

NEWS



Hubert H. Humphrey

HUMPHREY SAYS NEED "CRITICAL"
FOR U. S. ECONOMIC POLICY
WHICH RECOGNIZES GLOBAL INTERDEPENDENCE;
URGES ECONOMIC SUMMIT CONFERENCE

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FOR RELEASE TUESDAY, SEPT. 23, A.M.

CHICAGO, ILL., Sept. 23--Senator Hubert H. Humphrey said Monday night that the need for the formulation of an American economic policy -- which recognizes the inseparability of domestic and foreign economic policy -- is "critical."

"Today greater economic security for all nations is as vital to world peace as is the end of the nuclear arms race," he asserted. "And such security can only be achieved with policies which recognize the imperative of global interdependence."

"Yet the Executive Branch and the Congress are shamefully fragmented and can't even begin to cope with the need for an integrated foreign and domestic economic policy. We rush about the world scene like firemen running from one blaze to another."

Addressing the Council on Foreign Relations in the auditorium of the Prudential Building, Humphrey observed, however, that "a new internationalism has begun to mold the world view of the American people. We are beginning to recognize that our economic well-being depends upon others as well as ourselves."

"No event or decision of any significance can occur on the domestic side of the American economy without international implications. And significant economic events abroad have an immediate impact at home."

Humphrey urged that the development of an American economic policy begin with traditional trading partners in the industrialized nations, but emphasized that the U. S. "must place greater emphasis than in the past upon the relationships of the industrialized economies with the so-called Third World."

"It is the developing countries that represent future markets," he said. "It is these areas where rich and abundant raw materials are to be found and developed. We need them even as they need us."

(more)

Humphrey maintained that "it was the unilateral pursuit of a restrictive monetary policy to combat inflation in the industrialized countries which precipitated recession -- not the energy crisis.

"The energy crisis has disguised the harm of uncoordinated, deflationary policies in the industrialized countries," he said. "The go-it-alone practices of the past can only lead to unconscionable levels of unemployment and inflation."

To help resolve this problem, Humphrey proposed that an economic summit conference be convened soon to bring together the heads of government of the industrialized nations of North America, Europe and Japan to discuss the specific coordination of their domestic economic policies.

"It is essential that they discuss and arrive at acceptable policies in the field of energy, food, employment, trade and credits, with the specific purpose of developing a strategy for rapid and sound economic recovery with a minimum of inflation," he said.

"The economic summit conference can also focus attention on other questions of how industrialized nations should deal with trade barriers and international monetary reform."

Emphasizing that such a summit would benefit all trading nations, Humphrey cautioned that "it should not be seen by either developing nations or OPEC as a step toward economic confrontation."

He also urged that "all importing nations bring every reasonable influence they can command to prevent excessive oil price increases.

"We must remind OPEC that large oil price increases can only have a destructive impact on the foreign economies in which they have so heavily invested and on the Third World economies already shaken by rising energy bills."

Indicating that "America's economic interdependence reaches beyond the range of shared problems with the industrialized world," Humphrey said, "We must not forget the urgent problems of over one billion of the world's poor in the urban slums and rural villages of the developing world.

"Their poverty diminishes the hope of world peace and economic security. The great waste of human resources magnifies the loss in global productive capacity -- food not grown, factories not built, minerals not extracted, markets not developed.

"It is a political, economic and moral imperative that all address the growing disparity between rich and poor nations."

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REMARKS BY SENATOR HUBERT H. HUMPHREY

"AMERICA'S FOREIGN POLICY: THE CHALLENGE OF CHANGE

Chicago, Illinois

September 22, 1975

Chicago is a good place to discuss the future of America's foreign policy and the challenges of change.

This great city of America's heartland is an international city:

- A city of finance and world trade.
- A city of international research and learning.
- An international center for art, music, literature and creative thought.

Yes, Chicago looks beyond our national borders for economic and intellectual sustenance. Because of this basic fact of your city, I want to share my thoughts with you about America's role in a changing world.

One of the most fundamental, far reaching changes in American foreign policy began at the end of the last decade and is still occurring today.

I speak of the growing importance of economic policy as the central focus of our foreign policy.

It now has begun to overshadow some of our more traditional strategic and military concerns. To be sure, policy makers must still be concerned with security matters as they relate to maintaining alliances, dealing with other superpowers and mediating regional conflicts.

But the basic thrust of America's foreign policy is now shifting.

Today, greater economic security for all nations is as vital to world peace as is the end of the nuclear arms race. And such security can only be achieved with policies which recognize the imperative of global interdependence.

The fights against recession, inflation and unemployment have become as important to nations as the maintenance of their defense capabilities.

The management of global resources, the free and assured flow of commodities, and the eradication of hunger and disease are becoming the central issues of American foreign policy.

The American people have begun to understand this important change and what it means for our lives.

I know that many of this community's distinguished citizens and members of the Council on Foreign Relations -- men such as George Shultz, Peter Peterson, Robert Ingersoll and many others -- have been in the forefront of public leadership on these critical policy issues.

In America we are beginning to recognize that our economic well-being depends upon others as well as ourselves.

To be frank, in the past, it's been easy for us to go our own way.

We are blessed with abundant resources. We are the world's bread basket. We have been spared the destructive ravages -- the physical damages -- of war for generations.

Though traumatized by the tragedy of Vietnam, the crisis of Watergate and serious domestic economic problems of inflation and recession, America has begun to recognize the basic fact of its interdependence.

A new internationalism has begun to mold the world view of the American people. Experts in public opinion confirm this phenomenon.

The new internationalism of the mid-decade is not anything like the internationalism of the cold war era. That outlook was founded on anti-communism, fear of world war and the dominance of traditional security considerations.

The new internationalism rests on two grounds:

First, the United States no longer possesses the power to remain immune from economic fluctuations abroad. The energy crisis and the devaluation of the dollar are sharp reminders of this fact.

We are beginning to understand that our domestic problems cannot be solved without acting in concert with others.

Second, the new internationalism also rests on a recognition of our humanitarian obligation to others in the common struggle for greater economic and social justice.

But American foreign policy has been slow to reflect these important changes in the way that nations and peoples perceive their interests.

The imperatives of interdependence demand more than rhetoric. They demand the creation of an American economic policy -- a policy which actually integrates domestic and foreign economic policy into a coherent whole.

The old distinction we make between domestic and foreign policy is fast disappearing. Yet our institutions of government struggle to keep these two issues apart when they need to be made one.

No event or decision of any significance can occur on the domestic side of the American economy without international implications. And significant economic events abroad have an immediate impact at home.

Yet the Executive branch and the Congress are shamefully fragmented and can't even begin to cope with the need for an integrated foreign and domestic economic policy. In 1975 we organize our decision making as if the date were 1955.

-- We forget the disaster of a soybean embargo where we tried to prevent inflation at home but damaged our relations with a major Pacific power and valued customer.

-- We forget that the global inflationary boom was fueled by our inattention to economic events in Europe and Japan.

-- We forget the disastrous effects of the first Russian grain deal when foreign policy needs were put before domestic economic considerations.

-- We failed to comprehend the growing world food shortage and its impact at home and abroad.

-- We lived in a world of wishful thinking about energy and in particular, oil, despite repeated warnings of trouble ahead.

These and other mistakes reveal growing interdependence. They point as well to the critical need to develop an American economic policy which recognizes the inseparability of foreign and domestic economic policies.

