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Peter J. Brennan
United States Secretary of Labor

John Scali
Ambassador to the United Nations

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Questioners: Paul B. Finney
Managing Editor of *Business Week*

H. B. Woodman

Introduction

Chairman George R. Vila

Gentlemen, you can see by the shape and form of things that the energy crisis is already biting in by the slower tempo and the more relaxed pace of this whole affair. Now we are going to proceed with our usual program. Paul Finney who is Managing Editor of *Business Week* will address the questions to Secretary Brennan and Woody Woodman, who needs no introduction to this group, will address the questions to Ambassador Scali. Now we should be particularly thankful to Dwight Eckerman for giving such remarkable unity to our program this evening. We have with us two Americans whose lives run so parallel that I shall be able to introduce the two of them simultaneously, at least to some extent. Our two speakers were born within a month of each other in the spring of 1918. Each of them has fathered three children. Last winter the U.S. Senate confirmed them in their present positions, within 24 hours of each other. Both are members of President Nixon's Cabinet. Mr. Brennan of course is the Secretary of Labor, and Mr. Scali is the Ambassador to the United Nations, a function that makes him ex-officio member of the Cabinet. Logically enough, both of these close advisors to our President, are lifetime Democrats. (Laughter) However, their problems are different. Our first speaker's most difficult problems are his best friends. (Laughter) All of the friends he made before and while serving as President of the Building and Construction Trade Council of New York. In that capacity Peter Brennan negotiated many labor contracts which were considered at the time to be somewhat inflationary. Today, Secretary Brennan is loyally and effectively enrolled in the administration of

Wage and Price Controls. Some of you will detect a note of poetic justice in this situation.

(Laughter) Other difficult issues, where the official policy he must support is opposed by his labor friends, include some provisions of the Federal Minimum Wage Law, the prohibition of strikes in the transportation industry, barriers against foreign imports and the curbing of investment abroad. Many people predicted that no man could endure such pressures very long. They must have underestimated the strength of the Secretary's character, and the importance that the President attaches to having an authentic representative of America's workforce at the top echelon of his administration. I am privileged to introduce to you a very important artisan of our government's economic policy, the Honorable Peter Brennan, United States Secretary of Labor.

(Applause)

Peter J. Brennan

United States Secretary of Labor

Thank you. Thank you Mr. Vila. One thing you overlooked, I got my education here in New York City, where a lot of the gentlemen sitting out in the audience, and I, may have sat on different sides of the table, and sat on many committees for the state, for the community, and I hope that I know they educated me and I hope I educated them some. As to what it is all about as dealing as Americans as I am here today representing not any segment of America, but the entire population of America. I took that oath of office and that is what I am operating under and if that is called diplomacy or guts or whatever the hell it is, I consider it just doing my duties as an

American, and some people like it. And those that don't, well it is too damn bad, because we are going to do the best job we can. (Applause)

I learned in New York City a lot of people think that God abdicated his throne to them. I find this a hell of a lot more down in Washington feel that way. Not all in labor, some of them in management, some are in government and some we wish were elsewhere. And I am very happy and honored and privileged to be with you here tonight. I have attended many a shindig at this hall before. Some were very quiet and some were a little bit exhilarating to say the least. And I have had the privilege of addressing some of the groups. Also the privilege of helping to keep order before the cops came. (Laughter) But it is good to see so many old friends in the audience and to make some new ones. And as Mr. Vila has said, some of my greatest critics might be my friends. Well I am very happy to say that most of my friends are still with me because I used to break chops when I was working for them, and I used to agree with management then, as I do now because I think one of the things a labor representative should learn, that the best contract he can negotiate don't mean a damn thing if somebody doesn't pay the salary on Friday and doesn't pick up the fringe benefits. So that in trying to put management out of business, or trying to put a string around their neck, is not good sense for any labor leader. And if he does that, I don't consider him a good labor leader. Because he has an obligation, not only to his members, but to the community as a whole, and to the country, and if he does it well you will note that his membership grows and he grows with it.

So I am happy to be here tonight. I am not an economist. I will talk on some of the things, as I see it, as Secretary of Labor on some of the things that I have become involved in, and of course, I understand we have a question period which I will do my best to try to give the right answers. I don't know if John Scali is going to rate me, or I am going to keep a rate on him, but either way John, we will do our best, I am sure.

But gentlemen, there has been so much talk about the economy and what is happening in Washington and is the government running and what is going on, and is everybody drowning in Watergate, and who left the garage door open. And I am sure that as I look around here and many of the people who sit up in the balcony, it is always easy to throw the rocks and the stones, don't be afraid, there is nobody up there tonight. But when you are in the position of making the decisions of carrying out the mandates of the people, it is a lot different. And you fellas out there, the Chairmans of the Board and Presidents of companies know that when a stockholder is looking for a scalp, or somebody that is below you decides that this is a tough decision to make, send it up to the boss, then you get it, and you just can't pass the buck. So what I say, the President of the United States is in that position practically every day. And today I think it calls for, more than ever, that we try to understand the man's position, whether you are a Democrat or Republican, or whatever you may be, let's look at it as Americans because the problems affecting the country and the President is our problems as well as his, and regardless of who the President may be at this time, the problems are not going to blow away. We have to work them out together.

And I would like to talk about some of the things that the labor department is involved in, and many people seem to overlook, the other side of the economy when they talk about the matters going on in Washington now, they seem to forget that there are other things going in the country.

