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FIRING LINE - PROGRAM #128 - WILLIAM BUCKLEY, JEAN JACQUE SERVAN-SCHREIBER

BU:

Jean Jacque Servan-Schreiber is a good many things, but at the moment, as far as the publishing world is concerned, he is the author of "The American Challenge", a book which has sold more copies in France than all of Francois Sagan put together and is on the best-seller list in America and in a dozen countries in the world. So amazed are the publishers that ~~xx~~ they fly Mr. Servan-Schreiber around in private jet planes, surrounded by an entourage which records his strayest (7) thoughts, rather like my own publishers. The author of all this commotion is a Frenchman born to a middle-class family of journalists, trained as an engineer, who, when the Nazis took over France, escaped and made his way to America via Spain. Here, he joined the Free French Air Force and saw action over Europe. After the war, he wrote freelance and in 1953 founded L'Express as the organ of the non-Communist French Left. L'Express evolved into a slick and extremely successful weekly of which Mr. Servan-Schreiber continues to be the editor. Mr. Schreiber's thesis in a challenging book is that France and Europe are permitting America to overtake them ~~xx~~ by indulging us instead of emulating our extraordinary technological and managerial breakthrough. It is only a matter of time, at the rate we are going, before Europe becomes permanently subjugated. A supplementary guest tonight to help to question Mr. Servan-Schreiber is Mr. Evan Galbraith, a ~~Vice~~ Vice President of the Morgan Guaranty Trust Co., formerly with Morgan in Paris. He is the author of The German Stock

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Corporation, concerning which book I promised to say nothing at all, a graduate of the Harvard Law School in Yale University. I should like to begin by asking Mr. Servan-Schreiber whether he believes that there ~~xxxxx~~ is a connection between industrial zeal and rakes?

race?

SE: Industrial zeal and ~~rakes~~ What does that mean?

BU: The question of whether or not certain quotes races are suited by temperament or culture or whatever to actively organize and attempt to mobilize the economy of ~~the~~ a country? Is there anything to the whole notion for instance that the Scandinavians are good at that kind of thing, the Mediterraneans are not, and that kind of thing, and if so does this touch at all on your thesis?

SE: Yes, but not race at all, but tradition, cultural formation, ~~xxxxxxx~~ yes, for instance, it has been proven I think that the tradition of the Protestant Religion has been better than the Catholic tradition

BU: Why?

SE: No, not better in general. Better for management. Protestants have been in Great Britain, America and Germany better at management than Catholic, intellectually formed people. That has nothing to do with race. But certainly the environment of the intellect of a child has something to do with his future development of gifts, and there is a big French book about that, a very interesting one, which I would recommend

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to you, the whole thesis is the ~~xxx~~ relationship between the moral formation, which is the religious formation at the beginning of a life, and the efficiency and management.

BU: And the thesis of the book is what? That certain kinds of upbringing conduce to

SE: Better management, better efficiency, and a kind of relationship with money, you see? The Catholic Church has a certain, I believe, a certain hypocrisy, on money problems, and the Protestant intellectual upbringing is less hypocrite on money.

BU: And under the circumstances, the less hypocritical does better in the marketplace, is that your point?

SE: Yes. It's his point, in his book.

BU:q Yesh. Now, under the circumstances, such generalities as you make concerning American ~~Acumen~~ acumen are based or are not based on American racial strains?

SE: No, I still don't understand what you mean by racial. I know there is a racial problem in this country, but that has nothing to do with my thesis on industry or science.

BU: No, I'm asking whether or not you believe that America's especial acumen has something to do or nothing to do with America's racial background, that is to say the number of Europeans and East Europeans who go into making up the American racial stock. In other words, is this a felicitous admixture which causes or helps to cause the Americans to be

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~~XXX~~ an economic phenomenon?

SE: Yes, I agree with you, the traditional American~~xx~~, the formation of America, the intellectual ~~xx~~ environment of America, has something to do with American industrial success, but I would really would like to point out that this is not at all a race problem. It's a cultural problem which has nothing to do with race.

BU: Well, is it a cultural problem that is associated with a particular race?

SE: No, I don't think so.

BU: It is not?

SE: No.

BU: Well, for instance, might one say that if Catholic quotes unquotes Catholic countries tend to be less efficient than quotes Protestant countries, over a period of centuries let us say, might a sociologist therefore point to distinctively Catholic races as less likely than distinctly Protestant races to be useful economically?

SE: No. It has been ~~proven~~ true that for one century Protestant countries not races, countries, nations, cultures, have been ~~well~~ well, more adapted to the modernization of ~~xx~~ industry than the Catholic oriented countries and peoples.

