US-USSR TRADE AND ECONOMIC COUNCIL NOVEMBER 16, 1982

ALL OF US MEET IN THE SHADOW OF A FALLEN LEADER. ON BEHALF OF THE AMERICAN PEOPLE AND MY OWN CONGRESSIONAL COLLEAGUES, I WISH TO EXTEND SINCERE CONDOLENCES ON HIS LOSS. THE AMERICAN PEOPLE KNEW LEONID BREZHNEV, BUT IMPERFECTLY, AS THE SOVIET COUNTERPART TO FIVE U.S. PRESIDENTS. THEY RESPECTED HIM AS A SHAPER OF MODERN HISTORY, A MAN WHO PLACED HIS STAMP ON AN ENTIRE GENERATION. LIKE THEM, I HOPE THAT OUR TWO COUNTRIES MIGHT FIND A COMMON GROUND ON WHICH TO PURSUE A WORLD AT PEACE. TO GENERAL SECRETARY ANDROPOV, AS TO EACH OF HIS 260 MILLION COUNTRYMEN, I EXPRESS SUCH A WISH -- AND AN INVITATION TO WORK TOGETHER DESPITE OUR DIFFERENCES, TO ENSURE THE SECURITY OF MANKIND ITSELF.

AND IT IS IN THAT SPIRIT THAT I AM GRATEFUL TO THE PARLIAMENTARY GROUP OF THE SUPREME SOVIET FOR THEIR KIND INVITATION TO VISIT THE SOVIET UNION THIS WEEK. I UNDERSTAND THAT THE CENTRAL COMMITTEE OF THE SUPREME SOVIET IS NOW REVIEWING THE BUDGET FOR THE COMING YEAR. THEY HAVE MY SYMPATHY. AS CHAIRMAN OF THE SENATE FINANCE COMMITTEE, I SEEM TO SPEND MOST OF MY TIME DOING THE SAME THING - AND I KNOW JUST HOW DEMANDING THE PROCESS CAN

FRANKLY, SPEAKING OUTSIDE THE UNITED STATES IS ALL A BIT NEW TO ME, ALTHOUGH HIGHLY WELCOME. I AM REMINDED OF WHAT HAROLD MAC MILLAN ONCE SAID WHEN ASKED TO DEFINE THE JOB OF THE MODERN DIPLOMAT. "A" DIPLOMAT," HE REPLIED, "IS FOREVER POISED HALFWAY BETWEEN AN INDISCRETION AND A CLICHE." I HOPE TO AVOID BOTH THIS EVENING. FOR THE CHANCE TO ADDRESS THIS MOST IMPORTANT GATHERING, I WANT TO THANK WILLIAM VERITY, CO-CHAIRMAN OF THE US-USSR TRADE AND ECONOMIC COUNCIL. I NEED NOT TELL YOU OF THE IMPORTANCE THAT WE IN THE UNITED STATES ATTACH TO THIS ORGANIZATION. NOR OF THE HOPE WE NURTURE FOR WARMER RELATIONS BETWEEN OUR TWO NATIONS IN THE MONTHS AND YEARS AHEAD.

IT IS IN THE PURSUIT OF SUCH RENEWED TIES THAT I HAVE COME TO MOSCOW ALONG WITH MY CONGRESSIONAL COLLEAGUES: REPRESENATIVES JAMES BROYHILL OF NORTH CAROLINA, WILLIAM FRENZEL OF MINNESOTA, DOUGLAS BEREUTER OF NEBRASKA AND JOHN BREAUX OF LOUISIANA. THEY SHARE MY ANTICIPATION OF THE WORK TO BE DONE IN THE VARIOUS COUNCIL PANELS TOMORROW. MORE IMPORTANT, THEY SHARE A COMMON DEDICATION TO EASING THE STRAINS AND RELIEVING THE TENSIONS THAT HAVE PLAGUED RELATIONS BETWEEN OUR COUNTRIES THESE PAST FEW YEARS.