I would like to begin by citing a few basic economic facts. This is something you in labor can be proud of, because labor managers played a part in bringing this about. That is, the unemployment rate has come down to 4.5% and this is the lowest unemployment rate in the peace time, in the last 16 years. Fact number two, there are more Americans at work today, some 85.7 million of them, and that is the highest rate in the history of our country. Now fact number 3, that total of employed increased by a total of 3.2 million in just one year. The largest one year peacetime increase in our history. Fact number four, strikes and other labor stoppages are at a nine year low, although certainly it must not seem like that to the residents of New York City. Fact number five, which is related to the healthy state of collective bargaining in this country, is that the restraint of labor generally has disproven the belief that inflation results only from increased wage demands. Inflation is a highly complicated problem and we do our economy a disservice by trying to pin the blame on any one sector of our economy. Factor number six, despite all of the scare stories about the decline in productivity of the American worker, the truth is that until the second quarter of this year, the nation was the beneficiary of nine consecutive quarters of rising productivity. This matches the Post World War II record established in the early 1960's. And figures for the third quarter show another productivity advance, reversing the decline that

took place in the second quarter. Fact number seven, wholesale prices of farm products and processed foods and feeds dropped 3.9% in October. Which follows on the heels of a 6% drop in September. This should be some indication that we are by no means involved in any kind of self-generating inflationary spiral.

I could give a number of other facts but I cite these for two reasons. First, we as a people need to know that there is much economic good news. Because if we are to meet the challenges ahead, we must be aware that the American system is not only capable of solving its problems, it is solving them. Second, we seem to be developing a split personality in regard to the institution of the presidency. On the one hand we lay every problem at the White House door and expect solutions. And many of the same people that demand the President resolve 14 impossible problems every morning before his breakfast, go around wringing their hands about the presidency becoming so powerful. Well gentlemen, I think it is about time that we realize and accept the fact that we are all responsible for the future direction of this country not just the president, and it is up to us to work together on many of these problems. Just as labor and management have worked so hard and so constructively to find ways to avoiding crippling strikes.

However, we have charged the president with responsibility for the direction of our economy, given this fact, let us at least show that we recognize the existence of a good as well as a bad economic news. And let us also go one step beyond. Let us somehow show that we understand

that the good news didn't happen by accident. Rise in productivity, more people working, less people looking for work, result from policy, appropriately applied. The appropriate application of these policies just happens to be the work of an administration headed by President Richard M. Nixon. We are all reading and hearing about problems of leadership in government. Well here is solid proof that there is leadership. And it is being applied effectively to help solve basic economic problems. We certainly have proof of that leadership in regard to what has a result; the Middle Eastern conflict operated or downgraded the energy challenge to an energy crisis. The President has submitted two major energy messages to the Congress on June 30, 1971 and April 18, 1973. He was the first president, in fact, ever to submit such a message.

In addition to his November 7th, energy emergency address to the American people, he has also submitted three important residential statements on step to secure energy conservation and development. If this isn't what we mean when we talk about leadership, I don't know what is. (Applause) Now, as leaders yourselves I know that you must have digested the President's recommendations in regards to energy. Some of you over digested it. And perhaps many of you have taken steps to implement energy conservation in your own business operations. Instead of reviewing what you already know, I would like to give you my assessment of what these energy measures may mean for our economy in the days and years to come.

Any analysis of the President's, present and past initiatives in regard to energy, must begin with a recognition that they are essentially divided into two parts. One part deals with conservation,

the other part deals with development. Let's begin by looking at the conservation element. The President has asked for steps that would secure the following: reduce residual oil consumptions, reduce jet fuel consumption, reduce heating oil consumption, reduce gasoline demand and reduce unnecessary or marginal use of electricity. I believe that there can be no getting around the fact that reduced activity in these areas will mean a loss of present and potential jobs; the automobile industry, recreation and recreation vehicles; the airline industry, all will be affected.

However, there are a number of compensating factors here. The President calls for a reduction of residual oil consumption, through preventing utilities and industrial facilities from switching from coal to petroleum and converting power plants presently using residual oil to coal.

Obviously this means more jobs in the coal industry. I have not yet seen any analysis of the comparative degree of labor intensity between these two industries, but I would assume that coal is a more labor intensive industry. Thus, more jobs will be created in coal than are lost in oil.

And there are still other compensating factors that fall outside of my direct responsibilities.

For example, it is obvious that if we buy less fuel from overseas, fewer dollars leave the country. If fewer dollars leave the country, our balance of trade improves and with it the strength of the dollar. Further, there should be more dollars available at home for such needs as construction of housing, the power plants and things necessary to take on the present crisis.

I think that assessments of the total economic impact of conservation measures will produce

many interesting results. A number of which I am certain will be positive in the sense of producing more jobs. So far, I have been dealing with the impact of conservation. What about the other element of the President's multiple initiatives in regards to energy? What about his effort to make America self sufficient in energy? An effort he has called Project Independence. There can be no denying that this will result in a large number of new jobs.

For example, the President has asked for a \$10 billion expenditure for energy research. This will mean thousands of new opportunities for scientists, engineers and technicians. Precisely the groups, I might add, who were so severely affected by the change in national priorities a few years ago. Instead of a surplus in this area, we may be facing a shortage.

There will also be thousands of new jobs in coal. In domestic oil exploration, and development. In construction involving the Alaskan pipeline, building deep water ports, constructing refining facilities and atomic energy plants, and mass transportation systems. So in regard to jobs, the effort to develop new domestic energy sources and facilities will have a positive effect that I believe will far overshadow any temporary dislocations resulting from the conservation element of Project Independence.

And there is yet another element that can mean a new high level of prosperity for American workers. Ours will be the most massive energy development effort ever undertaken. We will be producing new technology, perhaps presently undreamed of. And this technology will not only

transform our energy situation here at home, it will give us a new source of exports to other less energy developed nations abroad. Thus, the greatness of our economy will be reflected in exports that run the gamut, from feeding grains domesticated from 10,000 years to energy technology as new as tomorrow.

Let me close by making one more observation. The American people have been divided over many serious problems over the past ten years. This new crises can provide us the same sense of unity that we had when attacked by a foreign enemy. Once more we can have the feeling that we are one people working together, striving together, sacrificing together, for the good of our country and indeed of all mankind.

