nations, at certain stages in their economic development, and in some industrial sectors, it might make more sense to buy the know-how rather than to undergo the costly and time-consuming process of developing it. Patent royalty and licensing arrangements, joint ventures, and local investments by other countries offer great opportunities for leap-frogging the costly basic research and development phase. Other possibilities include simply buying hardware and software. The decision on which way to go involves consideration of the nation's goals, its resources, and its particular stage of development at that time. The U.S. is no exception. The flow of technology is a two-way street. America has acquired advanced technology from other countries in many industrial fields. These include the floating glass process from England, cryogenics research in Holland,

natural product chemistry, optics, oxygen steel making, and pre-stressed concrete from Europe.

The solution for the developing nations does not lie in a mass transfer of technology from the developed countries. Whether to develop steel mills and nuclear reactors or to improve water supply systems and ineffective waste disposal systems is a question each nation must face with respect to its needs. But take the case of a nation which will have to continue to depend, in the near future, upon carts hauled by animals for the nationwide transportation of materials. Surely, this country would be ill advised to import diesel trucks for this purpose which immediately require modern roads, fuel, spare parts, trained mechanics, and other elements.

We hear a great deal these days about the technical balance of payments. The term is generally meant to include royalties, licensing fees, and any other payments for technical know-how. According to the myth, nations which run a deficit in their technical balance of payments are at a distinct and permanent disadvantage with respect to nations that have technical payments surpluses. The hard facts disclose, however, that Japan, which has persistently run a deficit in its technical balance of payments, has had a rate of economic growth that would be welcomed by any country anywhere. Furthermore, it has attained a position as one of the leading trading nations in the world. The conclusion I draw from this is that

whatever the cost to Japan of acquiring the foreign know-how, it was one of the best investments ever made by any country.

The real challenge facing us today is not how to mold one country in the image of another country. Nor is it how to make all countries technologically equal in some theoretically ideal world. Rather, the challenge is to remove obstacles to the movement of technology from one country to another. Technology should be available in an open market of knowledge so that each country may choose the technology most appropriate to its own self-set needs and goals.

If the countries of the world do not accept this thesis, then there is a danger that they might take well-intended actions designed to protect themselves, but which would, in reality, serve no one's best interests. Such actions might reveal themselves in restrictive policies on investments from foreign countries. Or they might take the form of protectionist trade policies. In either case, the consequences would be undesirable from everyone's point of view. Trade and investment, conducted in an equitable and reciprocal framework, carry the hopes and aspirations of all nations for better living conditions throughout the world.

Speaking for my own country, the United States with all of its technological resources has no intention of trying to attain economic domination

in any country, or any part of the world. We understand and share the concern of other countries that advanced technology should be put to use in all countries for the achievement of economic growth and other national goals. It is true that short term problems may arise from differing levels of technology in various fields among the nations of the world. We believe, however, that these problems are best solved in the private sector. The role of government should be to create those conditions which will encourage such solutions.

In areas of science and technology where the United States has a leading position, the policy of the United States is to share peaceful know-how, and to cooperate in peaceful international endeavors. There are many examples of this type of cooperation: Antarctic studies, atomic energy, meteorology, telecommunications, space exploration, oceanography, and such extended endeavors as the International Geophysical Year and the International Cooperation Year.

Just last month, President Johnson stated, "We are exploring how best to develop science and technology as a common resource." I don't believe there could be a more open-handed or less restrictive point of view than that statement.

The primary problem, in many cases, is not technological lags, or technological leads, but obstacles to the application of existing technology that is readily available. These obstacles include attitudes, traditions,

institutions, outmoded educational and training systems, organizational relationships, economic policies, political issues, flexibility on the part of Government, management, and labor, the availability of capital, and so forth.

In this thicket of obfuscation, the problem is not alleviated by erecting barriers to the flow of technology and world trade. Our efforts should be aimed at removing barriers and obstacles. This principle is valid with respect to America and Europe. It is valid for the developed and the developing countries, and it is valid for countries with different economic and political systems.

It is an oversimplification to interpret the industrial revolution solely as a period of rapid technological change. There were enormous and far-reaching changes in the organization and management of the processes by which goods are produced. New concepts and new attitudes had to be broadly accepted by industrial managers, industrial workers, and the consumers and users of manufactured products.

The introduction of mass production techniques, for example, was essentially a management innovation, not a technological innovation. The technology was already known. The skills of the entrepreneur are as essential to the success of a modern nation as the knowledge of scientists and engineers. There are numerous examples of countries, or industries,

or individual companies having equal access to the latest technology, but where one country or one industry or one company out-performs all the rest. In many cases, the management concepts or the level of managerial competence make the difference.