FORTY YEARS AGO, NO SUCH GULF EXISTED. FOR WE WERE ALLIES THEN, PARTNERS IN A WAR AGAINST FASCISM, A WAR TO RID CIVILIZATION OF THE NAZI PESTILENCE. I FOUGHT IN THAT WAR. I BEAR PHYSICAL

AND EMOTIONAL ...

AND EMOTIONAL REMINDERS OF IT TO THIS DAY. I DON'T WANT TO SEE ANOTHER GENERATION OF AMERICANS OR RUSSIANS FORCED TO MAKE A SIMILAR SACRIFICE. YES, WE HAVE OUR DIFFERENCES.
YES, THEY ARE FUNDAMENTAL AND YES, THEY ARE HISTORIC. BUT THEY PALE BESIDE THE WORLD'S APPETITE FOR PEACE. THEY CAST A FEEBLE SHADOW COMPARED TO THE LIGHT OF GOODWILL AND MUTUAL SUPPORT THAT UNITED US ONCE, AND CAN MELT DOWN MANY OF THE BARRIERS THAT SEPARATE US NOW. PRESIDENT KENNEDY USED TO SAY, "IT TAKES TWO TO MAKE PEACE." OUR PRESENCE HERE TODAY - LIKE. THE MEETINGS TO FOLLOW AND THE DISARMAMENT DISCUSSIONS THAT ARE UNFOLDING IN GENEVA - SUGGEST THAT NEITHER OF US HAVE FORGOTTEN THE WISDOM OF THAT ADAGE. AND THAT ALONE IS GOOD NEWS TO EVERY FRIEND OF A WORLD WHOSE GREATEST CONFLICT COMES IN THE CLASH OF IDEAS, NOT ARMIES - A CONFLICT MEDIATED WITH WORDS AND NOT WEAPONS.

SIGNIFICANCE OF THE COUNCIL MEETING

THIS MEETING OF THE US-USSR TRADE AND ECONOMIC COUNCIL IS SIGNIFICANT TO YOU AND TO THOSE OF US IN THE UNITED STATES CONGRESS FOR SEVERAL REASONS. IT IS THE FIRST SUCH MEETING - SINCE 1978, WHEN DETENTE SIGNALED PROGRESS IN A BROAD RANGE OF BILATERAL RELATIONS. IN A SENSE, THIS GATHERING SIGNIFIES OUR HOPE THAT, IN THE ABSENCE OF FURTHER DETERIORATION, A BASIS EXISTS TO BEGIN IMPROVING RELATIONS, EVEN TO RECAPTURE THE SPIRIT OF LOS ANGELES, FOUR YEARS AGO.

SECONDLY, I NEED HARDLY REMIND YOU THAT BILATERAL RELATIONS HAVE RECENTLY UNDERGONE SEVERAL SEVERE TESTS. ALTHOUGH STILL UNRESOLVED, THEY HAVE PROVIDED LEADERS OF BOTH COUNTRIES WITH A CLEARER INDICATION OF EACH OTHER'S CONCERNS AND PRIORITIES. THAT IS SCANT REASON FOR FAILING TO RESOLVE THEM NOW. WHAT'S MORE, WHO AMONG US CAN DOUBT THAT THE EXISTING SYSTEM IN WHICH CONCESSIONS ARE OBTAINED ONLY THROUGH DIPLOMATIC, ECONOMIC AND MILITARY BRINKSMANSHIP IS BOTH INEFFICIENT AND SUBJECT TO MISUNDERSTANDING AND OVERREACTION? OUR MESSAGE IS SIMPLE; IT IS TIME TO REPLACE BRINKSMANSHIP WITH STATESMANSHIP.

IF THAT IS TO HAPPEN - IF WE ARE TO MAKE PROGRESS IN OUR RELATIONS AND PREVENT FURTHER, EVEN MORE SERIOUS MISUNDERSTANDINGS, THEN I AM CONVINCED WE MUST BEGIN BY ADDRESSING TWO SPECIFIC AREAS OF BILATERAL CONCERN. FIRST, MUTUAL TRUST MUST BE ESTABLISHED IN OUR TRADE RELATIONS AND SECOND, MEANINGFUL PROGRESS MUST BE MADE IN THE DISARMAMENT TALKS IN GENEVA. THIS BY NO MEANS EXHAUSTS THE CATALOGUE OF POSSIBILITIES FOR CLOSER TIES. IN CONJUNCTION WITH THESE MAJOR EFFORTS, FOR INSTANCE, THERE SHOULD ALSO BE A RENEWAL OF EXCHANGES IN SCIENTIFIC, TECHNICAL AND CULTURAL AREAS. THE ADVANTAGES OF SUCH CROSS-POLLINATION ARE BOTH MUTUAL AND OBVIOUS.

