

The Economic Club of New York

322nd Meeting
81st Year

The Honorable Richard M. Nixon
37th President of the United States of America

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Questioners: Martin Davis
 Chairman and Chief Executive Officer Gulf and Western

 Donald Marron
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Introduction

Chairman Rand V. Araskog

Ladies and gentlemen, good evening. Welcome to the 322nd dinner of the Economic Club of New York in its 81st year. Tonight we have a very special evening. Four years ago our guest of honor provided the Economic Club with one of its most memorable evenings in its history. Our speaker who has been one of the most powerful political forces in America for the last four decades is also world-renowned as an international leader. I think many of the people in this room who travel around the globe constantly find that our guest of honor is revered in the nations around the world as one of the finest promoters of peace in the world. He is without doubt with unparalleled experience, unusual wisdom, and an incredible comeback courage. He has written five books since he left The White House, the last, *1999: Victory Without War*, has just hit the book stands. Ladies and gentlemen, please welcome the 37th President of the United States, the Honorable Richard Nixon. (Applause)

The Honorable Richard M. Nixon

37th President of the United States of America

Well, Mr. Chairman and members and guests of the New York Economic Club, it is a great privilege to be here again. I seem to come here every election year. And in talking to your President, Ray Price, I find that the question that most of you would like for me to address

tonight is who is going to be the next President of the United States. I will be glad to address that question in the question period.

But I thought it would be more useful in my opening remarks to discuss not just who is going to be the next President of the United States, but a man who may deal with as many as five presidents of the United States. He was Time magazine's Man of the Year in this last year, 1987, Mikhail Gorbachev. Who is he? What does he believe? And how should we react to him? General Secretaries: Khrushchev in 1959 and '60, Brezhnev in 1972, '73 and '74, and Gorbachev in 1986. He is by far the ablest of the three. He has better judgment. He's just as tough as Brezhnev but he is smoother. He is better educated than either of them. He has a bachelor's degree in law. He was born with a master's degree in public relations. (Laughter) He has supreme self-confidence. Unlike his two predecessors, he is one who is so confident of his strength that he's not afraid to talk about his weakness. He is a very skilled, tough political operator. Unlike Stalin, he doesn't have his rival shot. And unlike Khrushchev, on the other hand, he doesn't have them stay around.

I remember very well when I had my Kitchen Debate with Khrushchev back in 1959 that the man standing next to him was Brezhnev. Five years later Brezhnev led the coup which got rid of him and put Brezhnev in power. Gorbachev is not making that mistake. He has put his own men in – he has gotten rid of his enemies – in the Secretariat and in the Central Committee. Even more significant, he has sacked the Mayor of Moscow, Yeltsin, who is a friend. And that is

significant for this reason. Gladstone once wrote in the last century that the prime requisite of a Prime Minister is to be a good butcher. And Gorbachev is a good butcher. A good butcher because he's willing not only to get rid of his enemies, but also his friends when they get out of line. This remarkable man is one who in my opinion ranks with the top post-World War II leaders. He ranks with Churchill, Adenauer, de Gaulle, De Gasperi, Yoshida, Chou En-lai, Eisenhower. He is a world class heavyweight. And the first requisite of whoever may be the next President of the United States is can he get in the ring with Gorbachev?

Now what does he believe? Well, first he's a dedicated Communist. He wouldn't be the General Secretary of the Communist Party of the Soviet Union if he were not. And second, he is one who is also a pragmatist. He does not allow his ideology to blind him to reality. And as a pragmatist, he knows that he has great strengths, but also that he has great weaknesses.

Seventy years ago Lincoln Steffens, a newspaper reporter, came back to the United States after visiting the Soviet Union and said, "I have been over into the future and it works." Gorbachev has seen that future. He knows it doesn't work. It doesn't work in Eastern Europe which is seething with discontent. It doesn't work in Asia and Africa and Latin America where Soviet client states cost the Soviet Union \$35 million every day in subsidies to keep their economies afloat. It doesn't work in the Soviet Union itself. There the economy is plagued with corruption and alcoholism and inefficiency.

When I was in China about three years ago, shortly after he came to power, I asked a top Chinese leader whether Gorbachev would follow Deng Xiaoping's example in opening up and reforming the Soviet economy. He smiled. He said, "If he doesn't, the Soviet Union will disappear in the next century as a great power." He was right. And Gorbachev knows it. And that is why Gorbachev is taking the very great political risk of reforming his economy, of shaking it up, and at the expense of the opposition of those who have been shaking it down for so many years.

The question is will those reforms work? They don't go as far as Deng Xiaoping's. But on the other hand, he deserves great credit for his courage in going forward with them and trying to make them work. The question is will they work and when will they work? And this brings us to the major problem that Gorbachev has. He needs time for them to work. He needs a moratorium on his military competition with the United States, and he needs the trade, the credit and the cooperation of the West in order for those reforms to work.

And so what should our reaction be to these needs? Well, the answer is a very simple one. If his purpose is to make the Russian people have a better life, the answer is yes. If his purpose is to make life more difficult for us, the answer is no. Which is it? Well, first we have to disabuse ourselves of the notion that Gorbachev has abandoned the usual Communist goal of a Communist world. In his speech last year at the 70th Anniversary of the Communist or the Russian Revolution, he said, "Seventy years ago we parted with the Old World once and for all. We are moving toward a New World, the world of communism. We will never turn off that

road.”

We also have to have in mind that Russian reformers in the past, like Peter, the Great and Khrushchev, have been reformers at home but they've had aggressive foreign policies. And Gorbachev is no exception. He has endorsed the Brezhnev Doctrine which in effect says what's mine is mine and what's yours is negotiable. (Laughter) In addition to that, while he is getting his troops out of Afghanistan and cutting his losses, he's trying to keep his Communist government in. He is spending millions of dollars, yes, billions of dollars every year, providing arms for Communist client states in Asia, Africa, and Latin America. He is raising his defense budget at a time that we are reducing ours. He is conducting a brilliant diplomatic offensive. He woos the Chinese, the Japanese, the Latin Americans. He tries to divide Europe from the United States. He is meddling in the Mideast. And he's playing both sides in Iran and Iraq.

And so the question is, as we look at all of this, he talks detente, he talks peace, but on the other hand, his actions contradict his words. And what should our reaction be? In 1945, Winston Churchill sent a wire to the new President of the United States, Harry Truman. The wire read, “What we must do is to recognize that an Iron Curtain is falling down over their front. We do not know what lies behind it. It is vital, therefore, that we have an understanding with Russia now before our armies are mortally weakened and before we withdraw to our zones of occupation.” That advice by Churchill was not taken. And an historic opportunity which would have made for a better, freer world today was lost.

