

Economic Club of New York

349th Meeting
89th Year

The Honorable David Rockefeller
Banker and Philanthropist
Former Chairman and Chief Executive
Chase Manhattan Corporation

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Questioners: Sir Dennis Weatherstone
Governor, Bank of England
Former Chairman, Morgan Guaranty

John C. Whitehead
Former Chairman and Chief Executive Officer
Goldman Sachs

Introduction

Chairman John M. Hennessy

Good evening and welcome to the 349th meeting in the 89th year of the Economic Club of New York. As you can gather from the turnout tonight and the warmth and electricity in the room, this is a very, very special evening for all of us. As we look at the number of distinguished guests here, we can see the enumerable admirers and friends of our guest of honor, and I don't think we've had as distinguished a dais for quite a while.

Before I introduce Dick Voell who will introduce our guest of honor, Dick is, of course, as you all know, past-chairman of the Economic Club and the CEO for many, many years of the Rockefeller Group, I'd just like to do a couple of housekeeping events. The lovely turnout tonight will encourage all of you, I'm sure, to send in your subscription early for your membership for next year. It's been a good year. We have another meeting in three weeks with Bill McDonough, President of the New York Fed, along with Hans Tietmeyer of the Bundesbank. That should be an extremely timely and interesting event and we encourage all of you to come and bring guests.

You all know the format tonight. After our guest of honor speaks, we have two designated speakers. The program listed two questioners. The questioners will be slightly different. Bill Lewis has had to lead a mission to Bosnia so he won't be with us tonight. But fortunately, Sir

Dennis Weatherstone, the former chairman of Morgan Guaranty and now a Governor of the Bank of England, is with us. And then John Whitehead will be the other questioner. So I'd like to now turn the meeting over to Dick Voell and ask him to introduce our very, very distinguished guest of honor. Dick. (Applause)

Richard A. Voell: First of all, let me congratulate Jack Hennessy, our chairman. Don Marron and I together served for four years as chairman and we worked assiduously to put this evening together but it took Jack and Ray Price to do it. Congratulations Jack. This really is a special evening. It's like being back home and seeing friends you haven't seen for years, and then seeing a lot of new faces that you haven't met before. And Jack's dead right, you all know the reason for that – it's the man sitting next to Jack.

You know it was in 1946, a half century ago, that a young Harvard graduate with a PhD in Economics from the University of Chicago was awarded the French Legion of Honor following his service in North Africa and France during the Second World War. And incidentally, that was the same year, 50 years ago, 1946, that this young man joined the Economic Club of New York.

Tonight you're going to hear from a man who, in my mind, is a legend in his own time, and a man who as a private sector person has been a role model in diplomacy and international relations for over a half century. Quite frankly, there's no one else like him. And the respect and affection that those around the world share with us for this man is not because of wealth, and it's

not because of position, but it's because of that indefinable quality that David brings to everything that he does and everyone that he meets.

Who has ever been with David when he doesn't leave you feeling that you're the most important person in his universe or the concerns that you have are the most important concerns for him.

And I think it's because of this indefinable quality and this special feeling for people that others are so willing to follow his lead. Whether it's for a great biomedical research institution, like Rockefeller University, which his father founded and which he chaired for 25 years, or the New York City Partnership which he founded in 1981 to work on solving the city's problems, or the Trilateral Commission organized in the early 1970s, or perhaps it was the Council on Foreign Relations which he chaired for 15 years, or back in 1965, the International Executive Service Corps which he pioneered with Sol Linowitz, or the America Society which he founded and led as chairman for many years with a membership drawn from throughout Latin America, Canada, and the United States, and is today, is today the premier organization devoted to improving political and cultural relationships among the nations of this hemisphere.

You know, quite frankly, the listing of David's achievements is exhausting – almost as exhausting as his daily personal schedule. And his energy level is one that has been a topic of conversation over the years for everyone that has known and worked with this man. There simply isn't anyone like him. Whether establishing the New York City Housing Partnership in the late 1970s, or bringing the expertise and the resources of the private sector to bear on the

problems of the city of New York, to the internationalization of the Chase Bank, David has championed the cause of corporate social responsibility before that phrase was formed, before others heard it. Not just in terms of philanthropic contributions but also in incorporating social concerns into virtually every organization that he has led.

In the mid-50s, under David's leadership, Chase's new headquarters downtown led to the revitalization of Lower Manhattan as a center of financial, cultural, and residential activity. The Downtown Lower Manhattan Association he organized in the mid-50s has been responsible for suggesting and implementing many of the projects that have kept the financial community anchored in Manhattan – South Street Seaport, The World Trade Center, Battery Park City, and the World Financial Center. And you know he wasn't content with that. He also became involved in leading the effort to revitalize Morningside Heights. Even his private investments have led urban revitalization projects, whether it was in Washington, D.C. or in San Francisco with Embarcadero Center.

