

MAR 2 1966

Address by David Rockefeller
President, The Chase Manhattan Bank
At International Industrial Conference
San Francisco, September 17, 1965

".....THE ASPIRATIONS OF MANKIND IN A TROUBLED WORLD....."

This conference has been an exceedingly stimulating and worthwhile experience for all of us who have been privileged to participate. I feel especially fortunate in my own assignment, for it has afforded me an opportunity to review the excellent speeches we have heard this week, to study the fine position papers that were prepared and the highly interesting proceedings of the various panels, as well as to read the reports that some very competent rapporteurs wrote on the fascinating discussions held in the round table study sessions, some of which I was unable to attend personally.

I wish I had the time to relate to you in detail all that has been said here this week, and I wish I had the eloquence to pay sufficient tribute to the insight, intelligence and dedication that have been so evident on the part of so many who are here. Regretfully, I do not. However, instead of an oratorical accolade, I am sure it will be more meaningful to all these out-

standing people if we take their contributions to this conference to heart and express our understanding and appreciation of them in our future actions.

The conferences of four and eight years ago led to a number of subsequent proposals and initiatives which have been very concrete and worthwhile. We can be sure that the splendid caliber of the discussions this year will prove similarly fruitful.

In a sense, perhaps the most significant theme that emerges from our deliberations is that we have not really said much that is startlingly new. There have been some shifts of emphasis. Positions have been refined, problems have been put into sharper focus, and possible solutions have been more fully delineated. Yet, most of the questions with which we struggle today intruded upon our consciousness some time ago, and our answers today retain a measure of the uncertainty and controversy that they had in our previous meetings.

This means, first, that we are facing stubborn facts that will not disappear merely because we wish it. We are not imagining the perfect world of our dreams, but are wrestling with the very imperfect real world. It means also that we have no smug surety of success, no false overconfidence in our own abilities. We recognize that in some instances our response to the challenges of our time has not always been adequate; that many old difficulties persist in new forms; that all of us must redouble our efforts, if the aspirations of mankind are to triumph in a troubled world.

Our common acknowledgement of the pressing need to improve our performance is an encouraging sign, for if necessity is the mother of invention, then it may truly be said that dissatisfaction is the father of progress.

Our discussions have encompassed such a broad and diverse array of subjects that they cannot be compressed into a neat capsule statement. Nevertheless, it seems to me that they lead to three fundamental conclusions.

First, we must act on several fronts with a sense of accelerating urgency.

By the end of this century, according to some statisticians, the population of the world may be twice what it is today. Of course, the statisticians could miscalculate to some degree. Unquestionably there will be a tremendous population increase, and it could well be too great for us to control. The most spectacular growth will take place in those developing nations which are already the least able to offer their peoples the basic amenities of life. In contrast, food production is likely to increase at a slower pace, and the yield of nature's bounty will advance most slowly in precisely those areas where there will be more people to feed.

This highlights what may well prove to be the central concern of our era: the expanding gap between rich nations and poor nations. Aside from the basic factors of plain compassion and farsighted self-interest, these problems compel our attention because of the readiness of the communist nations to exploit human tragedy. Moreover, the greater communication and exposure among the countries of the world, have spurred the forces of impatience, so that the man who accepted a half-filled stomach as his own lot in life, will not accept it as the inevitable fate of his child. On the other hand, while we have revealed the promises of development, we have not been so successful in imparting the lessons that

underlie its accomplishment. In many areas there is, I fear, what we might call a revolution of unfounded expectation. It is characterized by the illusion that mere expectation produces achievement -- ignoring natural endowments, practical attitudes, realistic policies and plain hard work.

Of course, it is not only the plight of underdeveloped lands which is characterized by heightened urgency. In our most industrialized nations as well, we confront problems of increasing scope and perplexity. Growing investments in research and development are paying enormous dividends, and there is reason to believe we are still on the threshold of technological advance heretofore undreamed of. But already we find changes and complications that we are not yet quite prepared to cope with.

