

INTERVIEWEE: LAWRENCE FOX

INTERVIEWER: PAIGE MULHOLLAN

November 12, 1968

F: My contact with the President has not been personal, and therefore I don't have anything that would be in the privileged category.

M: Well, that, of course, is the best as far as we are concerned.

F: That's really as I see it.

M: You say you've had no personal contact.

F: I have enjoyed some personal contact with the President, but it has been very casual and at a few ceremonial functions where he has given "E" awards to outstanding American exporters, where he has sworn in the Secretary of Commerce, like Sandy [Alexander] Trowbridge--one or two occasions of that type. But beyond that, my contact with the President has been nil.

M: You're currently Director of the Bureau of International Commerce. How long have you been serving in this [position]?

F: I've been Director of the Bureau of International Commerce for a little bit better than three years. I've been a career civil servant that has served in the Department of Commerce for some twenty years. My total service in the government is about twenty-three years.

M: You're in a particularly good position, probably, to know--although this kind of question calls for a good deal of judgment--can a President put his own personal imprint on the way a department like Commerce operates? Does it make any difference who's President, I guess is the simplistic way to ask that.

F: Sometimes the best questions seem simple. My own opinion is that the man

at the top is all important. I think it's true of any organization, not just the government, but industry, or a department, or a bureau of a department, or a division of a department. The man at the top has the opportunity, good or bad, to influence the tone as well as the quality of drive in any organization. I think it's a very important quality of responsibility that the President has.

M: But does the President's influence reach down into the various operating units of a department?

F: The President's influence definitely reaches down into this bureau. A little later on I'm going to comment on the things that I thought were particularly important in President Johnson's Administration so far as foreign trade is concerned, but I have had the feeling that the White House, the interest in the White House, in expanding our exports and improving not only our balance of trade but our balance of payments, has been evident in a very strong way. Most of this, in terms of our work, was carried on through our Assistant Secretary and through our Secretary, some of it directly with the President and the Cabinet, but usually with some of the White House assistants who are concerned with economic affairs or international economic problems.

In the balance of payments field, the President has a Cabinet committee on balance of payments chaired by the Secretary of Commerce [see correction below], and most of the staff work that's necessary for Cabinet and Presidential decisions in this field, including our major trade promotion initiatives, have come to the President through that committee; and therefore the recommendations have been made to him by the Secretary of the Treasury on behalf of that Cabinet committee on balance of payments.

M: The Secretary of the Treasury chairs that committee, or Commerce?

F: The Secretary of the Treasury chairs that committee; the Secretary of Commerce is a member of that committee. And I have felt, when there were decisions made, they were made by the President; and I felt them in this bureau. I thought that we knew what the decision was and what the priorities were. I have felt, in the three years that I have been here, that there has been a priority in the field of particularly export expansion, and it wasn't someone over at the White House saying the President is really interested in this--I've had the feeling that there was a Presidential decision to improve our balance of payments through a number of means, but importantly through the trade field, through export expansion. I think that that view has come to me through our Secretary and our Assistant Secretary and has been transmitted by me to the whole staff in this bureau. I think that's characteristic of the way an action-oriented executive branch, where the President has to influence such an executive branch to carry out what are complex problems. Because the programs are complex in that the responsibilities are divided between Commerce, the Foreign Service, the State Department, Export-Import Bank, Treasury, Federal Reserve Boards. You've got to pull all this together, but we're the action arm, and we feel that the priority has been given. Frequently we're not satisfied that the other agencies have moved with the same vigor and sense of dedication that we do. We feel it most directly, because we have the functional responsibility for the promotion of our exports. I don't think you can complain of lack of attention by the White House.

M: Of course, you weren't in your current job under any other President, but do you think there has been a change from President to President in this respect? Do you think that Mr. Johnson's different that, say, President

Kennedy or President Eisenhower? You were in other jobs in the Commerce Department then, but perhaps you have an insight into this.

F: I can't comment too much about President Kennedy, because I was stationed abroad as commercial attaché in Switzerland, although I was here briefly while President Kennedy was in office. And I was one notch lower there-- actually two notches lower--so I'm not really in a position to comment about that.

My feeling is that the export expansion program is bipartisan. It was actually started in the last year of the Eisenhower Administration, and it was given its initial kickoff by an Assistant Secretary of Commerce, Henry Kerns, who was the last Republican Assistant Secretary.

It was carried forward and given more impetus by the Kennedy Administration and, in my opinion, even more by President Johnson. Now, in part this can be explained by the fact that the balance of payments problem didn't go away, as a lot of people thought it might. The problem became more serious. Actually, as it became more serious, it occupied more of the personal time of higher officials of the Executive Branch and the President; so I would not characterize the support by any President as different in quality. I simply think that, as the problems became more severe, a higher proportion of time was devoted to them by the President. And I think, in the case of President Johnson, we got very good backing, and I'll describe in a minute what I mean.

M: President Johnson has had four Secretaries of Commerce.

F: Too many Secretaries of Commerce.

M: That's what I was going to ask. Why so many; and does having so many weaken Commerce vis a vis some of the other Departments, perhaps?

F: I don't think there's any question that it does. I think continuity in

office is very important. Actually, Secretary Hodges was Secretary for almost four years, just about four years; and he was a very strong supporter of the export expansion program, and a lot of progress was made during that period. Unfortunately, if we could have compensated for Secretary Hodges' departure by continuity at the Under Secretary level, or at the Assistant Secretary level, it would have made a difference. But actually there has been no continuity.

M: Oh, you mean the turnover has been down--?

F: Yes, at each level, you see. So although Hodges was there for four years, which was pretty good so far as a Cabinet officer goes, there was turnover at the Assistant Secretary level in charge of this work three times in Mr. Hodges' period; and there has been no continuity at the Under Secretary level. So you've got to do it one way or the other, and I think in general I would observe that the Commerce role has been relatively weaker than it would be otherwise, because we've not been able to have an institutional provision for continuity.

M: Is it weaker because of the varying attitudes of the individuals who hold the job, or because simply as new men, they--?

F: Well, as new men it takes a while for them to appreciate the problems. The export expansion program was moving along very, very nicely. For fiscal year 1966 the budget--I won't say it was cut back, it was not increased. We did not establish what we thought was necessary to move forward with the Trade Center in Paris and various other things. Now that is the responsibility, in my opinion, of Secretary [John] Connor.