BU: Why is that? Out of curiosity?

SE: Well the, we discussed that, it's because the relationship with profit is intellectually and culturally different. But

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this is changing. You see, for instance, a very Catholic country, the most Catholic country in the Common Market in Europe is Italy. And Italy was lagging industrially, even under Mussolini, when all Italy _____ up for a war effort, he could not bring many industrial results in ~~xx~~his country. But now this very Catholic country is the fastest ~~xxxxxxx~~ driving country in the Common Market, so all these issues of traditions~~xx~~ are now rapidly changing.

BU: Is that because of the speed of communications or is it because of a lapse in the cultural influence ^{of} /traditional Catholocism?

SE: It's more communication, competition. Competition is forcing everything to change. Whatever your ~~xx~~ tradition is, whether religious, cultural, national, whatever it is, competition is becoming world-wide. If you have to compete on industrial ~~xxxxxxx~~ product in innovation, in science, in other words, intellectually, the relationship in the modern industry is an interesting one, a crucial one. It is between the invention and the production. If you have to compete with other countries then you must get at it, and so many traditions are broken, things are changing, structures ~~are~~ changing, because competition is world-wide. I think this was, has been the interesting thing, the most interesting thing in Czechoslovakia. The ~~xx~~ Czechoslovaks did not have an ideological approach to their problem. They were not anti-Communist, they were not

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in love with the American way of life, they were not for democracy in quotes, as you would say, they were for a growing economy. They did not want their country that had been an industrial, modern country 20 years ago, to become a backward underdeveloped country.

BW: Well, why weren't they these other things? I mean, after all, people like you who fled France in order to fight for freedom and democracy, why do you assume that a Czech wouldn't be willing to make similar exertions.

SE: Oh, yes. I wouldn't accept the comparison, you see. Hitler was something. He was not only a foreign army occupying my country and other countries, he was also a fundamentally evil system, of torture, everything with Hitler was decidedly unacceptable. You see, there was nothing acceptable in Nazism. Now, Communism is completely different. You can be anti-Communist, I can be anti-Communist, and the Czechs regarding Communism did not abandon it, they were against the last part of the rigidity of the system, and of course they are against the exploitation of their country and their ~~own~~ economy by Russia, but not at all like we were against the Nazis. There is no comparison. Because in Communism, the Czechs today, I mean Dubczek and the other leaders of ^{are} Czechoslovakia, when they ~~were~~/revolting, like they did, they don't want to abandon Communism, they are Communists, but they want to modernize it, they want to change it, more flexibility,

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and more freedom, and what they invented is that if you want to have a modern country, you must have freedom of speech, freedom of expression, freedom of organization. That's the essential fact~~xxx~~ and this will, I think, progressively, and rather rapidly change the whole Communist structure and world.

BU: Well, I think that we should not be derailed into comparing Hitler and Stalin, I think I ~~ax~~ know the differences. I say I think I know the differences, but I think that perhaps they ^{you know} are both/equally odious, they each had their victims, and nobody quite knows numerically who wins that particular quarrel, it's also of course true that an awful lot of Frenchmen did not decide to fight Hitler when he occupied them, perhaps because they felt for the same reasons ~~perhaps~~ that maybe Dubczek feels that it is not, you know, not a proper moment to express himself against Communist theory, that one has to maneuver within ~~xxx~~ such possibilities~~xx~~ as there ~~are~~. In any case, I do understand you to be saying that such competition as exists forces people to seek a freedom in economic arrangements, of the kind that transcends cultural rigidities, ~~rigidity~~ ~~rigidity~~ is that right? And this is what's happening in Italy.

SE: No, it transcends the ~~bx~~ bureaucratic ~~xxxxxxx~~ rigidity of the Communist system.

BU: And what happens when the bureaucratic rigidities fail to yield?

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SE: Fail to ~~xxxxx~~ yield? Give me an example. Where?

BU: Czechoslovakia.

SE: Oh, ~~xxxxxxxx~~ no, No, no, no, no. The bureaucratic rigidity yielded in Czechoslovakia. And because it yielded the Russians decided that this was so dangerous, what was happening, not dangerous because of military problems at all. But, the fact that freedom of expression was discovered by the Communist people to be essential to the modernization of industry. This is a very essential and simple thing. But it's so essential and so simple that ~~xxx~~ it's dangerous. And I think that's the main reason why the Russians decided that they should occupy Czechoslovakia.

BREAK

BU: Mr. Servan-Schreiber, Mr. Galbraith here is of the opinion that some of the ~~xxxxx~~theses in your book are at once overstated and ~~understated~~ understated, and I'd like to ask him, no relation, to begin with, /to explain why he believes it is overstated. Mr. Galbraith.