We have a similar historic opportunity today. Gorbachev needs a deal. We should make a deal. But it should be the deal which rather than just making the Soviet economy more efficient and more productive, makes Soviet foreign policy less aggressive. Otherwise what we will do is to be confronted in the 1990s with a militarily and economically stronger Soviet Union with the same aggressive foreign policy. We would, in other words, have increased the threat that we confront today. And so under the circumstances then, rather than moving in that direction, we must have Mr. Gorbachev make a choice. He must choose between progress at home and aggression abroad. He cannot have both. But what's in it for him if he chooses progress at home rather than aggression abroad?

We have only to look to China. When I went to China in 1972, the Chinese at that time had no trade whatever with the United States of America. After that time, the Chinese abandoned aggression abroad and concentrated solely on progress within China at home. Today China, which is a Third World community, agricultural economy, we have trade last year of \$10 billion. Our trade with the Soviet Union, which is an advanced industrial economy with a GNP ten times as great as that of China, our trade with the Soviet Union is just \$2 billion a year. That is ridiculous. It is time for these two great nations and these two great peoples to reduce the costs of military confrontation and to increase the rewards of economic cooperation. We're ready to do so. (Applause) We are ready to do so. The question is, is he ready to do so? But if he makes that choice, Gorbachev can go down not just as the Man of the Year; he can be the Man of the

Century.

Let us look forward now to what lies ahead. Just twelve years from now, maybe in this very beautiful ballroom in which we're meeting tonight, some of you will be celebrating a day that comes once in a thousand years – the beginning of a new year, of a new century, and of a new millennium. For the first time at the beginning of a century, man will have the capability for complete destruction or for complete progress, unlimited in either case. Whether it will be one or the other is going to depend upon whether the United States continues to provide leadership for the Free World.

And the question arises then, can we provide that leadership? Should we provide it? And why should we provide it? There should be no question at all about our ability to provide that leadership. We're the richest and strongest country in the world. Employment is up and unemployment is down. Inflation is down. Most Americans have never had it so good and we're at peace in the world. And yet a wave of isolationism is sweeping over this country. A new negativism pervades our public discourse. Pundits and politicians and a new best-selling book proclaimed that the United States is in decline, that we are over the hill, that we can no longer afford the role of Free World leadership, and that we must pass that responsibility on to others.

The argument goes something like this. A nation's military power depends upon its economic strength. When a nation's foreign commitments increase to the point that it no longer has the

economic strength to keep those commitments, its economy is weakened and it goes into decline. This has happened to the United States, and it has happened to the Soviet Union. Therefore, today the threat we face primarily is not that of the military power of the Soviet Union, but the economic power of Japan. And consequently, the United States should reduce its foreign commitments so that we can meet this new threat.

Now that makes fascinating history. But I submit to you tonight it makes very poor prophecy as far as the United States is concerned. Japan is a challenge to us economically. It is not a threat. The Soviet Union, its military power, is a threat. The Soviet Union has demonstrated for 70 years that it's possible to have a weak economy and be strong militarily. Japan is an economic giant and a military midget. It's a question of choice.

We are not prisoners of the past. We can determine our future. Sir Robert Thompson had a classic formula. National strength equals people plus resources times will. There's no question that the Soviet Union has the will to continue to be a great power. The question is have we? And can we continue to be a great power?

Well, we would have to admit that the United States is not as dominant today as it was in the period immediately after World War II when the other nations of Europe and the nation of Japan had not recovered from the devastation of that war. But on the other hand, today 5% of the world's people who live in the United States produce over 25% of the world's wealth. As Herb

Stein has pointed out, the United States is a very rich country. We're not rich enough to do everything, but we are rich enough to do everything important. And certainly there is nothing more important than to continue to provide the resources necessary for the United States to provide leadership for the Free World which is essential to our survival.

Now it is true, we have to face up to and deal with some very tough problems. The federal deficit is a time bomb which could destroy the splendid Reagan economic legacy if it is not defused.

The United States must be more selective in its foreign commitments. As Frederick, the Great has pointed out, "He who attempts to defend everywhere defends nothing." And in addition, it is necessary that our allies in Japan and Europe, now that they're able to do so, should take over a bigger part of the burden of our common defense.

But on the other hand, even assuming that we can do what needs to be done if we want to continue to lead, have we, or do we have the will to do so? Let us understand that will is impotent without leadership. The Soviet Union, in the person of Gorbachev, has a very strong leader who has within his own hands the power to carry out his will. No President of the United States, no matter how strong a leader he is, has that power. In fact, a President of the United States is powerless unless he has the cooperation and the support of the Congress, the media, and the American people.

However, when that power (TAPE MALFUNCTION) World War I and World War II, it is

irresistible. The question is can that enormous power be mobilized in peace time? I can remember such a time. Forty-one years ago, a young Congressman from California and a young Congressman from Massachusetts had offices which adjoined each other in the old House office building in Washington, DC. One was a Conservative Democrat; the other was a Conservative Republican. They usually disagreed on domestic policy. They usually agreed with each other on foreign policy. And I could remember vividly the first important vote we cast in foreign policy. It was on President Truman's request for military and economic aid to Greece and Turkey to prevent Communist aggression in that area of the world. It was a very tough vote for Jack Kennedy because the Left Wing of his party opposed any military foreign aid. And it was a very tough vote for me because the Right Wing of my party opposed all foreign aid. (Laughter) And so we finally ended up, both of us, voting for it. And we helped to launch an era in American foreign policy which is one of the proudest eras in our history and one of the most productive. And the fact that Japan and the nations of Western Europe today have all recovered from World War II, that they all have strong, free economies, and free governments, is one of the proud legacies of that policy.

That bipartisan policy was a casualty, one of the casualties of the Vietnam War. And now the question arises, can we revive it today? And we've got to understand that the problems we face today are much greater than those we faced then. When Jack Kennedy and I met in 1947, there were 42 atom bombs in the world and the United States had every one of them. Today there are over 50,000 nuclear warheads in the world and the Soviet Union has almost half of them. Then

the fear of the Soviet Union drew us together. Now the fear of nuclear weapons drives us apart.

Only a foreign policy which is strong and sophisticated is going to be able to avoid war or defeat without war. And that kind of a policy is not going to be able to be implemented by the next President of the United States no matter how strong he is unless he has the support of the Congress, the media, and the American people. Is that support possible?