Secretary Connor came in from industry, was definitely interested in this subject; but when he came in, he immediately saw before him a trade surplus of \$6.9 billion in 1964, the best trade surplus we had ever had.

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And it was his conclusion that we shouldn't put more budget money into an area where we were making great progress. Now history has shown that that was a transitory surplus. This year we're down from \$6.9 billion, down to perhaps a billion or a billion and a quarter. So despite this tremendous support for the program, in my opinion, when we should have put more blue chips on the table, more money on the table, to get the program on a firmer base, it wasn't cut back, but the expansion stopped; and for two years there, there was no expansion in the program. And it was not revived--the interest in it was really not revived until we had the gold crisis last year. In other words, we rocked along on a moderate increase in program emphasis, but not the kind of massive increase that I think was necessary.

I'm afraid I sound like a particularly parochial program-manager type who only thinks his program needed the support, but my own belief is that export expansion even now is on quite an inadequate level commensurate with the nation's needs. The trade area is the single most important support for the balance of payments, and it's the most constructive way to earn more foreign exchange. It doesn't hurt anybody in the United States. It's good for labor because they produce more; it's good for industry--there are profits in it; it's good for our neighbors to whom we sell the goods in that we do it in a competitive way. There's nothing preemptory about it. You don't take anything away from somebody. You compete fairly in the market.

M: It's mutually beneficial?

F: Right, mutually beneficial, and there's no restrictive government action. So it's the most constructive way to proceed, and I think all of our Presidents and Secretaries have felt that. It's really a question of

judgment as to the amount of budgetary support we give to the activity.

M: What happens? You mentioned parochial program managers. Do you get a lot of either intra-Commerce Department competition for the funds, or interdepartmental [competition], Commerce and other major departments? Is that what happens?

F: This stuff will have to go off the record. In my own opinion, we have always got good support from the Bureau of the Budget and in the White House, and the difficulty has been competing Commerce budgetary demands.

M: Within the Commerce Department--

F: And a new Secretary is always inclined to compromise those out, because it's difficult for him to assess a science project in Boulder, Colorado, against export expansion.

M: All of which is under Commerce but widely differing.

F: Yes. If you'll look at the budget, you'll see that science activities have grown tremendously in the past ten years. Export expansion has grown quite a bit, but the export expansion money is really miniscule, whereas the science money runs into the hundreds of millions of dollars. Now I'm not criticizing science activity; I think science is very important, and I think we live in an age where science tends to be glamorous.

M: If you were in the academic world, as I am, you'd realize that, particularly.

F: I think it's glamorous, but I think it has been too successful a competitor for the budget dollar in this department.

M: What about the relationship of an agency at your level with White House staff? Under President Johnson, the people who have acted as his advisers on economic affairs--

F: Well, my contacts with the White House staff tend to be fairly limited. Say in this last year, I've had contacts with Ernie Goldstein and Ed Fried.

That would be about it. Most of the contact is at the Assistant Secretary level. And usually my contact with the White House staff will arise out of the follow-up of a particular subject of some interdepartmental meeting, or something like that. It has not been the role, my role, to initiate.

M: So your relations with them haven't involved policy making?

F: No, if there's something to go for on a policy level, it will go through the Assistant Secretary. And we have had a considerable number of such matters in the whole export field, but that has been really the nature of the level of contact.

M: Let's talk about your particular agency. Its purposes, of course, are set forth in a number of documents, the Government Organization Book and so on and are well known. How do you rate the priorities of your agency as to its function? Is the chief goal to act as the businessman's arm in promoting the nation's foreign commerce?

F: I believe there is a misunderstanding of the Department of Commerce, at least so far as this bureau is concerned. We are a free enterprise economy, and therefore what takes place in the improvement of our balance of payments or business performance overseas substantially takes place through the efforts of private business. We can put another commercial attaché in Switzerland, and it will help out; we can put out some more business reports on the developments in certain foreign economies; we can provide the opportunity for business people, business firms, to go to trade shows and trade fairs. But the machine goes or it doesn't go because of business decisions. Now I regard this role, the role of the Department of Commerce in the foreign trade field, as our highest priority--to improve the balance of payments through export expansion. The economy of the United States is unique among the free world countries, in that such a small proportion



of our GNP goes into export. Only four percent of our GNP is exporting.

M: That's traditional, is it not?

F: Right. But this contrasts with 10 percent for Japan, almost 40 percent for the Netherlands, 15 or 16 percent for Germany--

M: And those countries have a home market, so that's not a difference--at least Japan and Germany have a home market.

F: So our problem is that, so far as American business is concerned, they're comfortable in dealing with the common market which is called "the common market of the United States." They know how to deal here; this is a good market; it's profitable; and they can expand their business most rapidly here. So the biggest competitor for business interests in export expansion is the domestic economy. Why should one establish an office in Paris, a sales office in Paris, if you haven't completed your distribution set up in the United States, you don't have one in Dallas-Fort Worth?

Much as I urge American businessmen to consider export as an important thing from the point of view of their company, I can't honestly say that a company that doesn't have an office in the Southwest should go to Paris first. I would like them to consider Paris or the Far East--Japan--on its merits, but I would never say that it's better for that business firm to open up an office abroad.

Now, reverting to your question, I think our most important function is to put the facts before U.S. industry that will make it possible for them to make intelligent, profit-oriented decisions with respect to their international business. We urge them to export more because we think it's in the national interest, and it is in the national interest; but we don't urge them to export abroad and lose their shirts. We urge that they consider the facts, and we consider ourselves as a repository of the facts, an

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analytical source. We're perfectly delighted to make judgments if a firm wants to open an office in Paris or Frankfort or Milan. And if they say, "I've only got money for one office in the Common Market and those are the three cities I'm thinking about," we're perfectly willing to say, "Well, if you only have one office, it ought to be Frankfort, or it ought to be Milan--." So my concept of, and the bureau's concept of, facts is not the objectivity that leaves everybody in the dark. We're perfectly willing to give a value judgment, but the decision would have to be made by industry.

Now there's a policy role that's higher than this in a sense, and that is the advice we give to the Budget Bureau, and through the Budget Bureau to the President, on legislation and to Congress on legislation. That gets closer to the role you were suggesting as the businessman's voice in government. Now even there, I don't consider that a very apt expression, because there are several voices of businessmen. Usually there will be conflicting advice. What's good for firm X is not good for firm Y, and I think it's simplistic to think of the Commerce Department as a voice of business. I like to think it's the Commerce Department's role to assess the alternatives in terms of the effect on the U.S. economy generally and on U.S. industry particularly, across the board; but not, just because a strong U.S. business interest wants this particular view upheld in the councils of government, to espouse it. It's our view to analyze all the business views and to give our best advice, and I really think, certainly in the years I've had this present responsibility--certainly in the last few years--that has been the role of the Department. The Department has not been an uncritical supporter of the loudest business viewpoint. I honestly believe this. I'm speaking now--

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M: The historians, you know, tend to talk about business as spelled with a capital "B" and all [the same].