All our divisions, racial, sex, income status, religious, can be submerged in this great new common effort to win the energy battle through Project Independence. And gentlemen, as we said in our opening remarks, the time for the hot air and the rhetoric is over, we know hot air can create some energy and let's put it in that direction. Well let us work together as Americans. The time has come for us to realize that the criticism going on in Washington against the President and some of the foolish things that some people have done, should not deter us from moving America ahead and taking on the real problems that must be solved. And for us not to take the attitude that some leaders have come out crying about, that America is going down the drain. That we are ashamed to lift our heads to the rest of the world. I say a lot of nonsense to that.

I am not ashamed of lifting my head to the rest of the world. They have been riding on our backs so long, it is about time, they know we got a head. (Applause) And now we tell them. So we don't have to take our hats off to anybody only to tip it to a lady, or when we are entering a church, I don't think we have to be ashamed as Americans for any damn thing we have done. In fact, what is happening in Washington proves that we are Americans. That we are human beings, which God made us before he gave us any titles of secretaries or chairmans of boards or any other damn thing. It is just that a lot of us forget it. And we ought to start to remember that America needs people, needs men, it doesn't need a lot of big heads, and a lot of people who think that they can do it by themselves.

And we can find a solution. Because the little man in this country is looking for the leadership, he is in there pitching. So gentlemen, I say to you, the Labor Department is moving ahead, we are doing the best we can. We are carrying out our orders. And whether I disagree with some of the things the President does or not, and you disagree, that is our rights as Americans. That is what we are defending. But we have a responsibility to that right, and a lot of people seem to forget it.

And whether you are a Democrat or a Republican, labor or management, black or white, male or female, conservative, or liberal, we will all go down the drain if you want to go down the drain, if we don't start to move as one team. Now that we need each other, the country needs us. And let's get this job over, and then you can go ahead fighting who you want to be the next president,

and who you want as governor and mayor. Nobody has to give up their right to disagree. But nobody has a right to stand in the way of the future of America, I don't care who the hell he is, who thinks he is so big. There is none of us that big. And sometimes we find out quick, and some it takes a little longer. I appreciate that you allowed me to be here tonight to say a few things to you as I see them. But I for one have great hope in America, whether I am Secretary of Labor or not. Because America was built on the people from all parts of the world, from all religions and nationalities. They are the ones that put the men on the moon, and brought them back safe. Nobody talks about that. That was genius. That was ability. But everybody talks about the stupid things that happen, break-ins and breakouts and all the nonsense, but nobody talks about the great things. And the great things that President Nixon has done in ending a war that went on for so many years. They never talk about the fact that he has brought, at least, a chance to sit down with our common enemies and try to live together. We don't have to love each other but to try to live with each other so we don't destroy mankind. All of this means something to me, and it should to you and I still reserve the right to disagree. Thank you very much. (Applause)

Chairman George R. Vila: Thank you Mr. Secretary for that very informative and earthy and inspiring talk. I think it has a lot of fundamentals that a lot of us have forgotten about in all of this era of affluence and prosperity and everything else.

Now just as the President wanted a labor man as Secretary of Labor, he also sought a man with unique worldwide experience to represent this country to the world organization. A man who has

traveled to 79 countries or perhaps a few more since the last count. Who was in the USSR and Poland back in the 50's with the then Vice President Richard Nixon. Who was right on the spot when President Eisenhower made his historic visits to Asia, the Middle East, Europe, and the Far East. But more recently accompanied Mr. Nixon to Summit Meetings with President Pompidou, Prime Minister Heath, Chancellor Brandt, and Premier Tanaka. Yet, not everybody thought at the time that the appointment of John Scali as Ambassador was a good thing for the country. First and foremost, because he was a journalist. That is a member of the press. Second because he wasn't sartorially prepared. The truth is that the President himself had doubts about the width of Mr. Scali's ties and the cut of his Cardin suits. Very diplomatically the new Ambassador made a quick adjustment of his wardrobe. But it would be more difficult to erase his remarkable record with the Fifth Estate. For 17 years he was a diplomatic and roving correspondent with Associated Press and from 1961 to 1971 he covered the State Department for ABC Television and radio news. Now even as a newsman John Scali had a bigger role in international affairs than most diplomats ever had. For instance, two days after President Kennedy proclaimed a blockade of Cuba, during the Missile Crisis, Mr. Scali was contacted by a personal friend of Mr. Khrushchev. The Russians knew that the American government had a high respect for him and they obviously respected him too. The message that he relayed secretly to the President eventually became the basis for the solution of that nuclear confrontation. Our speaker calls himself a specialist in the art of what works. I cannot think of a more appropriate talent to bring to the UN at this point in time. The tasks before Ambassador Scali include finding a workable successor to the Panama Canal Treaty, arriving at a workable definition of the international communities position, visa vie

countries like South Africa and Portugal and of course working out a lasting peace in the Middle East. Ambassador Scali has a very simple reason for believing in telling the truth when the news is bad. In that way he says, you have more people ready to believe you when you tell them the news is good, we are ready to hear him. (Applause)

Ambassador John Scali

Ambassador to the United Nations

Thank you very much. It is a pleasure for me to share a platform with Pete Brennan. I have sat at enough Cabinet meetings to know that the words of wisdom from Pete can enliven and bring down to Earth some of the discussions which sometimes soar into the stratosphere.

Ladies and gentlemen, the march of history often passes right by those who are watching for noteworthy moments in the life of mankind. The recent clamor and now the uneasy stillness that has fallen over the Middle East battlefields has focused attention on this crisis, and the imperative needs of the moment. The desperate urgency of day-to-day events has left little time for long-term analysis. It is still too early to offer any final judgments on what the United Nations has accomplished in responding, as it has, to the war in the Middle East. But it is conceivable; perhaps even likely, that we are witnessing a historic revitalization of this organization founded so many years ago. A decisive renewal of its capacity to deal with the real world.