I am not suggesting tonight that that support should be given to everything that the President decrees, but I would respectfully suggest that it is time to restore some civility and fairness to our public discourse. Let us understand that those who are anti-war are not pro-Soviet, and that those who are anti-Soviet are not pro-war. Every American wants peace. Every American cherishes freedom. That is an article of faith. We disagree as to the policy at times, which can best defend that faith. Let us then debate the faith without questioning the motives, debate the policy, I should say, without questioning the motives of those who share our faith. (Applause)

We come now to the most profound and to many the most difficult question of all, even assuming we can, why? Why after all that we've done, all the sacrifices that we've made, we didn't want this role, why do we have to continue to play this role? And the answer very simply is there's no one left to take our place who is rich enough or strong enough. The Japanese and the Germans are rich enough but neither of them can have nuclear weapons. That's one of the legacies of World War II. And a nation without nuclear weapons cannot cope with a nuclear

super-power.

But there is another reason which is even more profound than that that we must continue to lead. We must do it, not just for others, we must do it for ourselves. Only when a person engages in a cause bigger than himself can he be really true to himself. That's true of individuals. It's true of nations. It's particularly true of the United States of America and of Americans. To turn away from challenges, to settle for second best, to not try to be as great as you can be is contrary to the American character.

Let me put it in personal terms. Sometimes young people come to me and ask me my advice as to whether they should enter politics or some other hazardous profession. (Laughter) In trying to think of an answer, I sometimes think of the words of St. Thomas Aquinas seven centuries ago. If the primary aim of a captain were to preserve his ship, he would keep it in port forever. Those seas out there may be stormy, but conflict is the mother of creativity. If you take no risks, you will suffer no defeats. But if you take no risks, you will win no victories. We must never be satisfied with success, and we must never be discouraged by failure. That is the philosophy that has made America the great nation it is today. Look at the stakes. We're not just talking about the next election. We're talking about the next century. That is a challenge worthy of a great people. And that is why we will reject the gloomy counsel of the new negatives and why America will continue to provide the enlightened leadership which only we can provide for those who cherish freedom in the world. (Applause)

QUESTION AND ANSWER SESSION

CHAIRMAN RAND V. ARASKOG: Mr. President, I think the audience speaks for itself. As is tradition with the club, we now enter that period of questions and answers. We have two distinguished New Yorkers to raise questions for former President Nixon tonight. First of all, we have the chairman and chief executive officer of Gulf and Western, Martin Davis on my right. And on my left the chairman and chief executive officer of Paine Webber Group, Donald Marron. We'll start tonight with Mr. Davis and they'll alternate questions until some point in time at which we call it to rest.

THE HONORABLE RICHARD M. NIXON: I'm particularly glad that the first questioner is on my right. (Laughter)

MARTIN DAVIS: Mr. President, you may change your mind after the question, I'm not sure.

THE HONORABLE RICHARD M. NIXON: I thoroughly expect that too.

MARTIN DAVIS: Mr. President, Mr. Gorbachev has certainly achieved extraordinary recognition for himself, not only in the Soviet Union but more importantly in the West. Here in the United States and throughout Western Europe and even in Japan, he's achieved a great

following. And I recall a great philosopher who once stated that it is far better to be trusted than to be loved. Now my question Mr. President is, can we really love him and trust him at the same time?

THE HONORABLE RICHARD M. NIXON: I think the answer to the question is, as you already have implied, that far more important than love is respect, and trust for that matter. Let me put it a little more precisely. What we have to understand is that, looking at Mr. Gorbachev and the Soviet Union and ourselves, is that we have some irreconcilable differences. And all the Summit Meetings in the world and all of the various delegations that we send over there – businessmen and others who naturally want to do a little business – all of that is not going to make any difference as far as our relations are concerned in trying to solve those irreconcilable differences. He believes in and stands for his system. We believe in and stand for ours. We have some common interests. And a major common interest is that we both, despite our irreconcilable differences, have a mutual interest in not going to war over our differences. Now in order to resolve that situation, respect is what is most important. And respect is certainly more effective when it does not go with rather a sappy trust or affection and the rest. The moment that we get taken in by charm, by someone who is very good at charm, we're going to be in trouble. We shouldn't try to use charm on them because he'll understand it, but we also shouldn't be a patsy for his charm. Let me make it very clear. Gorbachev is a very attractive individual. If he were to meet any of you, and many of you have met him, he has a powerful personality. I remember the difference between him and Brezhnev. Brezhnev was like Lyndon Johnson. (Laughter) And

that's a compliment to both. Whenever you see Brezhnev, as was the case with Johnson, he'd always grab you by the arm to make a point. He physically had to grab you. As a matter of fact, Johnson used to do that too. I remember one time that Gerry Perssons who was his military aide, Lyndon Johnson wanted to come in to see Eisenhower. And he told Gerry Perssons, well, I really don't want to see him because if he does come in, I want you to stand between me and him because my bursitis is kicking up and I don't want him to grab my arm. (Laughter) Well, let me come to the point. Brezhnev grabbed you physically by the arm. Gorbachev also grabs you physically without ever touching you. It's the power of the personality. This is a formidable man. But let's have no illusions at all. He is a dedicated Communist. He has not abandoned the Communist goal of world conquest. He wants peace. At the present time he needs the time for his reforms to go forward. We should work with him. But remember that what he wants is in many cases inconsistent with our interests. When it is consistent with our interests, do it. When it is inconsistent, don't be taken in by the charm. (Applause)

DONALD MARRON: So Rand, I'll just go ahead from the left, so to speak, over here. Mr. President, in 1960 you ran as a loyal vice president of a very popular president. And you were narrowly defeated, although many could contend that you were counted out by Mayor Daley, not by other forces. And some people are saying there's a parallel between the outcome in 1960 and the situation that confronts George Bush today, particularly since the last incumbent vice-president to finish a term, run, and win was Martin van Buren in 1836. (Laughter) And he ran against three Whigs. My question is what are the handicaps entailed in running for president as

an incumbent vice-president? You talk about it in your new book. And what advice would you give George Bush?

THE HONORABLE RICHARD M. NIXON: Well, since I lost I probably shouldn't give him advice. (Laughter) Just be sure he doesn't get a long count or a short count in Chicago. It is, of course, difficult to run with a popular president, but also that's an asset. And the fact that he's been loyal to the president, helped him get the nomination sewed up at this early point, and to the extent that the Reagan popularity holds up, it will rub off on him. He has that as a benefit. On the other hand, there is something that I have pointed out on occasion, that there's a characteristic of the American political scene which Tocqueville pointed out in his book 150 years ago and a very shrewd observation. He said he detected restlessness amidst prosperity. Here we have a situation where we have in the United States prosperity. We have peace. In 1960 we had prosperity and peace. We had recovered from a very bad recession in 1958, but everybody was talking about the Soaring Sixties at that point. So the situation at the present time that George Bush has to be concerned about is not simply running on the record because if he runs on the record, this restlessness that is always boiling beneath the surface among Americans – they're never satisfied with things the way they are – they may like where they have been, but they're more interested in where they're going, and so, therefore, he's got to go forward, take what Reagan and that loyalty means to him as a base, and then be his own man. People are going to be wanting to know what George Bush stands for. I think Ronald Reagan too will understand that. He doesn't want to be succeeded by someone who is going to undo what he has done. He wants George

Bush to win. And if he wants him to win, he's got to understand that George Bush is not going to win by simply going down the line for everything that Reagan has said and everything that he's done, because nobody is perfect. George Bush has got to say this is what I stand for; this is where I'm going to lead the country. If he does that, I think George Bush will win. (Applause)

MARTIN DAVIS: Mr. President, do you believe that we will see detente between the Soviet Union and the People's Republic of China before the turn of the century? And should that come about, what are the long-term implications for the United States?