F: I'm speaking now only of the international side. That's the part where I have the experience. I wouldn't say it's not true elsewhere. But I'm really speaking of this side, and I think it's an unfair and sort of an uncritical comment about the Commerce Department that somehow we just represent business views period, the way Labor represents labor views period. I think it's overly simplified, and I really feel our job is to assess the business interest in the context of what the total economy requires and to be fairly forthright about it. Usually you can't satisfy business in general, because what is good for some firms is not going to be good for some other ones.

M: Once a business decides to go into an overseas market, then having made that decision based on presumably their own idea that they can make a profit out of that operation, what specific things does your agency do for the businessman then?

F: Well, we work with not only the individual firms but with the trade associations and other groups to acquaint them with our judgment as to the most rapidly growing markets; how best to penetrate them. We have trade centers in six locations overseas; we operate trade fairs.

M: Are these significant things, these trade centers?

F: Well, I think they're very significant, particularly for newcomers to foreign trade. The big companies, by and large, know how to go about selling their products abroad, although frequently they will benefit from a particular trade show because it gives them an umbrella. Let me give you an example. I just returned from South America where we put on what we call a "solo" trade fair in São Paulo. By solo, I mean there was

no trade fair like an international trade fair at Dusseldorf. We just decided that there being no official trade fair in Brazil, it was important to get our products before the Brazilian market notwithstanding, so São Paulo is sort of a combination Detroit-Chicago-Birmingham in that country.

M: That's a pretty good combination.

F: Yes. We thought we ought to go down there, and we created this trade event. Then we determined, through market research, what were the best products; and we determined the best products for this trade show in São Paulo were textile machinery, food packaging and processing machinery, plastics-making machinery, and general control equipment for various types of machinery control on an automated or semiautomated basis.

We then informed as many American companies as we thought would be able to play a useful role there, giving particular emphasis to firms that had something new to present that would be useful to Brazil. This would help the economic development of Brazil to get this more sophisticated machinery, and we made a decision that we would try to get as many as half of the American firms participating to be either new firms to export entirely, or at least new firms to the Brazilian market, then to work with them to make sure they translate their literature--their sales literature--into Portuguese; that they have a sales representative on the spot. If the firm is not willing to put a sales representative down there, as far as we're concerned they're not worth the amount of time we have to put in to make it go; and we hope the next show they will be willing.

Our work with the show takes two years to prepare. There are very great difficulties in Brazil; they have a complex customs administration--many problems, but they were worked out with the cooperation of the U.S. Embassy down there. They were worked out. Now, that's an example. Now

the firms that participated down there tell us what they sold in terms of dollars right off the floor--everything in the place was sold really. And then they give us their estimates as to what they'll sell in the next twelve months. In the case of this show, it's going to come to thirteen or fourteen million dollars--their present estimates of it.

M: Total sales?

F: Yes, total sales within twelve months. Now they will file a report with us twelve months from now, and it will be higher than that or lower. Frequently it's higher. And then we'll reach certain conclusions as to what our next event should be in that part of the world. We think it should be a trade center, in other words, a permanent installation. Because there are 84,000,000 people there.

M: What kind of return is that? What did it cost to stage this?

F: We get this information on sales, not because we're nosy, but we have to use our budget dollar where it gives us the best results. Generally speaking, trade fairs and trade centers will produce \$15 in sales for every dollar of budget we put in, within twelve months. In terms of balance of payments, it's better than thirty to one, because half of that budget dollar is spent in the United States, you see. It's thirty to one. And we have instances where it will be thirty-five or forty to one. I don't have the precise figures on the São Paulo one yet. But this is one of the best concrete programs in the balance of payments field, in terms of cost-effectiveness which we've just discussed.

Now the follow-on results are considerably greater than that, but I haven't given you the figures that come from the appointment of agents--the figures that come in the second and third years, you see. The figures that come from this firm which is in São Paulo saying, "My God, I didn't

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realize South America was this good; I think I'll open an office in Buenos Aires." We haven't given you any of that.

M: There's no way, really, for you to.

F: No, there's no way really, and we don't try to exaggerate our figures by guesses. We feel these are very conservative figures because of the way they're compiled.

M: Why then--I don't know much about trade fairs, as you no doubt have discerned--but now I do recall, for example, some publicity of some kind about a trade show in France, when we originally announced we were not going to participate in an air show or something like that. Why then do we not go? Is this when you decide that it's not a dollar-effective...?

F: This was the Paris air show. It's the most important air show in the world; it takes place every two years. And the United States' participation prior to 1967 was relatively poor. And it was essentially organized by the Defense Department and the military.

M: Why would they be doing that?

F: It was historical, just historical. At the request of USIA and Defense and other agencies, in 1967 Commerce took the leadership on it; and we organized a highly commercially-oriented effort, in addition to the military. There was a lot of military prestige in the thing, and I think the military aspect should not be downgraded. But prior to 1967, the commercial side was really incidental. In 1967 the commercial side became very important, and we took the leadership; and the results were very good. It's one of the fairs that I recall. I happen to recall this specifically because of the controversy. Sales results exceeded the estimates; in other words at the end of the 1967 show they told us how much they thought they would sell, the U.S. firms. My recollection was they told us it was

in the order of fifteen or sixteen or seventeen million, and it exceeded that amount.

Well, for 1969, this is next spring, Commerce was prepared to take the leadership in it, and we set all our plans that way, and we budgeted that way. Unfortunately, the Defense Department found it more expensive to operate, with the pull-out of the Air Force out of France arising from leaving France in the NATO context. It became more expensive to the Defense Department. They had obviously very serious budgetary problems. Defense really said, "Well, go ahead with it, Commerce, if you want to, but we can't really give you any support." Well, our view was that we couldn't put that on without Defense Department support, because it was such an important prestige kind of thing; and there you need the Defense Department and military aircraft. We still needed a government-wide effort.