AMERICAN_CONCERN_FOR_INDIVIDUAL_FREEDOM

BEFORE BRIEFLY EXPLORING THESE ISSUES, I WOULD MENTION ANOTHER AREA OF PARTICULAR CONCERN TO AMERICANS -- THAT OF INDIVIDUAL FREEDOM AND HUMAN RIGHTS. THROUGHOUT ITS HISTORY THE UNITED STATES HAS DEMONSTRATED A GENUINE CONCERN FOR THE RIGHTS OF PEOPLE THROUGHOUT THE WORLD. WE, NO LESS THAN YOU, HAVE A WORLD VIEW. IN OUR CASE, IT IS THE LEGACY OF MEN WHO HAD EXPERIENCED RESTRAINTS ON THEIR FREEDOM OF THOUGHT AND ACTION PRIOR TO INDEPENDENCE. AS A RESULT, OUR FOUNDING FATHERS INCLUDED A BILL OF RIGHTS AS THE FIRST SET OF AMENDMENTS TO THE UNITED STATES CONSTITUTION NEARLY 200 YEARS AGO. PROTECTIONS TO THE INDIVIDUAL CITIZEN REMAIN A CORNERSTONE OF THE AMERICAN CIVIL AND JUDICIAL SYSTEM NOW AS IN THE DAYS OF A RAW, RAMBUNCTIOUS FRONTIER. IN MY OWN STATE OF KANSAS, MEN FOUGHT AND DIED SO THAT OTHER MEN WOULD NOT BE ENSLAVED OR MORE RECENTLY, AMERICANS DENIED EQUAL PROTECTION UNDER THE LAW. HAVE STRUGGLED AGAINST PREJUDICE AND PERSECUTION IN THEIR OWN SOCIETY. WE HAVE ACKNOWLEDGED OUR IMPERFECTIONS - AND WE HAVE MOVED STEADILY CLOSER TO THE DREAM THAT MARTIN LUTHER KING DESCRIBED TWENTY YEARS AGO - THAT ALL MEN MIGHT BE FREE - AND ALL' MEN MIGHT BE BROTHERS. AT THE SAME TIME, WE HAVE URGED THE GOVERNMENTS OF OTHER NATIONS TO ADOPT THESE SAME OBJECTIVES AS THE PROPER GOALS TO GUIDE THEIR SOCIAL AND CULTURAL DEVELOP-MENT. IN THE CIGHT OF OUR HISTORY, THIS IS BOTH FITTING AND TWO CENTURIES AGO, WE SET AN EXAMPLE OF FREEDOM FROM OPPRESSIVE RULE. TODAY, WE TRY TO SET A STANDARD FOR INDIVIDUAL LIBERTY AS A KEY THAT UNLOCKS THE DIVINE SPARK WITHIN EACH ONE OF US.

OUR CONCERN IN THIS IMPORTANT AREA OF INDIVIDUAL FREEDOM HAS TAKEN A VARIETY OF FORMS OF EXPRESSION. IT HAS EXTENDED TO OUR ECONOMIC RELATIONS WITH OTHER COUNTRIES. IT HAS BEEN A PRINCIPAL FACTOR IN DECISIONS ON PREFERENTIAL AID, CREDITS AND MOST FAVORED NATION TRADING STATUS. IT HAS ALSO HAD A SIGNFICANT IMPACT ON STILL OTHER AREAS OF POLITICS, DIPLOMACY, CULTURAL AND ADMINISTRATIVE ASPECTS OF OUR RELATIONS WITH OTHER NATIONS. IT HAS BEEN OUR OPINION THAT THE LINKAGE OF THESE PREFERENTIAL OR CONCESSIONAL BENEFITS TO A FOREIGN GOVERNMENT'S WILLINGNESS TO WORK TOWARD GREATER INDIVIDUAL FREEDOM IS A NATURAL WAY TO FOSTER THE VALUES WE RESPECT ON A GLOBAL SCALE.