THE HONORABLE RICHARD M. NIXON: I know many people are concerned about the possibility that the Soviet Union and China will reach an understanding, some sort of accommodation or detente as you want to call it. Let me say that I think there are three factors that militate against that. One is the fact that they are both Communist. That seems rather strange. People say aren't they drawn together by their Communist ideology? And the answer is under the Communist ideology, there can be only one number one. The Chinese will never accept anybody else being number one. That's part of the reason for the break earlier. So that keeps them from getting together. A second reason is their nationality. The Chinese don't like the Russians. They like ugly Americans better than they do Russians. (Laughter) And the third reason is the most fundamental one and that's economic. China, the very pragmatic people who run the People's Republic of China, have as their first priority economic progress for a country that has a per capita income of only maybe \$400 or \$500 a year. Under the circumstances, to where do they turn? They're not going to turn to an economic basket case, the Soviet Union. And

every one of the Soviet client states around the world, in Eastern Europe, in Africa, Asia, Latin America, is virtually bankrupt. The Soviet Union, its economy, while it's very strong in some ways, particularly in its military production and so forth, basically is no example for any others to follow. If they want to move forward, the Chinese, they've got to turn to the West. And so they look around, and what do they see? They see what Japan has done. They see what Korea has done. They see what Hong Kong has done. They see what Taiwan has done. They look at the United States and Western Europe. The United States, Western Europe, and Japan have everything to offer to this Third World country that needs to move forward economically. And only if the Chinese give up on the United States, Western Europe, Japan and the other free countries will the Chinese be tempted to turn to their big neighbor to the north. So looking to the future then, we must bear this in mind. What brought us together in 1972 were not these economic factors. What brought us together, as Bill Rogers who is here tonight and was there at the meeting, was the fact of a common fear, the fear of the Soviets. What will keep us together in the future will be the common self-interest, economic self-interest, and hope. And as long as we can give them an economic stake and good relations with the West, there will not be a temptation to turn back to the Soviet Union. This is enormously important because if they ever do give up on the West and then do move back to the Soviet Union, when we consider the fact that China, in spite of Communism, not because of it, will be an economic and military super-power in the middle of the next century, it would be a much, a very, very dangerous world. So the decision is not just in their hands, it is also in ours. And that brings me to Mr. Gorbachev again. This man is very clever. He is wooing the Chinese. He is wooing the Japanese too. And as we think about

what a great thing it is, and it is a great thing that they are getting out of Afghanistan, we want to remember, by getting out of Afghanistan he is removing one of the three obstacles that the Chinese have said will keep them from getting back into a different accommodation with the Soviet Union. So since he's playing that game, let's don't base our policy on the assumption, well, the Chinese have got to be with us because they have the big enemy to the north. Gorbachev is going to play that. Let's don't leave the future in his hands. Let's keep it in our hands by giving the Chinese an economic stake in the relations with the West. (Applause)

DONALD MARRON: Since it's the Economic Club, a question on economics seems appropriate at this time. In 1980 our trade deficit was \$17 billion. In 1987 it was \$171 billion. And with that big increase go things such as competitiveness and protectionism. At the same time we have an enormous budget deficit and talks about an oil import tax and other things that are related to trade. In your mind, which of the two deficits are the most important, or both equally, and how would you tackle it in terms of the new president?

THE HONORABLE RICHARD M. NIXON: Let's see, how much time do I have? Somebody is using the basketball idiom and referred to them as the Twin Towers. I do not know enough about the trade deficit to say anything about it that I think would be particularly responsible before this very sophisticated audience. I would point out I have a great deal of confidence, however, in the ability of the American economy to regenerate itself. When we look back to the 1982 recession and all the problems that caused, when we look back at the competition with the Japanese and

the problems that caused, it's interesting to me to note that in 1985 and 1986 the per capita growth of output per man hour in the United States was higher here in the United States than either Japan or in Germany. What does that mean? It means that these cold-eyed, tough, ruthless CEOs in the United States are going to make those decisions that are necessary to keep us competitive. I have great confidence that the business community will compete. And I would say, second, since we're talking about it of course, on protectionism, that is, of course, open up markets. We understand that. Everybody is for that. It's got to be fair trade in order to be free trade. But protectionism is the most obvious sign of a declining economy and we mustn't go that way. That's no way to handle the problem. However, let me say a word now about the deficit I should know something about since I helped create it. (Laughter) And this is not said critically of any candidates because having been a candidate I know you have to say some things in order to win. (Laughter) Now none of the candidates in either party have responsibly addressed the problem of the deficit. The Republicans have been a bit more responsible. Now as far as the Democratic candidates are concerned, if you'll pardon the pun, they don't address it because they're afraid they'll be babbitized. And then as far as the Republicans are concerned, the Republicans don't address it because they're afraid that the senior citizens lobby will take it out on them. Now what has to be done? The deficit is an enormous problem. It isn't going to be handled by the line item veto. It isn't going to be handled by more tax collections. Those are simply band-aids. Both may be useful, but they don't address the fundamental problem. It has to be attacked on three fronts. It has to be attacked on the revenue front, on the entitlement front, and on the defense front. And there can be no sacred cows. You see I can say these things

because I'm not running for anything. (Laughter) Now, looking at those three fronts, there is a tendency, certainly on the Democratic side and amongst some Republicans as well, to make defense the scapegoat. Don't take it out of entitlements. Don't raise people's taxes. Just take it out of defense. Well, let us get that into perspective. Defense can be leaner. I'd like to see the Packard Commission reports, instead of gathering dust as they are at the present time, that they be implemented by the next administration. That will help some. And there are other reports. But looking at defense, it is 6% of our GNP. That's a lot of money. But when you put it in an historical perspective do you realize that 6% is less than the percent of GNP we were spending on defense in the 1950s when we had balanced budgets under President Eisenhower? So defense can take part of the hit. But they should not take as much of a hit that would reduce our ability to play the role we should play. All right, we now come to the really tough one. That's entitlements. What are we going to do about entitlements? As far as Social Security is concerned, no one has suggested that we reduce Social Security. What has been suggested by the Peterson bipartisan group and others is that we should certainly limit the increase, and there are other things of course that can be done with Social Security and pensions. But the problem of entitlements must be tackled because that's the major part of the problem. Now after you have tackled the spending side and defense and entitlements, only then do you go to the revenue side. And on the revenue side, let's begin with this proposition. Nobody should fool with the income tax rates. Leave those where they are. Nobody should suggest raising them. If something has to be done, it should be on the consumption side, be it energy or something else. But overall then, you need a concerted attack on the deficit. If we do that, I think that could have, and not knowing much about it, I

would say a salutary and constructive effect on the trade deficit as well. (Applause)