It is indeed ironic that the United States is more preoccupied with its trade and commercial interests in the Soviet Union than we are in our relations with the industrialized West or the developing world.

Have we lost our perspective? I believe that we have.

During the first six months of this year, U.S. exports to the Soviet Union amounted to approximately \$520 million. This figure is rather insignificant when we look at our trade over the same six months of 1975 with our regular customers:

- Japan: \$4.9 billion
- West Germany: \$2.6 billion
- England: \$2.4 billion
- Brazil: \$1.4 billion

It is interesting to note that we exported more to India or Switzerland during this period than we did to the Soviet Union.

But a bad Russian wheat deal and the possibility of another one has forced us to begin to think seriously about an integrated economic policy with the Soviet Union.

However, our policies with the industrialized world are still reactive. We rush about the world scene like firemen running from one blaze to the next.

The need for the formulation of an American economic policy is critical. We cannot wait for another economic crisis to provide an excuse for action. The development of this policy must begin with our traditional trading partners in the industrialized nations, but it must place much greater emphasis, than in the past, upon the relationships of the industrialized economies with the so-called Third World.

It is the developing countries that represent future markets. It is these areas where rich and abundant raw materials are to be found and developed. We need them, even as they need us.

The United States, Western Europe and Japan are now suffering through a recession with many of the same problems.

-- All of us are afflicted with inflation.

-- All of us are plagued by unacceptable levels of unemployment.

-- All of us are having a difficult time of combatting these problems with traditional economic practices.

But let's be frank about it -- America, Europe and Japan pursue domestic economic policies independent of one another. They do so despite the fact that economic interdependence among them has become so great that the business cycles of boom and bust are magnified by their lack of coordination -- or even effective economic dialogue about future plans.

Let's take a look at how this process actually works.

1971, 1972 and most of 1973 were good years across Europe, North America and Japan. This was because economic policy makers had been pursuing policies of all-out growth without bothering to add up the cumulative effect of their decisions.

The result: These countries were confronted with rising rates of inflation. Inflation reached 17 percent in France, a relatively high 8 percent in Germany, and 10 percent in Japan.

The solution to this problem: The old economic religion -- tighten up the money supply and hike up interest rates.

And that's what we did.

Each nation did it unilaterally.

We did it without consulting one another. Important decisions were made in a vacuum.

We either had the arrogance or ignorance to disregard the impact of those decisions on one another. The cumulative effect of deflationary decisions -- like those of earlier inflationary decisions -- outran expectations.

They fed and reinforced one another.

Monetary supply growth in America fell to 6 percent in 1973 from a 9 percent level the previous year.

In France, the growth of money was slashed by more than half -- from 19 percent in 1972 to 9 percent in 1973.

And in Germany, banking authorities cut monetary growth in 1973 to a depression level of 1 percent from an average of 16 percent the year before.

Taken individually, these policies meant a slowdown in economic growth -- not a cessation.

In combination, they slowed economic growth far beyond their individual significance.

The result was worldwide recession. A recession from which the United States is barely recovering and with which Europe and Japan are still struggling. A recession which could easily strike the American economy once again.

Many people believe that this recession has its roots in the energy crisis. But let's take a look at the facts.

The energy crisis did not occur until the final months of 1973 with the embargo and the OPEC price hike.

Yet, in Canada, France and Germany industrial production started to decline in early 1973.

In England, the decline began in the second quarter of 1973.

And in the United States there were warning signs in the second quarter of 1973 when production advances were minimal.

The world-wide recession was well underway long before the October War.

It was the unilateral pursuit of a restrictive monetary policy to combat inflation in the industrialized countries which precipitated this recession -- not the energy crisis.

What the energy crisis did do is overwhelm governmental efforts to rollback inflation. In combination with the world-wide food crisis, the energy crisis:

- Forced prices everywhere up at double-digit rates;
- Forced us much deeper into the recession;
- Created the worst of all possible economic worlds, a deep recession and soaring inflation together;
- And it forced us to question -- and question seriously -- the effectiveness of traditional economic policies; the energy crisis has changed the rules governing economic policy decision-making.

When energy and food bills soared, they only made matters worse by increasing the depth and duration of the recession.

It is all too easy to blame the recession on OPEC or high food prices -- Arabs and farmers are easy targets.

To be sure, oil and food are important factors in the inflation-recession scenario. But they are not the whole story.

Mutually reinforcing deflationary policies were a key factor. They deprived us of any opportunity to offset the effects of massive energy price increases on our economy.

In other words, the energy crisis has disguised the harm of uncoordinated, deflationary policies in the industrialized countries.

The go-it-alone practices of the past can only lead to unconscionable levels of unemployment and inflation.

Yet, coordinating domestic and economic decisions at the international level is a formidable task. It cannot be carried out by experts alone. It will take time.

It requires basic political decisions by political leaders.

The magnitude of the political and economic decisions necessary for coordination will require the attention of the heads of government, of political leaders who must bear the ultimate responsibility for these decisions.

Therefore, I propose that an economic summit conference be convened soon to bring together the heads of governments of the industrialized nations of North America, Europe and Japan to discuss the specific coordination of their domestic economic policies.

It is essential that they discuss and arrive at acceptable policies in the field of energy, food, employment, trade and credits, with the specific purpose of developing a strategy for rapid and sound economic recovery with a minimum of inflation.

The economic summit conference can also focus attention on other questions of how industrialized economies should deal with trade barriers and international monetary reform.

But the summit should not be a substitute for the already existing dialogue on these matters.

Rather, its role would be to highlight and complement such discussions.

Nor should the convening of such a summit conference interfere with the continuing efforts of industrialized nations to engage the OPEC nations and the developing world in constructive and cooperative dialogue. Clearly, coordination of domestic economic policies within the OECD can only lead to a more rapid growth of markets for both OPEC and Third World countries. And one of the key issues of a summit should be how to integrate the developed countries' aid and other policies of benefit to the Third World.

The summit will benefit all trading nations. It should not be seen by either developing nations or OPEC as a step toward economic confrontation.

The aim of the economic summit conference which I am proposing is a more rapid and sustained economic recovery.

A recovery which could benefit the industrialized and developing world.

But let me issue a warning now. Recovery in America, Europe and Japan could be slowed or even reversed by selfish or short-sighted actions by the oil-producing nations.

Rumors abound that the OPEC nations will again increase the price of oil soon by 10 to 15 percent.

If another large OPEC price increase is added to the unwise step urged by President Ford to decontrol domestic oil, changes for rapid economic recovery will be damaged and delayed.

We must remind OPEC that large oil price increases can only have a destructive impact on the foreign economies in which they have so heavily invested, and on Third World economies already shaken by rising energy bills.

All importing nations must bring every reasonable influence they can command to prevent excessive oil price increases. But most of all they must work together to reduce energy consumption and increase energy production. Doing this will improve their bargaining leverage in the world oil market. It will also permit them to regain control of their economic destiny.

There is no other alternative.

But America's economic interdependence reaches beyond the range of shared problems with the industrialized world. We must not forget the urgent problems of over one billion of the world's poor in the urban slums and rural villages of the developing world.

Their poverty diminishes the hope of world peace and economic security. The great waste of human resources magnifies the loss in global productive capacity -- food not grown, factories not built, minerals not extracted, markets not developed. It is a political, economic and moral imperative that all address the growing disparity between rich and poor nations.

I am encouraged by the progress made at the Seventh Special Session of the United Nations earlier this month.