Now, the flack that you refer to was the governmental process working in Washington; eventually, the decision was made to reverse the Defense Department--to go forward with the show, and we are going forth with it under Commerce Department management. The Defense Department has given less support than we would have asked, particularly budget support, but they have given sufficient support to make it possible to put the show on.

M: In a case like this, where you get a major Department like Defense bucking up against a major department like Commerce, does this get to the White House?

F: Yes, this was handled initially--well, throughout this was handled in the White House by Ernie Goldstein.

M: Then you worked with him?

F: Yes. This one had Presidential attention, I am sure, and we've come out this way, which is not too bad. But I think we lost several months while the new Secretary of Defense was taking over--

M: This came right when McNamara left?

F: That's right. And I think that cost us some time. Nevertheless, I'm satisfied with the result. We could have had a better presentation if we'd stuck to our original plan. I think the Defense Department was penny-wise and pound-foolish; nevertheless, it was typical of a good U.S. government kind of compromise. We're going forward with the show. The Commerce guys have got to work twice as hard to make up for the lost time. My personal opinion is that that will be a successful effort, and I'm not at all disappointed. The sort of flack is almost a democratic process.

M: Right. But the way that President Johnson works on something like this is to utilize his staff people like Ernie Goldstein?

F: If you want to follow this one through, if it's an interesting one, you should really take it up with Ernie. None of us saw the whole picture. There are others--Ambassador [Charles] Bohlen.

M: We're to see him next week.

F: Well, you can ask him about this. He gave 100 percent support to this, because he saw this not only as good for our commercial interests in France, but good for our diplomatic relations with France, because this is the most important single international show put on in France. And it came as a great blow to the French to have the United States withdraw from that. They attributed political, anti-Gaullist kind of motivation to it, which was never present. It was never present.

M: It was simply an economic matter as far as Defense was concerned, you think?

F: You ought to ask Defense about that. We never really have entirely been fully briefed on Defense--it's Air Force--interest in that.

M: They're the ones who provide the airplanes. But you do think now, one way or another, that the decision has been made that our participation will be assured?



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F: It will be a good show, because we put our name on the line. Commerce is going to manage this, and it's going to be a good show. We've got support from DOT, by the way.

The hardest thing in this government is to get support from outside your own Department.

M: I've been running into that. The institutional things just don't exist, in fact, for--

F: There is an interdepartmental committee for international trade shows and other events, and we utilize it. One shouldn't be surprised or discouraged or anything about it; each Department has its own primary interests. In this instance of the Paris Air Show, DOT's interest was the same as ours, that happened to be the same as the State Department's; and the Air Force was the reluctant dragon. They had some good reasons. I think it would be best to get it from them.

M: Yes, I agree.

F: I'm satisfied we'll have a good show.

M: Your agency, I believe, is the one which is the operational institution in charge of administrating the, I think they are collectively called the Battle Acts. Has there been anything distinctive about the Johnson Administration's policy in regard to them?

F: We're talking about export control.

M: Right.

F: Battle Acts are only one part of it. The Battle Acts relate to the decision by foreign governments to ship strategic, or close to strategic, goods to the Soviet bloc; and whether or not--

M: Oh, to decisions by foreign governments to do that, as opposed to our--?

F: And whether or not those decisions are in accord with our agreements in

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COCOM--COCOM is the intergovernmental committee which meets periodically from time to time in Paris to determine what items should be withheld from the Soviet bloc for strategic reasons. The operational part of the program is in the Department of Commerce, and that is referred to as "The Export Control Act." Actually the Battle Act is administered by the State Department. In other words, the foreign government side of it.

M: I see.

F: But what you're really referring to is the whole subject of U.S. control of exports, goods, services, and technology to the East bloc. This is a very good item to discuss. I think the hardest kinds of decisions relate to how to expand contacts with Eastern Europe in peaceful ways, and to do so in such a way as not to contribute to their military potential. Now, I think the export control function, which we've had in this department since 1948, is a real political football. Congress is interested in it. It's very easy to be hawkish on a particular subject and say, "My God, you shouldn't license that particular thing for Eastern Europe." In general, we think that the Administration has been very carefully handling this program. We have an interdepartmental committee; we check with Defense and State and science agencies that are appropriate.

I think that President Johnson has been very courageous in this field, and his support for building bridges of trade to the East is a very good policy. It's difficult to administer right now under the backlash, if I could use that expression, of the results of the Russian invasion of Czechoslovakia. But it's not in our interest to reverse that policy. We've made a lot of progress in the past several years in having the U.S. business and the U.S. public and the Congress considering trade on its merits. I think the big mistake, just to cut off trade, or say we won't

trade with the Russians until they get out of Czechoslovakia--that kind of--it's not that kind of world. We don't have the leverage to make the Russians get out of Czechoslovakia with trade controls, so we shouldn't try the impossible.

But I think the whole concept of peaceful engagement with the Russians is a very important one. The more American people see of Russia, I think the more confidence they will have in the survival of our own system as the superior one.

I was in the USSR in August, never had been there--it was the week of the Czechoslovakian invasion.

M: You were in the Soviet Union, not in Czechoslovakia?

F: In the Soviet Union. And I can't pose as anything more than a man who has visited Russia once for one week, but I wish some members of the SDS could be there. Really, they have no idea what a--you have to realize how inefficient that system is. And it's only when you're there you can see the waste in an organization of that kind of activity. It's palpable if you see it. I mean they can't build a hotel more than ten stories high where the elevators will run. I mean, I'm not saying that's awfully serious, though if you plan to leave for the airport fifteen minutes early, you can get an elevator and wait for fifteen minutes. To me it has some bearing on the ability of that economy to focus on, say, creature comforts.

M: So it's a symptom of something more important.

F: Yes. I'm not saying that they can't build jet aircraft or space vehicles. Obviously, they can. But the system disregards, in many respects, elementary needs of people. Now, generally speaking, elevator service in Western Europe is not as good as it is in the United States, but it's not that bad.

In Russia, it's sort of a joke. Now, I cite that only because--I think they can do what they give the very highest priority to, perhaps at very disproportionate costs.

M: President Johnson has been criticized by some members of Congress, and particularly by some of the commonly called extremist Right Wing groups, in this matter, for adding--oh, I think at one time he added some 400 items to the list of authorized exports under a provision that gave him the power to do that when he thought it in the national interest. Was this done after fairly careful consultation?

