

The Economic Club of New York

287<sup>th</sup> Meeting  
73<sup>rd</sup> Year

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Right Honorable Roy Jenkins  
President of the Commission  
of the European Communities

Ambassador Reubin Askew  
United States Trade Representative

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Questioners: Willard (Bill) C. Butcher  
President and Chief Executive Office  
Chase Manhattan Bank

Reginald (Reg) H. Jones  
Chairman and Chief Executive Office  
General Electric

## Introduction

Chairman, Edmund T. Pratt, Jr.

Mr. Ambassador, honored guests, ladies and gentlemen, welcome to the 287<sup>th</sup> dinner meeting of the Economic Club of New York. I am Ed Pratt, your newly elected Chairman. I would like to say how proud and pleased I am to have the privilege of presiding over this Club's activities in this, its 73<sup>rd</sup> season. The Economic Club is a unique institution. It has existed these past 73 years presenting to the New York business community, the views of American and world leaders from many fields. The Club has clearly earned its reputation as one of the world's major speaking forums. In the last three years there have been a number of important developments in the Club. And here credit is due particularly to my immediate predecessors, Tim Dunleavy of ITT, Jim Davant of Paine Webber and Paul Lyet of Sperry. (Applause)

The bylaws have been extensively revised in order to modernize the Club's administration. Our Board of Trustees now meets regularly three times a year and the Board's Executive Committee twice a year. We have a new President, Mr Ed Locke, a man ideally suited, by experience and ability. (Applause)

And you will be happy to know the Club's financial position has been greatly strengthened. For an economic club we ought to have that. Our dinner meetings have continued to be highly successful and I believe one or two attendance records have been broken. We now have a

membership booklet listing members individually and by company, and as you know, membership in this Club is by individual and not by company.

I am hopeful that we can encourage more executives to join the Club. May I suggest that you propose or second for membership others in your organization whom you think would enjoy the opportunity of hearing national and world leaders discuss the key issues of our time. As for the future, I hope that you will call or write me or Ed Locke our President, whenever you have any suggestions as to how we can help the Club do an even better job. I hope you will continue to find our dinners enjoyable and to bring many guests with you. I am looking forward, with your help, to making this one of the finest periods in the Club's long and distinguished history. It is traditional for the audience to be represented in our meetings in posing questions by distinguished representatives of the business community.

Tonight, we are especially fortunate in having as questioners, Bill Butcher, President and Chief Executive Office of the Chase Manhattan Bank who is on the dais to my right, and Reg Jones, Chairman and Chief Executive Office of General Electric, on the dais to my left. As in the past, our procedure will be to hear from both speakers before we begin the questions.

Now let me turn to the business of this evening. In Florida Governor Askew was the first governor elected to two consecutive four year terms. His accomplishments as Governor of Florida were many, really far too many to mention here. But it is appropriate to remind you of

his great work in furthering the economic development of that state. To this end he undertook a major effort to broaden and diversify the economy of Florida by attracting economic growth both from other parts of the country and from abroad. Governor Askew personally conducted trade missions around the world, to Asia, Latin America, and to Europe. He encouraged foreign investment in Florida while simultaneously promoting trade in an effort to make full use of Florida's ports. He created Free Trade Zones in Florida to help make increased international trade a reality. The fruits of this effort are to be, now to be seen in the further industrial development of that great southern state.

Governor Askew carried this international perspective to the National Governors Council as well. As Chairman of the National Governors Council he created a special committee on international trade, one which is now flourishing and which has served as a model for all states. With this record it was fitting that President Carter call on Governor Askew to serve as the United States Trade Representative, a position of ambassadorial and cabinet rank. At a time when trade and investment policies have become more critical to our country than ever before in recent times. As such, he is the President's principle advisor and the nation's principle spokesman on international trade and investment policy.

Thanks to new legislation and the Executive Order to reorganize trade functions in the Federal Government, assigned three weeks ago, Ambassador Askew has considerably greater authority than his predecessors. As United States Trade Representative in the post multilateral trade

negotiation period, Ambassador Askew has the challenging task of ensuring that the new GATT Agreements work, and equally the accompanying United States Trade Law.

Getting through the negotiations surely wasn't easy, but the job ahead demands the creative initiative and determination that Ambassador Askew displayed as Governor. Tonight we have the rare opportunity of hearing Ambassador Askew on what I believe is his first major address after assuming his duties as United States Trade Representative. I am very pleased to introduce to the Economic Club Ambassador Reubin Askew, U.S. Trade Representative. (Applause)

Ambassador Reubin Askew

United States Trade Representative

Thank you very much Mr. Pratt, President Jenkins, distinguished guests, and ladies and gentlemen. The office of United States Trade Representative is only a few weeks old, and so too, is our new decade of the 1980s. Our new office is anxious to confront the challenges of the new decade in world trade. In the 1970s we learned that more than ever we are part of an international economy and consequently are vulnerable to the disruption of international economics. The high cost of oil imports and the decline of the dollar and our continuing trade deficits, we saw evidence of how our fate as a nation is bound to that of other nations in the world.

In the 1980's we must learn how this mutual dependency among nations can be transformed into

mutual prosperity and mutual strength. One means of achieving this end is through trade. The 1970's ended with a major achievement in international trade, the successful conclusion of the multilateral trade negotiations of the Tokyo Round. President Carter was determined that these negotiations would succeed; among others, the European Community with the able leadership of President Roy Jenkins, joined Ambassador Robert Strauss and the other American negotiators in reviving and consummating the talks in Geneva. The results are by any standard impressive. Far more was accomplished than most observers had predicted or even hoped.

The agreements of the MTN reduced tariff barriers significantly. Moreover they established new rules to deal with non-tariff barriers to trade. Effective implementation of these new rules is essential to the creation and to the preservation of an open international trading system. An open trading system is a principle aim of the Carter administration. President Carter believes in the fundamental value of trade as I do. The United States can only profit in the long run from a continued expansion of trade and a continued erosion of trade barriers.

We know that many of our friends in Europe, Japan and elsewhere share our desire for more open trade. Whatever our mutual goals though, competition for markets will persist among nations. And this will provoke pressures for protection of domestic industries, both here and abroad. Of course we cannot simply ignore the very real problems of important domestic industries in the United States. Our efforts to promote freer trade must be strengthened by our efforts to promote fairer trade. And there will be times when we will have to take measures to

protect some domestic industries. But we must be mindful of the cumulative impact of such measures. For too much accommodation to protectionist pressures would undermine our efforts against inflation, and endanger the well-being of the international economic system we seek to improve and to uphold.

