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EXCERPTS OF
ADDRESS BY THE HONORABLE DEAN RUSK,
SECRETARY OF STATE,
BEFORE THE NATIONAL INDUSTRIAL CONFERENCE BOARD,
GRAND BALLROOM, WALDORF ASTORIA HOTEL,
NEW YORK, NEW YORK,
WEDNESDAY, SEPTEMBER 21, 1966.

The Outlook for Freedom

It is a high privilege to take part in this Golden Anniversary celebration. The range of topics and of speakers at your Convocation suggests the breadth, and the height, of the vision of the leaders of the American business community. It indicates that your most important product is statesmanship.

You are concerned with the preservation and continual improvement of the most productive economic system the world has ever known. Its health and success are primary concerns of the Government of the United States.

The central objective of our foreign policy is -- in the familiar words of the Preamble to our Constitution -- to "secure the blessings of liberty to ourselves and our posterity."

We can no longer find national security through policies and defenses limited to the North American continent.....or the Western Hemisphere.....or the North Atlantic basin. In this age of instant communication and intercontinental missiles with thermonuclear warheads, distance does not spell safety and no part of this small planet is remote.

Our security depends upon a generally peaceful world. And a generally peaceful world cannot be achieved merely by wishing for it and talking about it and carrying placards calling for peace. It has to be organized and maintained by hard work, determination, and, at times, sacrifice by those who want a peace that is safe for free institutions. The

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The kind of world we seek is sketched out in the Preamble and Articles One and Two of the United Nations Charter.

We are deeply committed to the principles of free choice: to self-determination.....to the right of every nation to choose and change its own institutions. Unlike the Communists, we do not try to impose our system on others. We don't even ask other nations to copy either our political or our economic institutions. But we have, nevertheless, some basic convictions about these matters -- convictions rooted in experience.

We believe in government with the "consent of the governed" in Jefferson's phrase. We believe that democracy, with its capacity for great variety of forms and institutions, is the type of government most consistent with the dignity of the individual and the rights of man.

And we believe in economic institutions based on private enterprise. We regard private initiative as the engine of economic progress. In earlier days the engine was not well harnessed to our society as a whole and, periodically, it broke down. But immense progress has been achieved in improving the capitalist system to make it serve better and more steadily the needs of man. To this end, both government and enlightened leaders of business have made essential contributions.

The modern capitalism of the Western world has knocked the bottom out of Marxist-Leninist economic doctrine.

We must, and will, continue to improve our economic and social system. But already it provides, on the average, the highest level of living for our people as a whole that the human race has yet known.

We, in the State Department, are deeply and constantly aware of the vital stake our foreign policy has in the success of the American economy. Our economic strength is the backbone of our international position. Without a strong economy, we could not sustain the efforts which are necessary to preserve the security and to build the strength of the

of the Free World -- our necessary military establishment, our relatively modest foreign aid programs, our overseas information program, our diplomacy. And, beyond that, the ability of the American system to provide an ever better living for all our people is a very important asset in the contest between freedom and regimentation.

Promotion of the economic growth of the United States is one of the oldest objectives of our foreign policy. The central preoccupation of our first ministers to Europe after we won independence -- John Adams and Thomas Jefferson -- was our commerce. In fact, they set in motion our first national export promotion drive.

Among the constant objectives of our foreign policy are: access to goods from abroad which our economy needs, and enlargement of foreign markets for American products. In line with those objectives -- and with the paramount purpose of preserving our national security and way of life -- the United States, in recent decades, has pursued several closely related policies:

The lowering of trade barriers;

Strengthening of the international financial system;

Aid to the economically advanced countries of the Free World in recovering from the destruction and disruptive effects of war;

And aid to the developing nations in modernizing their economic, social, and political institutions.

These have been bipartisan policies -- or, as the late Arthur H. Vandenberg preferred to say, "unpartisan."

We in the Department of State recognize that we have special responsibilities for furthering the successful international operations of American business.

You are all aware of the keen commercial competition we face from other industrialized nations. Even with an over-all increase in our exports,

exports, there has been a gradual reduction in our share of foreign markets. Our trade surplus diminished somewhat this past year because of increased imports. We must do more to expand our exports.