INCENTIVES VERSUS INTERVENTION

BUT THE USE OF THESE ECONOMIC INCENTIVES BY GOVERNMENT IN THE PURSUIT OF NON-ECONOMIC OBJECTIVES SHOULD, IT SEEMS TO ME, BE CLEARLY DIFFERENTIATED FROM DIRECT INTERVENTION IN BILATERAL TRADE. COMMERCE BETWEEN NATIONS IS DICTATED BY ITS INNATE MUTUAL BENEFIT TO BOTH PARTIES. AS LONG AS SOVEREIGNTY IS RECOGNIZED IN THE AREA OF TRADE AFFECTING NATIONAL SECURITY, THERE CAN BE NO QUESTION OF THE RIGHT OF PUBLIC AND PRIVATE ENTITIES TO CARRY OUT TRADE WITHOUT THREAT OF PUNISHMENT BY THE STATE.

LET ME MOVE FROM WHAT WINSTON CHURCHILL CALLED "THE TOSSING SEA OF CAUSE AND THEORY TO THE FIRM GROUND OF RESULT AND FACT." THERE HAS BEEN A GREAT DEAL OF CRITICISM OF THE RECENT RECORD OF THE UNITED STATES AS A RELIABLE TRADING PARTNER. I SHOULD KNOW, FOR I HAVE SOME CRITICISM MYSELF.

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THE PARTIAL GRAIN EMBARGO IMPOSED BY FORMER PRESIDENT CARTER WAS AN UNFORTUNATE AND, IN MY OPINION, IMPROPER EXERCISE OF EXECUTIVE AUTHORITY UNDER THE EXPORT ADMINISTRATION ACT OF 1979. WHAT'S MORE, INVOKING FOREIGN POLICY AND NATIONAL SECURITY JUSTIFICATIONS FOR THIS ACTION TO ABROGATE PRIVATE SALES CONTRACTS HAS TAINTED COMMERCIAL COMMITMENTS BY PRIVATE U.S. FIRMS THEN AND SINCE. REGARDLESS OF THE SUCCESS OF THE EMBARGO IN ACHIEVING ITS IMMEDIATE GOALS, THE LONG-TERM EFFECT ON U.S. EXPORTS CONTINUES TO BE DISCOURAGING.

SUGGESTIONS FOR TRADE POLICY

IF I ACHIEVE NOTHING ELSE TONIGHT, I HOPE AT LEAST TO CONVEY A SENSITIVITY ON THIS ISSUE OF TRADE AND POLITICS, WHICH SO OFTEN MIX LIKE OIL AND WATER. THE RULES UNDER WHICH U.S. -SOVIET TRADE IS CONDUCTED OUGHT TO BE MORE CLEARLY DEFINED. FOR MYSELF, I WOULD SUGGEST THAT THE EFFECT OF THE PAST PERIOD OF EMBARGOES, AND FEARS OF OTHER SUCH TRADE RESTRIC-TIONS COULD BE DISPELLED BY RELYING TEMPORARILY ON A SERIES -OF LONG-TERM TRADE AGREEMENTS. A COMPREHENSIVE PACKAGE OF SUCH ACCORDS COVERING A DROAD RANGE OF RAW MATERIALS AND PROCESSED PRODUCTS COULD BE CREATED. WHILE I WOULD IN NO WAY WANT TO IMPEDE OR UNDULY CONTROL COMMERCE BETWEEN OUR TWO COUNTRIES, SOME TEMPORARY ARRANGEMENT SUCH AS THIS MAY NOW BE NEEDED TO PROVIDE THE NECESSARY PERIOD DURING WHICH CONFIDENCE IN PRIVATE CONTRACTS CAN BE RESTORED. THIS WOULD HELP REBUILD THE TATTERED STRUCTURE OF TRADE BETWEEN OUR TWO NATIONS, BY DEFINING LEGITIMATE PRIORITIES - AND BY DESIGNING MEANS FOR ACHIEVING THESE PRIORITIES.