Such a statement may sound strange coming from a man who has cast more vetoes in the Security Council than all other American representatives combined. In this ladies and gentlemen, Soviet Ambassador Malik is the unchallenged master. He has cast 21 of the 105 vetoes that his government has chosen to wield at decisive moments of debate. Yet, how times change. These days, Ambassador Malik has taken to calling me, Mr. Veto. Inconsistent to criticism of my sometimes lonely insistence that the United Nations should act responsibly or not at all.

Since the day I accepted the President's appointment, as United States representative to the United Nations I have been guided by the central belief that unless the United Nations can achieve realistic and visible results toward keeping the peace and preventing war, it would fail in its most important task. I do not dispute nor, do I disapprove of the valuable work done by the United Nations in fields never even envisioned by its founders; such as, outer space, the law of the sea, drug control, and of course, the environment. I fully understand the importance many members place on economic development. Nor do I regret or resent the fact that \$.90 out of every dollar that the United Nations spends today goes to development and related activities.

However, in my view the United Nations was founded as primarily a political and not a technical organization. Nor was it ever meant to be a new super or glorified international aid agency. As I see it, the success or failure, thereof, must be judged on its record of political achievement, of resolving disputes and of reconciling adversaries. The general public understands this well. This is

why the public in recent years has been disappointed and rightly so with the United Nations performance, despite recognized achievements in the technical field. And this too, is why in the last few weeks we have seen what I believe to be a dramatic renewal of public faith in the United Nations, one which perhaps will go down in history books as of irreversible proportions. Work at the United Nations is intense, exciting and exhausting. I showed up late for this dinner this evening because I was negotiating in the residence of the United States Ambassador until two minutes before I arrived. I usually try in moments like this to remember what it is that I have been sent here to do.

The President of the United States asked me to be Ambassador to the United Nations two days before I was to leave the White House to return to an area that I know well, and it is the field of journalism. For 11 years I was a moderately successful television newscaster specializing in the field of foreign policy and diplomatic events. A field, I might say, where I had much more fun and a much larger pay check to take home on each evening. And when Mr. Nixon said that he did not want me to leave, but suggested instead that I should become the new United Nations Ambassador, I was flabbergasted. I said, but Mr. President, you know well that I do not consider the United Nations the world's most realistic, the world's most believable organization. You know too what I think of its achievements and the lack thereof. He said yes. He said this is why I want to name you. And so I, as a matter of public duty, because I am an old fashioned man, basically I took on the assignment. But I pledged that I would dedicate myself to achieving visible progress to seeking to convert the United Nations if I can from a place which is the source

of endless rivers of resolutions that are forgotten. And make it a forum of meaningful achievement. I do not know yet whether I can accomplish this goal, but gentlemen I can assure you that I am going to be the man that tries. (Applause)

As we face the crisis in the Middle East we face one of our greatest challenges. We face a series of developments, opportunities and challenges which may determine whether those who gathered in San Francisco in 1945, dreamt a real dream or whether the United Nations was never meant to be more than a yearning of hope of mankind. The United Nations pursues its activities in a small special world of its own. Once in a while, when I have a moment, I pause to look out and to wonder whether this small highly specialized world bears any relationship to the huge one that surrounds it. Sometimes when the 11th hour sounds and the 11th speaker of the evening takes the floor, I doubt. But as I have learned, to know it better, I have begun to appreciate the opportunities, the unmet challenges and pray God, even its occasional triumphs as well as its frustrations and to recognize that in a way it reflects the world in which we live and the role that the United States plays in it. We all know that the world has changed much since 1945 and the United Nations is a good place to see how it has changed.

In 1945 it had 51 members, today; it has 135 of which 41 are new African countries. In 1946 the United States was the driving force behind the creation of the United Nations and the unchallenged leader of the West and thus it was in a position to treat the United Nations almost as an instrument of American foreign policy, to be used when we thought it desirable, bypassed

when we thought it was not. In today's United Nations, it is no longer sufficient, that the United States merely proposed a good idea for it to be adopted, nor that we oppose a bad one for it to be defeated. We no longer command that automatic majority. In 1946 the United Nations, like the 1946 world was divided, almost bitterly between East and West. Now in the new age of detente East and West combined form only a minority of the United Nations' membership. A third group, the nonaligned claim to represent the aspiration of 75 nations and have begun to exercise the sort of influence within the UN that their dominant voting strength gives them. As their name would suggest, the nonaligned originally had little in common, except an absence of alignment with either East or West. Recently, however, this group has shown a remarkable ability to concert its aims and actions in this glass palace along the East River, it is now possible for nations who contribute only 8% of the United Nations' budget to muster a two-thirds majority of the votes.

Yet, I would like to give you in three examples, what the United States hopes to accomplish through the United Nations and how we are going about it. The best and probably the most interesting way is to talk about three areas; the world food situation, the multinational corporation, and the Middle East. Each of which is under active consideration by the United Nations. In each case I think a look at what the United Nations is doing could shed some light on what the United Nations can and cannot hope to achieve, and on the role the United States is trying to play in the process.

Let's start with food. After an excellent meal that we have just consumed, this may seem a bit redundant but even as the quality of the Waldorf kitchen is not under any immediate threat, our household budgets are, as we discover each time our wives go to the supermarket. The fluctuation, mostly upward, in the price Americans pay for food, is only a ripple at the edge of a much wider pool. The effects on those at the center of the pool where the stones of drought, crop failure, flood, earthquake and overpopulation are falling, are death by starvation or a life warped by malnutrition. In the neutral language of the economist, the problem we face is an imbalance between the world's supply and its demands for food, particularly cereal grains. Supply has been affected over the past few years by various natural disasters of unusual magnitude. Perhaps even more alarming in the long-term, however, is the rapid expansion of world demand for food. Resulting from population growth in the poorer parts of the globe and rising incomes in the richer parts. As a result, while this year's cereal production in the United States will be the largest in our history, our stockpiles are at their lowest levels since the Korean War. This is a problem of worldwide proportions. It is a problem about which the United States as the world's largest food producer, and largest food exporter, can certainly do something. But it is not a problem that we can or should solve by ourselves. The American farmer has achieved miracles, but he cannot meet the growing world demand for food single handedly. Nor, can we cut ourselves off from the world market, without jeopardizing the rest of our international trade, upon which the prosperity of all Americans depends. The problem then is one in which international action is necessary. Action in which only one organization, the United Nations can play the central role.

