

41 Remarks Following Announcement of a Devaluation of the Dollar. February 13, 1973

I WAS glad you emphasized at the press conference¹ two points that I made in my August 15 speech.² First, as far as devaluation is concerned, this is something that affects the relations of U.S. currency to other currencies. As far as the great majority of the American people is concerned, it does not affect their dollars. What affects their dollars is the cost of living.

SECRETARY SHULTZ. These international moves are no substitute for discipline in the domestic economy. We must have a strong budget posture, a restrained monetary policy, and we must make Phase III work. . . .

THE PRESIDENT. When people see the headline "devaluation," they have to realize we are not talking about the value of the dollar here.

The other point is the trade package. We are not talking about another round of lowering tariff barriers . . . although we have an outgoing policy. That is only one-half, I suppose, of the story. We are talking about the other side as well. We must go up as well as down. That is the only way to get a fair deal and a fair shake for American products abroad.

We have gone into too many negotiations abroad in which all we have done is to negotiate down, whereas others have negotiated up. We are going to ask the

Congress for the right for our negotiators to go up or down. Only by going up can we get them to go down with some of the restrictions they have.

SECRETARY SHULTZ. As you pointed out in your August 15 speech, it is tremendously important for us to have a safeguard against the possible flooding of our markets.

THE PRESIDENT. The United States being the best market in the world—and this is not criticism of our Japanese and European friends—they are loading it into this market and they can drive U.S. business out of existence . . . and lose Americans their jobs.

In order to get a policy of freer trade, we must always have, in the background, protection. We believe that the world is going to be better served by lower tariffs. But it cannot be that we lower and they keep up. Other nations must get away from their discriminatory policies, and we must be in a position to bargain harder. . . .

Devaluation of the dollar is at best only a temporary solution of a problem. That is why trade legislation must follow. The trade legislation directs itself at the cause of the problem, the imbalance. Only by getting trade legislation and changing or reducing the huge deficits can the pressure on the dollar be taken off. We have dealt with the results of the imbalance with the devaluation, but we have no illusions about the fact that to get at the fundamental cause we must have trade legislation.

SECRETARY SHULTZ. (The trade legisla-

¹ At a news conference at the Treasury Department on Monday evening, February 12, 1973, Secretary of the Treasury George P. Shultz announced a 10 percent devaluation of the dollar.

² See 1971 volume, Item #64.

tion was necessary because) the monetary system can't carry the full load.

THE PRESIDENT. In talking to Chairmen Mills and Long, without committing them, we found a generally positive attitude toward this new approach to trade legislation.

It was Congressional consultations at its best. . . . (They were) highly responsible in that there had been no leaks. . . . We are referring to the fact that the delicate subject could be discussed without any leaks.

People want us to be in a position to do something.

NOTE: The President met with Secretary Shultz and John D. Ehrlichman, Assistant to the President for Domestic Affairs, at 11 a.m. in the Oval Office at the White House.

This text is a portion of their remarks based upon the notes of reporters present during part of the meeting.

In his remarks, the President referred to Representative Wilbur D. Mills, chairman of the House Committee on Ways and Means, and Senator Russell B. Long, chairman of the Senate Committee on Finance.