The American position was positive and constructive. It is clear that we have moved back considerably from the threshold of confrontation. In fact, I believe that this UN session marked an extraordinary breakthrough in relations between the developing and industrialized world.

I want our country, in cooperation with others, to play a responsible role in the creation of a developing strategy designed to meet the needs of the poorest people in the poorest nations.

The cornerstone of any attack on global poverty is increased food production. We must act now with other nations to help the food deficit countries achieve a greater food self-sufficiency.

Unless we act soon it is estimated that the world food deficit by 1985 might run as high as 72 million tons of grain. It could be as low as 16 million tons if prompt action is taken.

Increased food production requires increased investment in agriculture. Most of the capital must come from the developing countries. But some must come from outside -- from bilateral aid, the World Bank and other existing multilateral institutions, and the proposed new International Agricultural Development Fund.

I have joined twenty-five other Senators and Congressmen of both political parties in proposing that repayments on past U.S. AID loans -- which would otherwise go to general receipts of the Treasury -- be used to finance the proposed U.S. annual contribution of \$200 million to this Fund. This will ensure that our contribution is a new addition to existing aid, not a mere reshuffling of resources from one channel to another. Only if this is clearly the U.S. intent can we expect other potential donors to follow suit.

The development of a more self-sufficient food policy for the Third World should be accompanied by creation of a world food policy in which the United States can and should play a major role.

The components of this policy must be international food reserves and a full and free exchange of food production and marketing information.

Many centuries ago, governments found it desirable to establish food reserves to cushion the impact of sudden shortages in supplies.

The United States does not yet have a food reserve policy.

As a result, consumers and farmers are on the crack end of the world food whip. We are exposed to a shocking degree of price fluctuation. I can think of few acts which would go as far in recognizing our interdependence as the creation of a national food policy with food reserves. Farm income could be maintained and at the same time adequate reserves could meet our domestic needs as well as insure our steady customers adequate exports and guard against famine in the poor countries.

We need reserves not only in the United States but in other countries as well. It is important to recognize that the world can no longer depend on the U.S. to be the sole food reserve country. The burden must be shared.

The development of an international food reserve system in which both exporting and importing countries participate is a priority matter on the international agenda.

Food policy and its impact upon both domestic and foreign economic policy has been highlighted by the recent difficulties in the Soviet grain purchases.

The attention of the public has been focused on the purchase of American grain by the Russians -- but the grain export picture

is much more complex and more extensive than just another Russian grain deal. Food supply is a world-wide problem. A shortage of food in any area affects the supply and price for all nations. Therefore, bilateral arrangements between the U.S. and the Soviet Union, while hopefully providing a more stable export policy between our two countries -- and surely to be desired -- is no substitute for an overall system of international food reserves.

Also, any long-term American agreement with the Soviet Union must require them to participate in a food early warning system -- where information on food supplies and crop prospects is provided.

The United States should not permit easy, penalty-free access to our food supply by any nation unwilling to provide consistently complete and accurate information on the conditions of their own crops and food needs.

The ultimate goal of a nation's foreign policy is to provide for the security and well being of its people. I do not believe we can attain these fundamental goals unless we embark on a course which fosters greater cooperation among nations to solve common problems.

The economic facts of life are such that we can no longer go it alone.

Leaders at all levels of government and in community service have a responsibility to guide and educate our people towards a better understanding of the stake we have in global interdependence and cooperation.

Here in the Midwest, the Council of Foreign Relations is doing a superb job of leadership towards this goal.

Americans are not becoming isolationists. In fact, according to pollster Lou Harris, 67 percent of the American people feel it is important to cooperate with other nations in the fields of food, energy and inflation control. The poll conducted recently by the Council on Foreign Relations confirms this trend.

Our leaders should heed the council and good sense of the people.

Yes, we are preoccupied with our own domestic concerns -- our economy, our cities, our race relations. But the American people know that domestic problems cannot be solved in isolation from the larger problems of our globe.

My dear friend and one of this state's truly great men, the late Adlai Stevenson, often referred to the world as "this spaceship earth." He was a firm believer in the notion of the earth as a huge spaceship moving through the universe. It was his unique way of discussing global interdependence -- the need for cooperation and coordination among nations.

We have now reached the moment in our history when the security and prosperity of this Republic are linked inextricably to others.

We have not lost our independence or sovereignty. We have gained a better sense of who we are and how our lives are linked to others beyond our shores.

The Bicentennial of our independence can and must remind us of our interdependence.

We are on the verge of a new era -- a new internationalism. Let us summon all of our wisdom and the maturity which we possess as a nation and people to take advantage of the challenge.

There is no better way for me to characterize the opportunity at hand than to turn to the words of one of America's greatest statesmen -- Abraham Lincoln. Lincoln said that:

The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty and we must rise to the occasion. As our cause is new so we must think anew and act anew. We must disenthrall ourselves ...

This is a different world than it was 100 or even 25 years ago. There are rising expectations in both the industrialized and developing world. It is our task to realize this -- to plan for the future and to do it together.

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REMARKS BY SENATOR HUBERT H. HUMPHREY

"AMERICA'S FOREIGN POLICY: THE CHALLENGE OF CHANGE

CHICAGO, ILLINOIS

SEPTEMBER 22, 1975

^{Wilson}
Mr. Frost —
Mr. Kelly —

Lecture - or speech
Ches Council on Foreign Relations

CHICAGO IS A GOOD PLACE TO DISCUSS THE FUTURE OF
AMERICA'S FOREIGN POLICY AND THE CHALLENGES OF CHANGE.

↳ THIS GREAT CITY OF AMERICA'S HEARTLAND IS AN
INTERNATIONAL CITY:

- A CITY OF FINANCE AND WORLD TRADE,
- A CITY OF INTERNATIONAL RESEARCH AND LEARNING,
- AN INTERNATIONAL CENTER FOR ART, MUSIC, LITERATURE

AND CREATIVE THOUGHT.

↳ ~~Yes~~ CHICAGO LOOKS BEYOND OUR NATIONAL BORDERS FOR
ECONOMIC AND INTELLECTUAL SUSTENANCE. BECAUSE OF THIS
BASIC FACT OF YOUR CITY, I WANT TO SHARE MY THOUGHTS WITH
YOU ABOUT AMERICA'S ROLE IN A CHANGING WORLD.

↳ ONE OF THE MOST FUNDAMENTAL, FAR REACHING CHANGES
IN AMERICAN FOREIGN POLICY BEGAN AT THE END OF THE LAST
DECADE AND IS STILL OCCURRING TODAY.

I SPEAK OF THE GROWING IMPORTANCE OF ECONOMIC POLICY
AS THE CENTRAL FOCUS OF OUR FOREIGN POLICY,

IT NOW HAS BEGUN TO OVERSHADOW SOME OF OUR MORE
TRADITIONAL STRATEGIC AND MILITARY CONCERNS. To be sure,
POLICY MAKERS MUST STILL BE CONCERNED WITH SECURITY MATTERS
AS THEY RELATE TO MAINTAINING ALLIANCES, DEALING WITH OTHER
SUPERPOWERS AND MEDIATING REGIONAL CONFLICTS.

BUT THE BASIC THRUST OF AMERICA'S FOREIGN POLICY
IS NOW SHIFTING.

TODAY, GREATER ECONOMIC SECURITY FOR ALL NATIONS IS AS
VITAL TO WORLD PEACE AS IS THE END OF THE NUCLEAR ARMS RACE.