On September 24, just two days after he was sworn in as Secretary of State, Secretary Henry Kissinger took the initiative; he proposed to the general assembly of the United Nations that a World Food Conference be convened sometime in 1974. Now as you may imagine, the wheels of international bureaucracy grind even more slowly than those of national governments. Thus, Secretary Kissinger's call for a major World Food Conference as early as 1974 is an indication of just how urgent we believe the situation to be. World food reserves have declined so swiftly in recent years that even with bumper crops they may not be built up again in this decade. Without these reserves, we are all dangerously dependent on current production and thus, the most undependable phenomena the weather. But if the problem is urgent in the short-run it is far from hopeless of long-term solution. Actions that can be taken include a re-emphasis on agricultural production in developing countries. The general use of more efficient production methods, the control of population growth, the creation of a global program of food stocks and better planning for disaster relief. As a prerequisite for coordinated programs of this sort, the world needs more accurate projections of our long-term needs for foods of various types. Plans for the conference proposed by Secretary Kissinger are moving smoothly through the United Nations machinery, and I expect that we will see such a conference take place next year. I further expect that the world will benefit from the results of this conference for many years to come.

I know the subject of food lacks sex appeal, that calling for a World Food Conference attracts less attention than say a call for a World Disarmament Conference. But food is, if you will

forgive me, a gut issue. It is an issue that the United Nations can do something about, and it is an issue to which the United States can make a constructive contribution. The lack of passion that public interest in the announcement of a World Food Conference has one advantage. There is the hope that discussion at the conference will be able to avoid the sort of polemics and debate which destroys rational intercourse. But the United Nations is not always so fortunate. Certain words like imperialism, colonialism, or racism take on after endless repetition a coloring or a code meaning which precludes meaningful discussion. These words lose their ability to transmit ideas. They convey only emotions. Any conversation in which they are employed soon degenerates into mutual commiseration or mutual recrimination.

There is a danger that a new phrase may be added to this list. The multinational corporation. The search for an external scapegoat is a natural, if regrettable phenomenon and multinationals offer an inviting target. Multinationals are large, they are powerful, many nations are neither. This is not to say that corporations like men do not err, occasionally are justifying the criticism they invite. However, certain nonaligned countries of the more paranoid variety, have tended to picture the relationship between developing country and multinational investor as a form of statutory rape, in which the young, inexperienced country, not yet fully responsible for its actions, allows the multinational access to its economy only to find itself the helpless victim of brutal exploitation.

I wonder myself whether the case isn't often the reverse, that is, of seduction, as opposed to rape.

How many times have we seen the multinationals enticed into investment with fulsome promises only to find that the promises are broken, property nationalized and the hopes for a more enduring and more promising relationship shattered by cries of help? (Applause)

I admit that IBM, Shell or General Motors are not easily pictured as ravished maidens.

(Laughter) But my point is that serious consideration of the role of the multinational corporations must begin with the principle that the responsibilities of the investor and of the country in which he invests are reciprocal. The fact that one is a sovereign state and the other a foreign based company relieves neither of its obligations. The United Nations has presently embarked on its own study of the multinational corporation. This study is being undertaken by a group of 20 eminent persons, including from the United States, Senator Jacob Javits, the Cummins Engine Company President, Mr. J. E. Miller and others. The makeup of this group does not preclude a balanced constructive result. The multinational corporation is certainly an international phenomenon of some significance and it is not on the face of it unreasonable that the United Nations should examine the question. But, there are pitfalls. The preliminary findings of the United Nations reveals some interesting facts concerning the multinationals such as that the turnover of each of the four largest multinationals is over \$10 billion a year, larger than the GNP of the majority of UN member countries. That 8 of the 10 largest multinationals are Americans. And that while only one third of the income and the investments of multinationals take place in the developing countries, its impact is disproportionate. Firstly, because the multinationals have concentrated their activities in the extractive and manufacturing sectors and secondly, because of

the relatively small size and fragility of most developing economies.

The importance of the multinational corporation to the development process is illustrated by the United Nations finding that multinational operations over the past 20 years has surpassed all other forms of international trade as a mechanism for the exchange of goods, services and technology.

Some of the proposals concerning multinationals being floated and in and about the United Nations include creating a multinational code of conduct. Putting a United Nations staff at the disposal of developing countries to assist them in reaching agreement with multinationals, requiring the international registration and licensing of multinationals, establishing standards of fair practice in the financial disclosure, writing a worldwide tax policy and setting up an organization to regulate it. I personally am of the view that the United Nations, a political organization of 135 sovereign states is not the ideal instrument for any international policing of the multinational corporation.

I believe it important that in considering this question the United Nations neither undertake nor recommend steps which would serve to restrict the tremendous contribution that the multinationals make to world trade, world production, and economic development.

At the same time, the multinational corporations do have obligations, both to the countries they

operate from and to the countries they operate in. To the extent that the multinationals themselves can fasten and adhere to a generally acceptable code of conduct, they will themselves greatly lessen the pressure for any kind of international action.

The last example of the United Nations activity which I want to discuss with you is the burning question of the Middle East. I raise this, not only because it represents an accomplishment, fragile and tender to be sure, but one to which we can point to with some pride. It also, I believe, provides an example of how the United Nations can operate at its best. Let me first briefly run through the events at the United Nations of just this past month.