David inherited his love for modern art from his mother who helped found The Museum of Modern Art in 1929. He served as a Trustee since 1948, Chairman from 1987 to 1993, and is now Chairman Emeritus. But you can guess he's just as active as ever. In 1967 he proposed and helped create the Business Committee for the Arts and serves as a board member of the National Museum of the American Indian. To me, at a time in our history when there's so much confusion about what is good leadership, or what is character, or is character real, or is character important,

it would truly be difficult to find a man who so epitomizes the qualities associated with strength of character.

David has never failed to speak out for causes that he knew are right even if they weren't universally popular. One comes to mind in 1970, the Council on Foreign Relations opened its membership rolls to women for the first time, after some interesting and difficult deliberations by its board of directors. Members under 65 voted for the women. Members over 65 voted the other way. The women won by one vote. I don't think I have to tell you how David voted.

For those of us who have been privileged to work with David over the years while he was chairman of the Rockefeller Group, it has been an absolutely incomparable experience. For those – and there are so many in this room tonight – who have worked with David as chairman of so many other institutions know him as an inspirational leader, an enormously patient listener, a dependable, quiet presence, always available when needed, but most important of all, a truly loyal and trusted friend.

In reflecting upon those who over the course of our lives have made the most significant impression on us, it isn't men and women who have gone through life without challenge, rather it's men and women who have faced enormous challenges time and again and risen to the challenge time and again. No one does that better than David. No one.

Appropriately I remember Shakespeare's reflections on Julius Caesar, "The elements so mixed in him that nature might stand up and say to all the world, this is a man." David. (Applause)

The Honorable David Rockefeller

Banker and Philanthropist

Former Chairman and CEO, Chase Manhattan Corporation

Thank you dear friend, Dick, for those very, very gracious and much too generous remarks. And thanks to all of you for being here this evening. I can't tell you how much it means to me to have you here. As some of you, I think, know I was originally scheduled to address the Economic Club last April but when my dear wife, Peggy, died suddenly at the end of March, Ray Price thoughtfully gave me an extension for which I was very grateful. Of course, I miss Peggy very much. We would have celebrated our 56th anniversary last Saturday, but I've been so wonderfully sustained by my family, some of whom are here this evening, my dear daughter Peggy, and my hundreds of letters from friends both near and far and their heartfelt thoughts have given me a great deal of solace.

As Dick noted, I've been a member of the Economic Club for quite some time – five centuries – no, that's going a little too far – (Laughter) five decades to be more precise. But even with only five decades, I wonder, Ray, whether I might not qualify for some sort of a reduced membership fee. (Laughter) I last spoke at the Economic Club on March, the 7th, 1961, an event which

doesn't seem to have created much impression in the Economic Club. (Laughter) But I was able to produce a copy of the speech that I made, and therefore, have persuaded them that I did in fact make the speech. (Laughter) Apparently, it's the club's policy that I must address the membership at least once every 35 years. (Laughter) And I understand that Ray Price has already penciled me in for a return engagement in 2031, and I am glad to tell you that I will of course be happy to do it and I hope very much that all of you in this audience will be there as well. (Laughter and Applause)

But it's true that by waiting this long time, you have a speaker who has witnessed many memorable and momentous occurrences over the past 81 years. Among them, I've lived through two World Wars, the creation and happily the collapse of a ruthless Nazi regime in Germany, and the brutal Marxist-Leninist Empire in Russia. I saw the Boom Period of the 1920s and the Great Depression of the 1930s, as well as the widespread economic growth and prosperity of the post-World War II era, and then the recessions of the late 1980s and early 90s. I've seen the oil business pioneered by my grandfather evolve into the most powerful industry in the world. I've seen my father, a serious and deeply religious man, risk his fortune in the depths of the Depression by completing a Midtown Manhattan real estate project that he felt obligated to finish when nobody else would touch it. I might perhaps add that this is a property in which I personally have had a passing interest over the years as well. (Laughter)

During this time, I've also witnessed a profound scientific and technological revolution that has

touched every aspect of our lives and affected all parts of the world. As examples, I would cite the discovery of DNA and the revolution in molecular biology which have transformed medicine and health care, and the communications revolution that has seen typewriters replaced by computers, teletypes replaced by fax machines, and fax machines replaced by email – all of which bring us closer to one another by making information instantaneously available.