F: This was done in a regular way after the most extensive research in this Department and through this interagency committee I've referred to, and there was no item on that 400 list that in the most remote sense could be considered strategic. That list wasn't even a new list in a sense. All it was was a change of items which previously we would have approved on an individual--we call an individual validated export license--to something we call general license. All it was was moving it from the category where you needed a specific approval, prior to shipment, to a category where you had general approval without asking the government. And I have great difficulty really in understanding why the public and the Congress didn't understand this. And I must say it was--

M: I think they didn't.

F: To me, maybe it's a defect in our ability to deal with the press. I think the Congressmen who were most vocal in criticizing this, because we explained to them in letters. And I think it just represents the continuation of a situation where this is a highly politically-charged subject, because the people who really were interested in what was done, I think, would have to come away satisfied that this was a sort of technical change and that the

items on the list couldn't be viewed as items even potentially strategic. Now, that's in defense of our position; I honestly believe this is really as black and white as I've presented it.

M: Is the purpose of liberalizing, if that's indeed what this amounts to, the number of things that can be sold to the Eastern bloc primarily political as opposed to economic?

F: No. I think that nothing that is really important in foreign relations is entirely one thing or entirely another thing. I believe that the motivation was mixed; I think it was to improve our political relations with Eastern Europe. It was designed to improve our trade relations with Eastern Europe; it was designed to improve the amount of business contact that we would have with those people arising from a more intensive sales effort by American firms abroad.

M: Is there a substantial Eastern European market for American goods? I mean potentially.

F: Well, there's a substantial Eastern market. The United States' two-way trade with Eastern Europe, by that I exclude Yugoslavia but I include all the other Eastern European countries, Communist countries, including the USSR, is less than \$200,000,000 each way. This is miniscule.

M: It's potential is much greater than that?

F: Well, I'm going to get to that. I'm not sure about the potential. The Western Europeans already have levels of trade with Eastern Europe, five, six, seven, ten times that high. But many of the Western European countries engage in bilateral trade arrangements with Eastern Europe, including barter, that we would consider inappropriate to our system. Also, many of them extend fairly long credit terms to Eastern Europe, which we would consider as being appropriate only for less-developed countries. We would not think

it appropriate for the longer terms. We try to get our Western European cooperating countries to have shorter terms of credit.

I think there's a market there; one shouldn't exaggerate the size. I think the Europeans and the Japanese have sort of a natural advantage for reasons of proximity, historical source of supply, the fact that the Russians try to balance off trade bilaterally--all of these countries try to balance off trade bilaterally--and certain other factors that are sort of political. The USSR generally prefers to trade with the European countries or other countries that they can derive a political advantage out of the trade. Well, they know they can't get a political advantage from the United States, so that if an item is available on relatively the same terms, the same quality, by and large the Russians or the Eastern Europeans will prefer to buy it from a country with whom they have a bilateral trade agreement where they're trying to balance off, and we in this sense become residual suppliers.

Now, I think that has to change. All of these factors have to change in some measure before the potential of Eastern European markets really becomes very great. I, nevertheless, favor the exploitation of those markets in commercial terms to the extent we're dealing with nonstrategic goods.

M: In that line, how important is what's called the East-West Trade Bill that's currently stalled?

F: I think it's very important.

M: Did your agency work on it?

F: Yes, we've worked on the bill, and we have supported it; and we've prepared quite a bit of background material which will be used when Congressional hearings begin on it. I believe in the next administration that bill will

come before the Congress, and it may be modified. I just think it represents an evolution of events that is appropriate to our needs.

M: What has held it up?

F: I think the Viet Nam conflict has simply made it--I think the atmosphere in Congress and throughout the country has made this a more politically charged issue than it really is, and until that can be worked through I think the possibilities of major advances in these plus relations is seriously limited. I think that's the principal one.

M: Has the White House, in your opinion, provided adequate lobbying for that bill since it has been over there, or have they pretty well let it die?

F: Well, in my opinion--this sounds too favorable to the White House, and I'll try to think of something negative to say. I think their judgment has been pretty good. I just don't think you could push that legislation while the Viet Nam conflict was unresolved as it is. You see, the charge of some is that we export even relatively peaceful goods to Eastern Europe and then they ship that or something freed up by that on to North Viet Nam. We don't think that's the case. We don't think the trade on the part of Russia, or the other countries that have cooperated with North Viet Nam, has any relevance to the miniscule level of our trade with those countries; but there are others who differ on that point. And my opinion is it was, as the Viet Nam conflict came to the stage that it came to, that it was just not possible to push the East-West Bill under those conditions, although I do know that there have been Congressional hearings, and some pretty interesting hearings, by several committees bearing on the subject. The bill itself was never brought to the hearings stage.

M: These people you speak of who think that our trade with the Soviet Union ends up in North Viet Nam, or frees things that end up there, often charge

that our trade with the Soviet Union is unfortunate in that because of it we can't go with clean hands to ask our allies to stop trade in strategic materials. Is there anything to that charge?

F: I've never heard that mentioned, and I think that's an unrealistic comment, because all of our allies have a much larger volume of trade, I mean our major allies, relative to ours with the Eastern European countries. That's just to me sort of a backward reading of it; I just don't give any weight to that particularly. If there is a problem, it's a problem the other way around. If you look at trade with Cuba, you see the problem as it comes in the other side of that particular coin, where we've had a trade embargo and we've urged the British and the others not necessarily to embargo trade with Cuba but cut back on it, and we've had a very difficult time with them bringing them to see that problem. And I think the United States has been very forebearing in accepting the viewpoints of other countries that have wanted to trade with Cuba.

M: Your agency is also the one, I believe, that is responsible for advising the President's representative regarding tariff negotiations, or at least one of the agencies concerned. What has been the general performance of the Johnson Administration--?

F: Well, I think the Johnson Administration has done very well in foreign trade policy. Of course, the biggest success was the Kennedy Round, and I know quite a bit about that. I think the President gave timely support to Christian Herter and then Ambassador [William] Roth in the negotiation of this agreement, which was very hard to reach. He didn't butt into it at an earlier stage when it seemed critical, but when it was necessary to have firm Presidential direction, my impression is it was given and given properly. I think the Kennedy Round agreement is probably the most important



single tariff and trade negotiating effort we've had since the establishment of the GATT in 1948.

M: Well, now, your agency generally advised, I think, in favor of a substantial number of exemptions from that negotiation.