We have not yet learned to manage, with sufficient dispatch, the economic dislocations and shifts in employment patterns that are caused by the new technology. We are far from having found adequate solutions to the pressing demands for new managerial techniques and the creation of those expanding markets which our increasing productivity requires. We have not yet channeled a proper measure of our growing leisure time into those pursuits which truly enrich and ennoble man. The evolving relations between government and private enterprise remain to be fully appreciated, and the stresses on both domestic and international monetary and fiscal policies leave us with serious and unfinished business. These, and a host of other problems, are compounded by our rapid advances in scientific discovery and technological innovation.

The demands for stamina and resourcefulness are unending. Yet somehow we must all manage to keep in step, for if we break ranks, this brave, exciting and potentially most rewarding march toward a better tomorrow will flounder in chaos.

A keynote that has sounded throughout this conference is this sense of urgency in tackling the ancient problems and the new troubles that beset us. None of us is an alarmist, but we all seem to recognize that the clock runs against us. Perhaps there was a time when man could be content just to endure. Today he must show -- and show soon -- his ability to prevail.

The second major conclusion that emerges from our discussions is that we must act more imaginatively.

Many of our problems today have been with us for a long time, but certain aspects of them are still so relatively novel to human experience of the past that traditional approaches will no longer serve our purpose. I do not mean to imply that many of the fundamental precepts which have guided our conduct in the past are not valid and applicable today. Indeed, I think it is of the utmost importance that we do not permit the new shape of our challenges to obscure the continuing value of the lessons of the past. Rather, it is our task to up-date those lessons, to adapt them, and to direct them to the solution of contemporary difficulties.

ture.

This sort of imagination calls upon all of us, in this multi-national gathering, to understand that, no matter how different our countries or how diverse our conditions, we are embarked on a common voyage and we share both our apprehensions and ambitions. We have entered upon an era in which interdisciplinary cooperation on a worldwide basis must be the cornerstone of accomplishment. Each of us has the duty to fashion his own contribution to fit the grand design of a global community.

It is significant, and I think it is not an exaggeration to observe, that the overwhelming majority of those attending this conference -- and I believe it to be an international assemblage of business and financial leaders of unprecedented distinction -- are all convinced that the driving force of our progress on many fronts should be the competitive inter-play of our free enterprise system. The paramount aim of international economic cooperation is to delineate the problems, to establish the framework and to proclaim the rules that guide a competition of private, free participants in an endeavor in which everyone can be a winner.

The developing nations are in desperate need of investment capital, of the responsible exploitation of their resources, of building infrastructure, of educating their people for a meaningful role in the modern world, of upgrading their essential agricultural base, of endowing all their inhabitants with the freedom, dignity and material blessings worthy of mankind. To do this, they must be able to count on help and support from the industrialized nations, but they themselves must act imaginatively and realistically.

history has taught us, and there is no better illustration than the United States of the Nineteenth Century, that foreign capital is essential to rapid development in an emergent country.

There must be a greater awareness of where the legitimate responsibilities of government should be concentrated and where the creative involvement of private enterprise can reach its fullest fruition. There must be a unification of national purpose that makes for political stability and an acceptance of those stern disciplines which make for economic confidence.

There must be an example of uprightness, enlightenment and selflessness in the leadership elements, and a determined rejection of the easy evasions of demagoguery. New social, political and economic attitudes must be formulated, and basic to them all must be the extension to every individual of an equal opportunity to compete. For in free and responsible competition, the furtherance of individual ambition also becomes a contribution to the commonweal.

In the more industrialized nations, there is not only the moral obligation to assist those neighbor lands which have entered late upon this era of phenomenal economic advance, but a self-interested need to expand their sources of raw materials and their worldwide markets. Among other things, this calls for an increasing investment abroad in subsidiaries, affiliates, joint ventures and other forms of private enterprise. And one of the wonderful attributes of capitalism is that these investments will prove immensely beneficial to both the host countries and to the companies that put their capital to work within their borders.