In dealing with domestic problems we must encourage adjustment and modernization within industry, and promote, not discourage economic efficiency. We must remember consumer interest and we must be careful to act always in a manner that will strengthen the United States as a competitor for world markets. So that we will indeed profit from the more open system we see.

Internationally, our hope in the United States is that the cooperative spirit of the MTN will be sustained throughout the coming decade. Challenges await in trade. We face obstacles in exporting to many countries, dumping and subsidizing continue in many parts of the world. And we face reoccurring problems of adjustment. Our trading partners among the developing countries are not yet fully integrated into the trading system. In dealing with these and other issues, what President Jenkins has described as a practical partnership between the United States and the European Community, will be especially crucial. The cooperation on trade issues which was so evident during the MTN, between the United States and the European Community must be preserved.

The agreements of the Tokyo Round and especially the new Codes of Conduct we have written, give us a framework for dealing with the difficult trade issues which will undoubtedly rise in the 1980's. But we all realize that these agreements must be implemented fairly and enforced rigorously by all concerned.

One of my new responsibilities as United States Trade Representative is direct investment policy. Soon after arriving in Washington I was given as evening reading two recent speeches of the Chairman of the Economic Club of New York, Ed Pratt. In these speeches, Mr. Pratt stressed a close relationship which exists between international trade and international investment. He pointed out, and rightly so, that exports and investment are interdependent. And he called for an investment policy responsive to the needs of American firms which invest in foreign markets. I found his arguments persuasive in many respects. No government can afford to neglect investment policy. And no government can afford to appear to be passive or disinterested where its important economic interests are at stake.

Surely we can all agree that the United States must increase its exports of goods and services to other nations. Sometimes the only means of penetrating a market for American exports is by direct investment within that market. Such direct investment creates revenue to help our balance of payments, creates new markets for American goods, and leads to additional jobs at home by virtue of improving our overall national prosperity. Perhaps we can agree also that as a developed nation with a prosperous economy, the United States has an obligation to help less

fortunate nations develop their economies. In part we can fulfill this obligation by encouraging that investment by American interest which is acceptable to those developing nations. And to that end, we can only profit from their development in full participation in the world trading community.

I think most of us will agree as well that we must encourage investment by citizens and companies of other nations within the United States. Such investment provides us with additional capital to finance employment and growth. Foreigners view the United States as an attractive site for investment, not least because of our strong and diversified economy. Their continued investment will enhance our economic growth. In particular we welcome a recent decision by a foreign company to invest in automotive production in the United States. And we encourage others to explore similar investment opportunities.

As a rule I do not favor government intervention in investment matters. I believe that as a general proposition, American interests are best served by an international trading system that allows investment like trade to flow freely. That is without artificial incentive, disincentives, barriers or conditions. But when such distortions exist I believe it to be very much within the national interest for the government to deal with them actively. For this reason I support those who advocate the negotiation of bilateral investment treaties as one means of improving the climate for international investment and better protecting United States investments abroad. Other developed nations have negotiated such treaties successfully with developing nations. The

United States has not. Such treaties could encourage trade and promote exports by insuring our investments against discriminatory treatment and expropriation. The number of treaties negotiated in the past few years indicates a real interest in such agreements among developing nations, and if the interest is there, we should respond. With this in mind we are working now on a possible agreement with Singapore. Agreements with other countries may follow. I also believe we must speak out against unfair conditions which unfortunately are frequently placed on foreign investment. For example, American interest are very prejudiced when a country permits an American company to invest only on the condition that its exports to that country be reduced.

Similar problems arise when a country requires, as a condition of investment by an American company, that a certain fixed percentage of its production in that country be exported elsewhere. These practices threaten jobs in the United States. They threaten our balance of payments; they threaten the spirit of the MTN and the goals of a market oriented trade policy. And we must act to minimize them.

Other initiatives are needed as well. We should work to eliminate unnecessary U.S. disincentives to both exports and to the flow of capital abroad. We should work with the People's Republic of China as that nation develops new foreign investment laws. We should be certain that we do not impose unnecessary obstacles to foreign investment in the United States. And we should address actively other issues which affect investment policy such as dispute resolution, tax and antitrust problems, and reporting and disclosure requirements.

American direct investment overseas total \$168 billion at the yearend 1978. Foreign direct investment in the United States at that same time was nearly \$41 billion. These dollars, my friends, translate into jobs and into prosperity. They reinforce my belief that our government cannot be passive on matters of investment. I hope to explore these and other trade and investment issues with business, with labor, the agriculture, and with all members of the administration in the coming months.

Now I have been on the job almost four months. So I qualify, I guess as an expert in Washington. (Laughter) But the more I get into it, the more I realize how much there is to know. But I come with a willingness, a willingness to learn and a commitment to represent the commercial interest of the United States. For the day has passed, if ever indeed it ever was, that the United States had a preordained place in the market. Today, we have to be more aggressive and we have to be more active in asserting ourselves. There was a day when we helped other nations in the world, and we helped them build up themselves, and they in turn have helped us. Because free trade will only work in a world that is free. And if the President has to make decisions, tough decisions, as he has made, I think we need to understand that. There has to be a framework of freedom for free trade to flow. But sometimes I believe that the commercial interest of the United States has been negotiated away for harmony that at best was elusory. And that day should be over. There is some fierce competition out there and it is healthy. Americans have always strived and lived on competition. But to the extent that the office that I occupy reorganized, can assert itself, we are

going to do so. We say that to all of our friends who come and compete as strong competitors with us and the relationship that exists particularly under major trading partners, must continue. Because we have no sooner finished with the successful conclusion of the MTN and each one of us in our respective areas are beginning to feel great protectionist pressures. And I rather think that Mr. Jenkins would corroborate that in Europe. We certainly have it in this country. And we have to be careful in the next year that this is implemented in the spirit of what was intended or we can wind up undermining so much of what was just recently accomplished, for which we can take such great pride. And that great responsibility is going to lie on the shoulders of the European communities, of the United States, Canada, and Japan in particular.