F: Not really. That's another misconception that somehow the public and even people whom we classify as professionals in the trade field think of the Commerce Department as sort of a protectionist agency. It's just not true; it may have been true fifteen years ago. It's just not true. In the case of the Kennedy Round, our job was to do a technical evaluation of the products that were sensitive to import competition and/or would not benefit particularly by the reduction of foreign tariffs in terms of improving our exports. It was a technical job in terms of criteria established by the Office of the President's Special Trade Representative. We helped establish the criteria; we agreed with the criteria; we presented the cases for exemption. It seems to me that the miniscule exceptions' list tabled by the United States at GATT, and by the way we presented the smallest exceptions' list of any major trading country, tends to refute the type of observation that your question implies.

M: What about the charge that I've seen, maybe Michael Harrington was responsible for this, that the United States trade policy has generally been one aimed at perpetuating the underdeveloped areas of the world in their status as raw producers?

F: Again that's an overly simplistic thought. I think the United States has pursued rather a good trade policy so far as less developed countries are concerned. We have less restrictions on products produced in less developed countries than most. The major problem, I'm sure, is in the textile field. But every major industrialized country, including Canada,

the UK, just about all the Western European countries, even Japan, have restrictions on textile imports from less developed countries. The problem is one of market disruption and the dislocation that could be affected by that. So I would say in this respect that the United States has--I would almost say a more liberal trade regime in textiles than many other countries. I'm not an expert in textiles. Actually the long-term cotton textile agreement is not administered in this bureau; it's handled by Stan Nehmer, who is a Deputy Assistant Secretary for Resources Policy in this Department. And I think, if you're interested in that particular subject, you might want to talk to him.

Most other countries that have close connections with the developing countries, I'm thinking particularly of France, have an export-import regime which is highly protectionist, which requires that the less developed country provide tariff preferences to French products, now to the products of the Common Market, in exchange for certain preference that is given to the products of those countries. And in my opinion, it's economic nonsense to expect Upper Volta to give tariff preferences to anybody; they ought to be permitted to buy in the cheapest market where they can. Now if additionally Upper Volta can negotiate preferences for their own products, more power to them. But I think this canard somehow that the United States has held back the trade of less developed countries results in simple measure from a misunderstanding of the bilateral trade relations that still exist in many parts of the world, particularly the Metropole or the ex-Metropole with the former colonial territory or country. And I think it's a very important problem; I think the export earnings of the less developed countries have to be increased; I think we've done quite a bit in this Administration; I think the successful execution of the coffee agreement is very beneficial.

I think there are other problems that still require a great deal of attention, but I don't feel the United States should be defensive on the subject of being unfair in its trade administration insofar as the problem of less developed countries is concerned.

M: The corollary to that charge is the one that I've also seen regarding the relationship of, I suppose, the Bureau of International Commerce or perhaps the Commerce Department generally to certain of our aid programs or certain Export-Import Bank programs, where they are allegedly restricted by requirements for purchase agreements of the United States or things of this nature. Is this a serious problem?

F: Well, that's an amalgam of several questions. One--with respect to AID: I think AID has been relatively unrealistic in this Administration.

M: When you say aid, do you mean AID?

F: AID. I think that the AID program could have achieved the AID objectives and still provided some additional commercial advantages for the United States and some improvement in our trade account. Every other country that provides AID frequently turns out not to be AID, but just commercial export credits. My personal view is that there would be a better AID program with more popular support, with more Congressional support, if AID at a much earlier point had seen the tie-in between commerce and AID. I think in the long run any program in a democratic society has to have the support of the people, and I think the American people have never quite--the business people understand it, but I think they have not been sufficiently vocal--they have never seen that AID is not only altruistic, which it is to a degree, but also serves business interests. Every other country that provides aid, actual or so-called, sees that connection; and I think we were very late to see it in the United States. Although there has been

more done in the last two years, it frequently goes under the rubric of additionality. Additionality means getting commercial trade, arising out of the AID program. But we started that, I think, too late to achieve some benefits, but in the declining AID program obviously it is especially difficult to get an additionality component out of--

M: You mean there was not this benefit deriving from it in earlier years?

F: Oh, there was some, but not so much from conscious pursuit of a policy but as a consequence. After all, if you're spending that much money for procurement in the United States, there would be a considerable amount of trade generated by that. Our interest and our comment is simply that a more systematic examination of the AID program at an earlier stage would have given us follow-on trade values which would have benefited our trade account into the future, and in my opinion could be administered in a way which would be entirely consistent with the AID objectives and the objectives of the economic development of the country concerned. We have tried that-- I'm not critical of AID--I just think they had a tremendously difficult problem, and because of my parochial interest in trade I would have hoped that they could have done a little bit more and sooner in this particular field.

Ex-Im Bank is another question.

M: Before you leave AID now, have AID projects been selected sometimes with regard to the degree of additionality?

F: Generally not. Certain program loans of AID have taken into account commodities that would have a competitive advantage if purchased in the United States; but generally speaking projects have been selected on the grounds of their economic merit and I don't criticize AID for that. My observation is that the two considerations, economic development and

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commercial, should have had a closer relation at an earlier point. See, what passes for AID in many foreign countries really is just plain commercial credit.

M: Right, which is spent there.

F: Which is spent in those countries--

M: Right.

F: When the French talk about 1 percent of their GNP goes to foreign aid, that's a joke. That's this tied-in bilateral trade that I have referred to. And I feel that if the AID program is to receive popular and Congressional support, a better understanding is needed of the value to U.S. industry and commerce arising from the AID program; and that maybe the AID program serves so many purposes it's hard to focus on that. And that is a problem for the future--to relate these two national considerations in a coherent AID program.

M: Now, go on with the Export-Import Bank.

F: The Ex-Im Bank really has no reason for existence other than to promote the foreign trade of the United States. That's what it's for. Ex-Im Bank interprets its statute to mean that it can use its funds only for procurement in the United States. That's an Ex-Im Bank judgment. Ex-Im Bank concludes as a matter of policy that that's their position, as well as a matter of law. I'm not going to comment on their legal interpretation.

Commerce never questioned that particular policy. Our view simply is that Ex-Im ought to be more venturesome in financing exports, take a little more risk, be a little bit more flexible, have more men traveling around South America talking to our commercial attachés and American businessmen, just live a little. Just don't be quite so conservative.

That's really all I have to say about Ex-Im. I think Ex-Im has come

along a great deal in the last few years. My only observation is they have a long way to go before they'll be competitive with the Ex-Im Bank of Japan and the Ex-Im Banks of other countries. And I simply say that they're making good progress now and what we need is a lot more of it.