In the Department of State we have been moving ahead with a number of new or intensified activities of particular interest to American business.

1. For several years I have emphasized to all our Ambassadors overseas the importance of maintaining friendly and helpful relations with the American business community abroad. I have urged on all of them the importance of working with American business to expand our exports.

2. We have established an open-door for businessmen with overseas activities. More and more businessmen are coming into the Department with their problems. We are delighted by this.

3. We have established the position of Deputy Assistant Secretary for Commercial Affairs and Business Activities to give leadership to this program.

4. We have enlarged and revitalized the Department's Advisory Committee on International Business Problems; and at two very useful meetings in the last several months that Committee has given us its views.

5. We have broadened our consultations with many business organizations and trade associations.

6. We have also enlarged our consultation program through the Business Council for International Understanding, under which our Ambassadors and other senior officers meet with senior representatives of American business firms with overseas interests before they go on to their posts. More than 100 such consultations have taken place in the past year.

7. Cooperative

7. Cooperative efforts have also been undertaken with the Department of Commerce to upgrade the economic and commercial function abroad and to see that the total resources of our Missions are used to forward the commercial and economic interests of the United States.

These are illustrative of our recent efforts to work more effectively with groups such as yours. They are in keeping with the paramount objectives of our foreign economic policy: to rebuild and expand the international economic order.....to cultivate an international environment that encourages and expands the interchange of goods, capital, technology and ideas. These efforts have accomplished important results.

Trade among Free World countries has doubled in a decade. Last year, Free World exports totalled \$165 billion. Capital is moving across international boundaries in increasing volume, thereby contributing to a more effective use of the world's resources and special skills and to higher world income.

The countries of Free Europe and Japan, long since recovered from the war, have advanced to new levels of productivity and well-being.

We have an immense and vital interest in the North Atlantic Community, with its combined gross national product of more than a trillion dollars. We have a vital interest in the new, democratic Japan.

In the Western Hemisphere, that great cooperative enterprise in social reform and economic development, the Alliance for Progress, is meeting its over-all goals. However, some countries are lagging, and the over-all goals may need to be lifted. Politically, the main trend has been toward moderation and democracy.

In the Dominican Republic we joined other members of the Organization of American States to assure the Dominican people a free election, thus averting a take-over by either the extreme right or the extreme left, both of which had been condemned by the O.A.S.

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In Free Asia, the Middle East, and Africa, economic progress has been uneven. But some countries have made solid and relatively rapid advances. As a rule, they are those which have provided a favorable environment for private enterprise. In the developing areas, there is a growing trend away from doctrinaire leadership.

But not all the indices are favorable. Overall, the gap between the developing countries and the advanced countries is widening. And the world stands at the threshold of a food-population crisis, which cannot be overcome by exports from the countries which produce more food than they need for themselves but requires immense efforts on the part of the developing nations.

At President Johnson's direction, our AID programs are putting increased emphasis on agriculture, as well as on health and education, the basic building blocks of development.

We have a great stake in the success of the populous democracies of the Asian subcontinent. We hope that India and Pakistan will move toward settlement of the disputes between them, so that both countries can concentrate more on internal development and make the best use of the assistance they are receiving from other Free World nations.

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We have a vast stake in the security and progress of the free nations of East Asia and the Western Pacific. The protective shield we are helping to provide for those countries is already yielding important results. From Australia on the South to Korea and Japan on the North, the free nations of that area are moving forward with renewed confidence. Indonesia, potentially a very rich country, has turned away from adventurism and is coming to grips with its economic and social problems.

We have been much encouraged by new regional initiatives and institutions in that part of the world. Among them are:

--The Asian Development Bank, which will open its doors next month.

--The Southeast Asian Development Conference under the leadership of Japan.

--ASPAC--the group of Asian and Pacific nations--brought together on the initiative of the Republic of Korea.

--The renewed activities of the Association of Southeast Asia-- Thailand, Malaysia, and the Philippines.