AND SUCH SECURITY CAN ONLY BE ACHIEVED WITH POLICIES WHICH
RECOGNIZE THE IMPERATIVE OF GLOBAL INTERDEPENDENCE.

THE ^{Battles} ~~ISSUES~~ AGAINST RECESSION, INFLATION AND UNEMPLOYMENT

HAVE BECOME AS IMPORTANT TO NATIONS AS THE MAINTENANCE OF
THEIR DEFENSE CAPABILITIES,

↳ THE MANAGEMENT OF GLOBAL RESOURCES, THE FREE AND ASSURED
FLOW OF COMMODITIES, AND THE ERADICATION OF HUNGER AND
DISEASE ~~ARE BECOMING~~ ^{must become} THE CENTRAL ISSUES OF AMERICAN FOREIGN
POLICY,

↳ THE AMERICAN PEOPLE HAVE BEGUN TO UNDERSTAND THIS
IMPORTANT CHANGE AND WHAT IT MEANS FOR OUR LIVES,

↳ I KNOW THAT MANY OF THIS COMMUNITY'S ^{most} DISTINGUISHED
CITIZENS AND MEMBERS OF THE COUNCIL ON FOREIGN RELATIONS --
MEN SUCH AS GEORGE SHULTZ, PETER PETERSON, ROBERT
INGERSOLL AND MANY OTHERS -- HAVE BEEN IN THE FOREFRONT
OF PUBLIC LEADERSHIP ON THESE CRITICAL POLICY ISSUES,

~~IN AMERICA~~ WE ARE BEGINNING TO RECOGNIZE THAT OUR
ECONOMIC WELL-BEING DEPENDS UPON OTHERS AS WELL AS
OURSELVES.

~~TO BE FRANK~~ IN THE PAST, IT'S BEEN EASY FOR US TO GO
OUR OWN WAY.

WE ARE BLESSED WITH ABUNDANT RESOURCES, WE ARE THE
WORLD'S BREAD BASKET, WE HAVE BEEN SPARED THE DESTRUCTIVE
RAVAGES -- THE PHYSICAL DAMAGES -- OF WAR FOR GENERATIONS,

THOUGH TRAUMATIZED BY THE TRAGEDY OF VIETNAM, THE CRISIS
OF WATERGATE AND SERIOUS DOMESTIC ECONOMIC PROBLEMS OF
INFLATION AND RECESSION, AMERICA HAS BEGUN TO RECOGNIZE
THE BASIC FACT OF ITS INTERDEPENDENCE,

A NEW INTERNATIONALISM HAS BEGUN TO MOLD THE WORLD
VIEW OF THE AMERICAN PEOPLE. EXPERTS IN PUBLIC OPINION
CONFIRM THIS PHENOMENON.

h THE NEW INTERNATIONALISM OF THE MID-DECADE IS NOT

late 70s

ANYTHING LIKE THE INTERNATIONALISM OF THE COLD WAR ERA.

h THAT OUTLOOK WAS FOUNDED ON ANTI-COMMUNISM, FEAR OF WORLD

WAR AND THE DOMINANCE OF TRADITIONAL SECURITY CONSIDERATIONS.

h THE NEW INTERNATIONALISM RESTS ON TWO GROUNDS:

(1) h FIRST, THE UNITED STATES NO LONGER POSSESSES THE POWER
TO REMAIN IMMUNE FROM ECONOMIC FLUCTUATIONS ABROAD. / THE

ENERGY CRISIS AND THE DEVALUATION OF THE DOLLAR ARE SHARP
REMINDERS OF THIS FACT.

h WE ARE BEGINNING TO UNDERSTAND THAT OUR DOMESTIC

PROBLEMS CANNOT BE SOLVED WITHOUT ACTING IN CONCERT WITH

OTHERS.

2 SECOND, THE NEW INTERNATIONALISM ALSO RESTS ON A

RECOGNITION OF OUR HUMANITARIAN OBLIGATION TO OTHERS IN

THE COMMON STRUGGLE FOR GREATER ECONOMIC AND SOCIAL JUSTICE.

L BUT AMERICAN FOREIGN POLICY HAS BEEN SLOW TO REFLECT

THESE IMPORTANT CHANGES IN THE WAY THAT NATIONS AND PEOPLES

PERCEIVE THEIR INTERESTS.

L THE IMPERATIVES OF INTERDEPENDENCE DEMAND MORE THAN
or casual + Part-time emphasis.
RHETORIC. THEY DEMAND THE CREATION OF AN AMERICAN ECONOMIC

POLICY -- A POLICY WHICH ACTUALLY INTEGRATES DOMESTIC AND

FOREIGN ECONOMIC POLICY INTO A COHERENT WHOLE.

L THE OLD DISTINCTION ~~WAS~~ BETWEEN DOMESTIC AND FOREIGN

POLICY IS FAST DISAPPEARING. / YET OUR INSTITUTIONS OF

GOVERNMENT STRUGGLE TO KEEP THESE TWO ISSUES APART WHEN THEY

NEED TO BE MADE ONE.

h NO EVENT OR DECISION OF ANY SIGNIFICANCE CAN OCCUR ON THE
DOMESTIC SIDE OF THE AMERICAN ECONOMY WITHOUT INTERNATIONAL
IMPLICATIONS AND SIGNIFICANT ECONOMIC EVENTS ABROAD HAVE AN
IMMEDIATE IMPACT *here, in America.*

h YET THE EXECUTIVE BRANCH AND THE CONGRESS ARE SHAMEFULLY
FRAGMENTED AND CAN'T EVEN BEGIN TO COPE WITH THE NEED FOR AN
INTEGRATED FOREIGN AND DOMESTIC ECONOMIC POLICY. IN 1975 WE
ORGANIZE OUR DECISION MAKING AS IF THE DATE WERE 1955.

-- WE FORGET THE DISASTER OF A SOYBEAN EMBARGO WHERE WE
TRIED TO PREVENT INFLATION AT HOME BUT DAMAGED OUR RELATIONS
WITH A MAJOR PACIFIC POWER AND VALUED CUSTOMER.

h -- WE FORGET THAT THE GLOBAL INFLATIONARY BOOM WAS FUELED
BY OUR INATTENTION TO ECONOMIC EVENTS IN EUROPE AND JAPAN.

L-- WE FORGET THE DISASTROUS EFFECTS OF THE FIRST RUSSIAN
GRAIN DEAL WHEN FOREIGN POLICY NEEDS WERE PUT BEFORE DOMESTIC
ECONOMIC CONSIDERATIONS.

L-- WE FAILED TO COMPREHEND THE GROWING WORLD FOOD SHORTAGE
AND ITS IMPACT AT HOME AND ABROAD.

L-- WE ~~WERE~~ *have been living* IN A WORLD OF WISHFUL THINKING ABOUT ENERGY
AND IN PARTICULAR, OIL, DESPITE REPEATED WARNINGS OF TROUBLE AHEAD.

L THESE AND OTHER MISTAKES REVEAL GROWING INTERDEPENDENCE.

L THEY POINT AS WELL TO THE CRITICAL NEED TO DEVELOP AN AMERICAN
ECONOMIC POLICY WHICH RECOGNIZES THE INSEPARABILITY OF FOREIGN
AND DOMESTIC ECONOMIC POLICIES.

