

tives to invest and then fail to invest aggressively.

“We’ve got a real chance here, a chance to prove that America can compete and can win once again in the world marketplace. The momentum generated by some of the policy changes in Washington is building... World competitiveness is an emerging domestic reality. The linkages I’ve spoken of are being understood. And the linkage I see most clearly is: you and me, we’re all in this together.”

**Richard M. Nixon:
A Tortured Cold Warrior’s Assessment**

Richard M. Nixon, who resigned his presidency to save the pain and suffering of an impeachment proceedings, came to The Economic Club on April 26, 1988, to offer his assessment of a pivotal figure in modern history, Soviet President Mikhail Gorbachev.



“We are the strongest and richest country in the world. Unemployment is down, taxes are down, inflation is down, we are at peace. Most Americans never had it so good. And yet, we find a wave of isolationism sweeping over this country. A new negativism seems to pervade our public discourse. Pundits and politicians...proclaim that the United States is in decline, that we are over the hill, that we can no longer assume the burdens of leadership of the free world...”

“Now, there is no question that the Soviet Union has the will to play a role on the world scene. The question is whether the United States has the will to do so. Now we will have to admit that we were not as dominant today as we were 40 years ago when the nations of Europe and Japan were prostrate

because of World War II. And yet at the present time, with only 5 percent of the world’s people, we still produce over 25 percent of the world’s goods. As Herb Stein has pointed out, the United States is a very rich country. We are not rich enough to do everything, but we are rich enough to do everything important. And certainly to continue to provide the resources necessary to lead the free world is not only important, it is indispensable to our survival.

“But even assuming that we can do this, is it possible for us to match the will of the Soviet Union? Well, will without leadership is impotent, and in Mikhail Gorbachev, the Soviet Union has a leader, a very strong leader, who has within his own hands the power to match and carry out his will. And so tonight, I suggest that we take a close look at this remarkable man...”

“I have known three general secretaries of the Soviet Union, Khrushchev in 1959 and ‘60, Brezhnev in 1972, ‘73 and ‘74, and Gorbachev in 1986. He is the ablest of the three. He is very well educated. He earned a bachelor degree in law. He was born with a masters degree in public relations. He is one man who has enormous self-confidence. Unlike his predecessors, he is so sure of his strength that he is not afraid to talk about his weaknesses. He has a temper and he uses it. He seldom loses it. He is a man, too, who is a ruthless political infighter. Unlike Stalin, he does not have his rivals shot when they fall out of favor, but unlike Brezhnev or Khrushchev, I should say, he doesn’t keep them around.

“I remember very vividly that when I had this kitchen debate with Khrushchev, that the man standing next to him as his closest aide was Brezhnev. Five years later, Brezhnev overthrew him in a coup and took his place. That isn’t going to happen to Gorbachev. He has replaced his friends or he has put his friends in place of his enemies in the Politburo and also in the Secretariat. But the most significant thing he has done was to sack Yeltsin, who was his friend, the Mayor of Moscow. He demonstrated, by that, that he would

not hesitate to get rid of a friend when he thought the friend was getting out of line. Gladstone once said, 'The prime requisite of a Prime Minister is to be a good butcher.' Gorbachev is a good butcher. Gorbachev is a world class heavyweight. I would put him in the league with the great leaders of the Post World War II period: Churchill, Adenauer, DeGaulle, de Gasperi, Yoshito, MacArthur, Eisenhower, Cho En Lai. And the major test of who should be the next president of the United States is can he get in the ring with Gorbachev? What does he believe?

"Well, he is first of all a dedicated, true-believing Communist. He couldn't be the General Secretary of the Soviet Union if he were not. But he is also a clear-eyed pragmatist. He is one that does not allow his ideology to blind him to reality. He knows he has great strength, but on the other hand he knows he also has great weaknesses, not only abroad but at home.

"Three years ago when I was in China, I asked the top Chinese leader whether he thought that Gorbachev would open up the Soviet economy and adopt reforms...He smiled and said, 'If he doesn't, the Soviet Union will disappear as a great power in the next century.' He was right and Gorbachev knows it. And that is why Gorbachev is taking the great political risk of shaking up the Soviet economy despite the opposition of millions of bureaucrats who have been shaking it down. ...There is a question as to whether these reforms will work. But there is no question on this point, he needs time for them to work...And the question is, should we accommodate him? And the answer is if his purpose is to provide a better life for the Russian people, yes, but if his purpose is to make life harder on us, no...

The time has come for these two great nations and these two great peoples to reduce the costs of military competition and to increase the rewards of economic competition... But let us continue to lead not just for others, but for ourselves... Only when you participate in a cause bigger than yourself can you be true to yourself. This is true of individuals.

This is true of nations. It is particularly true of America. Turn away from challenge, to settle for anything but the best, to refuse and decline to be as great as you can be is contrary to the American character... We must never be satisfied with success and we must never be discouraged by failure. That is the philosophy that has made America the great nation it is today... We are talking about the next century. That is a challenge worthy of a great people. We hold the future in our hands."

**Felix G. Rohatyn:
Deficit Demons and the Economy**

Felix G. Rohatyn was a partner in Lazard Freres & Company, and chairman of the Municipal Assistance Corporation when he addressed The Economic Club of Chicago on April 20, 1989.



"It is not easy nowadays to make an appropriate speech to a highly respected organization such as The Economic Club of Chicago. Today, the basic principles of economics or even of simple business ethics seem to have little meaning. After eight years during which we have almost tripled the national debt, some of our leading economists claim that budget deficits are not only irrelevant, but could be surpluses under some rather arcane accounting theories. This reminds me of what New York City's officials were saying just before our near bankruptcy in 1975. After eight years of unparalleled market speculation, dramatic leveraging of corporate balance sheets, and too many instances of illegal or unethical behavior in the financial community, some of our leading business publications praise the entrepreneurial virtues of the junk bond and argue that insider trading, market manipulation and illegal parking of securities are victimless crimes pursued by overzealous bureaucrats and prosecutors. I have