However, we must bear in mind that, just as the host nations must adopt certain enlightened policies in order to make these investments pos-

sible and productive, so equally must the private companies which make investments abroad. Most assuredly they should aim at profitable operation, for the essence of capitalism is mutual gain, not one-sided philanthropy. But they must also show an understanding of the need for economic planning; a sensitivity to local attitudes, mores and business practices; and an appreciation of national pride and ambition.

These considerations lead me to one of the main points that has been reiterated in many speeches and discussions of this conference; the amazing growth of large multi-national companies and the heightened incentive for even some smaller companies with local markets to adopt an international orientation. This development is beginning to permeate many aspects of business thinking and must necessarily influence our ideas about sound management. The good manager of today and tomorrow, whether in an industrial or developing nation, must have a command of language that extends beyond his native tongue; an outlook that crosses his own national boundary; an adaptability and flexibility that will permit him to apply the values of traditional experience to the novelty of new challenge; and a fuller measure of that elusive, but crucial quality of leadership that gives inspiration, incentive, guidance and personal recognition to his many and varied associates.

This demand for a new and imaginative type of management is not necessitated by just the increasing international complexion of business. The fantastic speed of the computer, the flood tide of electronically processed information, the complexity and intricacy of modern business require the manager of today to give more meaningful and explicit direction to the handling of routine business, while permitting him to devote even more time and talent than before to problems that call for foresight, planning, and real creativity.

One of the foremost tasks we shall face in the future is the building of sufficiently competent, broad-gauged and imaginative leaders of business. It is they who will largely shape our response to the demands of our time. They must feel a responsibility to society which goes beyond the maximizing of profits for their shareholders. As leading citizens in their communities, they must have a hand in the affairs of the nation and the world. Thus private enterprise must commit itself to an unremitting effort to identify, recruit and train the very finest management available.

It will be the assignment of this management to come up with imaginative answers to the problems of investment and development, as well as to draw new patterns of global trade. For many of us, the marketplace of tomorrow will be no less than this whole planet of earth. We must make sure that this trade is mutually beneficial, not one-sidedly exploitative; we must insist on international balance, as well as a balanced development within individual countries; we must be certain that it helps preserve the proper interests of all the manifold segments of our domestic and worldwide societies.

In addition to the sense of urgency and the truly creative imagination with which we must confront our problems, I discern one more common conclusion of this conference.

The third conclusion is that we must act with greater responsibility.

There are numerous areas in which we have concluded that more responsibility on the part of business leadership is imperative. One area of great importance is that of communication. In the judgment of many of us, it is especially vital that we tell the story of the real role of private capitalism in the development of emergent nations in a manner which is understandable, effective and convincing. If this is done, hopefully the new nations themselves

will respond with objectivity and will help us get the message across through their educational systems which presently have a very different orientation in many countries.

To do right is basic, but if in the process we permit the public to believe that we are doing wrong, we have lost half the battle and can be accused of neglecting an essential element of our job.

Misunderstanding about the role of private capital is partly due to inattention on our part and partly to a carefully planned campaign by those who seek to destroy free enterprise. It is up to us to counter the insidious and antiquated Marxist line that free enterprise is a predatory system. All of us in the business community have a particular obligation to develop a relevant, accurate and cogent message about Twentieth Century capitalism and the opportunities it presents.

Having developed that message, it is our responsibility to distribute it effectively, especially to gain the understanding of the opinion-shapers of the new nations -- the businessmen, government officials, labor leaders, the professors and students in the universities. And, having developed and distributed our message, it remains our continuing task to give it credence through action. Let us never be deluded into the mistaken belief of our opponents that propaganda can be a substitute for performance.