L IT IS INDEED IRONIC THAT THE UNITED STATES IS MORE
PREOCCUPIED WITH ITS TRADE AND COMMERCIAL INTERESTS IN
THE SOVIET UNION THAN WE ARE IN OUR RELATIONS WITH THE
INDUSTRIALIZED WEST OR THE DEVELOPING WORLD.

HAVE WE LOST OUR PERSPECTIVE? I BELIEVE THAT WE HAVE.

L DURING THE FIRST SIX MONTHS OF THIS YEAR, U.S. EXPORTS
TO THE SOVIET UNION AMOUNTED TO APPROXIMATELY \$520 MILLION.

THIS FIGURE IS RATHER INSIGNIFICANT WHEN WE LOOK AT OUR TRADE

OVER THE SAME SIX MONTHS OF 1975 WITH OUR REGULAR CUSTOMERS:

-- JAPAN: \$4.9 BILLION

Canada?

-- WEST GERMANY: \$2.6 BILLION

-- ENGLAND: \$2.4 BILLION

-- BRAZIL: \$1.4 BILLION

L IT IS INTERESTING TO NOTE THAT WE EXPORTED MORE TO INDIA
OR SWITZERLAND DURING THIS PERIOD THAN WE DID TO THE SOVIET UNION.

L BUT A RUSSIAN WHEAT DEAL AND THE POSSIBILITY OF
ANOTHER ONE HAS FORCED US TO BEGIN TO THINK SERIOUSLY ABOUT
AN INTEGRATED ECONOMIC POLICY WITH THE SOVIET UNION.

L HOWEVER, OUR POLICIES WITH THE INDUSTRIALIZED WORLD ARE
STILL REACTIVE L WE RUSH ABOUT THE WORLD SCENE LIKE FIREMEN
RUNNING FROM ONE BLAZE TO THE NEXT.

L THE NEED FOR THE FORMULATION OF AN AMERICAN ECONOMIC
POLICY IS CRITICAL L WE CANNOT WAIT FOR ANOTHER ECONOMIC CRISIS
TO PROVIDE AN EXCUSE FOR ACTION. An American Economic
~~THE DEVELOPMENT OF THIS~~ POLICY
MUST BEGIN WITH OUR TRADITIONAL TRADING PARTNERS IN THE
INDUSTRIALIZED NATIONS, BUT IT MUST PLACE MUCH GREATER EMPHASIS,
THAN IN THE PAST, UPON THE RELATIONSHIPS OF THE INDUSTRIALIZED
ECONOMIES WITH THE SO-CALLED THIRD WORLD.

L IT IS THE DEVELOPING COUNTRIES THAT REPRESENT FUTURE MARKETS.

L IT IS THESE AREAS WHERE RICH AND ABUNDANT RAW MATERIALS ARE TO
BE FOUND AND DEVELOPED L WE NEED THEM, EVEN AS THEY NEED US.

THE UNITED STATES, WESTERN EUROPE AND JAPAN ARE NOW SUFFERING THROUGH A RECESSION WITH MANY OF THE SAME PROBLEMS,

↳ ALL OF US ARE AFFLICTED WITH INFLATION.

↳ ALL OF US ARE PLAGUED BY UNACCEPTABLE LEVELS OF
UNEMPLOYMENT.

↳ ALL OF US ARE HAVING A DIFFICULT TIME OF COMBATTING THESE PROBLEMS WITH TRADITIONAL ECONOMIC PRACTICES.

↳ BUT LET'S BE FRANK ABOUT IT -- AMERICA, EUROPE AND JAPAN PURSUE DOMESTIC ECONOMIC POLICIES INDEPENDENT OF ONE ANOTHER.

↳ THEY DO SO, DESPITE THE FACT, THAT ECONOMIC INTERDEPENDENCE AMONG THEM HAS BECOME SO GREAT THAT THE BUSINESS CYCLES OF BOOM
AND BUST ARE MAGNIFIED BY THEIR LACK OF COORDINATION -- OR EVEN
EFFECTIVE ECONOMIC DIALOGUE ABOUT FUTURE PLANS.

↳ LET'S TAKE A LOOK AT HOW THIS PROCESS ACTUALLY WORKS.

1971, 1972 AND MOST OF 1973 WERE GOOD YEARS ACROSS EUROPE,
NORTH AMERICA AND JAPAN. ~~THIS WAS BECAUSE~~ ECONOMIC POLICY
MAKERS HAD BEEN PURSUING POLICIES OF ALL-OUT GROWTH WITHOUT
BOTHERING TO ADD UP THE CUMULATIVE EFFECT OF THEIR DECISIONS.

THE RESULT: THESE COUNTRIES WERE CONFRONTED WITH RISING
RATES OF INFLATION. INFLATION REACHED 17 PERCENT IN FRANCE,
A RELATIVELY HIGH 8 PERCENT IN GERMANY, AND 10 PERCENT IN
JAPAN.

THE SOLUTION TO THIS PROBLEM? THE OLD ECONOMIC RELIGION --
TIGHTEN UP THE MONEY SUPPLY AND HIKE UP INTEREST RATES.

AND THAT'S WHAT WE DID *here in the U.S.*

EACH NATION DID IT UNILATERALLY.

WE DID IT WITHOUT CONSULTING ONE ANOTHER. IMPORTANT
DECISIONS WERE MADE IN A VACUUM.

WE EITHER HAD THE ARROGANCE OR IGNORANCE TO DISREGARD
THE IMPACT OF THOSE DECISIONS ON ONE ANOTHER. THE CUMULATIVE
EFFECT OF DEFLATIONARY DECISIONS -- LIKE THOSE OF EARLIER
INFLATIONARY DECISIONS -- OUTRAN EXPECTATIONS.

↳ THEY FED AND REINFORCED ONE ANOTHER.

↳ MONETARY SUPPLY GROWTH IN AMERICA FELL TO 6 PERCENT
IN 1973 FROM A 9 PERCENT LEVEL THE PREVIOUS YEAR.

↳ IN FRANCE, THE GROWTH OF MONEY WAS SLASHED BY MORE THAN
HALF -- FROM 19 PERCENT IN 1972 TO 9 PERCENT IN 1973.

↳ AND IN GERMANY, BANKING AUTHORITIES CUT MONETARY GROWTH
IN 1973 TO A DEPRESSION LEVEL OF 1 PERCENT FROM AN AVERAGE OF
16 PERCENT THE YEAR BEFORE.

↳ TAKEN INDIVIDUALLY, THESE POLICIES MEANT A SLOW-DOWN
IN ECONOMIC GROWTH -- NOT A CESSATION.

L IN COMBINATION, THEY SLOWED ECONOMIC GROWTH FAR BEYOND
THEIR INDIVIDUAL SIGNIFICANCE.

L THE RESULT WAS WORLD-WIDE RECESSION. L A RECESSION FROM
WHICH THE UNITED STATES IS BARELY RECOVERING AND WITH WHICH
EUROPE AND JAPAN ARE STILL STRUGGLING. L A RECESSION WHICH COULD
EASILY STRIKE THE AMERICAN ECONOMY ONCE AGAIN.

now MANY PEOPLE BELIEVE THAT THIS RECESSION HAS ITS ROOTS
IN THE ENERGY CRISIS. BUT LET'S TAKE A LOOK AT THE FACTS.

L THE ENERGY CRISIS DID NOT OCCUR UNTIL THE FINAL MONTHS
OF 1973 WITH THE EMBARGO AND THE OPEC PRICE HIKE.