We have to be willing to work with the developing nations and to let them know that they are indeed an important part of it. And we have some obstacles to overcome that I don't pretend are going to be easy, and the person who says they have all the answers usually don't even understand the questions. But I know that we have a commitment in Washington to work with the private sector and if there is one thing that distinguishes the Tokyo Round more than any other one thing to me as an observer, was the meaningful input by the private sector. And so we have a unique situation in Washington, in the trade area, we have a strong bipartisan approach to trade and it has to remain that way. We have the most effective working relationship between the executive and the legislative that Washington has seen in many years in trade. And I think that we have a good relationship between the government and the private sector. And that is what is going to be important, as together, we try to do our part to ensure that the trading system does

become open to the extent that we would like to see it, and that it function, we believe, as it should.

So I don't think I have all of the answers, but I believe the answers can be found through continued cooperation between those of us in government and those in the private sector. I think it is going to be critically important, and I repeat once more, during this next year, this next year to make sure that we can resist a lot of the pressures that are going to build up, some more justified than others.

We remain sensitive to domestic problems, we hope to develop the base, however, to help give some of the leadership together with the other major trading partners to give us this opportunity to expand world trade because in each instance where it is expanded, countries like the United States and those in Europe have profited and that is essentially what we are talking about. Thank you very much. (Applause)

Chairman, Edmund Pratt, Jr.: Well thank you once again, Mr. Ambassador for being willing to come up and be with us so early in your new job. I don't believe there is a businessman in this room who hasn't realized for a long time now that if the future of our country is to be anything as successful as the past, we have to find a better way to work together with government in our economic and trade matters. It seems at times, over the years, we have had a hard time trying to bring that off and it would certainly seem to at least one person, and myself, and I imagine the

rest of us tonight, that we now have an opportunity better than any we have had in a long time.

And we are awfully delighted to hear that kind of words out of you. (Applause)

The Right Honorable Roy Harris Jenkins made a memorable speech to the Economic Club in the Spring of 1969, when he was Britain's Chancellor of the Exchequer. This evening, nearly 11 years later, we are delighted to welcome him back, this time as President of the Commission of the European Communities. When it came the turn of the United Kingdom, three years ago to head the European Commission, Mr. Jenkins was the obvious choice. Long convinced that his future lay, as much in Europe as with the Commonwealth and the United States, he fought hard for British membership. Indeed in 1972, as the *New York Times* put it, "he sacrificed party for principle" by giving up the Deputy Leadership in the Labor Party to campaign for entry into the Common Market. Mr. Jenkins has been a particularly active President and has been able to make his presence felt in the Commission through an unusual combination of qualities. He was educated at Balliol College Oxford and has honorary degrees from Oxford, Harvard, Pennsylvania and other renowned centers of learning.

Most recently he received his 14<sup>th</sup> honorary doctorate from the University of Michigan. He was the first Englishman to deliver the Henry L. Stimson lectures at Yale. He is an experienced politician and statesman of the first order with some 30 years of service in the House of Commons. He is an enabled administrator, has held cabinet posts in labor administrations including two terms as Home Secretary and one as Chancellor of the Exchequer. He is a skilled

publicist, practiced in the art of persuasion and diplomacy. In the late 60's he carried out the famous austerity program which greatly reduced inflation and restored the strength of the pound.

As President of the European Commission he has played a prime role in launching the European monetary system. It is a great honor to present to you once again, the Right Honorable Roy Jenkins, President of the Commission of the European Communities. (Applause)

Right Honorable Roy Jenkins

President of the Commission of the European Communities

Mr. Chairman, Governor Askew, distinguished guests, ladies and gentlemen, I thank you very warmly Mr. Chairman for your words of welcome and for calling, as indeed I did, before I came here this evening, that I had the honor previously, nearly 11 years ago of addressing this most distinguished forum. I remember the occasion well. I am not sure I remember exactly what I said, but that is always a slight advantage in the course of a long political career, (laughter) but I remember the circumstances well. I remember that I had just come from Washington, where I had been talking to President Johnson the day after he had announced that he was not going to run again in the 1968 campaign. I remember that I and perhaps in a self-centered way thought that I had one of the most difficult jobs in the world, by being British Chancellor of the Exchequer. But I also now recall thinking back to a rate of inflation of 5% and hoping one could reduce it to 4%. By being deeply worried that we had the balance of payments deficit in Britain

of \$800 million a year. By being deeply worried that we had an unemployment rate of 500,000, the equivalent in this country of 2 million. And by being a little concerned that the balance that the budget surplus of approximately \$4 billion which we had in Britain that year might be reduced to zero. I slightly think looking back that maybe I exaggerated the problems at that stage. (Laughter) Or perhaps it is a good thing to take problems, whatever they are, as seriously as possible.

You, Mr. Chairman, gave me an excessively generous introduction, making me feel, almost too venerable. And indeed I was for a moment worried when you announced the 73<sup>rd</sup> session and I thought goodness do I go back half of that span or not. But actually my previous appearance went back only over, just over a tenth of the span, which was less disturbing. When after two years in Brussels, I don't know why I had not been there previously; I visited the battlefield of Waterloo, and recall that I had not previously been there since I was a child of 7, which was almost exactly a third of the way back to the date of the battle. (Laughter) That did make me feel rather older. Even in the thought that it was a tenth of the way back to the founding of the Economic Club of New York that I first had the privilege of addressing you. (Laughter)

Now Mr. Chairman, the last few weeks have seen bewildering changes in international affairs. The prices in Iran followed by the Soviet invasion of Afghanistan have taken precedence over developments in Indochina and the protracted negotiations in the Middle East. It is not my purpose tonight to review these events, but rather to look, as my title implies, at the underlying

partnership between the United States and Western Europe, which in bad times even more than good, has I believe, overriding importance for us both.

We share a heritage which determines the nature of our society and indeed much of the character of the modern world. The relationship between America and Western Europe and more particular the United States relationship with the European Community of nine nations, soon to be 12.

Most like all friendships, be kept by conscious action in good repair. And prices I think have the beneficial side effect of reminding us of the underlying truths, the combination of friendship and mutual farsighted self interest and common destiny which holds us together.

One of these bonds is a common respect for the rule of law, not only in our own societies, but in the world as a whole. If the world is to be an orderly place in which the individual as well as the nation can flourish, in which there is a reliable framework for daily living, for daily conduct of affairs, in which the weak and the small, the vulnerable and the valuable as well, can be protected. Then the rule of law has been not only our guide but our foundation.