GA: Well, first to him I'd say that I think the book will do an awful lot of good. You ~~xxxxx~~ have taken material which you acknowledge was otherwise generally available

SE: Yes.

GA: And with it you've shocked a lot of people, and put out more or less a call to arms, an economic call to arms

SE: That's right.

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GA: And I think that's beneficial to the Europe of today. I think that you overstate the problem in that you draw too gloomy a picture. The rates of growth in the last ten years in Europe have been very impressive, juxtaposed to the United States. It's difficult to prove my point without anesthetizing

SE: No, I agree with your point.

GA: You can see, for example, take one dramatic one, in terms of 1957, I think Europe and the United States ~~an~~ had roughly the same percentage of the exports in this world. We each had about 20% of them. During the last ~~xxx~~ ten years, however, Europe has increased its ~~xxx~~ percentage ~~xx~~ of exports to the point where they now have a quarter of them. ~~Yxxxxxxkx~~ The U.S. has dropped back, and now Europe exports twice as much.

SE: That's true.

GA: And these aren't, these aren't bananas that Europe is putting out, neither are these products by and large, with the exception of England, which are produced by American subsidiaries. So, this reflects to me an industrial base, an ability to grow which does not preclude Europe from going into the so-called post-industrial state, ~~whxxxxxx~~ that you cite as the sort of economic Walhalla that the United States will enter.

SE: Becoming what?

GA: Walhalla, ~~xxxxxxle parti~~ ciel le partie (?)

SE: Yes, yes, partie, yes, yes, all right.

BU: Wait a minute. How do you cope with that point? Does this

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inconvenience the thesis of your book?

SE: No. Can I answer that?

BU: Yes, sir.

SE: Well, first, everything you say is true. Thank you for your assessment of my book, ~~xxxxxxxx~~ it was just that -- a call to action. So, whether I overemphasized~~x~~ a point or underemphasize~~xxx~~ a point, I don't really care, if essentially
i it's true, as you said it is. So, I want to call my countrymen in Europe, French, German, Italians, British, to respond to the American challenge. I ~~may~~ maybe have overemphasized a little bit too much, but I'll it more precisely your question. If America is exporting less, which is true, relatively, compared with ten years ago, it's first of all because America's investments are building American industries in foreign countries. Let's take IBM. You have a big corporation called IBM here. Ten years ago, IBM was exporting many electronical and ~~xxx~~ computers and all sorts of other electronical products.
n^{ow}, IBM has its own factories in France, in Germany, in England, Italy, everywhere. So IBM, U.S., does not export anymore, or ~~xxxxxx~~ almost not, so what you said proves even more my point that American corporations are now building their own subsidiaries in the foreign countries, and they don't have to export so much.

BU: My understanding was ~~xxx~~ that you said that was not

(ALL TALKING SIMULTANEOUSLY)

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GA: My point, however, is to show ~~xxxx~~ that not so much the comparison between the two as to demonstrate the fact that Europe has an economic base which is ~~xxxxxxxxxx~~ sufficient

SE: ~~xxxxxxx~~ Oh, of course, of course.

GA: to allow it to keep up

SE: That's why

GA: keep at our heels,

SE: That's why I called to action, you see. If I were speaking of Africa or Southeast Asia, ~~xxxxxxx~~ to, for these regional groups of nations to respond to the American challenge now, in 1970, is almost impossible. May be they will do in 15 years, ~~xx~~ but we can do it now. Europe is the only power in the world that can compete, if it makes an effort, with America. That's why I called to Europe. But your second point. You see, I do not deny at all that Europe can grow and that Europe is growing industrially, and commercially, in all kinds of business and invention. My anxiety is over the fact that America is the only one, at this time, to develop~~xx~~ rapidly in the advanced science technology. Space technology, electronics, nuclear energy, in all these crucial, modern fields, that gives (?) so much of the intellect in it, and less raw materials, there the Americans are better. And it is good that you are better, but we should respond to that.

BU: How?

SE: Because those are the fields, those are the fields that will

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make~~xxxxxx~~ the cultural pattern different. Whether we
or
are good at steelmaking, /automobile-making, doesn't make any
real difference. But whether we are good at computers, nuclear
energy, space technology, this will change the cultural
environment.

GA: Well, this is a good example, the computer I know you focus
on.

SE: Well, not for pleasure, because it's crucial.

GA: Well, it is a key element, certainly.

SE: Wouldn't you agree that it is the key element?

GA: Well, without it, it's going to be difficult to maintain

SE:q Yeah, impossible.