MARTIN DAVIS: Mr. President, the playing field in which American corporations compete with foreign companies who are ever-increasing their stake in the US economy has tilted sharply against us because we are faced with strict accounting conventions and a severely weakened dollar. How do you think we can level the playing field so that we can, as American companies, compete on even terms in the international arena?

THE HONORABLE RICHARD M. NIXON: Well, the level playing field in the international arena is an absolute must. I speak tonight as I have throughout my political career as a free trader. I think most of you are here in this group as well. On the other hand, as everybody has said and it's almost a cliché, it must be fair trade. And there's no question – and this covers not only Japan, it covers Western Europe, everybody plays at this game – that there are numbers of ways without tariffs, things that are covered by GATT and the rest, in which it is not a level playing ground. Non-tariff barriers, for example, are the most skillful things that are used. Now how do we deal with that? Well, let me go into some unplowed ground here. First, I think it is important that on the diplomatic side, that we strengthen the economic side in the State Department. Now Bill Rogers tried to do that as Secretary of State. Let me tell you the problem with the Foreign Service of the United States as far as that is concerned. There are some very able men. But the fair-haired boys, the ones that go up and become Assistant Secretaries and even eventually Under-Secretaries, are political officers. Economic officers are a second level of

life. There are very few good economic officers working for the United States in our foreign embassies. We've got to recognize that in this next century, the economic side of reform policy is going to be even more important probably than the political or the military side. Therefore, strengthen those economic officers so that they can deal with these problems, so that they can be as effective advocates of American business today as British foreign policy people were for the British when they were in this business back in the 19th century and the early 20th century. I think that's one way to start. In addition to that it means that in our Summit meetings, the meetings that a president has with the, particularly our trading partners in Europe and Japan and the rest, that we develop there the clout within our own government to bring them all together to deal with it. And the third point I would make is this. Do you remember during World War II we had a Board of Economic Warfare? It was very effective because then we realized that war was total; it was military, it was covert, etc. We now have a situation where we need, not a, we call it a Board of Economic Warfare, but we need within, in the White House, under the president, at the same level as the National Security Council which deals primarily with military and diplomatic things, we need a Board of Economic Competition in which the president pulls together all these people. Let me tell you, people think that the main sport in Washington, the favorite sport is the Washington Redskins. They're wrong. It's fighting for turf among bureaucrats. That's the favorite sport. And what you have to do is to bring all of these various agencies, the Commerce Department, the Treasury Department, the State Department, the Defense Department together to get a concerted policy in order to deal, not only with our allies and friends but also our potential adversaries. (Applause)

DONALD MARRON: Mr. President, the concept of a sharing of the military burden with our allies has become very prominent in the 1988 elections. While this is an idea that has merit, it takes two willing partners to share anything, never mind do things going forward. What are the motivating factors, in your judgment, that would persuade Japan, West Germany, or the NATO allies to pay a greater percentage of our military costs? And do we have the leadership and the structure to make a change in that important situation?

THE HONORABLE RICHARD M. NIXON: This raises two separate problems. And if I may, I'd like to address first Japan which is a separate problem and then the NATO allies. Looking first at Japan, it would be a great mistake to ask the Japanese to build up a military potential such as we have or even anything approaching it. You've got to understand this, that politically it won't fly in Japan. Japan, you want to remember, is the only nation in the world that has ever been demolished by or affected by nuclear weapons. We've got to understand that as far as the Japanese are concerned, too, their neighbors. It's true that it's been 40 years since World War II but their neighbors are going to be concerned. They're not going to tolerate a Japan that is too strong militarily. We also have to bear in mind that while Japan can never be a nuclear power, if it becomes too big a military power, it can raise questions with the Russians as well. So what does Japan do? Japan at the present time, as you know, limits its military expenditures to about 1% of its GNP. Ours are 6% of the GNP. Japan is slightly over 1% thanks to Nakasone, his statesmanship. Rather than saying to the Japanese, increase your military expenditure so that you

pay 6% of your GNP which allows us to bring home our ships and so forth from Asia, we say to them, no, you should raise it some, but only for defense. But why don't you make up for the free ride you're getting on the military side by increasing your foreign aid and the rest by 5% so that you, for national security generally, are paying as much as we do. And that means Japan could take some of the load off the United States for our foreign aid for Asia, Africa, Latin America and so forth. That's the way to handle that. (Applause) Now Europe presents a different problem. As far as the NATO allies are concerned, what we have to understand here is the NATO situation has changed dramatically since NATO – this is the 40th Anniversary – and it's going through a midlife crisis. That's what it's going through at the present time. You've got to remember that when NATO was founded we had a situation where the United States had a monopoly on the atomic bomb. When the Soviet Union had unquestioned military, or conventional superiority, and NATO, the NATO countries didn't have the economic capability to meet the conventional threat. Now, that's now changed. NATO has recovered from the war. They have the economic capability. Their GNP is almost as much as ours. And we no longer have a monopoly on the atomic bomb. In fact, the Soviet Union has superiority in the most, the strongest, the most accurate weapons, land-based nuclear weapons. So under these circumstances, and the Soviet Union also retained as we know their conventional superiority, so what has to happen then is that Europe has to raise its contribution to conventional forces in order to, if possible, balance the Soviet conventional threat, having in mind the fact that the United States should negotiate at the highest level with the Soviets to reduce their conventional superiority. Linking that to whatever agreement they were going to make in (START). Now with that in mind, however, how are you

going to convince them you say? Let me say, they're pretty realistic people. As Bill Rogers will remember we had, and you will remember too, Pete, we had some pretty rough fights on what were called the Mansfield Amendments during the time I was president. There the doves were saying we've got to cut back our forces in NATO, we had to cut them back by 10%, 25% and so forth. It was very close. We won only five, six, seven votes on occasion. Now the doves who want to cut back on forces in Europe have been joined by the hawks. The hawks say we want to cut back on what we're doing in Europe because the Europeans can do more and also because the Europeans don't support us in Nicaragua and other places around the world, in the Third World where they have as much interest as we have. Now when those two get together, the doves who want to cut back on American forces in NATO and the hawks do, it means you got a majority and NATO is going to be faced with enormous problems. Now I don't want that to happen. I don't believe the United States should cut back. But I think that the realists in Europe have got to recognize that unless they address the problem, we're going to face a political situation here where regardless of what promises George Bush makes or Dukakis makes if he is president, they're not going to be able to keep them and get the support of the Congress. That's the way it's going to happen. (Applause)