And it was indeed, on such a foundation, that the European Community was built out of the chaos, the fear for the future. The penalty(?) to which we have reduced ourselves, after what we may appropriately in this context, though its affects spread far wider, called a second European Civil War. The Treaty of Rome of 1957 can in a number of ways be compared with the

Constitution of the United States. It was perhaps, more by accident than by design, that the document establishing the United States was labeled a Constitution rather than a Treaty. There is, for example, the Supremacy Clause, in Article VI of your Constitution which establishes it as the supreme law of the land; anything in the Constitution or laws of any state, notwithstanding. In the same, but more limited fashion, the case law of the European Court set up by the Treaty of Rome established a privacy(?) of community law in areas defined in the Treaty over conflicting laws. Thus, the community has its roots in the same heritage of laws as yourselves, and for this reason, if for no other, if there are many others; it is the natural and practical partner of the United States in the difficult, turbulent and often lawless world in which we live.

I must emphasize, however, that the United States and the community are of different preachers. The United States is a federal state with all of their pertinence of sovereign power within a Constitution, 203 years old. Whereas, the community is an association of nine ancient states or nations, some, but not all of them, ancient, both as states and nations. With their own individual histories, languages and particularities, brought together in a framework whose constitution is only 22 years old, and whose present membership, including Britain, Ireland and Denmark, is only 7 years old.

So paradoxically, it is we, who are new, and you who are old. It is cause, I think, for a certain indulgence on your part when you do not find in the community the interlocutor in Europe on all of the matters for which successive United States administrations have looked and looked

increasingly since the war. Institutionally, however, we have achieved a great deal. We have a European Council, lands of government, which meets three times a year. We have a Council of the member governments of the Foreign Ministers, which meets once a month. We have now, this year, for the first time a parliament directly elected by universal suffrage. A Court of Justice, of the kind of which I have spoken. And the commission of which I am President, whose job is broadly to propose policies and to give effect to them.

More important for you than the details and niceties of our Constitution and the occasional conflicts which arise within it, is the practical purpose which we have made in creating common policies. In some respects, we are already your fourth interlocutor. There is a spectrum which stretches from such areas as commercial policy and agriculture where the community has full competence. It is the grey areas as energy and industrial policy, where competence is mixed, but growing. Such areas as defense or disarmament, where the community as such, as opposed to the member states, has no competence at all.

Now sometimes I hear and indeed understand complaints that the community is a complicated political animal. It is difficult to understand and deal with. Should the United States government address itself to a community and its executive arm of the commission or should it address itself to the member states? I agree that it is not always easy to decide exactly what is the correct way to proceed. You have to know your way around. But lest you should think that the difficulties are all on our side. Let me remind you, that for Europeans dealing with the different agencies in

Washington, it is sometimes like treating with warring futile fiefdoms (laughter) and difficult there you will believe it to comprehend. Conflicts have even been known between the administration and the Congress. We also have to know our way around.

I want now, if I may Mr. Chairman, to speak of three areas in which the practical partnership between the United States and the community founded on that respect for the rule of law to which I have referred has direct meaning. One of these areas, trade, is one in which the community has full competence. The other, the other two, money, and energy, are ones where the community has a mixed but growing competence. In all three, cooperation is essential for us both.

First, trade. Let me say how greatly I welcome the participation of Governor Askew here tonight, and the courage and statesmanship of his remarks. We have been used to working in difficult days to considerable achievement in the spirit of close mutual confidence with Ambassador Strauss. We feel the same confidence in Governor Askew and we look forward to working with him in exactly the same spirit of mutual confidence for both our interests.

We have just completed and he rightly put stress upon this, a tough and long drawn out negotiation to adapt, to improve and extend the rules governing international trade which were invented after the war. It is, I think fair to say that the general agreement on tariffs and trade, the GATT has done immeasurable good by providing the framework for orderly trade which has

served to generate increases in economic wealth beyond, not merely the achievements, but the dreams of previous generations. The conclusion of the multilateral trade negotiations or Tokyo Round has added substantially to the edifice without close cooperation between the United States and the community. But you know, I should also mention Japan. The final result of several stages in grave doubt would have been impossible.

We now have a reasonable prospect for further development of the free-world trading system, a line beneficial to all in the new and difficult circumstances of the 1980's. But this happy and beneficial result will not follow automatically from the documents we have signed, unless we give precise, unremitting and honorable effect to our undertakings, each to the other. This year will be one in which the texts and the codes will be under severe test by those who wish to seek sectional advantage.

There will certainly be difficulties, even the approach to crisis in the future. And the United States and the community will have to manage these crises together in the spirit of mutual understanding. If our achievements and they are considerable, are to code, I give two examples from industries under threat.

First, steel. Throughout the whole industrial world this industry is in trouble. As much in Europe as in the United States. Happily we have been able, in the past few years, to work out arrangements between us which may not be perfect, but which now have stood the test of a little

time. To upset them now with bigger neighbor policies, would not only do us mutual hurt, but carry grave risks of repercussions into other fields.

Second, state subsidies. In the recent negotiations, the United States places great emphasis upon what it believed to be the unfairness of state assistance to industry in the community. We also have our views on the effects of state assistance to industry. For example, the spinoff of the United States government investment in aviation and electronics for military or space purposes, has been a major factor in giving the United States an invariable lead in these areas.

And in Europe we also have a particular concern about the way in which a government imposed price structure; a sales performance subsidy can give a trade advantage. I am thinking of that which is given to exports of American products particularly in the synthetic fiber field to ride from natural gas and petroleum whose prices are much lower here than in Europe. On this, feelings are strong in the community. I give these illustrations not to open a great argument about them, but to show the need for practical partnership between us in managing trade policy is vital.

A mutual comprehension of how things look from the other side of the mountain is as necessary now and in the future as it was during the strenuous days of the multilateral trade negotiations. But if we have that mutual comprehension, and understand the difficulties and pressures (audio ends and begins again, no overlap) ... after the war, successful rules for a long period, in the form of the Bretton Woods Agreements. We enjoyed a long period of monetary stability. I have

always seen a beneficent dollar \_\_\_\_\_, which broke down bit by bit in the past decade.

Whether it will now be possible to create a new, some fresh comprehensive system, I do not know. Ideas are abound and it may be possible. But I want to emphasize tonight is the contribution of which the community as such is making to greater monetary stability. The European monetary system which came into affect last March, ten months ago, is only in its beginnings. We are moving forward to the creation of a European Monetary Fund according to the timetable originally laid down. Already we have the embryo of a common European currency, the ECU based on a basket of national currencies, for use between European central banks. I even saw an advertisement, a souvenir ECU, the other day in the *World Street Journal*, so it must be well established. (Laughter)

Our purpose, Mr. Chairman, is not to create a regional system to the disadvantage of the United States dollar, which remains and will remain for a long period ahead, the prime median of international exchange, more to turn our backs on the rest of the world. It is to promote stability and change order and further that practical partnership, which is my theme tonight.