In my view, the problem of infusing the latest organizational and management techniques is as challenging and difficult as the problem of transferring the latest technology. And it is just as important, if the benefits of technology are to be fully realized.

The history of America, in bringing fifty states to the present national level of development shows many similarities with the problems we all face and the approaches we are taking in the global effort to raise living standards throughout the world. Fortunately, our Constitution created a union of states and precluded any attempts to raise trade barriers between one state and another within the United States. As a result, this early "common market" grew into a mass market, with economies of scale which contributed immensely to our economic growth and technological development.

In spite of this favorable environment, however, we have not yet achieved a nation-wide parity in standards of living, or in the level of technological development. The Appalachian region of America stands in stark contrast to areas on the east and west coasts, both economically and

technologically. Through our system of agricultural colleges, research stations, and farm specialists scattered throughout the nation, the dissemination of the latest agricultural technology has become a successful reality in this country.

We have not been so successful in the manufacturing and service sectors of the economy. Studies conducted by the Commerce Department show that there is a wide range of difference between the most efficient and the least efficient plants in any given industry. This pattern exists regardless of the size of the plant. And this condition is true whether it is a labor-intensive industry or a high-technology industry. In some industries, the value added per employee in the most efficient plants is five hundred percent above the amount for the least efficient plants. Think of the competitive advantage this offers to the top firms. Or, on the other hand, think of the waste in human and material resources among the lowest firms. This efficiency gap includes many components; management skills, availability of capital, marketing know-how, participation in world trade, condition of plant and equipment, flexibility of labor and management, ability to utilize the latest technology, and many others.

Our economists estimate that if all companies in all industries followed the most advanced practices of the most efficient companies, the growth in national productivity would far exceed the growth rate of recent

years. Practically speaking, this may be expecting too much, but it is clear there is a great potential for improvement.

Looking at the broader problems of technology and world trade from a global point of view, what needs to be done? Perhaps more to the point, what can be done?

First, there are some institutional goals we could work toward. These include such things as; greater participation by all countries in the development of international standards for industrial products, an accelerated and more broadly-based movement toward some form of international patent cooperation, an unfettered flow of capital among nations, with due provision made for special circumstances and special cases, the reduction and elimination of barriers to trade on a fair and reciprocal basis, wider availability and movement of technology among nations.

Second, we need to change our approach to the fact that there are differing levels of technology in various fields among the nations of the world. Our thoughts and our actions should not be directed toward artificially compensating for these differences. Rather, we should try to assure that each nation has access to the particular technology most appropriate to its own goals as defined by that nation. In this way, trade and economic growth will both be enhanced.

Third, we need to learn more about the processes of technology, trade, and economic growth, how they interact, why a certain formula succeeds for one country and fails for another. Toward this end, the United States is joining with the member nations of the OECD in a major study of the processes by which nations are able to develop and exploit science and technology for the attainment of economic and other national goals. The results of this study should be useful to all nations and applicable to all levels of development.

Can these objectives be realized? I don't know of any substantive reason why they cannot, if we have the will to succeed and a willingness to cooperate. The United States stands ready to join with all other countries in efforts to disseminate and use the knowledge of mankind for the benefit of mankind.

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Office of the Secretary

FOR RELEASE AT 1:00 P. M. TUESDAY, NOVEMBER 22, 1966

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR AT A LUNCHEON MEETING OF THE JOINT COUNCIL ON ECONOMIC EDUCATION, STATLER HILTON HOTEL, WASHINGTON, D. C., 1:00 P. M., TUESDAY, NOVEMBER 22, 1966.

It is a pleasure to be with this distinguished and stimulating group that has made so many outstanding contributions to economic understanding in America.

I can think of no matter more important to the future of our country than the economic literacy of the American people. For at no other time in our history has economic literacy been so essential to political literacy.

It has become a cliché that these are complex times we live in. And like most clichés, it is an understatement. We are living in a time that can best be described as a journey into a different kind of world -- a world that becomes increasingly complex with every advance in human knowledge. The interrelationships of our economic and social environment parallel, in their intricacy and intensity, the processes of miniaturization in electronics.

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And without an understanding of economics, it is impossible to comprehend the circuitry of our society.

Consequently, a Government like ours that is of the people and by the people can all too easily lose its way and dissipate its energies and zeal if the electorate cannot perceive the whys and wherefores of economics. An understanding of economics may not point the way to progress, but it most certainly will light the way.

Unless the Nation's voters are economic literates, the either-or of enlightened democratic choice could become a sterile neither-nor that legislates stagnation and regression out of fear of the unknown. In fact, the unknown is really only the unexamined, and it remains unexamined because the voter's education never provided the tools to analyze the economic realities of vital issues.