POTENTIAL FOR AGRICULTURAL TRADE

LET ME BE MORE SPECIFIC STILL, WITH A COMMENT ON AGRICULTURAL TRADE BETWEEN THE UNITED STATES AND THE SOVIET UNION. IN NO OTHER SECTOR IS THERE GREATER POTENTIAL FOR RENEWED COMMERCIAL RELATIONS. IN NO OTHER AREA DOES SIMPLE COMMON SENSE MORE MANIFESTLY DICTATE THAT WE PUT ASIDE OUR DIFFERENCES AND FOCUS ON FUTURE POTENTIAL RATHER THAN PAST RANCOR.

THERE HAVE BEEN POSITIVE MEASURES BY MY OWN GOVERNMENT RECENTLY. PRESIDENT REAGAN HAS MADE IT CLEAR THAT THERE WILL BE NO ACTION EXCEPT IN EXTREME CIRCUMSTANCES BY THE ADMINISTRATION TO RESTRICT OR CONTROL SALES OF GRAIN AND OTHER AGRICULTURAL PRODUCTS TO THE USSR. LET ME SAY THAT ITS MY

UNDERSTANDING THAT ...

UNDERSTANDING THAT WE INTEND TO BE FLEXIBLE. I HAVE BEEN ASSURED THAT SO FAR AS WASHINGTON OR THE REAGAN ADMINISTRATION IS CONCERNED. THE NECESSARY FLEXIBILITY EXISTS OR WILL EXIST.

EVEN SHOULD THIS OPPORTUNITY NOT BE TAKEN ADVANTAGE OF, THE PRECEDENT HAS BEEN ESTABLISHED -- WHATEVER QUANTITY OF GRAIN IS BOUGHT WILL BE DELIVERED. PERSONALLY, I HOPE YOU DO AVAIL YOURSELVES OF THE OFFER THAT HAS BEEN MADE, AND THAT AGRICULTURAL TRADE BETWEEN OUR TWO COUNTRIES CONTINUES AT A LEVEL THAT WILL SOON JUSTIFY NEGOTIATION OF A SUCCESSOR TO THE EXISTING 1975 GRAIN AGREEMENT.

ANOTHER SUBJECT THAT DESERVES TO BE DISCUSSED AT SOME LENGTH IS THE RESUMPTION OF EXCHANGE PROGRAMS FOR SCIENTIFIC AND TECHNICAL COOPERATION. SUCH RELATIONSHIPS ARE THE NECESSARY COMPLEMENT OT TRADE AND THEY HELP IDENTIFY OTHER AREAS IN WHICH PROGRESS CAN BE MADE DESPITE IMPASSES ON THE MAJOR ISSUES. I LOOK FORWARD TO RECEIVING THE VIEWS OF SOVIET REPRESENTATIVES THIS WEEK ON WAYS TO REVITALIZE THESE MUTUALLY BENEFICIAL EXCHANGES.