L YET, IN CANADA, FRANCE AND GERMANY INDUSTRIAL PRODUCTION
STARTED TO DECLINE IN EARLY 1973.

L IN ENGLAND, THE DECLINE BEGAN IN THE SECOND QUARTER OF
1973.

AND IN THE UNITED STATES THERE WERE WARNING SIGNS IN
THE SECOND QUARTER OF 1973 WHEN PRODUCTION ADVANCES WERE
MINIMAL.

L THE WORLD-WIDE RECESSION WAS WELL UNDERWAY LONG BEFORE
THE OCTOBER WAR.

L IT WAS THE UNILATERAL PURSUIT OF A RESTRICTIVE MONETARY
POLICY TO COMBAT INFLATION IN THE INDUSTRIALIZED COUNTRIES
WHICH PRECIPITATED THIS RECESSION ~~AND THE ENERGY CRISIS~~

L WHAT THE ENERGY CRISIS DID DO IS OVERWHELM GOVERNMENTAL
EFFORTS TO ROLLBACK INFLATION. IN COMBINATION WITH THE
WORLD-WIDE FOOD CRISIS, THE ENERGY CRISIS:

- FORCED PRICES EVERYWHERE UP AT DOUBLE-DIGIT RATES;
- FORCED US MUCH DEEPER INTO THE RECESSION;
- CREATED THE WORST OF ALL POSSIBLE ECONOMIC WORLDS,
A DEEP RECESSION AND SOARING INFLATION TOGETHER;

-- AND IT FORCED US TO QUESTION -- AND QUESTION SERIOUSLY --

THE EFFECTIVENESS OF TRADITIONAL ECONOMIC POLICIES. THE ENERGY

CRISIS HAS CHANGED THE RULES GOVERNING ECONOMIC POLICY

DECISION-MAKING.

L WHEN ENERGY AND FOOD BILLS SOARED, THEY ONLY MADE MATTERS

WORSE BY INCREASING THE DEPTH AND DURATION OF THE RECESSION.

L *But it is so*
~~IT IS ALL TOO~~ EASY TO BLAME THE RECESSION ON OPEC OR

HIGH FOOD PRICES -- ARABS AND FARMERS ARE EASY TARGETS.

L TO BE SURE, OIL AND FOOD ARE IMPORTANT FACTORS IN THE

INFLATION-RECESSION SCENARIO. BUT THEY ARE NOT THE WHOLE

STORY.

L ~~THE~~ MUTUALLY REINFORCING DEFLATIONARY POLICIES WERE ^{the} KEY

FACTOR. THEY DEPRIVED US OF ANY OPPORTUNITY TO OFFSET THE

EFFECTS OF MASSIVE ENERGY PRICE INCREASES ON OUR ECONOMY.

IN OTHER WORDS, THE ENERGY CRISIS HAS DISGUISED THE
HARM OF UNCOORDINATED, DEFLATIONARY POLICIES IN THE
INDUSTRIALIZED COUNTRIES.

THE GO-IT-ALONE PRACTICES OF THE PAST CAN ONLY LEAD TO
UNCONSCIONABLE LEVELS OF UNEMPLOYMENT AND INFLATION.

L YET, COORDINATING DOMESTIC AND ECONOMIC DECISIONS AT
THE INTERNATIONAL LEVEL IS A FORMIDABLE TASK. IT CANNOT
BE CARRIED OUT BY EXPERTS ALONE *and* IT WILL TAKE TIME.

L IT REQUIRES BASIC POLITICAL DECISIONS BY POLITICAL
LEADERS.

THE MAGNITUDE OF THE POLITICAL AND ECONOMIC DECISIONS
NECESSARY FOR COORDINATION WILL REQUIRE THE ATTENTION OF
THE HEADS OF GOVERNMENT ~~OR POLITICAL LEADERS~~ WHO MUST BEAR
THE ULTIMATE RESPONSIBILITY FOR THESE DECISIONS.

THEREFORE, I PROPOSE THAT AN ECONOMIC SUMMIT CONFERENCE
BE CONVENED ~~SOON~~ TO BRING TOGETHER THE HEADS OF GOVERNMENTS OF THE
INDUSTRIALIZED NATIONS OF NORTH AMERICA, EUROPE AND JAPAN TO
DISCUSS THE SPECIFIC COORDINATION OF THEIR DOMESTIC ECONOMIC
POLICIES.

↳ IT IS ESSENTIAL THAT THEY DISCUSS AND ARRIVE AT
ACCEPTABLE POLICIES IN THE FIELD OF ENERGY, FOOD, EMPLOYMENT,
TRADE AND CREDITS, WITH THE SPECIFIC PURPOSE OF DEVELOPING
A STRATEGY FOR RAPID AND SOUND ECONOMIC RECOVERY WITH A
MINIMUM OF INFLATION.

↳ THE ECONOMIC SUMMIT CONFERENCE CAN ALSO FOCUS ATTENTION
ON OTHER QUESTIONS OF HOW INDUSTRIALIZED ECONOMIES SHOULD DEAL
WITH TRADE BARRIERS AND INTERNATIONAL MONETARY REFORM.

L BUT, THE SUMMIT SHOULD NOT BE A SUBSTITUTE FOR THE ALREADY
EXISTING DIALOGUE ON THESE MATTERS.

L RATHER, ITS ROLE WOULD BE TO HIGHLIGHT AND COMPLEMENT SUCH
DISCUSSIONS.

L NOR SHOULD THE CONVENING OF SUCH A SUMMIT CONFERENCE
INTERFERE WITH THE CONTINUING EFFORTS OF INDUSTRIALIZED NATIONS
TO ENGAGE THE OPEC NATIONS AND THE "DEVELOPING WORLD" IN CONSTRUCTIVE
AND COOPERATIVE DIALOGUE. L CLEARLY, COORDINATION OF DOMESTIC
ECONOMIC POLICIES WITHIN THE OECD CAN ONLY LEAD TO A MORE
RAPID GROWTH OF MARKETS FOR BOTH OPEC AND THIRD WORLD COUNTRIES.

L AND ONE OF THE KEY ISSUES OF A SUMMIT SHOULD BE HOW TO
INTEGRATE THE DEVELOPED COUNTRIES' AID AND OTHER POLICIES OF
BENEFIT TO THE THIRD WORLD.

L THE SUMMIT WILL BENEFIT ALL TRADING NATIONS. IT SHOULD NOT BE SEEN BY EITHER DEVELOPING NATIONS OR OPEC AS A STEP TOWARD ECONOMIC CONFRONTATION.

THE AIM OF THE ECONOMIC SUMMIT CONFERENCE WHICH I AM PROPOSING IS A MORE RAPID AND SUSTAINED ECONOMIC RECOVERY.

L A RECOVERY WHICH COULD BENEFIT THE INDUSTRIALIZED AND DEVELOPING WORLD.

BUT LET ME ISSUE A WARNING NOW, L RECOVERY IN AMERICA, EUROPE AND JAPAN COULD BE SLOWED OR EVEN REVERSED BY SELFISH OR SHORT-SIGHTED ACTIONS BY THE OIL-PRODUCING NATIONS.

L RUMORS ABOUND THAT THE OPEC NATIONS WILL AGAIN INCREASE THE PRICE OF OIL ~~BY 10 TO 15 PERCENT~~.

L IF ANOTHER LARGE OPEC PRICE INCREASE IS ADDED TO THE
UNWISE STEP URGED BY PRESIDENT FORD TO DECONTROL DOMESTIC
OIL, CHANGES FOR RAPID ECONOMIC RECOVERY WILL BE DAMAGED AND
DELAYED.