M: When you have a situation which involves the necessity for gaining in some sort of voluntary way the cooperation of American business, such as specifically the United Nations' sanctions on certain types of business activity in South Africa right now and Southern Rhodesia and perhaps elsewhere, what has been the experience of your agency in soliciting that type of cooperation?

F: We've had pretty good cooperation. We've worked with the State Department. I'm not entirely sure our policy has been right.

M: You mean the policy of restricting business?

F: I have difficulty understanding why building bridges to Eastern Europe makes sense in terms of bringing the Russians around, whereas building bridges to Rhodesia and South Africa doesn't make sense in that same objective. Now I understand the United Nations situation, the particular foreign relations responsibilities that State has, and the importance of the racial question in domestic politics in the United States. Nevertheless, the United States has administered its policies with respect, particularly to South Africa, in a much more rigorous way than other members of the UN, certainly more rigorously than the UK, for example. And I think in the long term we'll have to change our policy. The way to influence people is to work with them, not to segregate them; and that's really what we're about. As I say, that's a highly charged foreign relations question, and our Department generally has expressed the view that I have expressed; and it has been put into the mixing bowl and the decision has been as you

know the policy to be. By and large, I think American business has been very forthcoming and cooperative.

M: Is that generally the case? That just happens to be one case that I picked out--I could have used another: direct investments.

F: The OFDI is a much different subject.

M: But on the general problem of voluntarism as opposed to mandatory business restrictions. Generally speaking, do you think that the American business community has demonstrated the kind of responsibility that makes those voluntary programs realistic?

F: That's a very tough question. I'm afraid there is no single answer to it. Our government operates on the rule of the law, not of men. In general, voluntarism benefits the non-cooperator if he's going to take advantage of a situation. In the case of the OFDI, which is a mandatory program--prior to that we had a voluntary program, the cooperation of U.S. business was absolutely tremendous.

M: In the voluntary?

F: In the voluntary program. And I think, therefore, it came as sort of a shock, if I could use that expression, that industry would be put on a mandatory program.

M: Why was that done?

F: It was done simply because the gold drain was so serious in December of last year, and the balance of payments situation and the dollar was so much in jeopardy, you couldn't rely on voluntarism under those circumstances. And probably it would have given a greater advantage to the noncomplier than would be the case in the mandatory program. But I think most importantly the President determined, I think correctly, you just had to save a billion dollars on the outflow side in the capital account area. You just couldn't

save that much in a voluntary effort; it had to be done some other way. I don't say that OFDI has been perfect or has done it in the only way it could be done, but I think savings of that magnitude had to be done on a mandatory program where everybody is treated equally on the record with formal procedures, etc. Now I hope we can get rid of that program, and I think that, of course, was indicated in the President's January 1 [1968] balance of payments message--that it would be temporary. And I hope it will be eliminated as soon as conditions permit.

But myself, I feel more comfortable talking about the subject of voluntarism with respect to specific problems rather than in general. In general, I think you get all kinds of value judgments that maybe are not applicable when you look at particular [cases].

M: You start getting into those exceptions again, in individual cases--

F: I'm speaking now of a field that is not mine, but I'm a little bit skeptical about voluntarism in compliance with SEC standards on the stock exchange. I think voluntarism is inappropriate there, but I don't know very much about that field. In the fields that we have been discussing, I think the decisions--the OFDI I think was correct to go to a mandatory posture; in the case of Rhodesia and South Africa, I think it was correct to rely on voluntarism, because the programs were small; they didn't spread across the country; you could anticipate voluntary cooperation, and I think the decisions were right in those particular instances.

M: Your agency is also charged with the responsibility of encouraging American investment, I think, in underdeveloped areas. Again, this is voluntary. Has the cooperation here been what you hoped for? In the Alliance for Progress, for example?

F: That's a pretty mixed situation. We're charged with encouraging it, but



we don't have the resources. We have information; we have a few project managers who bring together investment opportunities as reported by the foreign service with U.S. firms that may be able to do it. But the real tools are in the AID agency. AID has investment guarantees, has authority to commission market surveys, feasibility studies, and that sort of thing. So this is an example, I think, where we work closely and well with AID, and we feel that that has been pretty fruitful. But AID is a much more important factor in the total situation simply because they have operating programs and benefits to confer and money to back up the particular proposals that U.S. firms might be espousing.

M: But you people have the ties to the American business community. Should that program be here probably?

F: You could make a good argument for that. It's supposed to be characteristic of any bureaucratic type that he will always jump at the opportunity to have a function transferred from another agency to his own. I'd limit myself to say that there's an argument for it. There is also an argument against it. The argument against it simply is that you keep the private investment side in the same place where you have the government-to-government loans. It's a leavening effect on the government-to-government activity to have the private sector activity. And I'd say that's a pretty strong argument, that second argument.

M: That would be to keep it in AID rather than over here.

F: That's right. The other argument is--I think it's a persuasive argument on the side that you mentioned--that we have closer contact with business. And I think the business people feel more comfortable in dealing with the Department of Commerce. I couldn't really draw a conclusion on the balance.

M: The issues I've mentioned are the ones that seem to me to be the important

ones that your agency is involved in. Are there others that you feel like should be talked about, which the Johnson Administration or the agency--?

F: Well, there are two things I want to say. One really in a logical sense should follow the discussion of the Kennedy Round. But I think one of the biggest successful efforts of this Administration has been the resistance of protectionist pressures this last year. I think we have to be realistic and practical, and I think our greatest problem frankly with protectionist pressures is the small trade surplus we have now. As our trade surplus can be improved, as I think it will be, it will be possible to resist those pressures better. But I think the President has been unstinting in his support of a competitive free enterprise approach to trade.

M: The old protectionist gang is still there though? The lobby is still strong?

F: Not the old gang, it's a new gang, much tougher gang, and a more sophisticated one.

M: You mean different industries are seeking it primarily?

F: Yes, the steel industry--

M: Chemical?

F: Chemical has not been too bad, although they have opposed further liberalization in the American Selling Price [ASP].

But I think this Administration has performed admirably, but the problem is not solved. I think there are steps to be taken that would look toward improvement of this situation through a more imaginative approach to import problems. That would be my own [view], of course, but I think immediately in dealing with the subject of import quotas and so on, washing out the gains of the Kennedy Round, I think this Administration has done a very good job.