THE COST OF THE ARMS RACE

LET ME CONCLUDE BY SPEAKING FOR A MOMENT ABOUT THE MOST DELICATE, MOST SIGNIFICANT AREA OF ALL. THAT, OF COURSE, IS THE QUESTION OF ARMS CONTROL. THE NEXT TWELVE MONTHS WILL BE OF THE GREATEST SIGNIFICANCE TO WORLD SECURITY. STAGE, THERE IS NO TELLING WHEN OR IF THE TALKS NOW UNDER-WAY IN GENEVA WILL BE SUCCESSFUL. ALL THAT WE KNOW FOR CERTAIN IS THIS: THAT THEIR FAILURE WOULD ALL BUT GUARAN-TEE A NEW AND EVEN MORE COSTLY ROUND OF ARMAMENTS, AND A PERCEPTIBLE QUICKENING OF THE NUCLEAR CLOCK WE ALL SEEK TO HALT. AS CHAIRMAN OF THE SENATE COMMITTEE ON FINANCE, I KNOW A LITTLE ABOUT WHAT THIS COST WILL MEAN TO THE UNITED I UNDERSTAND THAT THE SOVIET AUTHORITIES THIS WEEK ARE MAKING SIMILAR DECISIONS ON DOMESTIC AND MILITARY EXPENDITURES -- DECISIONS THAT ENTAIL SIGNIFICANT SACRIFICES FOR THE RUSSIAN PEOPLE. AT SOME POINT, BOTH SIDES MUST REACH THE SAME CONCLUSION: THAT THE ECONOMIC COSTS OF AN UNCONTROLLED ARMS BUILDUP ARE INTOLERABLE, THAT THEY OUT-WEIGH THE SECURITY BENEFITS IN A WORLD WHEREIN THE OUTBREAK OF WAR WOULD BE RUINOUS TO MANKIND, AND THAT OUR ENERGIES MUST BE HARNESSED TO MORE CREATIVE AND LESS DESTRUCTIVE PURSUITS.

FOR ALL THESE REASONS, IT IS IMPORTANT FOR OUR TWO NATIONS TO CONTINUE TO STRIVE TO IMPORVE RELATIONS IN WHATEVER WAYS ARE POSSIBLE. WE CAN ACKNOWLEDGE THE EXISTENCE OF OBSTACLES --

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-- AND STILL RESOLVE TO WORK AROUND THEM. WE CAN PUT THE PAST IN PERSPECTIVE, LEST IT BLOT OUT ANY POSSIBILITY OF FUTURE PROGRESS. WE CAN CONSIDER THE BOTTOM LINE. THE BOTTOM LINE IS THAT, IF WE ARE TO ENSURE A BETTER, SAFER WORLD FOR OUR CHILDREN, WE MUST AT SOME POINT BEGIN TO BUILD MUTUAL SECURITY BASED ON PEACE, NOT INDIVIDUAL SECURITY BASED ON THE LIKELIHOOD OF WAR.

AS THE GREAT WARTIME ALLY OF SOVIET RUSSIA, THE NAME OF FRANKLIN ROOSEVELT IS REVERED IN THIS NATION PERHAPS MORE THAN THAT OF ANY OTHER OF MY COUNTRYMEN. NOW, IN THE CENTENARY OF PRESIDENT ROOSEVELT'S BIRTH, I AM REMINDED OF SOME WORDS HE WROTE THE DAY BEFORE HE DIED. HE WAS THINKING AHEAD TO THE FIRST MEETING OF THE UNITED NATIONS, AND TO ALL OF THE PROBLEMS ATTENDANT ON REORGANIZING AND RENEWING A POSTWAR WORLD. "TODAY," HE WROTE, "AS WE MOVE AGAINST THE TERRIBLE SCOURGE OF WAR -- AS WE GO FORWARD TOWARD THE GREATEST CONTRIBUTION THAT ANY GENERATION OF HUMAN BEINGS CAN MAKE IN THIS WORLD -- THE CONTRIBUTION OF LASTING PEACE, I ASK YOU TO KEEP UP YOUR FAITH... THE ONLY LIMIT TO OUR REALIZATION OF TOMORROW WILL BE OUR DOUBTS OF TODAY."

IT IS IN THAT SPIRIT THAT MY CONGRESSIONAL COLLEAGUES AND I ARE PLEASED TO MEET WITH ALL OF YOU THIS WEEK. WE HOPE THAT WE MIGHT DISPEL SOME DOUBTS ON BOTH SIDES. WE HOPE THAT WE MIGHT BE ABLE TO RAISE THE LIMITS THAT WEIGH ON ALL OUR TOMORROWS. MOST OF ALL, WE HOPE THAT WE MIGHT, IN SOME SMALL WAY, CONTRIBUTE TO A WORLD LESS FRIGHTENED, AND A RELATIONSHIP BETWEEN TWO GREAT PEOPLES MADE MORE SECURE. FOR THE OPPORTUNITY TO TRY, WE ARE DEEPLY GRATEFUL. THANK YOU VERY MUCH.