MARTIN DAVIS: Mr. President, one of the dangers that threatens to sap the strength of our society is the ever-increasing drug problem and the crime which it breeds. We are now witnessing an outbreak of urban warfare between the police and drug dealers, and just one case a mile from the White House. You have advocated the use of our armed forces to stem the flow of

drugs into the country as a solution. Don't you agree that this position is so complex and so pressing that much more needs to be done? And what other steps would you recommend?

THE HONORABLE RICHARD M. NIXON: What we need in the whole drug, the whole drug activity is basically a supreme commander. And that supreme commander has got to be in the White House. I mentioned earlier this fighting over turf. Believe me, it's there. There are about 14 different agencies that are involved in trying to stop the flow of drugs into this country, to educate Americans, to go abroad and see what we can do with the foreign countries that are growing it, producing it, manufacturing and so forth and so on. And many times, many of them are very dedicated people but they spend so much time fighting each other they don't have enough time left over to fight the enemy. Now when I mentioned the armed forces, let me say exactly what I was talking about there. I'm not suggesting that you say to the Army, Navy and Air Force, you're going to go out and stop drugs. I didn't mean that at all. I am saying this. That it is time that whatever institution we have in this country that can be effective in stopping the flow of drugs into this country has got to be used. And when those who make the argument, well, the armed forces of the United States, that their mission is only to defend the United States against foreign enemies, what we have to understand is that those that ship drugs into this country are enemies of the United States that kill people just as sure as foreign enemies do...(Applause) and that is why we should use them. So I would first, I don't like the word czar, I think I like it a little better than commissar, but nevertheless, whatever you want to call him, there's got to be, under the president, a strong leader who brings it all together, knocks their

heads together, and then develop a concerted program to deal with the source, where it's grown in various countries, and pressures have to be brought diplomatically on them, to deal with it at the border, deal with it as George Bush has suggested by increasing the penalties to the death penalty where there's any drug-related deaths and so forth and so on. And then there's one other point I'd like to make, though, and some of you may disagree with this because it's very controversial. The New York Times suggested this, didn't recommend it, but suggested it in its editorial this morning. It's in the lead editorial in the *London Economist* this week. And that lead editorial recommends that what we have to do is basically to deal with the problem as we have with prohibition. Prohibition didn't work. So therefore, we've got to recognize we can't stop drugs and the thing to do is legalize it and that will get away a lot of the criminals. Let me say I am unalterably opposed to decriminalizing drugs in any fashion. (Applause) And the reason I'm opposed to it, the reason I am opposed to it, it has nothing to do with prudishness or morality or the rest, I'm opposed to it for the reason that if you make it acceptable, if you make it fashionable, there's going to be more drugs used and we've got to cut it down. Education, yes, but don't decriminalize it. That's my feeling on that. (Applause)

DONALD MARRON: A question on another very sad topic. The most recent hijacking of a Kuwaiti airliner and the killing of innocent passengers forces us again to recognize that terrorism remains a very real threat to security around the world. Do you think that we are employing our most effective resources in combating the situation? And what do you think the impact in the future will be?

THE HONORABLE RICHARD M. NIXON: International terrorism must be met internationally. The British are quite good at it. The Israelis, of course, are superb at it. We're developing some considerable capabilities. And incidentally, this is one of the areas where I think it might be possible, believe it or not, to enlist the Russians, because they, while at times past, they of course have profited from terrorism and chaos and the rest, they may be the subject, having in mind the fact that when you look at Khomeini and the Iranians and the rest, they're anti-Russian as well as anti-American. It may happen to them. It hasn't yet, probably because they know what would happen if it happened to them. But what I am suggesting here is that, what I am suggesting here is that when something happens, I notice for example on the Kuwaiti airliner, the way the networks played it, they said, well, it's a crisis but it's not our crisis, there are no Americans. Let me tell you, when any terrorist action of that sort, any attack of that sort, an attack on one is an attack on all. That's what we've got to understand. When Americans are involved, then the British and the French and all the rest should join us in dealing with it. And when one of their citizens is involved, we should join them. (Applause)

MARTIN DAVIS: Mr. President, many of us complain about the lack of a better and broader slate of candidates running for the presidency. When voters become apathetic in terms of the choices before them and look for, and I quote "the best of a poor lot", is there something fundamentally wrong with our political system?

THE HONORABLE RICHARD M. NIXON: You know we seem to go through this virtually every time. You know, why do we have such lousy candidates? And the point is that what we have to realize is that the whole American political scene has dramatically changed and we may not be right at this time the best judges of whether the candidate is lousy or whether he'd be a lousy president. Let me give you an example. They talk about charisma. People say George Bush doesn't have any charisma. And others say that Dukakis doesn't have any charisma. I'll accept that. (Laughter) Now let me tell you, I was on a carrier in 1971. I was inspecting the Sixth Fleet. I was president at the time so they let me inspect it. (Laughter) I remember so well that somebody came up with me to the wire and they said we have just heard that Nasser is dead. And I said who is succeeding him? He says a fellow by the name of Sadat. I said who is he? He said, well, I don't know, he's sort of a guy that's been there as an aide. He doesn't really amount to much. He's got no color at all. He's unimaginative. He's certainly...we don't think he can possibly fill Nasser's shoes. I knew Nasser well. Charismatic, believe me, he had it. Like Gorbachev, he could grab you physically without touching you. That's the kind of a man he was too. He had a marvelous radio voice. And I said, oh, boy, what is Sadat going to be? Anwar Sadat. He put on the robes of the president. He went to Camp David. He became one of the most charismatic figures of the 20th century. So don't discount George Bush, or maybe the other fellow, until he's president. (Applause)

DONALD MARRON: Trying another part of the world, in your new book, *1999: Victory Without War*, you wrote that the 20th century has seen the triumph of the ideas, if not yet the

universal fact of government based on the consent of the government. Panama, the Philippines, and El Salvador have each made attempts at achieving a stable government guided by Democratic principles. Could you comment on our neighbors to the south and how you see the trends there?

