

49 Remarks to the White House Conference on the  
"Industrial World Ahead: A Look at Business  
in 1990." February 7, 1972

*Secretary Stans, members of the Cabinet, all of the distinguished guests here at this Conference:*

After that rather lengthy introduction, I shall try to respond in kind. I was expecting that Maurice Stans, my longtime friend from Washington, California, and now Washington days, would perhaps find something he could say. [Laughter]

Could I just say a word, however, about him? As you probably have noted in the press—and this report in the press is accurate [laughter]—Secretary Stans is completing his service as Secretary of Commerce and then will be taking on a new position. Since this is a nonpartisan group, he is going to be the chancellor of the exchequer of one of the two major parties.

But I think all of you should know that the idea of this Conference, the concept, was his. He has been a splendid Secretary of Commerce in this Administration. In so many fields that are not well known, like minority business enterprise and others, he has done an outstanding job. He is a man, pragmatist though he is, who has vision, who sees the future. I remember

his coming to me many, many months ago, talking about this Conference, developing its concepts.

I cannot think of any more effective way that a man could leave the position of Secretary of Commerce on a higher note than a conference of this type, which was his idea.

I appreciate the fact that all of you—representatives of business, representatives of labor and of government—have participated in the Conference, and will be doing so in the next 2 days.

My remarks today, I am sure, will be somewhat anticlimactic after some of the things you heard this morning about the future of the United States and what it holds. Perhaps I can put that future, however, in the context of the world I understand best, the context of politics in its broadest sense, of world politics, and then, of course, relate it to the problems of American business and American labor.

In the current issue of *Fortune*, the story is told of three men on a desert island who spotted a tidal wave headed their way. The first man decided to use the time remaining on wine, women, and song. The

second man chose to get down on his knees and pray. The third man—and I am sure he was an American businessman—got busy trying to figure out how to breathe under water.

Now, as we look ahead to the industrial world of the future at this White House Conference, it is well to remember that there is something to be said for enjoying life, the power of prayer is very important, but as we face the future, we must also get ready to live in it.

In the course of this Conference, you will be exploring the exciting prospects that lie ahead for the workingman and the businessman, and the workingwoman and businesswoman of America. You will be examining the new social responsibilities of business, the challenges of the new technology so vital to the betterment of the lives of our people, the future of the economy.

There has really never been a time when a hard, searching look ahead has been more essential for America than it is today.

We cannot really plan for the industrial world ahead without considering the total picture of the world of the future. We have to ask ourselves which way the world is heading; what we, as a Nation, must do to influence the course of history toward more freedom, toward a generation of peace; and what kind of people we will have to be to make a difference in our children's lives and in the world of tomorrow.

These are profound questions, and the kind that all too many people consider themselves just too busy to deal with. But the American dream is too important to be left to the dreamers, and that is no reflection on your morning speakers. Practical men have to examine their ideals and

shape the future in the image of their hopes.

The people of the United States of America, as we all know, make up approximately 6 percent of the population of the world. Let's consider what that figure means.

First, it means that we have a great deal to be proud of. When 6 percent of the people of the world produce one-fifth of the world's steel, one-third of its electric power, one-third of all automobiles, then even our most severe critics will have to admit that the American economic system must be doing something right.

The fact that we number only six out of every 100 people in the world means something else that must give us pause, however. It means that we, who believe in majority rule, are a minority group in the world. If we are to lead, we cannot lead by force of arms or by weight of numbers; we can lead only by the force of our example and the quality of our vision.

What is it that has brought this 6 percent, this minority of the world that calls itself America, to the highest standard of living, the highest expression of human freedom?

What is it that will propel this Nation forward in the coming generation to lead mankind in its search for a better life in a world of peace?

I am convinced that the answer lies in a real but intangible quality called the American spirit.

In today's world, that spirit is being tested. America is being tested.

We have got to learn once again to compete in the world—and the only way we can compete is on the basis of our own productivity.

In the past, America has been able to pay the highest wages in the world, to en-

joy the highest standard of living in the world, and still compete in the world's markets because we had the best technology and the highest productivity.

But in recent years, while other nations have been modernizing, while others have been spurting ahead in productivity, in America we have let productivity slip; we have neglected capital investment; we have fallen behind other nations in the attention and support we give to applied science and to advances in technology.

We can be proud, as Americans, of our record of generosity in the 25 years since World War II. With your help, the help of business and labor, this great, productive American economy made it possible. Old enemies as well as old friends have gotten back on their feet, and new nations have been started on the long road to prosperity.

This help has been good, certainly, for other nations. It has been good for the world, and in the long run I believe it has been good for America.

But let us see where we are now. During the decade of the sixties, exports of American manufactured goods increased by 110 percent.