Third, I turn to energy. The rise in energy prices since 1973 has not been the only cause of our misfortunes, but it has probably been the main catalyst. In the community, we do not yet have a common energy policy, in the sense in which we have a common trade policy or even a European monetary system. But I think we are on the way, perhaps a little belatedly to making one.

First, let me underline how different our situation is from yours. We are much more dependent on foreign imports of energy of all kinds, and our domestic production, even with British North Sea oil is minute compared to yours. Moreover we consume a great deal less, both absolutely, and in relation to our national incomes. Your consumption is still more than double ours. In 1978 consumption here in the United States of oil per head was just over four tons, whereas in Europe it was less than two. Furthermore our oil imports steadily declined between 1973 and 1978 when yours steadily rose. Like you, we would like oil prices to be as low and steady as possible. But in a market economy we should not complain too much if a commodity of increasingly scarce supply should become more expensive. Nor should we be surprised, those who possess such a commodity which cannot after all be renewed, should be less than keen to use it up at the increasing rate which might suit consumers. We have built our industrial society on the consumption of fossil fuels, in particular oil, and it is now certain as night follows day that if we do not change and adjust our ways while there is still time, 1980 could be almost the last year our society will risk dislocation and eventual collapse.

So here again, we must work together on the basis of a set of rules, I will not attempt to give you a list of what has been done and what should be done, either in the community or between the major industrial countries in the International Energy Agency and at the annual summit meetings of the seven major industrial countries. An apparatus of cooperation is well under construction, but we must, I think, work on the assumption that even if energy prices occasionally fluctuate,

their trend is upwards. But over time, the supply of oil is extremely unlikely to meet demand in countries other than the present main consumers will want an increasing share for their development and the markets will remain vulnerable to political upsets of any kind.

There is no magic formula with respect to the environment and human safety, we have to consider a mixture of better use in saving of existing sources of energy for the development of nuclear energy, greater exploitation of coal and development of new or in some cases very old sources of energy. Equally we must take very seriously the problem of social adjustment to deal with a substantially higher cost of energy in all its forms. I noticed, with great interest, a recent report of your National Academy of Sciences, where it was said that with sufficiently high energy prices over the next few decades, the United States could double the efficiency with which it uses energy without significant adverse effects on economic growth. I hope this is true. And if it is true for Americans, it is true for Europeans too.

I have spoken, Mr. Chairman, of our practical partnership, of our common foundation in law, and of the need for an orderly world in which rules are respected, until there is common agreement to change them. I aim by recalling, if it were necessary, a society we have enjoyed on the two sides of the Atlantic, only account for a small and falling part of the population of the world, and its natural resources. The problems of the 1980s are essentially problems which concern the whole world. We can no longer impose solutions; we shall not solve these problems if we in the rich world think only of ourselves alone. We may not solve them all in any circumstances, but we

shall not even begin to solve them, or if we cannot solve them, at least contain them, unless you and we, we have so much together, cannot concert and act and work together. (Applause)

#### QUESTION AND ANSWER SESSION

CHAIRMAN, EDMUND T. PRATT, JR.: Mr. President, you have honored us and instructed us by being here tonight and we all thank you. With the record of the past, it is clearly impossible to imagine, what you might be doing when yet, another 10% growth in the Economic Club takes place, but we hope we can count you to be back at that time in whatever capacity, if not sooner. Thank you again for being here.

Now to the questions. And I will remind you that the procedure for the questions is that one questioner will address alternately questions to each of the speakers. Mr. Jones will address his questions to Ambassador Askew and Mr. Butcher, his questions to President Jenkins and they will alternate, and I will ask Mr. Jones, if he will take the first question, please.

REGINALD (REG) JONES: Mr. Ambassador, you indicated that the Tokyo Round was distinguished by the inputs of the private sector. This was facilitated of course by the mechanisms of the IPAC, the Industry Policy Advisory Council, that gave overall advice from business and the numerous ISAC, the Industry Sector Advisory Committees that gave detailed and technical comments on specific industries. Now as you monitor the agreements and codes

recently signed, will you rely on a similar mechanism to provide you with counsel and advice?

AMBASSADOR REUBIN ASKEW: Yes to the extent that it is possible to do so. I think during the negotiations, inherently, since you were working toward a negotiation not only in the non-tariff area, but actually in reduction of the tariff, you had an ongoing procedure that lent itself very well toward constant input as far as getting the parameters of agreement from advisory committees on how far you could go on each of the items. The nature of our responsibility will change when we are committed to every extent possible to try to maintain that same input, because we think that it was so critical that the success of the MTN, without it, we will not be able to enjoy the support generally of the agreements. Furthermore in the final result, it is going to depend upon a close working relationship, not only with the advisory committees and USTR, but business generally in trying to bring information to us that could be a possible violations of the code so that we can strictly follow them in order to ensure that they are properly monitored and enforced.

WILLARD (BILL) BUTCHER: President Jenkins, you have justly earned a reputation as being a promoter of European monetary reform, which leads me to really a two level question. First the establishment of any meaningful par value exchange rate system in Europe requires a willingness of governments to achieve significantly greater harmonization of monetary policy. Do you therefore see moods or evidence that would suggest such harmonization? But perhaps more important, the establishment of a European Monetary Union would appear to require a

willingness to cede sovereignty over key economic policies, in addition to monetary matters.

And do you see any reason to be optimistic as to the willingness of governments to relinquish that sovereignty?