In the course of my lifetime, I've had the privilege of meeting twelve United States Presidents, starting with Calvin Coolidge, of visiting of 100 countries – some of them many times over – and of logging over five million air miles. No wonder these days I do feel a bit tired and a bit earlier than I used to.

But this evening, besides reminiscing a bit, I want to reflect on some of the things that I've learned during the past half century and suggest to you what I see as the critical challenges facing leaders of the business and financial community today. My message is clear and straightforward. For a variety of reasons, I believe the need for business to play a more active leadership role in public affairs is greater than it's ever been before. We must accept the fact that we have responsibilities that are broader than simply running our businesses in an efficient, profitable, and ethical manner. The increased urgency for greater business involvement in public affairs is due to several factors.

First, the accelerating pace of technological changes made many traditional skills obsolete and

resulted in corporate downsizing and loss of jobs. Business needs to do more than it has to help find alternative employment through job training and outplacement programs. The emergence of globalized competition and an integrated world economy has often led corporate executives to move production facilities overseas where costs are lower. These are usually compelling and understandable decisions, but they result in job losses at home. Business cannot shrink from or shirk its responsibilities to help ease these dislocations.

There are a number of basic political developments that create problems requiring public and private cooperation. Two deserve special attention. First, the democratic revolution that has swept across the world beginning in the mid-1980s has brought with it greater emphasis on the role of the individual and private institutions than on government. Business leaders must remain active participants in this process.

And second, there's a growing recognition here and in Europe that the Welfare State and its many entitlement programs appropriately introduced during the 1930s to provide a safety net for the most disadvantaged have grown to the point where they are no longer affordable and no longer effective. You, as business leaders, have led the movement to downsize the Federal government and to shift some of its responsibilities to the local level and to the private sector. This process is now well along and I believe that we have a responsibility to develop new solutions to problems from which, upon our urging, government is now withdrawing.

We've entered a new age in which our society is in the process of fundamentally transforming

the way we live, how we govern ourselves, and how we do business. It's in our interest that business play an active role in that transformation process by reviving its collective sense of corporate social responsibility – a practice that seems to have fallen out of favor in the more competitive, more pressured, and some would say more ruthless business environment of the latter years of this century.

But at the same time that the world seems to have agreed that governments need to be reduced in size, big business has realized that it too has become bloated and inefficient and bogged down in bureaucracy. As a consequence, our nation has experienced the most pervasive and difficult corporate retrenching, cost-cutting, and downsizing in our history. The advances of modern technology coupled with the onslaught of truly worldwide competition have left business little choice. Industries from telecommunication to transportation, from retail to manufacturing, from insurance to banking, have confronted a stark reality – either downsize or perish.

Interestingly however, this process is not entirely a new phenomenon. The patron saint of downsizing, as I'm sure the members of this learned body are well aware, was the Austrian economist, Joseph Schumpeter. Schumpeter was a Harvard professor in the 30s and 40s who coined the term "creative destruction," to characterize the dynamic nature of capitalism. Schumpeter argued that capitalism exists in a state of constant revolution with new products replacing old, innovative business methods replacing traditional ones, growing businesses replacing marginal ones, and workers with advanced learning and skills replacing ones with

skills which are outmoded and obsolete – ergo downsizing.

I had the good fortune to study under Professor Schumpeter at Harvard in 1936 and got to know him fairly well. He was a fascinating man. As I have written about him in my soon-to-be-published, I hope soon, memoirs, Schumpeter was fit, trim, and aristocratic in bearing. Unlike most Harvard professors of his day, he dressed elegantly and drove horses competitively. In addition, he was a great admirer of women. He once said in a class that he had three goals in life – to become the greatest economist, the greatest horseman, or the greatest lover of his generation. (Laughter) But he felt that he had not yet fulfilled his ambitions, at least in respect to horses. (Laughter) Schumpeter believed that capitalism, if it is work for the common good, must constantly be engaged in change.

Thus, what we today call corporate downsizing is a natural part of this process of economic change and renewal. But while downsizing has clearly been necessary, it has nonetheless exacted a heavy price in human terms. Too often the process has not been handled humanely and with the result that large corporations today, and particularly the individuals who head them, have once again become the enemy portrayed as corporate killers in news magazines, ambushed like criminals on TV shows and called on to justify their own rising pay at a time when they are laying off thousands of people. In other words, big business today, as it was in my grandfather's time in the early 1900s and quite frequently in recent years since, is once again suspect. And corporate leaders, primarily due to downsizing, are once again widely distrusted. As one

commentator recently put it, Americans are suspicious that a rising tide may in fact lift all the yachts but sink all the rowboats.