GA: the required innovations, which are required to be competitive.
You ~~xx~~ cite in your book, which ~~xx~~ /published before Phillips
Lamp Co., for example, a giant by anybody's standards, decided
~~xx~~ some years ~~xx~~ back not to build computers

SE: That's right.

GA: They felt ~~xxxx~~ the investment was too big a gamble, it was
an enormous investment, and to for them, big as they were,
to do this was too much of a risk. Now, they have changed
their mind, since your ~~publix~~ book was published, as you know,
and they're going into, starting out with the real big
items. The type of computers that, oh, control data, the more
sophisticated ones~~xx~~ they have produced.

SE: They ~~xxxxxx~~ have started now, yeah.

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GA: They made a policy, you see, now, they are able to do this I think in large measure because of the extensive research and development, the extensive trial and error that IBM went through in developing its third generation computers. In other words, my point is that Europe, with the base that it has, is able to profit from the American development, much like Japan has, and will be in a position to catch up fairly rapidly in these crucial areas, such as computers. I have no doubt that Phillips will be able to build as good a mousetrap as IBM.

SE: Technically, they could. Technically they could. But you see, I brought this for Mr. Buckley, it's interesting, he carries a medic-kit (?). This is a integrated circuit, you know that. This thing looks like nothing, but everyone in this little case takes into it/as much ~~xxxxxxx~~ ^{now} electronial circuits as a whole television set in the classical terms. This is a fundamental invention. I mean, when you said, and you agreed with me, that the computer was essential for any kind of development now, in all industrial fields, this is what everything will be based upon. Space is based on that, every new industrial development or invention, ~~xxxx~~ ^{and xxxx} /science progress, will be based on that. Now, no European firm ~~xx~~ has yet been able to produce this thing, competitively. Technically, we can. There is no secret about it. But how can we produce it.

GA: Well, you're not saying that PHillips

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SE: at such a price, at such a price that we are competing with
because
the American giants, ~~xxxxxx~~ the industrial problem, today,
is not only invention, it is from the invention to go into
the market at the competitive price. So, this is the big
problem.

GA: Well, you're saying then that Phillips will not be able to
produce integrated circuits or something tantamount

SE: It is producing that in the laboratory, standard

BU: but competitively he said he can't sell ~~xxxx~~ them.

SE: I think Phillips will have made

SE: In what?

GA: Well, you say Phillips made a mistake then?/ Phillips thinks
they can ~~xxxxxx~~ produce them

SE: They can.

GA: And competitively do it.

SE: How much, all right, they can, conceivably. They have done
yet, first of all, they haven't done yet.

GA: Well, they haven't done it, ~~xxx~~ but they made the decision
to go do it

SE: Yes

GA: and I'm sure it wasn't an idle decision

SE: It might, the only thing I said

GA: we'll have to wait and come back on this program

SE: the only thing I ~~xxxxx~~ say is that if the computer producers
in Europe want really to become competitive with General
Electric or IBM, they should get at it together. There is

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not one German firm, not one French firm, not one Italian firm that is big enough to compete. It is true that Phillips in Holland and one English firm are able to conceivably do it, but it would be so much wiser and efficient to do it together. That is what the American challenge will do to us. It will force us to do it together.

BU: And what kind of laws will have to be passed in order to make that kind of cooperation possible? That is to say, between now and then, when the American challenge has forced this amalgamation of the sources,

SE: It is doing it now.

BU: what are the mechanical processes by which this comes to pass.

SE: It can be done without any laws.

GA: Semans could get together with Phillips.

SE: They should. But it's difficult, because Mr. Buckley has a very good point. It is difficult. You see they can do it conceivably. For instance, you know the Fiat, the famous Fiat-Cetain (?) ~~xxxxxxx~~ agreement of last month, you have the largest Italian automobile maker merging with the ~~xxxxxx~~ French famous Cetain (?) automobile maker. They could do it. But there all sorts of difficulties, and one of the essential things to do in the Common Market is to pass laws that will allow these people to invest, to merge, over the frontiers, over the boundaries of the nation, and at this time, it is still difficult. But they can do it, as you said. Seamans and

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Phillips could merge.

BU: Now, would this be the equivalent in America of ~~xxxx~~ repealing our anti-Trust laws?

