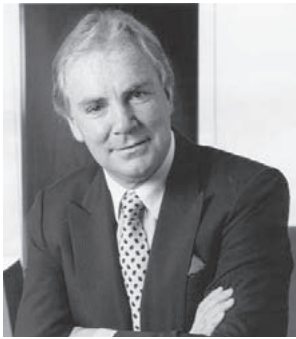


**Dr. Anthony J.F. O'Reilly:  
Reach Out to Eastern Europe**

*The Soviet block was disintegrating when Dr. Anthony J.F. O'Reilly, chairman and CEO of H.J. Heinz Co., address The Economic Club of Chicago on April 17, 1990.*

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“The map of the world has now changed. The promise of democracy and freedom has been extended to millions of Europeans who were denied it by force of arms. The threat of Communism has receded, at least outside the Soviet Union and China. And with this change come both opportunities and dangers. The action, or lack of it by Americans, will greatly influence whether the opportunities are seized to offset the dangers. Eastern Europe’s mood is now balanced between hope and despair. Hope that they, with the West, will make a success of market forces in their commercial wasteland, despair that the West will not do enough, that their own efforts will be inadequate and that economic failure will lead to social and political instability...

“If one were to choose a time to be alive in this century, the two benchmarks would probably be 1939 and 1989, the first for its menace and the second for its promise. Francis Fukuyama’s grandiose notion that the end of the Cold War means the end of ideological conflict, which he incorporated in his essay, ‘The End of History,’ probably overstates the potential today, both in its oversimplification and in its barely concealed conceit. But despite its simplicities, the message that the popular appeal of totalitarianism has peaked is encouraging and borne out by recent events.

“Twice in this century the U.S. has been sucked into terrible wars in Europe. After the Second World War, the Marshall Plan did much to ensure stable growth and moderate politics in Western

Europe. But with the unfreezing of the Cold War in the past 12 months, there is much uncertainty in Central and Eastern Europe. There is a strong case to be made now for renewed American leadership in launching a new Marshall Plan for the burgeoning democracies of Eastern Europe—only this time the contributors should include the European Community and Japan as well as the United States.

“If an aid and investment plan on a massive scale is not deployed, there is a real risk that this opportunity to build on the reform movements in Eastern Europe will be lost. The Balkan countries have suffered from a legacy of invasions, underdevelopment and poor infrastructure. With assistance and investment, countries like Czechoslovakia, Poland, Hungary, Yugoslavia and Eastern Germany could become a major sources of growth for Western capitalism. Without such assistance, major instability might result...

“Americans should recognize that there are both political and economic opportunities arising from European integration. A strong European community can play a crucial role in helping to rebuild the shattered economies of Eastern Europe. A strong Europe would also provide a stable context for a unified Germany and forge greater interdependence amongst European nations as a bulwark against national extremism...

“The United States has a major interest in what happens in Europe. The ‘twelve’ have a total gross domestic product of \$4.4 trillion, compared with \$4.57 trillion for the U.S. and \$2.53 trillion for Japan. The E.C. is America’s biggest customer representing about 25 percent of exports. Whereas the U.S. still has a trade deficit with the community, this declined from \$24.3 billion in 1987 to \$12 billion in 1988. What is even more important to understand is that over \$200 billion of capital is now transacted every year between the U.S. and Europe. And if further evidence of our mutual interest was required, the global impact of the crash of October 1987 provided it.

“Americans have also been major investors in Europe. The total U.S. direct investment in the E.C. is nearly \$125 billion, \$65 billion of that in manufacturing. For its part, the U.S. is the most open market in the world; foreign acquisitions of American companies in 1988 were more than \$55 billion, double the figure two years previously...

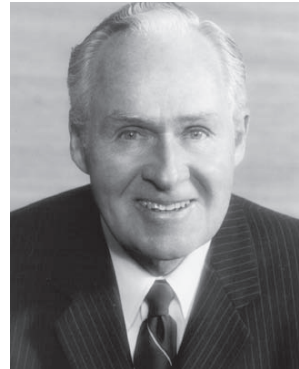
“Perhaps the greatest barrier to cultural homogeneity remains language which is also a political and economic barrier. I would like therefore to urge a little restraint on those who expect too much or too little from E.C. ‘92. On the one hand it will not immediately be a United States of Europe; the French will pursue French interests. Germany will pursue German interests. Italy will pursue everybody else’s interest and Britain will look on with its usual Olympian detachment.

“On the other hand, it would be a grave error to underestimate the widespread idealism and the assertive market forces that are driving towards greater European union. Above all, there is a pervasive feeling amongst Europeans that the national antagonisms which nearly destroyed Europe twice in this century must not be allowed to rise again. As an Irishman, I have a special interest in developing the more unifying notion of Europe to defeat the divisions and grievances of history and to create enterprise and jobs that are basic to human rights and human dignity.

“In the wake of the Cold War, Americans should not turn away from Europe. Isolationism would be counterproductive to long-term U.S. interests. Rather, the U.S. should now work with the E.C. to build a greater and more powerful community of democratic capitalism from the Atlantic to the Urals. At a time when Communism is declining, let us demonstrate that democracy can feed and house its people, protect our planet from environmental abuse, counter the deadly scourge of drugs and ensure we will never again wage world war.”

**Robert W. Galvin:  
The Heresies of Quality**

*Robert W. Galvin was chairman of the Executive Committee of Motorola, Inc., and a company-wide recipient of the Baldrige National Quality Award, when he addressed The Economic Club of Chicago on October 25, 1990.*



“What is a heresy? A heresy is a challenge to an old truth. And I respectfully suggest that there have been old truths that have been impacting an institution, at least like ours, somewhat holding us back in terms of what we potentially could be achieving, and some of us are learning, to our advantage, that those truths, challenged as they are, generate new truths...

“Quality. We’ve all had it. We have operated very substantially under the rubric of quality control. Our institutions, our companies have had quality departments... Quality is a very personal obligation... But, this is what I did about quality. And do so daily... That is the single most useful thing that I can say to anybody on the subject of quality. You must be a believer that quality is a very personal responsibility...

“Of course, when one is interested in vast improvements in quality, that’s consistent with another of our great objectives, which is to be competitive. And when we were examining the issue about 1979 or ’80, when we had a renewal, a kick start of dedication to the issue of quality, we were simultaneously asking the question ‘How do we make ourselves more competitive?’...I finally came into my associates one morning and I said, ‘I think I’ve identified the key to being competitive. We’ve got to be competitive one person at a time, counterpart to counterpart...’

“Here’s where the leaders, and that’s what we are,