Therefore
L WE MUST REMIND OPEC THAT LARGE OIL PRICE INCREASES CAN
ONLY HAVE A DESTRUCTIVE IMPACT ON THE FOREIGN ECONOMIES IN
WHICH THEY HAVE SO HEAVILY INVESTED, AND ON THIRD WORLD
ECONOMIES ALREADY SHAKEN BY RISING ENERGY BILLS,

~~L ALL IMPORTING NATIONS MUST BRING EVERY REASONABLE
INFLUENCE THEY CAN COMMAND TO PREVENT EXCESSIVE OIL PRICE
INCREASES. BUT MOST OF ALL THEY MUST WORK TOGETHER TO REDUCE
ENERGY CONSUMPTION AND INCREASE ENERGY PRODUCTION. DOING THIS
WILL IMPROVE THEIR BARGAINING LEVERAGE IN THE WORLD OIL MARKET.
IT WILL ALSO PERMIT THEM TO REGAIN CONTROL OF THEIR ECONOMIC
DESTINY.~~

L THERE IS NO OTHER ALTERNATIVE.

BUT AMERICA'S ECONOMIC INTERDEPENDENCE REACHES BEYOND

THE RANGE OF SHARED PROBLEMS WITH THE INDUSTRIALIZED WORLD.

L WE MUST NOT FORGET THE URGENT PROBLEMS OF OVER ONE BILLION

OF THE WORLD'S POOR IN THE URBAN SLUMS AND RURAL VILLAGES

OF THE DEVELOPING WORLD.

L THEIR POVERTY DIMINISHES THE HOPE OF WORLD PEACE AND

ECONOMIC SECURITY. THE GREAT WASTE OF HUMAN RESOURCES

MAGNIFIES THE LOSS IN GLOBAL PRODUCTIVE CAPACITY -- FOOD

NOT GROWN, FACTORIES NOT BUILT, MINERALS NOT EXTRACTED,

MARKETS NOT DEVELOPED. IT IS A POLITICAL, ECONOMIC AND

MORAL IMPERATIVE THAT ~~we~~ ^{we and others} ADDRESS THE GROWING DISPARITY

BETWEEN RICH AND POOR NATIONS.

I AM ENCOURAGED BY THE PROGRESS MADE AT THE SEVENTH
SPECIAL SESSION OF THE UNITED NATIONS EARLIER THIS MONTH.

THE AMERICAN POSITION WAS POSITIVE AND CONSTRUCTIVE.

IT IS CLEAR THAT WE HAVE MOVED BACK CONSIDERABLY FROM THE
THRESHOLD OF CONFRONTATION. IN FACT, I BELIEVE THAT THIS

UN SESSION MARKED AN EXTRAORDINARY BREAKTHROUGH IN
RELATIONS BETWEEN THE DEVELOPING AND INDUSTRIALIZED WORLD.

I WANT OUR COUNTRY, IN COOPERATION WITH OTHERS, TO
PLAY A RESPONSIBLE ROLE IN THE CREATION OF A DEVELOPMENT

STRATEGY DESIGNED TO MEET THE NEEDS OF THE POOREST PEOPLE
IN THE POOREST NATIONS. — and —

THE CORNERSTONE OF ANY ATTACK ON GLOBAL POVERTY
IS INCREASED FOOD PRODUCTION. WE MUST ACT NOW WITH OTHER
NATIONS TO HELP THE FOOD DEFICIT COUNTRIES ACHIEVE A GREATER
FOOD SELF-SUFFICIENCY.

UNLESS WE ACT SOON IT IS ESTIMATED THAT THE WORLD FOOD DEFICIT BY 1985 MIGHT RUN AS HIGH AS 72 MILLION TONS OF GRAIN. IT COULD BE AS LOW AS 16 MILLION TONS IF PROMPT ACTION IS TAKEN.

But INCREASED FOOD PRODUCTION REQUIRES INCREASED INVESTMENT

IN AGRICULTURE MOST OF THE CAPITAL MUST COME FROM THE DEVELOPING COUNTRIES BUT SOME MUST COME FROM OUTSIDE -- FROM BILATERAL AID, THE WORLD BANK AND OTHER EXISTING MULTILATERAL INSTITUTIONS, AND THE PROPOSED NEW INTERNATIONAL AGRICULTURAL DEVELOPMENT FUND.

I HAVE JOINED TWENTY-FIVE OTHER SENATORS AND CONGRESSMEN OF BOTH POLITICAL PARTIES IN PROPOSING THAT REPAYMENTS ON PAST U.S. AID LOANS -- WHICH WOULD OTHERWISE GO TO GENERAL RECEIPTS OF THE TREASURY -- BE USED TO FINANCE THE PROPOSED U.S. ANNUAL CONTRIBUTION OF \$200 MILLION TO THIS FUND. THIS WILL ENSURE

THAT OUR CONTRIBUTION IS A NEW ADDITION TO EXISTING AID, NOT

A MERE RESHUFFLING OF RESOURCES FROM ONE CHANNEL TO ANOTHER,

L ONLY IF THIS IS CLEARLY THE U.S. INTENT CAN WE EXPECT OTHER POTENTIAL

DONORS TO FOLLOW SUIT,

L THE DEVELOPMENT OF A MORE SELF-SUFFICIENT FOOD POLICY FOR THE THIRD WORLD SHOULD BE ACCOMPANIED BY CREATION OF

A WORLD FOOD POLICY IN WHICH THE UNITED STATES CAN AND SHOULD

PLAY A MAJOR ROLE,

L THE COMPONENTS OF THIS POLICY MUST BE ^{an} INTERNATIONAL

FOOD RESERVES AND A FULL AND FREE EXCHANGE OF FOOD PRODUCTION AND MARKETING INFORMATION,

L MANY CENTURIES AGO, GOVERNMENTS FOUND IT DESIRABLE TO ESTABLISH FOOD RESERVES TO CUSHION THE IMPACT OF SUDDEN SHORTAGES IN SUPPLIES,

L THE UNITED STATES DOES NOT YET HAVE A ^{national} FOOD RESERVE POLICY.

L AS A RESULT, CONSUMERS AND FARMERS ARE ON THE CRACK

END OF THE WORLD FOOD WHIP. L WE ARE EXPOSED TO A SHOCKING

DEGREE OF PRICE FLUCTUATION L I CAN THINK OF FEW ACTS WHICH

WOULD GO AS FAR IN RECOGNIZING OUR INTERDEPENDENCE AS THE

CREATION OF A NATIONAL FOOD POLICY WITH FOOD RESERVES L FARM

INCOME COULD BE MAINTAINED AND AT THE SAME TIME ADEQUATE

RESERVES COULD MEET OUR DOMESTIC NEEDS AS WELL AS INSURE

OUR STEADY CUSTOMERS ADEQUATE EXPORTS AND GUARD AGAINST

FAMINE IN THE POOR COUNTRIES.

L WE NEED RESERVES NOT ONLY IN THE UNITED STATES BUT IN

OTHER COUNTRIES AS WELL. L IT IS IMPORTANT TO RECOGNIZE THAT

THE WORLD CAN NO LONGER DEPEND ON THE U.S. TO BE THE SOLE

FOOD RESERVE COUNTRY. L THE BURDEN MUST BE SHARED.