Those who say that what we are doing in South Viet-Nam lacks understanding and support in the Western Pacific and East Asia are poorly informed. Those who predicted that it would cost us the friendship of other Asian nations were wrong. The new sense of confidence in that part of the world is mainly due to the conviction that the United States has the means and the will to meet its commitments and that aggression will not be allowed to succeed.

Side by side with our endeavors to deter or to repel aggression and to increase the strength and well-being of the Free World, we pursue a third policy. That is to search persistently for areas of common interest and agreement with our adversaries.

In President

In President Johnson's phrase, we are trying to "build bridges" of human contact and trade and understanding with the nations of Eastern Europe.

And we earnestly seek agreements or understandings with the Soviet Union to blunt disputes and to reduce the danger of a great war. We hope for international agreements on the peaceful uses of space and on non-proliferation of atomic weapons. And we hope the time will come when, by permitting effective inspection on their own soil, the Soviets will make possible progress in reducing armaments. We do what we can to increase contacts with the Soviet people.

We believe that our national interest--and the cause of peace--would be served by increased trade with Eastern Europe and the Soviet Union. In February of last year, President Johnson appointed a Special Committee on that subject, composed of American business, labor and academic leaders under the chairmanship of Mr. J. Irwin Miller, Chairman of the Board of the Cummins Engine Company. The recommendations of that Committee led to the proposed East-West Trade Relations Act, submitted to Congress in May of this year. This act would give the President authority to extend most-favored-nation tariff treatment to individual Communist countries when this is determined to be in the national interest. The authority could be exercised only in a commercial agreement with a particular country in return for equivalent benefits to the United States.

It is in our interest to encourage the Communist countries to devote primary attention on the well-being of their own people, and to realize that peaceful relations with the nations of the Free World serve that end. We believe that that policy is sound, even when we are required to resist aggression in Viet-Nam. We think we should do all we can to make it clear to Communist leaders that they have a constructive alternative to support of costly and futile attempts to gain advantages through the use of force.

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Most of the European Communist nations have been seeking increased trade and other contacts with the West, including the United States. And more trade with these countries could be profitable in itself. As their national economies turn more and more toward consumer desires, they will become more attractive markets for our exports.

Between 1956 and 1965 our exports to Poland increased from less than \$4 million in 1956 to more than \$35 million, and our imports from Poland from \$27 million to almost \$66 million. In the first quarter of 1966 our trade with Poland was running at an annual rate of \$60 million of exports, and \$80 million of imports. This is the kind of moderate but useful increase in trading relationships that we want to encourage for other countries of Eastern Europe.

In the case of Romania, our trade was nominal for many years-- usually less than a million dollars for either exports or imports. But with recent improvement in our bilateral relations, our exports to Romania rose to more than \$6 million in 1965 and were close to \$6 million in the first three months of 1966 alone. This increase not only benefits our own economy but carries with it the prospect of closer and more normal relationships with the people of Romania. Because Romania is still subject to discriminatory tariff treatment, its exports to us have not shown a comparable increase. They have grown only to \$1.8 million in 1965 and a little more than half a million dollars in the first quarter of 1966.

Since Yugoslavia embarked upon an independent course of policy in 1948, we have treated it accordingly. About 65 percent of Yugoslavia's trade is now with non-Communist countries.

I am convinced that, as President Johnson has said:

"The intimate engagement of peaceful trade, over a period of time, can influence Eastern European societies to develop

to develop along paths that are favorable to world peace."

We also look forward to the time when it will be possible to have more normal relationships with the Asian lands which are now under Communist rule.

Despite dangers, and crises, and setbacks, the Free World continues to grow in strength. The gap in gross national product between the advanced nations of the Free World and the Communist states has widened. The combined GNP of the European members of NATO is approximately equal to that of the entire Communist world, and our GNP is substantially larger. Internal pressures for better living conditions and more personal freedom are spurring evolutionary changes in the Soviet Union and most of the smaller Communist states of Europe.

I think that it is accurate to say that, over-all, progress has been made in building the foundations of peace. When Hanoi and Peking realize, as they must, that aggression will not be permitted to succeed and their militant doctrines have been discredited, I believe the world will have a good chance of organizing a peace that is safe for free societies, and in which all peoples can make a better life for themselves and their posterity. Such a peace is our constant goal.

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