There is growing evidence that both the governments and the companies of the industrial nations are acting with heightened responsibility in the developing nations. They are showing a flexibility, an adaptability to local conditions, a willingness to compose differences and concert activities that were not always evident in the past. Likewise, more realistic and positive attitudes are coming to prevail in the emergent nations, and these foreshadow

an era of increasingly fruitful cooperation. These are trends that must continue, if our common cause is to triumph.

The growing interdependence of nations, their inextricable involvement in each other's affairs, their expanding arena of common activity and mutual concern, all demand that we join together in seeking solutions to the trials and travails of our times. The 1960's were initiated with the optimistic proclamation that this would be the great decade of development. We all hope it will be, but much progress is still to be made, if such a promise is to be fulfilled.

We must, therefore, proceed with an extraordinary sense of determination and responsibility, for no less than the future of the world will swing on the hinge of our conduct. In all of our international dealings -- whether they relate to investments, trade, development, monetary policy or other aspects -- we must act with the selflessness of enlightenment, the courage of restraint, the boldness of imagination, the deliberateness of understanding and the speed of anxiety. It is, indeed, a taxing catalogue of challenges that confronts us.

Amazing new advances must, and unquestionably will be, made in agriculture, bio-medicine, oceanography, space exploration, computer sciences and a score of other sophisticated endeavors. But nothing less than spectacular achievement in these fields, and others, will permit us to meet our manifold requirements -- the needs for more food, more energy, more industrialization; the necessities of improved education, improved communication, improved opportunity for individual effort; the undeniable demand for a tremendous transformation in our thinking and in our allocation of resources to meet the requirements of an increasingly urbanized and industrialized world.

And, in the course of these many activities, there will inevitably emerge unexpected ramifications. What we do will manifest itself in ways that we cannot foretell, and it will have an unforeseen impact upon individual lives and whole societies. But we cannot shirk responsibility for our actions, merely because the results were not exactly what we intended. The recognition of this responsibility forms the very core of our modern concept of corporate citizenship. That concept must not become an idle cliché, but must be practiced as a living faith.

We face so many baffling problems that the most stout-hearted among us could become discouraged. I have by no means been able even to touch on all of the problems that have been discussed here during the past week. But with great problems there are linked exhilarating opportunities in equal number. Thus, I do think it would be accurate to state that the dominant theme of our sessions is simply this: we must all act with more intense urgency, with greater imagination, and with renewed awareness of our responsibilities.

In my judgment, there are two other aspects of this International Industrial Conference that deserve a special word. One is the fact that the conference is truly international in its nature; that it signifies our irrevocable commitment to close cooperation in an indivisible world. The other is that we do not come here as members of any delegation, representatives of any bloc, or spokesmen of any political ideology. Rather, we gather simply as a group of individuals having in common their involvement in business and finance.

In all the aspirations we hold and all the actions we undertake, let us never forget that our pre-eminent purpose is to elevate, enhance and enrich the economic and spiritual condition of the individual in this world. It is

the dignity, the decency, and the enduring supremacy of the individual life that must give ultimate worth to our labors.

And that life will take on meaning only if it becomes the eloquent expression of our spiritual, as well as our material heritage; only if it gives dominion to all the kind and gentle impulses in the nature of man; only if it nurtures our capacity for comradeship; only if it frees the spirit to dream, and opens the mind to the wonders of learning, and holds the heart enshrined in love. This is the life which should be the reasonable aspiration of every man. Its hope should be his birthright, and its fulfillment his legacy.

Human endeavor cannot reach for a more noble goal, and I am proud to have been associated in this conference with so many men who are devoting themselves so unstintingly to this great quest which beckons us all. We have come together from many distant parts, representing many diverse origins, and carrying with us many different faiths. Yet, however each of us may interpret it, I think we can all find meaning and value in one simple phrase which, to me, sounds the keynote of our common purpose:

What we are is God's gift to man;

What we become is man's gift to God.

* * *