On October 6th in the early hours of the morning Secretary Kissinger, while in New York for a series of meetings with other United Nations members, learned of the imminent possibility of hostilities in the Middle East. I remember that morning only too well. Our first alert came at 3:00. Unfortunately, our most urgent efforts to avert the fighting were frustrated basically because of lack of time. On October 7th, the United States called for the Security Council to consider the Middle East situation. But in the absence of any agreement within the Council on the Middle East, we refrained from proposing specific action. Because the rejection of any such action might have frozen diplomatic positions and made future movement impossible. On October 21st the United States and the U.S.S.R. after Mr. Kissinger flew to Moscow, proposed a joint resolution calling for a cease fire in place and the beginning, at the proper stage, of negotiations for a permanent settlement. The Security Council finally passed this resolution at

1:00 a.m. the following day. On October 23rd the United States and the Soviet Union proposed, and the Security Council passed a second resolution reaffirming the Security Council's call for a cease fire.

For the first time in the United Nation's history, to be non-European, non-Western. Another words, nonaligned. On November 9th, I handed Secretary General Waldheim a note informing him of an agreement reached as a result of Secretary Kissinger's travels of an agreement between Egypt and Israel. This agreement in implementation of the United Nation's cease fire establishes a UN supervised corridor to the Egyptian third army on the East Bank of the Suez Canal provides for the exchanges of prisoners and for the regular provision of food, water, medical and emergency supplies to the Egyptian forces in the town of Suez. On November 11th, Egyptian and Israel representatives meeting face-to-face under United Nations auspices, signed this agreement.

The trend of events I have just outlined is the most hopeful that I have seen as a watcher of diplomatic events in the last quarter century. Hopeful for a real and meaningful peace in the Middle East and also hopeful for a meaningful and really effective United Nations. I realize only too well after too many hours of weary negotiation that for the moment, all we have is another cease fire and another United Nations emergency force. We have had both before. And both have failed to bring lasting peace. These by themselves are certainly no cause for premature rejoicing. No, now I see hope. Not so much in the details of what we have achieved over the last few weeks, as in the way we have achieved it. The movement toward peace began with a joint United

States/Soviet cease fire initiative. It continued with a nonaligned initiative setting up the emergency force and finally, only this past Sunday, we achieved a first measure of agreement among the parties themselves.

Reflecting on what has happened, I would note that there was virtually no possibility of the United Nations taking any meaningful action in this instance until the United States and the Soviet Union had reached at least meaningful minimal agreement on steps to be taken. The rest of the United Nations membership was prepared to take advantage of the U.S./Soviet agreement but insisted on doing more than merely rubber stamping a series of superpower accords. The nonaligned and putting forward their own proposals showed themselves capable of acting effectively and responsibly in moment of crisis. That once agreement has been arrived, the United Nations is capable of swift, decisive, and effective action which can point the way to an enduring peace.

In sum, the East/West cooperation is a prerequisite for more effective United Nations action. But it is not enough. The rest of the United Nations membership must be willing to take advantage of this new situation. The United States, for its part, must be prepared to allow the rest of the United Nations membership to play an important role in determining that organization and the world's future.

The United Nations has in the last few weeks demonstrated that it is an important instrument for

international cooperation. But it is only an instrument. It does not replace cooperation; it merely gives effect to it. What we have seen has been a graphic demonstration that the sort of masterful traveling bilateral diplomacy for which President Nixon has become so famous, is not an alternative to multilateral diplomacy, but a necessary prerequisite and accompaniment to cooperation in a multilateral forum.

In his address to the United Nations general assembly in September, Secretary Kissinger called for institutionalizing through the United Nations of a structure of international peace which President Nixon has sought to build from the day he took office. Many took this as a polite but meaningless rhetoric, the gentle nod to an old lady, the United Nations, as expected of a new visitor. How wrong they were. A just and a lasting peace in the Middle East is still a long way off. There is no certainty that the United Nations will show the wisdom that the governments of the Middle East will show the courage, or that the great powers will show the forbearance necessary to produce a true settlement, but President's Nixon foreign policy has created an international atmosphere in which real peace for the first time in two decades is possible in this part of the world.

The United Nations has in the past few weeks shown that it can still rise to a great occasion. An historic opportunity for peace exists. If we do not seize it now, we may not have another chance. Thank you very much. (Applause)

QUESTION AND ANSWER SESSION

CHAIRMAN GEORGE R. VILA: We all deeply appreciate that very thoughtful and very scholarly presentation of so many timely problems. Mr. Finney are you ready to show the first question at the Secretary, Mr. Brennan.

PAUL B. FINNEY: Mr. Secretary, about a year ago George Meany and President Nixon seemed to be getting along just swimmingly, what seems to have happened since then. There seems to have been a 180 degree turn in these relations?

SECRETARY PETER J. BRENNAN: Well if I could answer that I would take Mr. Anthony's place. He has been gone a long time too. I really can't answer that the way you would like. Probably in my opinion, maybe a lot of things weren't done the way Mr. Meany would have liked them, or perhaps the President in seeing his way of accomplishing what he wanted to accomplish, he had to move in his own way. I really can't answer for Mr. Meany. Mr. Meany has never told me why. I think back in the days of the campaigning, there was a strong feeling and it was expressed by Mr. Meany against a candidate that was opposing President Nixon, and now that is disposed with, I guess there is more time to take on Mr. Nixon. (Applause)

PAUL B. FINNEY: Mr. Secretary at a speech you gave earlier, a few weeks ago, I believe in New York you made a statement to the effect, it is great to be back in the big leagues here in

New York, every time I am in Washington I fee I have been traded into the minors. Exactly what do you mean by that statement?

SECRETARY PETER J. BRENNAN: Well as I said before, this is till the capital of the world. This is where the action is, and anybody in Washington that doesn't believe that, they are kidding themselves. And what I meant by that is just that. That Washington, people are bumping into each other trying to get out of each others way and people are...everyone goes there with the idea that they have all the answers. When they find out they don't, they get very frustrated. I find here, people come to New York from all parts of the United States and the rest of the world, and although they may get frustrated at times, they usually find ways of working together and finding some solutions. And this is what has been happening in New York that I am used to, even though we are on different sides. There are many people in Washington that have to learn that. Maybe we should bring them into New York for a few months.