The danger in this course, of course, is that at the very time governments' role in economic affairs, as urged by all of us, is being scaled back, both here and abroad business appears unwilling to step up its commitment to anything but corporate profits. Let me make it clear what I also learned as an economics graduate student at the University of Chicago in 1938, profits are important. But as essential as they are, profits are not and should never be the sole motivation for business leaders. And as I read about CEOs who seem to approach their staffing problems not with humanism or sensitivity but with sledgehammers and chain saws, I fear that we have lost sight of other equally important responsibilities that our business institutions must bear.

What, you may ask, could be more important than ever-increasing profits? What other responsibilities could a business executive possibly have? In my opinion, the joy of positive achievement in business should transcend the profit motive. Accomplishing goals that are important for society as well as ourselves, building something that has permanence and value beyond personal or restricted corporate objectives could be at least as important as the imperative of the bottom line. I believe that business leaders must make decisions that positively affect not only their balance sheets and their income statements, but also the needs of their workers and the broader community. As my friend, Felix Rohatyn, has said, there is something fundamentally wrong in our society when one man's unemployment generates another man's wealth.

And in this context, I am reminded of yet another professor of mine at the London School of Economics in 1937, Friedrich von Hayek, also an economist of distinction who later won the Nobel Prize. Hayek, as an individual, lacked Schumpeter's charisma a joie de vivre. He was more rumpled, more ponderous, more methodical, and some might say, the more traditional sort of economist. But Hayek shared Schumpeter's faith in the market as the most reliable mechanism to distribute resources and ensure sound economic growth. Although Hayek decried intrusive governmental interference, he saw limited, but nevertheless, a critical role for government in the economic process as the rule maker, the umpire, and the guarantor of a just and equitable social order.

And today when government is moving in the direction that Hayek thought was desirable, unless business accepts the challenge of helping solve the many social problems – education, drugs, crime, inadequate housing – I'm concerned that the political pendulum may swing back and that many of our fellow citizens may become disenchanted with business and demand that government re-assume its previous role as the arbiter of our economic life. And I have to say that our current election campaign has provided many examples of the strength of such populous sentiments, and the fact that they still enjoy a lot of popularity in our country. The question is what can we, as business leaders, do to address creatively our common sense of social needs and in the process improve the image of business.

As a retiree who has been around the block a number of times, let me offer a few thoughts for your consideration. First, let me reiterate that it is essential for business leaders to recognize that today more than ever before they have a responsibility to society beyond that of maximizing profits for shareholders. Again, let me quickly add before they come to retract my Chicago degree, that making profits must come first. This is particularly true today when pressures from lean and efficient international competitors egged on by institutional investors are even more intense. Profits are still the most important instrument we have to promote the broader welfare of our society. But at the same time, we must be sensitive to the other public upon whom our companies depend, particularly employees. It does not surprise me that in every study you read today workers from the factory floor to the vice-presidential suite express deep insecurity and anxiety and a deep suspicion of management.

I firmly agree with Ralph Larsen of Johnson & Johnson that when we begin to see the loyalty of our employees erode; American industry needs to pay attention. To that end, we also need to tone down the macho rhetoric that seems fashionable in some circles where employee layoffs are treated like notches on a gun belt. The more people you get rid of, it seems, the better your reputation as CEO. We need a more civil, humane, and sensitive approach to the complex process of economic restructuring. When downsizing occurs, we need to develop innovative ways to build human capital by investing in the future of our workers as opposed to hastily and needlessly cutting costs and people with an eye only to the next quarter's performance. A longer view of our shareholders' best interest is very much needed today.

And in this regard, it's essential that hard-eyed analysts on Wall Street and the business press begin to broaden their own quite limited definition of corporate performance to include this societal dimension. Second, corporate leaders must think seriously about re-assuming the role of what we used to call business statesmen. In my days as chairman of the Chase, executives like Tom Watson, Greg Jones, Fletcher Byrom, Irving Shapiro, Dick Shannon – I'm glad he's here this evening – Walter Wriston, and many others vocal and visible, both here and abroad in speaking out on community, industry, and national issues.

Today I sense that this is much less the case. Indeed, in recent years business leaders appear to have devoted themselves to making more and more money and find themselves with less and less time to devote to civic and social responsibilities and to sinking roots in their communities and showing their loyalty. The danger if this current self-serving behavior continues is that the voice of business will be more muted and the views of business more irrelevant to the important issues of the day. We will find ourselves increasingly marginalized without the moral authority to demand a hearing from the government or the people.

Business leaders must recognize that their own and their company's broader role in the public dialogue is important. And they should encourage their employees, and particularly their senior associates, to take an active role in the public arena. Such initiatives will help to dispel the notion that corporate executives are faceless bureaucrats interested only in furthering selfish ends and

are insensitive to the wider concerns of society.