PRESIDENT ROY JENKINS: Well let me deal with the two parts of the question. First the present one relating to the working of the European Monetary System, and the necessary degree of harmonization of monetary policy. And then the other relating to the medium term future. On the whole I would think that the European Monetary System has worked remarkably well in the past ten months. I would never like to predict the future, but what I would certainly say was that had I been told in March 1979 when this small frail craft was launched that in its first ten months of life, the sea in which it would have to float would see an increase in the gold price, to over \$800 an ounce, would see a largely unexpected and in a careless way from a public point of view, though not from a bankers point of view, relatively unnoticed appreciation of the yen by 30% against the dollar which itself depreciated by 10% against the ECU if one believed that there would be these changes in the world, I would have felt rather bold in predicting that they would have not impacted upon that while the frail craft of the EMS carried eight, sorry, seven currencies because Belgium and Luxemburg are not separated and the United Kingdom, alas, is not wholly a participant at the moment, so those seven countries, so seven currencies, would not have come apart. They have not done so, and I think that the system has so far contributed to a significantly greater degree, not a complete degree, but a significantly greater degree of monetary stability within Western Europe. And this has been a great advantage to us. And it has

partly been achieved because we have had a greater commonsense of monetary discipline than we had three or four years ago. Success has been a result of it, the system itself has been, with the disciplines it imposes has been a cause of it. So the two have interacted upon each other. And it is immensely important for us in Europe that we should have this greater degree of internal stability between currencies. I have, as you may have detected in my speech, a slight nostalgia for the old world of fixed but adjustable exchange rates. I don't think it is possible to put it back upon its pedestal now, but while circumstances, which made it possible existed, no one should decry the Bretton Woods system, which certainly gave us 25 years of quite remarkable advance, so far as the developed world was concerned, advance and stability. Without it, we have had to live floating with fluctuations, sometimes violent between different currencies. That may be inconvenient or it may be good, between great continental blocks between the United States and Europe, between the United States and Japan, between Japan and Europe, but to have this happening inside a tightly knit, tightly populated, substantially integrated community, which is the Western part of the peninsula of the Eurasian land mass, which Europe as a whole is. To have this happening with violent fluctuations between the franc and mark, between the lira and the pound, as though this were occurring between Chicago and New York, between Atlanta and San Francisco, is something which I believe has been a major reason why Europe which did splendidly well in the 60's, has done relatively badly in the early part of the 70's compared with either Japan or the United States. And it is therefore a crucial matter for us to have greater internal stability and by achieving it; I believe we contribute to greater stability in the world.

Now can we go forward from this, in order to achieve something approaching a full monetary union in Europe? With courage and determination, I believe that we can and should. It does, of course, require a very substantial degree, an almost total degree, of the acceptance of common economic discipline. It does not require, as some people mistakenly think it does, a common degree of economic performance. If you would wait for an equivalent standard of living between Hamburg and Naples, you would wait, not for a lifetime, but for several lifetimes. (Laughter) But I do not believe that the gap between the richest parts of Europe, between the economic performance of the richest parts of Europe is greater than the gap in the 19<sup>th</sup> century. Or even at the end of the 1930's between New York and Mississippi, between Illinois and Alabama. And yet I believe most firmly the existence of a common currency of the dollar, as a continental currency was a benefit not only to the richer but also to the poorer parts of the United States. And of all, both sections, would have been worse off then, and would certainly be worse off today than they are, if they had not had the advantage of this common currency. What it does require, however, is the question, very perceptually put, is a willingness to give up some sovereignty. But in my view, to give up a sovereignty which is artificial and not real, because there are a few greater illusions which national governments, certainly national governments of the size, even of the larger European countries can have, that they can control currency moves, rates of inflation, monetary policy, by internal dictate, independently of what happens outside. They are enormously subject to international influences by saying it all has to be done on a national basis; means there is no effective control, whereas if it is done on a super-national basis then there can be some effective control. So yes it does involve some surrender of sovereignty but surrender of

an illusionary sovereignty in order to gain a greater control over well important destiny.

(Applause)

REGINALD (REG) JONES: Mr. Ambassador, the Tokyo Round negotiations culminated in the development of codes in many important areas. Export subsidies, discriminatory procurement, the use of technical product standards as trade barriers, procedures to be followed in customs valuations and so on. As we understand the situation, only two areas are still in negotiations, safeguards and commercial counterfeiting. We understand that many European wish to develop selective safeguards and that Japan and the developing nations are opposed to this approach, and the information we have is that the United States hasn't quite made up its mind. It is somewhat noncommittal. Could you give us the current status of the negotiations on these two codes, safeguards and commercial counterfeiting?

AMBASSADOR REUBIN ASKEW: I think that we are, I think in substantial agreement with the European community on counterfeiting. On the question of selective safeguards, the United States has taken a position against selective safeguards. The whole question of safeguards and if I might, for the sake of you that have not been in Washington for the last four months learning this, I would say, generally speaking, what we are really talking about is the ability of a country to restrict an import from a particular country or several countries, as opposed to trying to protect its domestic industry by taking action that commonly applies to all countries and taking it against one or a selective group, is called a selective safeguards. This is the problem right now, and it is

a very delicate one. We have a difference between the United States and the European Community and the Nordic countries in terms of selective as well as Japan on selective safeguards. In addition we also have another area of disagreement and that is the use of industry agreements or voluntary strain agreements. Now we are continuing our efforts on negotiating a safeguards code. I personally believe that the whole Tokyo Round, the ultimate success of it, will depend upon our ability to have a good safeguards code. Furthermore, for it to really be the type of instrument we want it to be to involve all, or not all, I should say, but a substantial number of the developing nations, the developing nations are simply not going to come to us in droves to sign on these codes without some hope of negotiating a safeguard code. In this instance it was the United States that by and large was on the side of the developing nations in attempting to avoid selective safeguards. It is one of the unfinished tasks as is counterfeiting, as is this whole question of services which we hope to eventually develop some international consensus and domestic consensus on. But we are continuing to do our best in that area. But we have our work cut out for us. (Applause)

WILLARD (BILL) BUTCHER: Mr. Jenkins, the Professor Dahrendorf who our guests will remember as Director of the London School of Economics, recently stated that the European Union had been a political success but an institutional failure. He further warned that without a thorough reappraisal of the community, in the very short time, to use his words “we may yet experience the ultimate crisis of the breakup of the European Community”. I think from your various remarks over the years, you would say that this was an exaggerated appraisal. But, what

are those EEC institutions which, in your judgment, I say institutions and policies, which are most in need of reappraisal?