Progress has been defined as change for the better. And the one constant, and the central fact of our times, is change. We invite it, we court it, we pursue it, as we have throughout our history. But--and this is the difference between now and the days when DeTocqueville took note of our unbounded optimism and faith in change--we have never before had the means--the science and technology and organizational skill--to effect change so rapidly on so broad a scale and for the benefit of so many of the earth's millions.

This is the great opportunity, but also the great danger. Because not all change is synonymous with progress. There can also be, through inadvertence or ignorance or both, change for the worse.

The great and critical challenge of our times is to guide the forces of change into the channels of growth. Moreover, it is a challenge that will intensify in the years to come, as the pace of change accelerates; and it is a challenge that cannot be successfully met without an informed economic perspective on the part of those responsible for making changes happen. Whether that responsibility is exercised in the voting booth or in the command posts of industry and government, it cannot be intelligently discharged without an understanding of economics.

It is only through an understanding of how economic realities affect the way we live, that we can prevent change from becoming some sort of brute impersonal force that blindly bulldozes the status quo and our society away with it. With economic understanding, we can make way for change, rather than having to get out of the way.

Our concern--the concern that brings us together today--is the economic education of those who will exert the greatest influence on the decisions that shape the course of America's future: Those 85 million Americans under 21 years of age, almost half our population.

It is the task of our generation to pass on to them the mantle of maturity. We must prepare them to make mature political decisions and sound economic decisions. And we must do it through education, as well as actual experience. We must do it in the schools where their attitudes and perspectives are shaped, and then in the most effective possible way in their occupations, whether as housewife or secretary or chemist or workingman.

I don't have to cite to you the sorry statistics on the state of economic education in our elementary and secondary schools, and even in our colleges. You know them as well as I do. But I am not discouraged by these statistics. On the contrary, I am considerably heartened by the progress that has been made in improving not only the quantity but also the quality of economic education in a relatively short period of time.

For this, we--and by we I mean all the American people--owe a great debt of gratitude to the Joint Council on Economic Education. It is no exaggeration to say that the Joint Council has been the vanguard of the attack on economic illiteracy. It was the Joint Council that first sounded the alert, and it has been the Joint Council that has been leading the assault ever since.

Working primarily on the local level through its affiliated councils, and working with community leaders from every sector, with the full support of business and labor, the Joint Council has been able to spread the gospel of economic understanding in depth as well as breadth throughout

our school system. The impact of the Council on the curricula of our schools, and on the education of teachers as well as students, will stand as one of the most significant advances in public education in this century.

Let me say in closing that the Department of Commerce stands ready to assist the work of the Council in any way we can. We have been publishing a very successful, and I think excellent, series of booklets on "Do You Know Your Economic ABC's?" You have the three latest booklets at your places. More than 270,000 copies of the earlier issues of these booklets have been circulated, and I would hope that the Council would help us to increase that number.

But I am sure that not only Commerce but other departments of government can do more to increase the level of economic understanding in the Nation, and I look forward to exploring the possibilities further with your chairman, Mr. Lewis Jones.


This is a cause that I hope many of our citizens, our companies, and our communities will join, for each has an equal stake in strengthening the economic system that underwrites all that we hope for the future.

Thank you.

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Office of the Secretary



REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY AT THE CHRISTENING OF THE
"USC&GSS MT. MITCHELL", JACKSONVILLE SHIPYARDS,
JACKSONVILLE, FLORIDA, 11:00 A.M., TUESDAY,
NOVEMBER 29, 1966

We are brought here today by the highest purpose: the
advancement of knowledge and the progress of mankind.

To help accomplish our aim, skilled and dedicated men and
women of business, labor and government have joined together to
construct a great new scientific instrument, the Mt. Mitchell.

Its mission is one of the most vital that the world faces: to
help man explore and understand the last planetary frontier for man's
use, the ocean.

It is a mission of peace, for peace may well hinge on whether
man's needs will forever outrun his ability to supply them. The ocean
offers our last and best hope to win this race.

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We have hard evidence that buried in its depths are inexhaustible supplies of the most valuable minerals--manganese, nickel, copper, cobalt, and others.

We know that, properly cultivated, the ocean can supply enough food to help banish hunger from human society.

And we know that locked in its atoms are sufficient energy to fill the growing requirements of a developing world.

But we must explore the ocean not only because of its potential as an abundant source of materials and power. We must also map its depths and learn its nature for other important reasons.

We must learn to use it more efficiently as an avenue of commerce--and great submarine freighters may someday sail calmly and silently beneath the wind and waves of the storm-tossed surface.

We must study the profound effects that the sea has on air masses, so that someday we can moderate the weather to serve man's needs.