THE HONORABLE RICHARD M. NIXON: All I can say is we have to have a lot of patience. Winston Churchill has said democracy is a wonderful government but it's the most difficult one to run. And I never forgot a conversation I had after getting stoned in Caracas, by rocks as you recall, back in 1958. (Laughter) Anyway, we stopped in Puerto Rico afterwards and I remember that Muñoz Marin, who did have charisma, the Puerto Rican Governor, he was so apologetic about what had happened down there. I was Vice-President at the time and these mobs, the car; we were almost destroyed and so forth. He said I want to tell you something. He says I am very proud of my Latin heritage. He said we are good to our families. We're religious. We love philosophy and music and we're very talented in these areas. But he says, Mr. Vice-President, we have never been very good at government. Now what you have to realize is that the Latin heritage, as distinguished from the heritage that we had, is very different. And the Philippines also have not only the American heritage but the Latin heritage. You put the two together and you've got trouble. So what you have here is a situation that, in which people are trying to go along the road that we have of democracy, choose their leaders through elections, free elections and the rest, have all the responsibilities that you have. We have troubles even here. We can't expect them to have instant democracy and have it work. I think that as you look at it

historically, Latin America has been slow to come along. For 150 years they made very little progress. But in the last 15 years or 10 years a number of them have moved from autocracy to democracy. Don't expect it to be perfect. Ours is not perfect. I know that isn't an answer. I wish we could say there's a way we can teach these people to know how to run a democracy. But we've got to teach ourselves first before we teach them. (Applause)

MARTIN DAVIS: Mr. President, despite the postmortems on the October 19th market crash, including the Brady Commission Report, Congressional hearings, etc., those of us who lead public companies with investors as our constituency are losing confidence in the ability of the regulatory systems to avert a repetition of that terrible Tuesday. Just today we saw the market drop over 100 points again. What, in your opinion, should be done to restore leadership and confidence in the market system?

THE HONORABLE RICHARD M. NIXON: Well, I was going to ask all of you that. (Laughter) I don't happen to be in the market, and I'm really not knowledgeable enough in the area to make a recommendation on that. But I would only suggest that I would hope that the next president would appoint people who understand it and that they can deal with it effectively. But I'll have to take a bye on that question.

DONALD MARRON: Maybe a broader question on the political scene, Ronald Reagan has fared rather well in the White House with a style of governing that has been somewhat

reminiscent of Eisenhower who we remember as a Big Picture president. Lyndon Johnson and Jimmy Carter, who immersed themselves in details, fared less well. The question is, can the country be governed by a continuum of Big Picture presidents or should they be interspersed with chief executives who are willing to wrestle with the mechanics of government? And adding to that, if George Bush is the president, who would his vice-presidential candidate be with him?

THE HONORABLE RICHARD M. NIXON: Every president, of course, has certain gifts. He wouldn't have made it to the top unless he had those. And he has weaknesses as well. I think first with regard to President Eisenhower, there's been too much written to the effect that he didn't know what was going on. He did. This was a man who saw the Big Picture, but he was one who had a very great understanding, particularly of national security issues. I mean people said who was the Eisenhower Secretary of Defense? It didn't make any difference. He was. That's all you needed. And so when it came to defense and much in the field of foreign policy, Eisenhower was certainly what you call hands-on. That's not to be critical of Governor Reagan or President Reagan. The thing that you have to bear in mind in Reagan's case is that they say, well, all he is, is a great communicator. That's part of the job. Right now as we elect presidents, we've got to realize one of the things you've got to watch for, can he get across on TV, because he's got to use the TV in order to get support for his programs. And the fact that President Reagan had an enormous ability to communicate on TV meant that he was able to do something that he will be remembered in the history books for, to restore the spirit of the United States, its confidence. That's a very important thing. We may be critical of Iran-Contra or this or that or the other thing,

but the spirit of America is much better now than it was when he came into office and that's because of his communication ability. I would say that one of the advantages of George Bush, and again this is not said in derogation of his opponents, the advantage of George Bush, should he become president, is that he will not have to have on-the-job training. He's been vice-president for these years. He's had a number of other experiences in government. So he'll start in a running start. He'll know how the thing works. He has run his campaign so well. After all, he demolished some pretty effective opponents. That's another indication of how effective a president a man can be. I think Bush could be a very effective president, and that he has demonstrated that he knows, and particularly in the field of foreign policy, you don't have to tell him where Zimbabwe is. He'll know. And that could be important. Who knows? Now the next point is that, since this relates to the vice-president, if you can, I'm going to...you may ask it anyway, I don't want to, I don't want to be...not give equal time to the Democrats. So I will give them a minute. (Laughter) I think there's been a tendency, if I may say so, to underestimate Governor Dukakis. I've looked at him. He is cool. He's tough. He's very good in debate. He has a record of competence as governor. And he's proved to be a good manager of a campaign. He had to get rid of one campaign man, but he was a good butcher, in other words. So we can see that this man can be a formidable candidate. That's why I have made the prediction all along that those Republicans who believe that because we have peace and prosperity and the Democrats have got all their problems, which fortunately we don't have, at least some of them, so under the circumstances therefore that it's going to be a landslide. It's not going to be a landslide. It's going to be a very close election which will be decided by the state of California. So plan to stay

up very late at night for the late returns. Now, who will be George Bush's vice-president? I have spoken about it publicly only to indicate that when a person selects the vice-presidential candidate he must not be constrained by the fact that maybe they haven't gotten along. We want to remember that some of the most successful campaigns have been people that didn't get along. I mean Johnson didn't like Kennedy. And Bobby Kennedy hated Johnson. Jack Kennedy didn't like Johnson that well. But they looked at the numbers, Sam Rayburn says, nobody has ever carried, can win without carrying Texas. So they put Johnson on the ticket, and they won. And we must remember too that George Bush called Reagan's voodoo economics. Reagan didn't particularly appreciate that. (Laughter) But Reagan, on the other hand, he said, well, I'll put him on because he wanted some insurance. Now, as a matter of fact, in 1980 he could have put a chimpanzee on and he would have won. (Laughter) But nevertheless, what George Bush has got to understand, that he has a marvelous group of people. He can take a Jack Kemp, even though Jack Kemp has been critical on occasions of him. He can take any one of those that ran against him. He's got several governors that are very well qualified, really could help. The reason I suggested Dole, only threw the name in, was that you've got to recognize that when you're picking your vice-presidential candidate, first, he must be a good president. Second, he must be a good vice-president. Third, he must be a good campaigner. And the third is the only thing that matters because otherwise you can't do the...(Laughter) So you come to him. George Bush has got to, in my view, look over the whole field, after the Democrats have picked their vice-presidential candidate, and after he sees what he needs in the south, the Farm Belt, and the rest, then he's got to pick the one that can add the most. He should not rule out Bob Dole due to the

fact that Bob Dole has been very critical of him. That's the only point that I make. And I hope that it's a very good team because it's going to be a close election with Bush winning by a nose. I wish he had my nose, it would be a little better. (Laughter and Applause)