↳ THE DEVELOPMENT OF AN INTERNATIONAL FOOD RESERVE SYSTEM
IN WHICH BOTH EXPORTING AND IMPORTING COUNTRIES PARTICIPATE IS
A PRIORITY MATTER ON THE INTERNATIONAL AGENDA.

↳ FOOD POLICY AND ITS ~~IMPACT~~ IMPACT UPON BOTH DOMESTIC AND FOREIGN
ECONOMIC POLICY HAS BEEN HIGHLIGHTED BY THE RECENT DIFFICULTIES
IN THE SOVIET GRAIN PURCHASES.

↳ THE ATTENTION OF THE PUBLIC HAS BEEN FOCUSED ON THE PURCHASE OF
AMERICAN GRAIN BY THE RUSSIANS -- BUT THE GRAIN EXPORT PICTURE
IS MUCH MORE COMPLEX AND MORE EXTENSIVE THAN JUST ANOTHER RUSSIAN
GRAIN DEAL. FOOD SUPPLY IS A WORLD-WIDE PROBLEM. ↳ A SHORTAGE OF
FOOD IN ANY AREA AFFECTS THE SUPPLY AND PRICE FOR ALL NATIONS.

↳ THEREFORE, BILATERAL ARRANGEMENTS BETWEEN THE U.S. AND THE SOVIET
UNION, WHILE HOPEFULLY PROVIDING A MORE STABLE EXPORT POLICY
BETWEEN OUR TWO COUNTRIES -- AND SURELY TO BE DESIRED -- IS NO
SUBSTITUTE FOR AN OVERALL SYSTEM OF INTERNATIONAL FOOD RESERVES.

L ALSO, ANY LONG-TERM AMERICAN AGREEMENT WITH THE SOVIET UNION
MUST REQUIRE THEM TO PARTICIPATE IN A FOOD EARLY WARNING SYSTEM --
WHERE INFORMATION ON FOOD SUPPLIES AND CROP PROSPECTS IS PROVIDED,

L THE UNITED STATES SHOULD NOT PERMIT EASY, PENALTY-FREE ACCESS
TO OUR FOOD SUPPLY BY ANY NATION UNWILLING TO PROVIDE CONSISTENTLY
COMPLETE AND ACCURATE INFORMATION ON THE CONDITIONS OF THEIR OWN
CROPS AND FOOD NEEDS,

~~##~~ Summary

L THE ULTIMATE GOAL OF A NATION'S FOREIGN POLICY IS TO PROVIDE
FOR THE SECURITY AND WELL BEING OF ITS PEOPLE, L I DO NOT BELIEVE
WE CAN ATTAIN THESE FUNDAMENTAL GOALS UNLESS WE EMBARK ON A COURSE
WHICH FOSTERS GREATER COOPERATION AMONG NATIONS TO SOLVE COMMON
PROBLEMS,

L THE ECONOMIC FACTS OF LIFE ARE SUCH THAT WE CAN NO LONGER GO
IT ALONE,

LEADERS AT ALL LEVELS OF GOVERNMENT AND IN COMMUNITY SERVICE
HAVE A RESPONSIBILITY TO GUIDE AND EDUCATE OUR PEOPLE TOWARDS A
BETTER UNDERSTANDING OF THE STAKE WE HAVE IN GLOBAL INTERDEPENDENCE
AND COOPERATION.

HERE IN THE MIDWEST, THE COUNCIL OF FOREIGN RELATIONS IS DOING
A SUPERB JOB OF LEADERSHIP TOWARDS THIS GOAL.

AMERICANS ARE NOT BECOMING ISOLATIONISTS. LEADING
POLLSTERS SEE 1974 AS A TURNING POINT IN PUBLIC ATTITUDES
TOWARD AMERICA'S WORLD ROLE SINCE 1964 ISOLATIONIST SENTIMENT
HAD BEEN INCREASING THERE IS EVIDENCE NOW THAT THE TREND IS
BEING REVERSED IN 1975. ACCORDING TO POLLSTER LOU HARRIS, 67
PERCENT OF THE AMERICAN PEOPLE FEEL IT IS IMPORTANT TO COOPERATE
WITH OTHER NATIONS IN THE FIELDS OF FOOD, ENERGY AND INFLATION
CONTROL. THE POLL CONDUCTED RECENTLY BY THE COUNCIL ON FOREIGN
RELATIONS CONFIRMS THIS TREND.

OUR LEADERS SHOULD HEED THE COUNCIL AND GOOD SENSE OF THE PEOPLE.

YES, WE ARE PREOCCUPIED WITH OUR OWN DOMESTIC CONCERNS -- OUR ECONOMY, OUR CITIES, OUR RACE RELATIONS. BUT THE AMERICAN PEOPLE KNOW THAT DOMESTIC PROBLEMS CANNOT BE SOLVED IN ISOLATION FROM THE LARGER PROBLEMS OF OUR GLOBE.

MY DEAR FRIEND AND ONE OF THIS STATE'S TRULY GREAT MEN, THE LATE ADLAI STEVENSON, OFTEN REFERRED TO THE WORLD AS "THIS SPACESHIP EARTH." HE WAS A FIRM BELIEVER IN THE NOTION OF THE EARTH AS A HUGE SPACESHIP MOVING THROUGH THE UNIVERSE. IT WAS HIS UNIQUE WAY OF DISCUSSING GLOBAL INTERDEPENDENCE -- THE NEED FOR COOPERATION AND COORDINATION AMONG NATIONS.

WE HAVE NOW REACHED THE MOMENT IN OUR HISTORY WHEN THE SECURITY AND PROSPERITY OF THIS REPUBLIC ARE LINKED INEXTRICABLY TO OTHERS.

L WE HAVE NOT LOST OUR INDEPENDENCE OR SOVEREIGNTY. WE HAVE
GAINED A BETTER SENSE OF WHO WE ARE AND HOW OUR LIVES ARE LINKED
TO OTHERS BEYOND OUR SHORES.

L THE BICENTENNIAL OF OUR INDEPENDENCE CAN AND MUST REMIND US
OF OUR INTERDEPENDENCE,

L WE ARE ON THE VERGE OF A NEW ERA -- A NEW INTERNATIONALISM.

L LET US SUMMON ALL OF OUR WISDOM AND THE MATURITY WHICH WE POSSESS
AS A NATION AND PEOPLE TO TAKE ADVANTAGE OF THE CHALLENGE.

L THERE IS NO BETTER WAY FOR ME TO CHARACTERIZE THE OPPORTUNITY
AT HAND THAN TO TURN TO THE WORDS OF ONE OF AMERICA'S GREATEST
STATESMEN -- ABRAHAM LINCOLN. LINCOLN SAID THAT:

THE DOGMAS OF THE QUIET PAST ARE INADEQUATE TO THE
STORMY PRESENT. THE OCCASION IS PILED HIGH WITH
DIFFICULTY AND WE MUST RISE TO THE OCCASION. AS

OUR CAUSE IS NEW SO WE MUST THINK ANEW AND ACT ANEW.

WE MUST DISENTHRALL OURSELVES ...

THIS IS A DIFFERENT WORLD THAN IT WAS 100 OR EVEN 25 YEARS
AGO. THERE ARE RISING EXPECTATIONS IN BOTH THE INDUSTRIALIZED
AND DEVELOPING WORLD. IT IS OUR TASK TO REALIZE THIS -- TO PLAN FOR
THE FUTURE AND TO DO IT TOGETHER.

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