PAUL B. FINNEY: Mr. Secretary, one more question. When you took office in Washington, did you have in mind a particular date for returning to private life?

SECRETARY PETER J. BRENNAN: No, but a hell of a lot of other people have. (Laughter) No I tell you I didn't. I went in here at the request of the President, I didn't seek this job. And when people think this is a tough job, and it is, they should put in being the head of the building trades for 15 or 20 years and working in this great state. I didn't set any date. I went down there at the

request of the President to do a job and I am working with some fine people. I am getting the support of some fine labor leaders, due to what is being said and written, the AFL side of the labor movement is not attack to me, they are not my enemies, I am working very well with them. The future is ahead of us, not behind us. And I think what we have to do is we can disagree, but as I said before, I took an oath of office to be the Secretary of Labor for the United States and all of its working men and women, including you people (applause) and I am going to do it to the best of my ability. Now I know you have to step on toes once in a while, but you never accomplish anything if you don't. Because you want to be a yes man, if you want to be the most popular guy, you can go along with everybody, but it usually catches up with you. Now I might have to disagree with old friends, I have done it before. But I have never done it to hurt them; I never have done it to destroy them. And I know that there is two sides to a story and I like to tell both sides. Some people only like to tell their side. So I like to tell both sides. America is a great country and we are going to move ahead, regardless, with or without Pete Brennan and a lot of other people. When I return, I would like to return as a man, and that is more important to me. (Applause)

H. B. WOODMAN: Mr. Ambassador I started to say that I was sure I was speaking on behalf of everybody in this room when you would come here having emerged from three weeks or more of extremely, shall I say, difficult activities, I think I obviously should change that, and say temporarily departed from immersion in them, in view of the fact that what you were doing up until...so that you almost didn't have any dinner. We are very grateful to you Sir. And we are

very grateful to hear this constructive and positive approach to the functions of the United Nations. Inevitably I think we ask ourselves some questions as to how real that function is, and is going to be in the real world, and also what are some of the other implications. You have just been described as a specialist in what works. I think it is true that Mr. Kissinger has set up as his number one objective, almost the place where the biggest pile of chips is, is the detente. And my question would be, what is the impact of what has been going on among others, between you and Mr. Malik but in the United Nations generally on that policy of detente?

AMBASSADOR JOHN SCALI: Let me say first of all, that I am a believer in detente, but I am a weary believer in detente. I believe in the imperative need of the United States and the Soviet Union to reach meaningful disarmament agreements at a time when nuclear weapons can incinerate a hemisphere. I am proud to have played some role in the initial agreements, by which we and the Soviet Union will pursue a code of nuclear conduct that lessens the danger of this war. Having said this, I am still very much aware of the fact that we and the soviets are adversaries. That there are important periods in history when we can cooperate successfully or at least pursue parallel policies which will benefit us both as well as mankind. My relationship with Mr. Malik, I would describe as a businesslike one. I have sat and watched in countless debates before the Security Council, while the representative of China and the representative of the Soviet Union swapped the major insults. And I have done so, impassively. (Laughter) Mr. Malik's style is somewhat different than mine. He is a veteran diplomat who dates back to the Stalin era. He also has the rank of Deputy Foreign Minister. He is a talented skillful negotiator.

On several occasions I have had reason to question how long an agreement that Mr. Malik negotiated exists. I have sought to make it clear that when I shake hands on behalf of the United States government and say agreed, I mean that we agree not for five minutes, not for ten minutes, but that we agree for the duration of the period that, that agreement is to last. It has been said of Mr. Malik that he represents his country ably. I believe this. I hope, and I can only pray that I can represent my country as effectively. I am not particularly partial to a sledge hammer style of negotiation and as long as by action and by his conduct he proves that he believes in detente I will do likewise. But I will respond and I will respond with full clarity and with no apology if the moment comes when detente is forgotten and we have to resort to saying precisely what is on ones mind. (Applause)

H. B. WOODMAN: Mr. Ambassador, against that background, would you care to hazard a guess as to whether it is going to be the Security Council or whether it is going to be the Secretary General who will in fact control the peacekeeping forces and then maybe also who will pay for it?

AMBASSADOR JOHN SCALI: Let's take the last one first. We have agreed as a matter of principle that peacekeeping, at least the cost of the newest United Nations emergency force will be part of the regular budget. It is to be considered initially in assorted committees in this way. As you know, as a result of vigorous effort, the United Nations has finally agreed that the United States should pay no more than 25% of the regular United Nations budget. So therefore, it might

seem logical to expect that the United States would pay no more than 25% of the newest United Nations peacekeeping force. But gentlemen I would not bet on that if I were you. The United States has a record of having contributed a minimum of 40% to voluntary contributions. The peace of the Middle East is of critical importance. I am not saying that we will abandon this principle of paying no more than 25%, but I am only suggesting that it may be necessary that we examine the need for a meaningful peacekeeping force, against the need to hue to a principle of 25% that I firmly believe in.

H. B. WOODMAN: The other part of the question, you would refer to...

AMBASSADOR JOHN SCALI: No I forgot what the first part of the question was.

H. B. WOODMAN: It had to do with the fundamentals of your discussions with Mr. Malik as to where the real control over the peacekeeping force would be. Would it be with the Secretary General, or would it be with the Security Council?