Finally, as government retreats from its financial support of many of our institutions, business leaders and their corporations must expand their involvement with the not-for-profit sector.

Historically the private sector, especially here in the United States, has been the primary source of funding for many of society's civic institutions – from universities to art museums to hospitals to social welfare organizations. Most of the great foundations of the United States were created with funds generated by industrial entrepreneurs.

Today, while the bulk of corporate profits should certainly be paid out to the owners as dividends or plowed back into the business as capital improvements for expansion, business must also recognize its role and responsibility to support education, the arts, and other institutions of our society. Indeed, business contributions help set the tone and pace for what private individuals contribute to charity. In the context, it's essential that the successor companies of merged institutions do as much or even more than their predecessors in the area of corporate philanthropy. Let me state it another way, corporate mergers should not be used as an excuse for philanthropic downsizing.

Here again in the area of corporate philanthropy there is a strong link to the history of my own family. My grandfather was both a great businessman and a great philanthropist. He built the Standard Oil Company into one of history's most multinational, first multinational corporation,

and also created a number of notable institutions – the University of Chicago, Rockefeller University and the Rockefeller Foundation, to name only three. Many of our contemporaries, Walter Enberg, Bill Hewlett, and the late David Packard among them, have made similar commitments of their resources to the betterment of our society. I would hope that other individuals, beneficiaries of the most recent technological revolution and the great economic expansion of the 1980s, would follow in their footsteps.

My grandfather and my father as well shared a belief in community and the need to join together with neighbors to accomplish society's goals. In their view, business and philanthropy weren't exclusive activities – my grandfather and father weren't businessmen first and philanthropists second – they were both at the same time. And so too should we be.

This is what drives the good works of families such as the Haas family and the Levi Strauss Company in San Francisco, the Dayton family and the Dayton Hudson Stores in Minneapolis, the Irwin Miller family and Cummins Engine Company in Columbus, Ohio. But we in business need to move beyond simply supporting the traditional social welfare, the educational and cultural institutions of our contemporary society. We need to blaze new trails and build new partnerships, alliances, joint ventures, collaborative efforts across the sectors and within our communities.

And here we have some excellent examples to emulate fairly close to our home. Ninex and The

Gap and a number of other companies have joined the Giuliani administrations' initiative, Business Link Program, that seeks to move people off welfare and into the private workforce. I think it's working very well. Chase, Citibank, and J.P. Morgan have joined with a number of other banks, businesses, and foundations and the United Way to create the Strategic Alliance Fund to assist New York's not-for-profits in maintaining and enhancing programs and services for the city's most vulnerable residents. And the New York City Investment Fund, spearheaded by Henry Kravis under the auspices of New York City Partnership, is another example I would mention. The Investment Fund is not charity. It's a \$100 million, a venture capital fund designed to create jobs and promote economic development throughout New York City.

These initiatives can be multiplied many times over; both here and across the country, but we need still more of them. The fact is that the implementation of well-conceived corporate responsibility turns out to be good business. It makes for good friends and good customers.

There's nothing inconsistent about being socially responsible on the one hand and doing what's right for the shareholder on the other. But involvement in community enterprises must start at the top with the CEO and needs to be encouraged throughout all levels of the company. Only then will business executives and the corporations they represent convince the public that they are not at all the uncaring villains that some have characterized them to be.

The challenge then for business leaders and for people in this room is two-fold. First, to recognize that this is an unprecedented moment in history when the nations of the world have

shifted away from command economies in the direction of democratic governments and the marketplace. And second, we must take advantage of the momentum from this trend by becoming more active, more interested, and more vocal in the issues and concerns of the broader society.

The profit motive provides the discipline for achievement, but individual goals are formed by the larger society. Our achievements as business leaders only have meaning and value if they embrace and mirror the needs and objectives of the broader society. At least that is what I wrote in my doctoral dissertation as a 25-year old economic student at the University of Chicago in 1940. Fifty-six years later, I must say I still agree with that basic proposition. Thank you. It's been a privilege to be with you this evening. (Applause)

QUESTION AND ANSWER PERIOD

CHAIRMAN JOHN M. HENNESSY: John Whitehead won the toss and he'll start with a question.

JOHN WHITEHEAD: David, I'm down here at your right. It's a great pleasure and a great privilege to have been one of your designated hitters, to be a questioner here tonight. Let me start by picking up on the theme of your remarks tonight – your very important remarks – which is that we face a society where the role of government is shrinking and where the corporate world

and the not-for-profit world must pick up responsibility for some of the functions that government is giving up. You gave some specific suggestions as to how corporations should prepare to do that, including continuing their charitable contributions. But I ask you whether you think that corporations should not only continue to give money to the not-for-profit segment, but should also encourage their executives to play active management and leadership roles in the not-for-profit sector?