PRESIDENT ROY JENKINS: Well Mr. Chairman, Professor Dahrendorf not only has the advantage of being Director of the London School of Economics, but also having been a former member of the European Commission. And he speaks with a great knowledge and great penetration on these matters as he does on some others. I forget when exactly he made these remarks. There has in fact been an institutional inquiry into the working of the European institutions in the past year or so, where three wise men have been looking at our institutions and come up with a report, which is not either too complacent or too cataclysmic, it is just sudden changes, but not tremendously fundamental ones. I think to some extent, institutions evolve according to the political will of the people, the nations who are working with them, and it is not terribly possible in human affairs unless one has an unusual opportunity for completely new beginning, such as only comes to us about once every two centuries, to sit down and work out everything, schematically in advance. But the European community certainly does suffer from some institutional stiffness, some institutional lack of flexibility. The Council of Ministers, the monthly meeting of the Council of Ministers has become far too big an organization with different ministers participating and is too slow at taking decisions. But, at the same time, there are other changes; there have been changes which on the whole I think are beneficial, which have come about in the past few years. An instance too, a very, very striking institutional changes. First, as I mentioned in my speech, we had in June of this year, a directly elected

European Parliament. It doesn't have full powers but it has some quite significant powers and by rejecting the budget it showed that it had muscle and was prepared to exercise those powers to an extent perhaps greater than people expected. And by doing so, it gave a rather desirable shake to the community. And it is a very remarkable fact that 22 years after the institution of the community, we do have this directly elected parliament, the first international directly elected parliament in history, as far as I know. And I might indeed remind, because the House of Representatives was directly elected much longer. It took, I think, until 1912 before they were direct elections to the United States Senate which was 136 years, against 22 years. So by that standard, we were not doing too badly in getting a directly elected Parliament so early.

Secondly, partly in order to overcome, by overcoming, it is also somewhat exacerbated the problems of the monthly meeting of the Council of Ministers of members of governments. There has been set up, over the past four or five years, the institution of the European Council of Heads of Government, the Prime Ministers or in the German case, the Chancellor, Helmut Schmidt, or in the French case, the President of the Republic, meet together for a day and a half, or two days, three times a year, quite regularly, and do resolve quite a lot of business. And there is no question at all that the European Monetary System, for instance would certainly not have come into operation with anything like the speed it did without the European Council. And one of the things that I have noticed, that I was recalling this morning, in an interview I did that I had not previously thought about it, is that in the three years that I have spent as President of the Commission, not a single one, whether they be from big or small countries, whether they be from

stable or unstable governments, and we have some of both in Europe. Not a single one of the heads of government has missed a single one of the nine meetings which have taken place in those three years. And I think, given the pressures, which there are upon politicians, heads of government, we don't actually have primaries in Europe, but it would be better if we did, but we have elections. We have other distractions for politicians. And it is I think rather remarkable that over nine meetings with nine participants, nine times nine, 81 people being there, there has been not a single absentee over this period which shows that this institution, a new institution is a really effective working part of the European Community. So institutionally we are not too inspissated. We are certainly not perfect, but I think change is more likely to come from within, in the ways I have described than by sitting back and working out an entirely new paper Constitution. (Applause)

REGINALD (REG) JONES: One of the more difficult problems that I have faced this evening is just figuring out the proper form of address to Mr. Askew. Officially, his title is Ambassador Askew. But if you visit Washington, you will find that all of his confidantes and friends call him Governor. And I suspect his love for that title is based on the fact that it represents an elected office, rather than one to which one is appointed. But Governor, Mr. Ambassador, although Japan indicated an early date during the MTN negotiations that it was agreeable to signing the agreement setting up a code against discriminatory government procurement, the United States took the position that Japan was not putting enough of its government procurement under the code. And that the U.S. would not regard Japan as a signatory of the procurement code until

Japan did place a substantial amount of its government business under that code. Your predecessor, Ambassador Strauss, placed great stress for example on the activities in the purchasing sense of Nippon Electric, Nippon T & T. I understand that our deadline for this settlement is the end of 1980 and I wonder if you could bring us up to date on the current status of these discussions.

AMBASSADOR REUBIN ASKEW: Well we are continuing our negotiations with Japan on the whole question of the government procurement code. Unquestionably, I believe the highest priority that I would place subtly in matters before us, will be to attain a proper entity coverage of the government procurement code with Japan. We not only have...we have problems dollar wise as well as entity coverage. Obviously we are looking at the coverage of NTT as well as their railway system. And I might add that the government procurement code as well as the customs evaluation code did not go into effect in January of this year as the other code, it will not go into effect until January a year from now, and we are hopeful that we will have an agreement with Japan prior to that time, and our negotiations literally just continue most of the time. I would also add that the law, the Trade Agreement's Act of 1979 require the President, in the event that we do not reach a satisfactory agreement with Japan in terms of the different parts of their government, that they will allow us to come in and bid upon, then he is required to exclude them from bidding against any governmental agencies we have under the code. We feel that our chances are good that we will come to some agreement and we are going to make every effort to do so. We think it is critically important now to many segments of our industry for us to be able

to get in and to bid on theirs. Ours has been a more open system, but it is complicated a little bit by the fact that they are a system on a telephone, unlike ours is actually state, whereas ours isn't. But we are going to continue to negotiate the government procurement code and that eventually is going to be the test. However, if we don't reach it, it is going to be a two way street. If we can't do it with them, they are not going to do it with us. (Applause)

WILLARD (BILL) BUTCHER: Ladies and gentlemen, I am not faced with the same difficulty as Mr. Jones in terms of the correct title to call our distinguished guest. I am not too sure what the protocol is within the economic community, but our British, rather than have the refreshing habit of willing to call their most senior public officials by their name. So Mr. Jenkins, since I want to talk about England for a moment, and specifically British politics, I believe you have argued that the present two-party system in England is not working well. In particular, I think you have argued the changes in policies are too abrupt. This therefore raises several questions related questions in my mind. First, do you see the policies of Mrs. Thatcher's government as representing a departure from the past in too abrupt a form? And do you see a chance that the labor party will find that its future leadership will reflect only the desires of its more abrupt left? And therefore, do you foresee circumstances in which you would be willing to take an active role in establishing a new party that would be a centrist alternative? (Applause)