Now on the subject of export expansion, I do think the President did

us a great service in putting this thing on a systematic basis. In his balance of payments message of last January, he announced the five-year export expansion program. Now we're not going to achieve the level of expenditures contemplated. That called for a \$200,000,000 program over a period of five years. We all know the budgetary constraints placed on us because of the necessity to deal with fiscal matters in the United States, and we all accept that. But the concept of planning ahead five years where industry can plan its export promotion efforts in tandem with government efforts so that they know we have a trade center in São Paulo in 1970 and we have a trade center in Sydney in 1971; we have these trade fairs; we have this kind of automated commercial information; that we have the support factors necessary for them to carry out international marketing efforts--that's absolutely essential. And I think that's the way, if I might express a personal view, to get U.S. industry more export-minded. Exhortation is for the birds. It's all right, it has its place, but you've got to show where the profits are. Now, U.S. industry plans its domestic sales five years ahead, it plans its international sales five years ahead, it does its overall planning maybe ten years ahead. What has to be done is to put export marketing on at least a five-year plan-ahead cycle. Then industry will plan for Dallas, Texas, as we explained, in Paris, France, in the five-year period; and then if there's a corporate decision to plan, they'll put the resources in. They're more likely to do it if there's a government program that really develops--shows what the potential really is abroad.

M: And if they could count on--?

F: Count on it. Now, placing the export expansion program on this systematic integrated-plan basis several years ahead, with cost effectiveness

measurements of each of the various inputs, in my opinion is the biggest single advance made in foreign trade promotion in the period I've been here. Now obviously I've reported to you something that I take some pride in myself, but that has been tremendously well received by business. No businessman, and I've talked to I don't know how many--hundreds of businessmen--no one has ever made a crack about socialist planning when you talk about five years. They all plan five years ahead for their marketing, and in their attitude it's about time the government started planning five years ahead for its support for foreign trade.

I just got back from South America where we had meetings with all of our economic and commercial officers concerned with this, and their support for this five-year approach is 100 percent. And I think this is going to carry forward regardless of administrations. It has permitted us to plan our budget for next year in a coherent way; we knew we fell short a little bit in fiscal 1969 because of the budget constraints, we've tried to make up that ground in fiscal 1970. We've tried to make it up. We won't make it up fully. We realize that no program manager ever really feels he has got the resources he needs, but we've got a target. It has been accepted by the Bureau of the Budget. I think it's one of the great decisions that Charles Zwick made. First, it was Charlie Schultze who wanted it, and then Zwick picked it up, and this has carried forward. I have a degree of confidence that it will become part of our government planning.

M: Did the initiative for this come from the Budget Bureau or from here?

F: The initiative came from me; but once the plan was understood, we got tremendous support from Secretary Fowler. The Treasury Department has wanted something like this. And then we got very, very good support from Charlie Schultze. I think Schultze is the most important man to put it

across. Now, Zwick has always been very strong on cost effectiveness and we've had support from him. But I'd say that the support from Fowler, from Schultze, was absolutely instrumental; and of course in our own department, that's not my doing. Secretary Trowbridge is the fellow who pushed it across.

M: Is this same kind of thing applicable to a number of other programs?

F: Well, I think, generally speaking, you're more likely to get to a goal if you set the goal and plot your course to get to it. Now, we're dealing in the trade field in an area where the government doesn't sell anything; it's free enterprise. It's the companies that sell it, so they'll sell it or not depending on whether or not it's profitable. What we've got to do is give them the facts that will let them make the judgment that they're not going to stay out of this market and let the Germans or the Japanese or someone else get it, you know. If it's not profitable, they're not going to go into it. What concerns us is they make the decision to forego a market, thinking they can't compete or they're too busy to compete, and they don't know the facts. Basically, I think our economy remains very, very competitive, particularly in sophisticated capital equipment, transportation items, agriculture; and I think a systematic approach to international marketing is the heart of what business does anyway. If pursued assiduously by the government it can produce major results.

One other aspect to this. The President, when he saw what we were doing at Commerce, asked us to work with Agriculture, to do the same thing in Agriculture. Agriculture has an export expansion program. In my opinion, agricultural products are one of our most competitive in world markets. And as an example of working with Agriculture we've already done it in certain trade shows and domestic promotion. I think it's an example

of where two Departments work together and the whole is greater than the sum of the parts. And I anticipate considerably closer working relations with Agriculture in the future, in part arising out of this particular initiative. I mean, Secretary Trowbridge and Secretary Freeman saw it this way. But fit it into the concept. I mean, if Commerce has a five-year export expansion program, why doesn't Agriculture? Well, indeed, Agriculture did have something that looked ahead, but it wasn't systematized. And I think by working together, I think you just get a better product.

M: The initiative for that interdepartmental cooperative thing came from the White House?

F: It came from the White House. I think it came from the President himself.

M: So he sees something that works in this case and--?

F: I cannot be factual here. You would have to check this with somebody else. It's my opinion that the President asked Secretary Freeman to develop a five-year program along the lines of the Commerce program and work more closely with Commerce. That's not factual; I don't know that, but that's my judgment as to what happened.

M: We'll be talking to those people involved there, we hope. Anything else you'd like to add? You've been very patient and cooperative, and I don't want to cut you off.

F: Not at all. No, I'm all done, but I wanted to make those points. I did make my observation earlier how difficult it was to work across Department lines frequently, but we've had 100 percent support on this concept with Agriculture; and I think it's very important. I think we can do a great deal more in promoting our agricultural products and their sales abroad if we combine them. So if you sell wheat abroad, then you also try to sell equipment for making wheat into bread, and you sell automatic baking

machinery; then you sell automatic packaging machinery to package the bread. That sort of integrated approach, a systems approach to agriculture. Now it has got to be sort of a cliché now to talk about the systems approach to agriculture. I happen to think it's a sound concept and it makes it possible for us to promote our sales of wheat, at the same time to promote our sales of manufacturing equipment; and I think what we've got to do is work more in this sort of integrated way, which makes a bigger job for the Export-Import Bank. Because it's not just that wheat sales can be financed by CCC or privately, but it's harder to put these together than you might think, and the role of the Commerce Department and Agriculture is basically that of sort of catalyst. We don't sell the stuff; American industry does. But I think we've set out an institutional framework that will help us do it; we've set up what we call an agribusiness committee, chaired jointly by the Secretaries of Commerce and Agriculture. We have an operative level of that committee. And I think in the future that will pay handsome dividends.

I see a role for AID in that at some future time, particularly in view of the importance that agricultural development plays in AID planning for years to come.

M: I certainly do thank you, Mr. Fox.

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By Lawrence A. Fox

to the

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