THE HONORABLE DAVID ROCKEFELLER: I'm glad you asked the question if there was any doubt in my comments that that was included. I feel very strongly that there should be both, and that not only should chief executives find the time to do this kind of thing, but also that they should encourage their people right down the line to do so. I think it's at least as important as the financial contributions they make.

CHAIRMAN JOHN M. HENNESSY: Dennis has the next question.

SIR DENNIS WEATHERSTONE: David, I too am honored to come in as a last moment replacement as a questioner down here, and I've produced some questions, but I must say listening to you, it's not that you necessarily gave all the answers, but I have to say I agree with everything you said. But having said that, I have some questions to develop a little. One in particular, you made reference, but did not dwell on the issue of education which is almost a subject in itself, but I wonder whether you are satisfied with the competitive position of the U.S.

education system in the world today? I suspect not fully satisfied. And if not, do you have any specific suggestions what business and government might do about it? I've got a secondary one, but maybe that's a fairly good question anyway by itself.

THE HONORABLE DAVID ROCKEFELLER: The short answer is no, I'm certainly not satisfied. I think that one of the tragedies of our country today is the inadequacy of our educational system, particularly the primary and secondary level. We still are fortunate in having top-notch universities which attract people from all over the world, but I think it's a little concerning that increasingly people from other parts of the world are filling our universities. I think that every aspect of our society has to pay attention to this problem. And it seems to me that unless we are able to produce an educational system which is at least comparable to that in Europe and other parts of the world, that the future of our country is seriously imperiled. I wish I had clearer answers to it, but what I'm sure of is that each and every one of us should seek opportunities to take part in finding ways to strengthen the quality of teachers, to find ways of improving the role of local governments in the management of public school systems and to making our country as a whole recognize that this is one of two or three top issues that we face.

JOHN C. WHITEHEAD: Turning to another subject, our Congress in recent years has been particularly harsh in cutting back budgets of the country's international activities. How do you feel about that? And how do you feel about the private sector and private sector corporations replacing the role of government in international activities?

THE HONORABLE DAVID ROCKEFELLER: Well, I feel very strongly and I'm very unhappy about what our government is doing in pulling back on all aspects of our international involvement. It seems to me that with the collapse of Nazism and Communism in the world, with the resurgence of the democratic market-oriented systems, that the United States had a unique opportunity to play a leadership role, not in trying to establish a hegemony over the rest of the world, but in trying to play, to be a leader in the world as we could have been. And the notion that the way to do that is to cut back on our consulates all around the world, to cut back on governmental assistance to the most needy nations of the world, and to, on top of everything else, apparently lack any vision of where our country sees its role in the world, this seems to me to be tragic. And I just hope that no matter how the forthcoming elections come out, that there will come to be a recognition that the policies that we've been pursuing are against our own best interest as well as the interest of the rest of the world.

SIR DENNIS WEATHERSTONE: Another question on philanthropy and giving and its importance and how it can be made to be more efficient, and you referred to that in your remarks. Do you have any suggestions possibly with the tax laws or any other laws that might need changing in order to make it easier to give and easier to receive. Secondly, because this is a connected question, thinking of philanthropy and the role of corporations, do you have any problem or comment on linking corporate philanthropy with marketing of the corporation's products?

THE HONORABLE DAVID ROCKEFELLER: Well, on the first point I personally think that one of the reasons that the United States has been ahead of the rest of the world in many respects in terms of promoting and encouraging the private sector to support public not-for-profit organizations is the fact that we have had tax laws that have favored – both for individuals and for corporations – giving and they have benefitted by paying less taxes as a result. On the whole those laws are still favorable but I think there's been a tendency on the part of many in Congress to try to chip away at the benefits and I'm concerned by that. And I think that it's very important that we try to make the Congress and the country recognize that charitable giving, both by individuals and corporations, has been one of the most effective things that our country has done and it's been one of the reasons that our not-for-profit organizations have succeeded so well. I don't know that I have specific detailed suggestions along those lines but I think that anything that discourages private individual or corporate giving is against the best interest of the country and the notion that this is somehow a loophole, a tax loophole, that we should abhor as some people have said I think is totally inaccurate. Your other question was what, again?

SIR DENNIS WEATHERSTONE: Do you have any problems with corporate giving being linked with marketing policies of the corporate products?