MARTIN DAVIS: Mr. Araskog has pointed his finger at me. He said one more question. Mr. President, over the years you have had a love-hate relationship with the media. And from your current position as an author, statesman, and former president, what advice would you give George Bush the next time he meets Dan Rather? (Laughter)

THE HONORABLE RICHARD M. NIXON: Well, I think I'll think about that. As a judge would say, I'll take that under advisement. Looking at George Bush, let's look at another factor. People criticize him because he's a gentleman. What's wrong with that? (Applause) He's a gentleman. But in his Rather interview he indicated that he could also hold his own. And in his campaign he's indicated that he's a strong man. I would also point out in that respect, Gorbachev is a gentleman too. The fact that he's a gentleman doesn't mean he isn't a very tough guy. So I come to the media, the handling of the media, well, in the first place I'd appoint a very good Press Secretary and I'd get somebody that didn't know how to write so could never put...(Laughter)

DONALD MARRON: Do I get the last question, Rand? Is that it? Mr. President, in 1980 before Ronald Reagan was elected as the president, I was privileged to go to a dinner that you hosted,

and you talked at that dinner about the things you were talking to Mr. Reagan about and the advice you were giving him about the crucial issues in the campaign for the presidency as it came down to the end. And you said, in the end the American people decide who they're going to vote for on the basis of domestic issues. And within that framework, it usually comes down to one or at the most two crucial issues that make the difference in sending the messages. Can you tell us what you think is the crucial issue or two issues in this campaign?

THE HONORABLE RICHARD M. NIXON: When I said that in that election that it comes down to domestic issues, that is the case unless you have war or unless you have a rumor of war, or if people fear it. In other words, war and peace is always the big issue in the event that that's a problem. Back in 1968 it was the problem, in 1972, and it was of course a plus for our side. But in 1980 you had the hostage crisis but otherwise people were thinking about the pocketbook and the rest. Now on domestic issues, for example, well, let's just take one that some people think that I wouldn't want to address. What about this business of the "sleaze factor" in the Reagan administration? Let me tell you, generally speaking scandals don't, I mean financial scandals don't hurt an administration unless it affects the pocketbook of the voter. And so they see what this fellow is doing and that fellow is doing and so forth. If you're in a recession, then any kind of financial scandal really burgeons up and becomes a major scandal. So under the circumstances, therefore, I do not see that being a particular problem. What I do see this year is that the economy should be a plus, despite the fact the stock market went down today. It should be a plus, particularly since you can point to these great numbers, for as far as what affects

people. Unemployment being down and taxes being down and so forth. That's got to be a plus. On the other hand, people can be worried about the future in the event that the news comes in indicating that, well, it may be good now but it's going to be bad later. What are you going to do about it? Let me just check off a couple of things. One, it is not going to be the deficit. I mean people say, well, Dukakis is going to run against the deficit. Who are they kidding? It's like a man biting the dog for the Democrat to run against the deficit. (Laughter) Believe me, the Republicans ran against the deficit for 40 years and never won. The deficit doesn't bother people unless it affects them. Now it's responsible to talk about it and something must be done about it, but don't figure that that's going to be the big issue. And particularly, see the Democrats, Democratic candidates generally; they get elected by advocating spending, not by saving. So let's forget that. There are other issues. Drugs are going to be an issue. And here's where we get to Jessie Jackson. Whatever you want to say about Jessie Jackson, he's the most effective orator that we have seen on the scene in my lifetime. Watch your television and see how he turns on these crowds. Not just Black people, White people too. Why? It's because he is a charismatic figure, but also he's talking about the gut issues that people are concerned about. He's talking about drugs. He's talking about family. He's talking about what do you do about the daycare? He's talking about the people that have not had the opportunities, the people that have been left behind. And it grabs people. It's the thing that makes them come out. It isn't a majority, but I would say that what's the most important thing for a George Bush to do is to recognize that conservatism at its best is always compassionate. You can't just talk about everything is so good and greed, ain't it great, and all that sort of thing. What you have to do is to recognize that there

are just lots of people out there, and they're not just poor people, who want a president who cares about them and about other people that have been left behind that aren't even up to them. The Republican Party at its best, and George Bush at his best, must be not just one who talks about how good things are, but how we can make it better, not just for the rich and the near-rich, but for the poor as well. I know this sounds like demagoguery but on the other hand it is something that touches, I am sure, what most people really feel in their hearts. The final thing I would say in that respect is that looking at the campaign and the issues, I'm kind of...people say why is it that it's so dreary? You know you watch the television and you say, why are they talking about this picayunish stuff. They're arguing about very little things. And it's true, you don't have a war. You don't have a recession. People aren't excited about anything. There are no big issues in this campaign. It's likely to be a very dull campaign. It could be a very dull campaign. And consequently when the issues are not big, the men do not seem big. Only when the issues are big do men seem big. I mean Churchill in his book, *Great Contemporaries*, right, it's about Lord Rosebery. And he said he had the misfortune to live in a time of great men and small events. And that's the problem with these candidates. They got small events. (Applause)

CHAIRMAN RAND V. ARASKOG: Ladies and gentlemen, first of all, we'd certainly like to thank Donald Marron and Martin Davis for their very lively questions. And I think that President Nixon made them look like even better questioners than maybe they were. We have another tradition here at the Economic Club and that is to present our guest of honor with a Steuben New York Apple. And this is your second and I will give you a box for it in a minute. And on behalf

of all the members of the Economic Club, I hope you're here enough times that you have a tree full of them.

THE HONORABLE RICHARD M. NIXON: Thank you. Thank you very much. Mr. Chairman, I would like to be permitted, at the end of this very interesting evening, and you'll remain, you don't have to stand up for what I'm going to suggest, to propose two toasts if I could. This is a toast that I could not propose while I was in the White House. To the President of the United States. We should stand up for that I think. The second toast very briefly is to another president. Twenty-one years ago, a young man came to my office in New York and volunteered for service in my campaign. And in those 21 years he's been a friend, a loyal counselor, served as the head of my White House speech writing team, and is now the best political columnist in the United States. And for me to say anything good about a political columnist is something. The President of the Economic Club, Ray Price.

CHAIRMAN RAND V. ARASKOG: Ladies and gentlemen, we're adjourned.

End of Meeting