And we must learn to live beneath the sea for the sheer enjoyment of visiting a new and fascinating world of strange creatures and plants of the most exquisite beauty.

All of these things the Mt. Mitchell will help us do. Its assignment is part of a great national team effort to expand human knowledge of the marine environment. Participating in the National Oceanographic Program are government agencies whose projects are fully coordinated to achieve maximum efficiency and effectiveness. They also work with private industry, universities, and state governments on both basic research and practical engineering problems in order to carry out specific undertakings.

Of immediate importance to the national welfare is exploration of the continental shelf, the submarine area adjacent to the coastlines of the United States over which our sovereign rights were only recently extended. This came in 1964 under the Convention on the Continental Shelf, after ratification by 45 other countries.

We thus acquired the right to explore and exploit an area of 850,000 square miles, equivalent to about 25 percent of the continental United States and representing the largest territorial acquisition since the Louisiana Purchase. Exploitation of the resources of this great submarine area will add immeasurably to the national wealth, and the technology we will develop in the undertaking can be applied by many other nations bordering the sea.

Another milestone in oceanographic activity occurred last June when President Johnson signed legislation that will help keep America in the forefront in marine science and resource development. This was the act establishing a National Council on Marine Resources and Engineering Development and also setting up a commission to recommend a national oceanographic program.

The Mt. Mitchell will operate under the banner of the recently formed Environmental Science Services Administration whose great scientific team is composed of the Coast and Geodetic Survey, the Weather Bureau, and the Central Radio Propagation Laboratory.

Significant progress has been made under the ESSA banner in many fields of science involving the total environment, and I congratulate Dr. Herbert Hollomon, Dr. Robert M. White, Admiral Arnold Karo, Admiral James C. Tison Jr. and others for their energy and skill in bringing the new organization to its present high level of competence. The Mt. Mitchell, as the newest addition to the fleet of the Coast and Geodetic Survey, will help add to that competence. And its discoveries will serve an even greater usefulness for having been coordinated with those in other sciences dealing with the environment.

So the Mt. Mitchell and the men who will sail her soon will begin a lifelong journey into the unknown. The familiar world, the safe world,

the known, snug, and comfortable world, is for those of less adventurous spirit.

The officers, the crew, and the scientific and technical personnel who will point the Mt. Mitchell forever toward the horizon of the unknown, are men of a different breed. These are the restless men who thrive on an environment of mystery; these are the men whose inquisitive minds are filled not with tired dogma, but with wide-eyed wonder. These are the men who demand to know not what everybody else knows but what no one knows. These are the men who seek to bring light into areas now dark with ignorance. And these are the kind of men who are the spearhead of progress.

As they take the Mt. Mitchell into the Sea of the Unknown, they carry with them the hopes of our nation and of the whole world for a better day for mankind.

President Johnson has said, "Through our exploration of the sea, we can move toward a new era in which science can fulfill its creative promise to bring a better and happier life to all the peoples of the world."

This is the mission of the Mt. Mitchell, and may God bless and protect this noble ship and the men who sail her on a pioneering journey of peaceful progress.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR A.M. RELEASE THURSDAY, DECEMBER 1, 1966

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY TO INAUGURATE THE "AMERICAN UNIVERSITY LECTURES IN BUSINESS-GOVERNMENT RELATIONS," AMERICAN UNIVERSITY, WASHINGTON, D.C., 8:00 P.M., WEDNESDAY, NOVEMBER 30, 1966

I am especially glad to join in welcoming you here tonight to inaugurate this lecture series because of the tremendous importance of the subject under discussion. Nothing is more essential to continued national growth and progress than a sound and farsighted working relationship between business and government.

We in the Department of Commerce are pleased to participate with American University in sponsorship of this series.

We do so with a deep sense of the crucial nature of business-government relations within the framework of American life.

And we do so with the strong conviction that an ongoing forum in the Nation's Capital can provide unique contributions to a continued sound and constructive evolution of this relationship.

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The ties between town and gown also have a special significance here in Washington. Our great universities must and do interact in the complex process of progressive government to serve the evolving hopes and aspirations, demands and requirements of a dynamic, diverse free people.

The ancient role of the university is the preparation of those with a thirst for knowledge in the disciplines. But through the years, in addition, the center of learning has become a principal and direct participant in the eternal experiment that we call America.

This lecture series, as well as your American University programs in this area of business-government relations, certainly provide a fine example of such positive participation.

In generously supporting these lectures, Hill and Knowlton is making a major contribution in the area of communications it knows so well. Our hope is that this series, now and in the years ahead, stimulates meaningful communication not only among the business, government, and academic worlds, but with the general public in the continental dialogue of our democracy.