THE HONORABLE DAVID ROCKEFELLER: Well, it seems to me that it's important that the corporations avoid a direct linking in the sense that they don't make corporate charitable

contributions that are contingent on their getting more business for the institution. On the other hand, it doesn't seem to me that there's anything wrong with the fact that a corporation which has a reputation for being generous to the public in general and to not-for-profit organizations receives public applause and approval. And to the extent that they receive that and thereby are benefitted, I see nothing wrong in it.

JOHN C. WHITEHEAD: Sticking with the subject of philanthropy for a minute, certainly the Rockefeller Foundation is one of the family's principle legacies to our society, and yet my impression is that the individual family members have not been very much involved in its activities in recent years. How do you feel about family foundations that no longer represent the interest and concerns of the donor and the donor's families?

THE HONORABLE DAVID ROCKEFELLER: Well, I'm sorry that my daughter Peggy isn't up here to answer that question because she happens to be a member of the Rockefeller Foundation board and my impression is that in her quiet, but persuasive way, she has quite a little influence. It is true that many large corporations, the Rockefeller Foundation included, have tended to build up bureaucracies and the bureaucracies have tended to feel that they know much better than the family who made the gifts what should be done with the funds. And therefore, they have taken, to be charitable, a paternalistic view of the donors and have tried to do their best to keep them away. I think that's too bad because it seems to me that generally speaking people who have the skills of making that much money probably have some good ideas as to how it should be given

away. (Applause) But as in all things, there's a balance in these things. And I'm sure that there have been instances, and this is the reason for the Congressional investigations of philanthropy which took place quite a number of years ago and which imposed a number of restrictions, certainly some people have used philanthropic corporations to benefit themselves and have sought to maintain their control over corporate policies by keeping the stock in foundations which they controlled. I have no patience with that. And I think that anything that smacks of that kind of thing is wrong. On the other hand, it seems to me there can be a balance and sometimes corporate givers have good ideas on philanthropy as well as business.

SIR DENNIS WEATHERSTONE: Maybe now is the time to switch a little from philanthropy to the other area which you said was important – making profits. And all of us know that banking is dear to you – and there are probably a few bankers in the audience and a few former bankers around here – do you have any comments on the spate of bank mergers that we've seen recently? (Laughter) I don't mean just too near home, I meant more in the macro sector. And do you have any thoughts, based on the huge experience that you've had of this business, of the future outlook for this? I guess I would call it the financial system because banks are not as easily recognizable today as they were once.

THE HONORABLE DAVID ROCKEFELLER: That's certainly true. Well, I'll try to be strictly objective in my response to this question. I can remember that when I started with the Chase National Bank some 50 years ago there were, I think, 14,000 banks in the United States as

compared with a handful in most other major countries of the world. I think we had many, too many. I don't really believe that having anything like that number was a good idea. And therefore, I think the fact that there are less banks in the country today – I don't recall the number at this moment in time but it has certainly reduced by several thousand – I don't think that's a bad thing. And furthermore, as the other nations of the world, partly through appreciation in their currencies compared to the dollar, have grown their banks to a very considerable extent as compared with ours, I think that merger of even large banks was probably necessary for us to remain competitive in world markets. Another factor is that the commercial banking system, when I started occupied a very major role in the financial service industry of our country. That role has substantially diminished today because other non-financial institutions have taken a part in the financial industry and the investment and merchant banking industry has grown. And the whole industry has changed totally in character since I retired from it 15 years ago. So I think that it was inevitable and probably desirable that there be mergers, both in regional banks and in larger banks. And I would have to say that, here speaking perhaps from prejudice, rather than objectivity, my impression is that the recent merger of the Chase is in the interest not only of Chase shareholders but of our country as a whole.

JOHN C. WHITEHEAD: You and other members of your family seem to have, over the years, had a particular interest in Latin America. American corporations have had relatively less of an interest and have been more interested in trade and investment in Europe and more recently in Asia, but not so much in Latin America. Would you comment on that?

THE HONORABLE DAVID ROCKEFELLER: I think it's certainly true what you've said that the interest of investors and indeed the interest of people in our country has been surprisingly focused more on other parts of the world than on Latin America until relatively recently despite the fact that Latin America was very close geographically to us. I'm happy to say that I think that that situation has changed very considerably. The post-war period, post-World War II period in Latin America was characterized by people who were influenced by a certain Argentinian named Raul Prebisch who believed that nations should focus on themselves, that there should be import substitution, restrictions of all kinds against trade, and restrictions against foreign investment. And those policies persisted until about a decade ago when some countries, starting with Chile and then more recently with Mexico and Argentina and now several others as well, have recognized that they have been left behind in the world community because they have pursued these policies and that there's been a return to policies which are much more open to foreign investment and trade. And this has been, I think, very beneficial. So I have been involved, partly because my brother Nelson was coordinator of Inter-American relations during World War II, I became interested in it, became interested because I had jobs, relations with Latin America during the war, I mean during the, my early jobs with the Chase. And I feel very encouraged that Latin America today is beginning to assume the position that I think it rightfully deserves in the interest of investors and in the interest of people in our country. I think they're great countries. They have great potential. And I think we should work more closely with them and despite the problems that they've had, even after their change of mind on their basic economic issues, I'm