During the same 10 years, exports of German manufactured goods rose by 200 percent, Canada's by 285 percent, Japan—now the second greatest producer in the non-Communist world—increased her exports of manufactured goods in the past 10 years by 400 percent.

Now, this is just one measure of the competition we face. It is one of the reasons why last year, for the first time since 1888, we had our first unfavorable trade deficit.

Nations never stand still. They go forward or they fall backward.

Other nations in the world today are

going forward—some of them rapidly forward. And America has to exert itself, we have to be at our very best, if we are to remain competitive in the world.

In business and in life, there is a time when tough decisions have to be made. In this Administration, we made some tough decisions in order to help get the economy back on its feet in the transition from war to peace, to get it back on a stable basis, with full employment, moving forward in a sustainable way.

I believe in discussing these tough decisions. I am going to talk about my philosophy and some of the things, very candidly, that I have had to do.

I believe in economic freedom. I believe the best economy for America is a free market economy. But faced with the choice of temporary wage and price controls or continued inflation, I chose temporary controls to curb inflation.

I believe in balanced budgets, but faced with the choice between budget deficits and unemployment, I chose deficits to help create more jobs.

In the long run, our goal is to remove the controls, get rid of the deficits—once we have brought about price stability and full employment.

But in the short run, there is going to be a lot of complaining, and I understand that. I am prepared to take the heat because I believe that in the position I hold, I have to put first things first, and full employment without inflation in a period of peace must come first for America.

Now, I talked about some of my hard decisions. Let me talk about some of yours. Are you going to crawl into a shell and demand protection from world competition; or are you going to roll up your sleeves and increase productivity?

Are you going to expend your energy

complaining about controls; or are you going to adopt wage and price policies that will remove the pressure of inflation and the need for controls?

Now I am convinced I made the right decisions. I am convinced you will make the right decisions as well—right for yourselves and right for our country.

I recognize that there are many people around who are uncertain about whether we can really cut the rate of inflation. Well, there are two answers to these doubts. First, the record: Consumer prices rose 3.4 percent in 1971, too much; but that is compared to 5.5 the year before. That is the right direction—down. That shows that it can be done.

And second, we are determined to keep pushing down the rate of inflation. We have made a commitment; we have proved the lengths we are prepared to go to keep our commitments. We will see this fight against rising prices through to stability.

Just as controls and our other policies, we believe, are going to work to stop inflation, our policies to create more jobs are going to work.

You all know that in the past 6 months, civilian employment has increased by over a million jobs. Yet that surge has not made nearly enough of a dent in the unemployment figures. This we all agree. In the most recent quarter, real output rose at a rate double that of the preceding two quarters. Now, that is a basis for real confidence—the confidence that should generate further expansion and more jobs. Nobody says the road to full employment is quick and easy; but I believe, based on the record, that we are on that road.

Now we come to the key to it all. What enables each worker to get more out of his work, each investor to get more out of his

investment, and the Nation to get more out of its economy? The answer is productivity.

You as businessmen, as labor leaders, all have said this. For a long time in America we were able to take productivity increases for granted. We just assumed it was going to happen, and it did. We rather imagined a sort of technological cornucopia that promised increasing abundance every year without any extra effort on our part—and this made us somewhat complacent. We tended to imagine that more was our due—regardless of what we did; whether we did more, there was going to be more.

But now the new situation in the world has changed all that.

Even if we were content just to fight with one another for a bigger slice of the same old pie, instead of making the pie bigger, this would no longer be enough. Our markets would disappear; and not only would we no longer sell abroad, but we could no longer afford to buy from abroad; and America would stagnate.

But we are not going to stagnate. We still have the American spirit. But having the spirit is not enough; we have to use it.

If we are to maintain our leadership in the world of the future, it will not be by force of arms. It will be by the strength of our spirit, backed by the vigor of our economy—which is the greatest asset we have in world affairs today. If we slip back as an economic power, then we will slip also as a moral force in the world, for it will have been because we ceased to try, because we ceased to compete, because we gave up on ourselves and the world.

I do not believe that America has given up, that it will give up. Nor do I believe that we in America, because of the competition we face, will try to build a wall around ourselves.

If we were ever to permit this Nation to turn isolationist in its foreign policy, we would be inviting another war or the destruction of our freedom.

If we were to let this Nation turn protectionist in its economic policy, we would be inviting a trade war—and like the other kind of war, every nation on this planet would lose.

We are not going to let either of these things happen. We are not going to become isolationist in our foreign policy and we are not going to become protectionist in our economic policy. We are not about to forget the secret of the world's highest standard of living—a competitive spirit that results in rising productivity.

That is what America has stood for for almost 200 years. It is what has made us the economic wonder of the world today.