The relationship between business and government is broad and varied--more properly a complex of relationships. Clearly the government means different things to different businessmen, and business means different things to different agencies of government.

To one business firm government is primarily a customer.

To another government is principally a regulatory agency.

To a third government is mainly a source--of information and services, of research and development support, or perhaps of a subsidy.

And to a fourth company government is little but the bad news of taxes or the good news of an eased tax burden.

I have heard the complex structure of business-government interaction compared to the root and branch systems of a great tree in nature. The roots run deep in our national experience and in the earlier history of Western civilization. Mighty branches have grown through the years, each delineating an area of major cooperation, contact, interaction, or interdependence between business and government.

It is not my intent tonight to focus on discrete areas of contact--which will be explored and examined in subsequent lectures--but on the broad nature of business-government relations against the background of national and international conditions.

I do want to make the point, however, that we are not dealing with two monoliths--two huge squares side-by-side on a national organization chart--when we speak of business and government.

Nor, with government's role extending from a postage stamp to the moon program, depending on where you sit in the business community, does the relationship admit of easy generalizations from whatever direction on the political or economic compass.

Looking at the world around us as it actually exists, it is nothing short of incredible that anyone should consider business and government as adversaries on any broad front. A record of joint achievements, a catalogue of dual efforts, and a dossier of mutual concerns comment most forcefully on this score.

On the other hand, I do not believe a truly meaningful purpose is served by expressions of puffy sentiment to the effect that business and government will lead the nation over the hill to lasting happiness if only they join in a marriage of togetherness. Although there may often be identity of long term goals, government and business often will not share an identity of approach. Nor should this be expected in a system that takes its greatest strength from pluralism.

I am not suggesting merit badges for dissent, any more than blue ribbons are warranted for automatic assent. But our system is tailored specifically to reflect breadth of approach and diversity of interests--that is the purpose of Executive Department and Congressional hearings, of

advisory councils and groups that play such a major role here in Washington, and in the largest sense of our whole governmental structure and political process.

In essence, our pluralism applies the checks and balances and breadth of input on a national scale that the Constitution provided inside the government. The business community, various as it is within itself, can and does make a notable contribution as part of this national process of pluralist decision-making--particularly in activities related to economic growth and development.

I believe history will record that one of President Johnson's towering achievements has been in this area--bringing business, and labor as well, into active creative partnership with government by fostering and maintaining an active national dialogue for the common good of the country.

In these years, despite the pressures of our times, I believe we have seen the achievement of a national maturity broad enough and strong enough to rationalize disparity in a constructive manner without institutionalizing conformity. As a nation, we have reached the age of mature enlightenment --and it indeed holds bright promise as we grow into ever more complex tomorrows.

Early in his Administration, President Johnson sounded the keynote for joint accomplishment in the following words:

"I believe we are entering a new era of cooperation between government and business and labor and the many groups which form this nation.

"This is an economy where the health of business benefits all the people.

"This is an economy where the prosperity of the people benefits the health of business.

"This is an economy where, in large measure, the fortunes of each are tied to the fortunes of all."

These words describe the kinetic interdependence and interaction and interplay of forces that characterize our advanced economy. It is indeed a balance of forces that enables us to achieve our greatest social and economic gains. It is when the power structures get out of balance -- that is, when the influence of business or labor or government overreaches the other creative forces in our society -- that we stumble in our pursuit of progress.

These relationships--and their dramatic demonstration in these years of historic economic expansion--establish a framework for action and springboard for progress even as they help to define ground rules for public and private economic policy.

For one thing, they call for reasonable and responsible actions in the economic marketplace--in wage and price decisions, for example--against the backdrop of national interest that is no more than enlightened self-interest writ large.

But, beyond that, they point the way to joint programs and mutual problem-solving that can be among the keys to the future.

Major examples--variations on a basic theme of business-government joint effort--run through the warp and the woof of contemporary American life:

--In the voluntary balance of payments program, the nation's bankers and businessmen have achieved notable success in combatting the stubborn deficit in our international accounts during the past two years. President Johnson requested their assistance early last year. Since then, for 1965 and in the first three-quarters of 1966, the deficit has been held at the lowest level since 1957 despite the adverse cumulative effects of Vietnam and a declining trade surplus.

--The space program brings together a vast family of companies working under government contract. When America reaches the moon, not the least of the participants in this epic step in space exploration will be the industrial galaxy assembled by the space agency.