very hopeful that the future for our relations with Latin America are very encouraging. And I would have to say that – to take a slightly more political note, I would hope very much that if the Clinton administration should win once again that they will go back to the policies that they pursued which promoted NAFTA and the World Trade Organization and recognized that this is the enlightened and proper way. I've been told by some in the administration that that is the case. Unfortunately, during the past year that point of view has been muted and I think that's too bad.

SIR DENNIS WEATHERSTONE: If we could switch to the other side of the world a little bit and go to Europe, a common currency has been talked about for years and it reminds me I did something like you. I think in 1956 I wrote a paper saying that Europe should have a common currency but it was all a question of the timing, and I think I'd probably say the same thing today. But I guess my question to you is do you think the timing is about right for a common currency for Europe? And do you see any problems with it or any other comments you'd like to make on that subject?

THE HONORABLE DAVID ROCKEFELLER: Well, I'm a strong believer in a united Europe, and I think that the steps which have been taken starting with Jean Monnet and Maurice Schumann right after World War II toward building Europe have been extremely enlightened and in the best interest of Europe and ourselves, and I would like to see that continue to progress. It seems clear to me that if Europe is really going to be united, they need to have a united currency. I was rather astonished that Maastricht was finally approved and that the common

currency is, in theory, going to go in place in just a few years. On the other hand, I think one has to recognize that along with approval of a common currency is the recognition that there have to be common policies on a lot of basic issues in each of the countries. And the question is whether the majority of the countries in Europe are willing to accept those conditions. I think in the case of the United Kingdom, there's a pretty real question as to whether they'll even go along with it. There are certainly many who have strongly opposed it even in the case of France which in one sense has been very much in favor but in another seeks to maintain its political independence. I think the question is how soon will the European nations, which for so many years, for so many decades and centuries, have remained with independent bodies, how soon are they going to be willing to accept the fact that the common currency represents a reduced sovereignty and are they willing to pay that price? I'm not sure. I hope they will because I think it will be in everybody's best interest.

JOHN C. WHITEHEAD: David, I hope you don't mind a somewhat personal question. You've been active and effective in so many varied walks of life, but I observe that you have never served in the Federal government. Yet rumor has it that you've been asked more than once to join the Cabinet, but you have always decided not to do so. I wonder if you might want to comment on that.

THE HONORABLE DAVID ROCKEFELLER: Well, there are several aspects to the answer to that question. In the first place, I really think that I had one of the most interesting and exciting

jobs that anyone could have as playing a senior role in the management of a great bank called the Chase Manhattan Bank. So that there came to be increasing reasons why I would feel that I could do so much there, that why get into government which would be a temporary kind of thing.

There was also the factor that the times when I was offered posts in government happened to be at very bad moments in terms of my position in the bank. The first time was when I was just about to become Chief Executive, well, somehow having waited for quite a number of years; to give that up even for a Cabinet post seemed to be a difficult thing. I'd have to say that my wife didn't like the idea very much either...(Laughter)...and I wouldn't underestimate that as a factor. But ending up, I don't have any regrets. I had a great time doing what I did and I'd like to feel that I was able to play a constructive role even in public affairs from a different platform.

SIR DENNIS WEATHERSTONE: Since John and I are singing a duet; I'd like to ask a personal question as well. With the benefit of hindsight, as you look back over the years, is there anything that you might have done differently? And secondly, which of your many achievements has given you the greatest satisfaction?

THE HONORABLE DAVID ROCKEFELLER: Well, I'm not sure that I'm prepared to reveal all of my innermost secrets to this...(Laughter and Applause)...as much as I admire you. Surely there were a lot of things that I did or didn't do at one time or another in life that I would probably have changed were I able to today. On the whole, the career that I have had has been an exciting one and I wouldn't have wanted to change it in any very fundamental sense. One of the

advantages of being involved in a great international bank such as the Chase is that one has an opportunity to meet people from all walks of life and all parts of the world and in a way play a modest role in constructive input even on the political side. And this has been fun and I've enjoyed it. So surely there are a lot of things that I would have done differently in hindsight but overall I'm rather glad I did what I did. (Applause)

CHAIRMAN JOHN M. HENNESSY: Thank you so much. We could go on all night, but I think that's probably a good note to end it on. (Applause)