After years of lagging productivity, which I just referred to, we made a comeback last year—back to a 3.6 percent rise. Now we have momentum—and we must never again forget the secret of American success.

For too long, I think, we have to recognize that too many of us in this country, too many businessmen, too many workingmen, thought of the American economy as a kind of giant turtle. It may have been fat and lazy, but it had a protective shell that seemed impregnable.

But let me point out to you that nature played a trick on the turtle. The only way he can move forward is to stick his neck out.

Well, the time has come for that turtle, this great, giant American economy which you represent, the leadership of which is in this room tonight, the time has come for this turtle to stick its neck out and get moving.

As it does, it will show that America's

competitive spirit is alive and healthy, ready to lead the world into the new prosperity.

As all of you in this room are aware, a weeks from now I will be in Mainland China. And then, a few months from now, I will be in the Soviet Union. Both of these trips of course have created great interest in America and in the world.

As I have often said, neither should raise any illusions about what can be accomplished. Because of the differences in our systems of government and our attitude toward the world, there will be great differences after the trips as well as before.

The goal is, of course, to try to develop a dialogue, a communication, a process through which it may be possible in the next generation and a generation after that, that instead of fighting about those differences that we will continue to have, we will talk about them. This is a goal worth journeying halfway around the world to achieve.

I do not mean to suggest to this audience or any in the world that we are going to have instant peace as a result of these two journeys. But I do know what our hopes are—that it will be possibly a safer world and that it may be possibly a more open world, and that our children may live possibly in a world of peace, with different systems of government, talking rather than fighting, and that they will live in an open world, able to move more or less freely around the world, to know its excitement, the interest, wherever people may live, any place on this planet.

That, I would trust, would be a contribution that I might be able to make, not by myself, but at least make a beginning in these two journeys that I will be taking.

But I ought to say that the other side

of that coin is that to the extent we are able to succeed, to the extent that the dangers of war in the world become less, the challenges of peace will become greater.

Let's look at the world again. Look at it in terms of where we are and what the competition will be. Twenty-five years ago the United States, economically, as everybody in this room knows, had no competitors whatever. We were only competing against ourselves. Because of the destruction in Europe and in Asia, because none of the other nations in the world were in our league, we were, in effect, able to lead the world just as fast as we wanted to. No one else was pressing us.

Let me use a favorite example from the world of sports. Many of you have been watching the Winter Olympics. I remember the first Olympics that I read about, in the year 1928. Some of you are old enough to remember it, too. The great miler of the twenties was Paavo Nurmi of Finland. He was probably the greatest miler who ever lived. He never broke 4 minutes, however.

You also remember that when he ran, he ran with a wristwatch and he timed himself on each lap because there was no one who could compete with him and press him. In order even to get as close to 4 minutes as he did, he had to run against the clock.

Twenty-five years ago, economically, America was running against the clock. That is not true today. We have the new Europe with Britain in the Common Market. We have the Soviet Union now the second power economically in the world. We have Mainland China with all of its potential in the future. We have Japan, the second most productive non-Communist

economy in the world. We have also the future possibilities in Latin America, and Asia, the Mideast, and Africa.

So, here we see America looking forward to that target date of ours and of this Conference, the year 1990. We see an America no longer running against the clock, an America still ahead, but an America having to do its best in order to maintain its leadership.

What I am saying to this audience today is very simply this: In the position that I hold I want to do everything that I can to seize the moment to make the world safer, to make it a more peaceful world, to make it a more open world.

In the position that you have, as business leaders and labor leaders, you will determine whether the America in that new world with all those new competitors is going to slide back and let the others who are stronger, have a greater spirit, a greater sense of destiny, pass us by, or whether that spirit that has made this country as great as it is, still exists in the hearts and minds of our people.

Among those who compete with us, a government edict, a pronouncement by one leader or a bureaucracy can whip a people into some kind of productivity. That is not true in this country. The future of the American economy can be affected by government, and I say thank God for this. However, the future of the American economy is determined not by a few government officials, but by the decisions of a million decisionmakers throughout this country in business and in labor.

That is why, Mr. Secretary, in this historic Conference, as we look down toward the end of the century, let us hope and pray it will be a more peaceful world, that it will be a more open world. And let us

do everything that we can, each in our individual ways, to see that America remains competitive economically by not running, as we had to after World War II, only against the clock, but doing our best. And our best will be good enough.

Thank you.

**NOTE:** The President spoke at 9:22 p.m. in the Ballroom of the Sheraton-Park Hotel.

He spoke from a prepared text. An advance text of his remarks was released on the same day.

The 5-day Conference was attended by 1,500 representatives of business, labor, the academic community, and government.