--Somewhat less farther afield, across more familiar oceans, business and government together have delivered an export punch that has increased American sales in the markets of the world by 47 percent since 1961. In the final analysis, business delivers the goods. But a wide range of government services and assistance have helped large and small U.S. business in this vast outflow of the products of our factories and farms into foreign markets. And in the Government's program, businessmen play meaningful and active advisory roles. The 70 members of the National Export Expansion Council and 1400 members of Regional Export Expansion Councils form an invaluable volunteer export expansion team throughout the country. In the past year, action committees of the national council have studied specific export problems and provided recommendations that led directly to innovations or current reappraisals in a number of export policy areas.

Nor can the vital roles of such groups as the Business Council, The President's Advisory Committee on Labor-Management Policy, or the Business Leadership Advisory Council of the Office of Economic Opportunity be overstated. In all, more than 30 advisory groups of this type exist today in Washington.

--Business, with government, has taken a leading part in fighting poverty through the most effective method of all, vocational training. The Job Corps provides the best known and most dramatic example of joint effort in this area. But there are many other examples as well, with business acting jointly or in parallel with government. Manpower programs by individual companies--some in effect for many years--have been expanded and updated. The Plans for Progress group, supported by 328 American companies, has been sponsoring vocational guidance programs throughout the country for the past five years. The National Association of Manufacturers is sponsoring a training program designed specifically for deprived Negro youths and another addressed to employment problems. The business community in many locations, often through the sponsorship of local Chambers of Commerce, has been working with state and community school officials to develop educational and training criteria in keeping with specific job requirements. And the Presidentially sponsored equal opportunity and youth opportunity programs would have achieved little without the participation of large and small business, which has demonstrated not only practical talent but active concern across this broad area.

--Science and technology also provide a great and growing bridge between business and government. In the past two decades, government and business combined have spent more than \$100 billion in this broad field. The rate is now some \$20 billion a year, with the government

footing the bill for about three-fourths of the national effort--and some 9 percent of this, incidentally, goes to research grants and contracts in universities. Industrial application of this technology is an important factor in our national life and our national economy. Congress last year established the State Technical Services Program in the U.S. Department of Commerce to help make advanced technical information even more readily available to industry in every state.

--Particular attention has focused in recent years on the problems of transportation and how best advanced technology can be brought to bear. This, of course, is one of the major concerns of the new Department of Transportation. A high speed ground transportation research program--in which the Federal Government is engaged with railroads and manufacturers--has been one response to date. Government sponsorship of test development of hydrofoil vessels, now in commercial service in several parts of the country, is another example. And, at the ultra-fast end of the speed scale, there is the supersonic transport aircraft program in which the government is participating with industrial manufacturers, none of whom is in position to risk the full amount of capital necessary for this ambitious venture. Possibly even more significant than any of these specific projects, however, is the fact that many persons have considered them types of "pilot programs" that can help show the way for organization of further technologically oriented, high risk programs judged advisable in the future.

--Nor should it be forgotten, in any discussion of this nature, that American business working under contract to the government has been a primary factor in defense of freedom through the decades of hot war, lukewarm war, and cold war that have characterized this century. In this context, I would not discount the thought that one of the most lasting benefits could be the relationship itself--the realization that business and government in harness can work true wonders in this advanced age.

After saying all of this, I believe we should stop and underline the fact that business' primary role is not contained in any of these individual relationships, nor indeed by all of them together. Economic success remains business' most important product--providing the goods and services--the new products--the wages, profits, and revenues--in short, by functioning as the nation's economic and industrial engine. In the final analysis, all else in the practical world depends on this vast and powerful source of motive power. For, if the government expresses the hopes and the aims of our people, it is business primarily that organizes their energies and talents and resources to serve national purpose at home and abroad. It is business initiative and business risk that are the spark and the spark plug of economic growth.

The first and foremost sphere of contact between government and business is the national economy. The government's role is plainly support of an economic environment in which business and other segments of

the economy can function with the maximum of freedom and effectiveness. These have obviously been prime ingredients in the results being achieved in these economically soaring Sixties.

Somebody once said that confidence is a plant of slow growth. He might have added that it also cannot be force-fed; it grows out of mutual trust and understanding. Since it would be unrealistic to think that the government and business will always agree or understand each other, it is clear that the environment that produces confidence must be sufficiently well established that it can withstand the winds of disagreement and dissent.

In recent years there has been a distinct change in the attitudes of government toward business and business toward government that has had a salutary effect on the economic environment.

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 appropriate government policies in fiscal, monetary and other areas that contribute every step of the way to economic stability and progress.

But the main point I wish to make is this: In addition to functional economic relationships--from fiscal and monetary policies to subsidies to regulation--there are jobs to be done in this country today that challenge both business and government to new forms of joint or parallel effort. And what we see today, I believe, clearly indicates the potential shape of a tomorrow characterized, first, by what for the moment I will call public problem solving; and, second, by dramatic utilization of technology in a number of areas that will invite comparison with the technological revolution of recent decades in the military and space areas.