AMBASSADOR JOHN SCALI: For 27 years, we have been deadlocked with the Soviets on the fundamentals of peacekeeping. If we accept the Soviet prescription for creating the perfect peacekeeping force, it would be one in which even the Corporal reports to the Security Council where a Soviet representative can wield the veto. We take a very dim view of that sort of operation. We believe that once you create a peace force that you set up a Commander who in

turn is responsible to the Secretary General who has a substantial degree of flexibility and latitude and that he reports only periodically to the Security Council on major decisions. Thus far, we have managed to avoid a crisis with the Soviets in the creation of this newest peacekeeping operation. Partly because the Arab countries and the nonaligned wanted it to so desperately to move into action at a time when it appeared that unless something happened, the Israelis would win a complete military victory. Accordingly, the ground rules at the moment are somewhat vague. But the Secretary General has managed to maintain a substantial degree of independence. We have managed on the important decisions to decide for example that among the ten countries there should be only one Eastern European member, Poland and it should be combined with Canada in a logistics unit. I had something to do with the makeup of this organization. I think for the moment, the membership is acceptable. The rules and the Commander are also the kind that reasonable men could approve, and as we move on to the next phase we shall keep very closely in mind the deadlock that has persevered and the principles which we will not abandon in this area. (Applause)

PAUL B. FINNEY: Mr. Secretary, how much of a business slowdown do you really see ahead, because of the energy crisis?

SECRETARY PETER J. BRENNAN: Well that is hard to say. We are hoping that whatever action has to be taken, as I mentioned before, there can be some. If there is, for instance, rationing of fuel, changing over from oil to coal, what would affect one industry would pick up

in another. At the present time I don't have any crystal ball and I can't answer as to what the slowdown would be.

PAUL B. FINNEY: Are you expecting a severe slowdown or just a slight one?

SECRETARY PETER J. BRENNAN: No, at this time, no, we are hoping that whatever slowdown does come because of these changes in the actions can be held to a minimum and that we can help the people that would be affected moving into others areas.

PAUL B. FINNEY: Do you think that labor in 1974 can live with the current 5.5% wage guidelines?

SECRETARY PETER J. BRENNAN: I don't think so, no. I don't think so unless the inflation comes down, the cost of living comes down, I don't think that labor can have the restraints that it had in '73, however, labor has come through in the crisis when many people didn't think it would, and I think the responsibility of labor leaders and the working people themselves has been remarkable in this last year and we could hope that it will be maintained in '74. But unless something real starts to move in the direction of bringing the inflation down and prices under control, labor probably will be looking for it's share.

PAUL B. FINNEY: What do you think labor should be doing on its part to hold down inflation?

SECRETARY PETER J. BRENNAN: Well I think there are many things that labor can do and has been, or some labor groups have been doing. I think the one is the stepping up of productivity, which has happened in some areas already to bring the prices down in the area of foods. The fact that labor has in many industries shared with the management, the responsibilities of not asking for increases. We have had that too, which goes unheralded. Many organizations, because their particular industries have been in financial trouble did not demand any increases. Perhaps you may say, who are they, we would like to deal with them. But this is so. And I think you will know that as the crises arise in each industry the unions in that industry and management have been able to work out a partnership. For instance take the maritime industry. I think the maritime industry is a good example. The union leadership sat down with management, and realized that the industry was in trouble. The government, for the first time under President Nixon recognized the problem and we are now building ships that will be sailed by American sailors under American flags which I think is long overdue. It should have been done a long time ago. And this is one industry that is now moving ahead and competing with foreign flagships and I am sure if the spokesperson for the union or management were here they would tell you how you can transport your goods under American flags using American ships and sailors and still be able to do it at a fair cost. I sat in a meeting and I heard them say this and take up the challenge. So if any of you want to challenge this, I would be glad to give you the address and the names of the people who tell you they can do it. And I believe they can.

(Applause) We must have some of them here.

PAUL B. FINNEY: In view of labor's opposition to the administrations trade bill, partly because of the fear of exporting of jobs, do you think that the trade bill stands any kind of chance of getting through Congress?

SECRETARY PETER J. BRENNAN: Well the trade bill, of course, again, the union labor wasn't exactly unified in that. There was some unions that supported the bill. Because there are unions that are not involved in export and import, and there are unions that are. There are unions that depend on imports for their materials, their raw materials to keep their members working in this country. So they took different positions. However, there are many things involved in the bill and one of my good friends, John Scali touched on, the new one that we are hearing, the détente, everybody wants to know if he is a new second baseman for the Mets, but he is not. It is part of the, one of the problems with the foreign trade. Until that is straightened out, the bill, it will be kicked around, although Congress, many people in Congress have indicated that they would like to get the bill through.

CHAIRMAN GEORGE R. VILA: One quick question and one fast answer.

H. B. WOODMAN: I think my question Mr. Ambassador, under those circumstances would perhaps be that Secretary Kissinger has repeatedly said, this is the year of Europe. And we find ourselves now in a kind of an atmosphere of squabbling and chastising and one thing or another,

and my real question is, to what extent is the result of this Mideast controversy having a genuinely adverse affect on our relations with our European associates?

AMBASSADOR JOHN SCALI: I will frankly acknowledge that the response of some European governments to the need for an American military alert at a critical moment in the Middle East crisis has been disappointing. I also suspect it is made more difficult the achievement of the goal of a year of Europe. But gentlemen, let me make two points as I close. I lived through the need for that military alert. And anyone who says that the President of the United States called that military alert to divert public attention from his domestic difficulties is irresponsible. I know some of the facts that were involved. I know without challenge that regardless of what the Soviets say that seven of their eight airborne divisions had suddenly been put on alert. I also know that some of the planes which had been carrying weapons to Syria, to Iraq, and to Egypt suddenly appeared at airfields near these divisions which had been put on alert. I know something about the messages that were exchanged between the President and General Secretary Brezhnev. And any president who did not take at least the precautions that President Nixon took, I think would have been derelict in his duty and then should have been the subject of man who could have been impeached. Another words I approve of the decisions he took. I think he took them on behalf of all of the American people, and even more I think he took them on behalf of a Western Europe which is yet to recognize the kind of threat that faced the free world at that particular time and I will not apologize for it. (Applause)

CHAIRMAN GEORGE R. VILA: We are all indebted to you, Secretary Brennan and Ambassador Scali for a very inspiring and very informative and very interesting evening. The meeting now stands adjourned. (Applause)