PRESIDENT ROY JENKINS: Mr. Chairman, I should begin by making it clear that the lecture in which I had the unusual opportunity of boring the British public on television for 52

continuous minutes in November, was delivered in a purely personal capacity, not as President of the European Commission. And that equally, any question I answer about it, must be equally personal. And therefore, all Ambassador Spark, Ambassador Melvay, all of the members of my staff should at this moment leave the room, or put shards over their heads or plugs in their ears. (Laughter) Since they can have no responsibility for anything I say, nor can the European Commission in this context. It is perfectly true in this lecture; I did indicate that I thought that the British political system, not one particular government, but the system as such, which was one of our great prides until fairly recently had not, since about 1956 worked as well as it might have. There were indeed two abrupt changes in policy that both parties became more and more eager to abuse each other and to fight elections on diplomacy, the one thing that neither of them could achieve up until now at any rate, was a substantially higher rate of economic growth. And as a result the electorate became rather disenchanted and voted less in elections and voted less for the two man parties, whereas 25, 30 years ago, everybody in Britain was happy to vote for one party or the other. Other parties who crept up to nearly 25% of the vote, of a smaller vote which was being polled. And broadly speaking in my view, there is an under-representation of the center. Now I would not wish certainly to use this occasion to launch an attack on the labor party leadership or upon Mrs. Thatcher. Indeed one of the things I said in the lecture was that I thought there was far too greater tendency to attack any government. To say that everybody was conservative, for the labor party to say that every conservative government which came into office was the most reactionary governments in some, since Lord Liverpool who was chosen mainly because nobody could remember what Lord Liverpool did, or some other hobgoblin

figure from the distant past. And to say that every labor government was the most rapacious ante-democratic conspiracy to be found this side of the Iron Curtain. And while it was just possible that either of these things might be true in the future, they hadn't been true in the past. And I didn't believe that the electorate were all that impressed by these rather extreme and exaggerated statements which the exigency as a party to politics seemed to call for. (Laughter)

Therefore, it would be totally inappropriate for me to add to them, by any attack on either one part or the other, least of all in New York. Particularly as I would very much hope that the present British government or indeed any new British government would succeed in its objectives, because I think Britain needs and could achieve some success at the present time. And therefore, I wish Mrs. Thatcher, as I would wish any new Prime Minister well in her efforts to rejuvenate the British economy. But that does not affect the fact that I believe that a somewhat consistency of policy and a strengthening of the political influence of the center would be beneficial for both. What part, I may or may not play in such a process is a question which I have not fully decided the answer to yet. I think it was Al Smith who is certainly appropriate to quote in New York, who in the past...but the story is not appropriate, I am not sure I should tell it, because it is treating the Economic Club of New York with scant respect, and my questioner not with the respect that he deserves, but one getting off the 20<sup>th</sup> century limited from Chicago in 1924 or 1928 was accosted by a very young reporter who said, Governor, will you tell us whether you are going to run or not. And he said, you know, damn sure, better than I do. Young man I have not yet reached a decision on that grave question, but even if I had done so, I think it very unlikely I would choose to communicate it to the American people through you on this

railway station. (Applause and laughter)

CHAIRMAN EDMUND T. PRATT, JR.: I guess there has to be a straight man in each dual.

REGINALD (REG) JONES: I guess we could have a little fun if I just indicated to everyone that while you have been at this job a few weeks, you have also had another rather interesting share around political French yourself, and I don't know whether you care to make any comments in that direction. It seems to me you have had two assignments these last several weeks, Governor, one is, working directly in the area of international trade that we have been discussing this evening, and the other is working a little more closely with the President, with respect to the campaign. And I just thought you might have some interesting anecdotes you would like to share with us on that front?

AMBASSADOR REUBIN ASKEW: Well in five more minutes, I mean, they should start trying to make the great decision in Iowa and I think that it is going to be interesting on both sides of the aisle. I would like maybe just to tell you a little story. I really can't match the President in terms of these answers on trade that he can on them, but I would like to tell you a little story in which Bill indicated about these titles. You know when you grow up in Great Britain you are used to titles. Most Americans, when we grow up we are really not used to them, and when I had been Governor, oh every bit of four months. As long as I have been the United States Trade Representative now, Mr. Jenkins, I was asked to prepare myself to welcome some international

visitors to the Kennedy Space Center at Cape Canaveral and we had one of our great moon shots. And the State Department asked me if I would greet them. I said, I would really be happy to do so. And I inquired who they were, and it was Prince Juan Carlos, and Princess Sophia of Spain, who have done quite well since I saw them. (Laughter) The State Department sent me literally three pages of protocol. Well I am the youngest child of six people in a family of very modest means which is a nice way of saying poor. And I really didn't know that much about protocol. I wanted to be a good Governor. They didn't have books on it. And I was going to do my best, so I studied it. Three legal sized pages of exactly how I was supposed to address the Prince and the Princess. And when they came, they came with the then Vice President of the United States, Spiro Agnew and I knew how to address him. (Laughter) I said what I was supposed to say, did exactly everything right, was quite pleased, was flattered because up until that time I'd really never met any real royalty. I met a lot of people who thought they were, but I never really met the real thing. But a year later, almost to the same month, it has to do with the weather I guess, still learning to be governor, but a year into the saddle; we were sitting for another one of these moon shots. And it was delayed, and I guess maybe for a filler since it was delayed, someone from the State Department came over to me in my section and they had bleachers for those of you who might have seen these moon shots. They were just like; they would start with the letters. I don't know how far back they went, but the best I had ever made as a State Senator was E, and as Governor I had made A, and I never made AA which was the ultimate. But someone from AA came down from the State Department and came over and said, Governor we would like very much for you to agree to an international visitor, would you do so. I said, I would be happy to do

so. I didn't have much else to do with the time either. I said, who is it? They said it is King Hussein of Jordan. Well I said, I would be delighted to meet him. I have seen him on television a great deal. He said, well if you would come with me. So I started following him anxious and looking forward to going to AA for the first time, and he got ahead of me and I really started thinking I was going to meet the King of Jordan and I really could not remember how I was supposed to address him. I shouldn't say I couldn't remember because remembering assumes you knew it. I don't know if I ever really knew but in the back of my mind I started spinning through me. You know, this is a kid from West Florida, going to meet the King of Jordan and I thought all these titles that are very familiar I guess to the British, Grace, I got rid of that one real quick, I knew that wasn't right. Then I said, your highness, well I said, your highness to Juan Carlos and he was the heir apparent, then I started thinking some of the king's go by highness, as well as by your majesty. I know in Lesotho and Swaziland right down in South Africa, that each one of them goes by different ones, but I finally decided that it really probably had to be your majesty. And then I started thinking initially you address people as your royal majesty. I had the great privilege of addressing your Queen, and I think as I recall, we were told to address her as your royal majesty to begin with, and after that, it was just your majesty. And I said, well is your royal majesty, and I said, no, over there, they have a lot of imperial majesties, some have done better than others. (Laughter) But then I was still buzzing, walking right up through all of these crowds and I started thinking, is it your royal majesty, is it your imperial majesty, royal imperial, imperial royal, Mr. Jenkins, I ran out of time, and there in front of me was the King of Jordan and the only thing I could say, so help me, and I was absolutely embarrassed, was, I said, hi

King, how are you? (Laughter and applause)

(AUDIO ENDS ABRUPTLY)