In many instances, but by no means all, these two streams will come together--as in transportation and the housing field where a massive application of advanced techniques and technologies can be the answer to the public need.

But in other cases, it will be organizational and management ability, motivated by social awareness, that can come more clearly into play--although technology can also be an important tool here. I am thinking, for example, of such matters as education and training,

employment and recreation; and perhaps we should also include the host of items often associated in general terms with aspirations for "quality" as well as "quantity" in our civilization.

The types of mutual business and government activity that we have been discussing fall within the two general areas of technology and public problem solving; and also into a third area of special business expertise or domination, where the counsel of business or its particular efforts--as in the balance of payments program--can be the keystone of a national approach put in place through the responsibly exercised capabilities and talents of the business community.

I have spoken of public problem solving.

By this I am referring to all the tasks that cry out for our efforts amid the increasing complexities of a vast continental nation in which the population increases by some two-and-a-half million persons each year--is expected to rise in the next 20 years by a total equal to the current population of all states west of the Mississippi--and year by year moves onto a smaller percentage of our land area.

You will note that I did not say "public sector problems." Moreover, what I want to suggest to you is that answers to the kinds of public requirements that face our nation may well defy the straitjacket implicit in this term.

In finding these answers, business may indeed stake out a new role for itself in America or, more accurately, extend its traditional role in response to the needs of the times. Not only is this evolving role the crux of business' relationship with government, but--far more important--it may be central to our national success in meeting the needs of the last decades of the Twentieth Century.

For example, slums and substandard housing clearly present a festering problem in our urban society despite the vast urban redevelopment programs that have been undertaken both by government and industry in many parts of the country in recent years.

Entry of some of America's major business organizations into this area of housing rehabilitation, in a manner alike ambitious and experimental, may well and truly be a landmark development.

Not only can this mean progress and promise in meeting an urgent public need efficaciously without undue cost in time, resources, or disruption of families and neighborhoods.

But, whatever the merits or demerits of various techniques being introduced or considered, it also serves once again to focus attention on the simple truth that there are new answers to these kinds of problems.

There is a potential need--a waiting market if you will--for the "production of public services" just as for other products that have meant success for American business while enhancing the lives of all of us.

The public in general--and governments at every level--are not only willing but eager for industry to bring its full guns to bear on such problems as it does on production and distribution and other more traditional functions.

And, indeed, there can and should be a sound profit in the provision of such products and services--the profit that business has always gotten for provision of the goods or services society seeks. The new factor today is that business, through such innovations as this, can meaningfully broaden the normal horizons of yesteryear.

This, in essence, is what we are talking about--a broadening of horizons, a new orientation toward problem-solving in a new age.

Housing may be the best example of all, at least in the present time period. It has been said that there is room for an entirely new industry in this field to develop new and imaginative ways to get the job done--massive enough to make an impact in the next decade on the nearly 8 million homes in the nation that are judged to be dilapidated or deteriorating.

But in each instance, business has focused on and produced a public service or a system of public services.

The essential fact is that bridges to the future are waiting to be built across the broad flow of contemporary problems.

They will be built because they represent the next step for America, and our nation and our people simply will not stand still.

The questions that we in this generation must determine, however, relate to design of these bridges, who will build them, and how they will be built.

Will it fall to government as the years pass to develop a greater and greater in-house capability and magnitude for the nation to move ahead?

Will the times dictate that, perhaps gradually, business and industry more and more become the instrument for accomplishing social and economic responsibilities of the government, through contracts such as we now witness in job development and other activities?

Can the business community, by turning its unique genius to an increasing extent on public and social problems, respond as effectively through private competitive enterprise to the problems of a new age as it has done in conquering the challenges of earlier times?

And is it possible that competitive enterprise, oriented to new types of needs, will assume a greater and greater role in areas that current opinion might look upon purely as functions of government?

As with all such matters of broad complexity, time will render mixed answers to these questions for elucidation by future historians.

But I believe it is important for us today to ask such questions in an era that can be the watershed for an epoch of achievement in many areas beyond our richest imaginings.

And I believe it is important for all of us--in government no less than business--to recognize that competitive enterprise must be brought fully to bear both because it can be and has been the most effective and efficient way of getting jobs done; and also, because the freely constructive give and take of political pluralism thrives best only when it is complemented by economic pluralism as well.

Business, if it operates with an orientation that someone has termed "the social-industrial complex," thus can carry out the tasks ahead in the best way that is also the right way for America. This process, I submit, is getting under way today.

But certainly, to speak in an accustomed idiom of government policy, business activities in this sphere of producing public services do not stop at the water's edge.

The economic impact of U. S. trade and investment and business activities abroad is immense.

Overseas investment, particularly in underdeveloped nations, has always provided spectacular evidence that profit is the instrument of progress. Mineral discoveries have transformed backward economies overnight. Establishment of automobile assembly or soft drink bottling plants has reinvigorated local economies. In my own experience, I have seen what such overseas ventures can mean in the lives of men, women, and children, and in a cumulative sense to a town or region.

Such ventures export progress as they earn profit. Today, with an enhanced social awareness, a sense of surging new opportunities, and the recognition that broad economic development is absolutely essential to a rational, peaceful world, American business indeed has before it new fields of achievement to conquer for the benefit of all.

And today, more than ever, U. S. business is consciously turning attention to public problem solving abroad as well as in this country--from

the 150 or so projects of the International Executive Service Corps to construction of desalting plants in the Middle East; from promotion of cattle raising in Panama to pioneer efforts to make the Libyan desert bloom; from lower income housing in South America to joint participation by major corporations in a United Nations agricultural technical assistance program.

In overseas activities, government and business traditionally function as co-participants, perhaps moreso than in any other single sphere. Partnership does not fully describe the relationship; just as under domestic conditions, there are a variety of types of relationships across the spectrum of overseas situations.

And, also paralleling the domestic environment, it is plain that business in a great many circumstances is in far better position than the government to act directly and energetically to achieve economic growth and overcome the heritage of problems that afflict many areas of the world.

Obviously, local conditions can be a major deterrent. To the extent that it is feasible in specific circumstances, one major contribution the government can make is to endeavor to remove barriers and restrictions on the efforts of American business where these exist. In other types of situations, on the other hand, it may be that government must

carry the ball in a more substantive manner, at least during a given time period, and business assumes different types of roles.

One fact is certain. The sound economic development of a peaceful world depends to a notable extent on both U.S. business and government. U.S. entrepreneurs, of course, can and do participate meaningfully in the developed as well as the less developed nations. But the most critical challenges and most compelling opportunities are in the less developed world where, to quote an eminent foreign statesman, "We can make real their hope and our belief that the most stagnant of economic waters can be made to move and the most barren of regions to flourish. "

The long-run hope of the world is that government aid programs-- both by the U.S. and other leading nations--will be self-liquidating. Success will mark their termination. For business, however, achievements today and tomorrow will help lay the groundwork not only for a peaceful world but for further progress and further enhanced commercial success the day after tomorrow.

Both at home and abroad, I have been focusing on business functioning as business, albeit with an expanded orientation to meet the needs of our times. Obviously, very closely related to such public problem solving is business' large and growing and vital exercise of institutional citizenship--contributing

enormously to education, to charities, and to the arts, and participating in all manner of good works on the community, national, and international levels. This also is a burgeoning business role that must--and I am certain will--continue to expand with the years.

The distinction traditionally drawn between corporate citizenship and corporate business is, in fact, no longer well delineated. I believe this is also as it should be. The enlightened pragmatists who lead American business have tended to stamp "irrelevant" across the entire matter. Are company training programs for school dropouts good business or good citizenship? Does a large corporation's massive study of the effect of automation on society most significantly serve company planners or the community at large? Is sponsorship of an art show sound advertising or does it fall under the heading "culture?" American business leadership would surely answer "both" in each case--if it bothered to ask itself the questions. For there is a demonstrable conviction in the business community that good citizenship is certainly good business, and good business clearly meets the specifications of good citizenship.

The haziness now implicit in such a distinction itself speaks volumes about the maturity of the great majority of the business leaders today. It also is the most telling commentary of all, in capsule form, on the broad subject we have come here to discuss tonight.

For the burden of all we have said this evening rests on just that-- maturity on the part of government, business, and other segments of society that must continue to throw off barren attitudes of the past and look ahead optimistically to meet the challenges of present and future.

I am confident that government and business, acting together or acting as separate institutions of this great nation, will have the strength and the wisdom to help our country meet these challenges, while remaining true to the heritage that De Tocqueville described in these words:

"America is a land of wonders, in which everything is in constant motion and every change seems an improvement. The idea of novelty is indissolubly connected with the idea of amelioration. No natural boundary seems to be set to the efforts of man; and in his eyes what is not yet done is only what he has not yet attempted to do."

America today, in all its broad majesty and generous might, is the product of dreams men dared to dream in the time-pitted corridors of our distant past.

If the Greeks taught men to live, and the Romans taught men to die, America has taught mankind the glorious poetry of human progress.

Together, we must continue to give form to our hopes and dreams in this land of wonders where, in truth, it appears that no natural boundary is set to the efforts of man.