SE: No. It means that in America, if you want to start a corporation, you, Mr Buckley, you go to any state in the country, and it's exactly the same law. You see, there is no difference for your corporation. You are under national laws, Federal laws, where we are not. We must have Federal laws that are just the same in Germany, France or Italy, for corporations. Today, they are different. So, if you are Agnellixx Mr. ~~Amexkix~~, was head of the Fiat corporation, now he's merging with Setain (?), to whom will he pay his taxes? The French government or the Italian government? What kind of taxes? Direct taxes, indirect taxes? They're all different. So, to make things easier, as we should, to respond to the challenge, the American challenge, we should pass these laws. They're not very difficult to imagine, it's a question of philosophy. If the leaders of our countries remain nationalists then they want to put obstacles in the face of those mergers. If they are not nationalists, they will respond better with a unified Europe.

GA: But you point out American companies are able to operate on a European scale with a great deal of agility. Well, they're faced with the same obstacles of a legal nature with a European country.

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SE: No. No, no, no, no.

GA: They have a managerial center which appeals to Europe

SE: Oh, well that's everything. The decisionmaking center, you see, is in the U.S. Let's take an IBM laboratory in Italy, England, France, anywhere. It ~~xxx~~ makes an invention. I know it. I have visited them in France or Germany. It makes an invention for IBM. This invention gets on the Telex wire to New York, or ~~wherever~~ I don't know where ~~xx~~ is the headquarters of IBM in the States and there the decision is made. The crucial industrial decision is made of when are we going to use that invention, how are we going to use it, for what market, and ~~what~~ at what price. This ~~xxx~~ decision is the source of wealth and profit. And that decision is based in the U.S.

(BOTH TALKING SIMULTANEOUSLY) for decisionmaking centers in Europe.

GA: My point was simply that the existing structure in Europe could be improved

SE: Yes, that's ~~xxx~~ true.

GA: it's not an impediment against making these formations ~~xxx~~ either of Seamans-Phillips, or of Phillips itself

SE: No, it can be done, it can be done.

GA: extending its network,

BU: In other words, without new legislation, ~~xxx~~ is Mr. Galbraith's point.

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SE: It can be done, but it's very difficult stuff, ^{very} bureaucratic, and we could simplify it. We should. And we will.

BU: ~~XXXXXXXXXX~~ Excuse me.

BREAK

BU: Now, on the one hand, the point has been made, Mr. Servan-Schreiber, that your book overstates the difficulties of Europe, but Mr. Galbraith is also on record as saying ^{that} you understate them on one very crucial them, on one very crucial matter, which I wish he would explain ~~xxxxx~~ to you.

SE: Yes?

GA: Well, I think that relates to money. Your second or third chapter, near the beginning of the book, you say ~~xxx~~ it's not as much a question of money as it is of techniques and research and so forth. Well, you cite as proof for that that ^{that} the money/is used to build these plants in Europe or make these acquisitions, comes from Europe.

SE: In large part, yes.

GA: Well, I just would like to point out, I think that's irrelevant. They can get the money in Europe simply because they are so wealthy. The question really is whether or not as an entity they have the ability ~~xx~~ either to use their own money or borrow the money. It's just an internal treasury question as far as they're concerned.

SE: Oh, no. Oh, no.

GA: Or, well, ~~xxx~~ subject to certain technical restrictions that

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have recently been in place. But apart from that, the point is IBM, Dupont, any of the big companies

SE: General Motors

GA: They get the money in Europe, because they're so wealthy, and they can make the investment that's required to make these innovations and developments, and I really think I would have sort of bad news, if you will, for your readership. It's gonna require much more than managerial techniques. It's also gonna require a great deal of wealth. And this wealth is going to be limited, only be ~~xxxxx~~ available to a limited number of companies. So, in that sense, I think you underestimate the problem that Europe faces. And ~~they're~~ going to have to be a technique of amassing the wealth in Europe that is going to require investor confidence in these countries.

SE: So, you say it's going to be even more difficult than I said?

GA: In this sense, yes. I've said a

SE: But you see, on one point of what you said, you said it's only a question of technical treasury to get the money from there or there, but

GA: Well, we have balance of payments laws now that cause problems.

SE: Oh, yes. But you see there is a market for investment in Europe. If the American companies are pumping it, which they are doing, and good for them, it's because they are getting more profit and giving more profit for the shares, there is less money for us, and that's one more reason to respond.

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You see, my general theme is that we should do nothing negative. We should not prevent the American companies from coming because it's good for us, we should not prevent American investment from coming, American innovations from coming, we should respond to it, and compete with it.

GA: And I think ^{you} ~~me~~/should be applauded for that. It's very enlightened, and I think a generally correct view. You get more benefit

SE: Because it's not regressive. I don't ^{want} barriers, I don't want protection.

BU: But isn't it so that in your specific recommendations in which you encourage a sort of a pumped-up economic approach to things, it would be predictable that there would be/considerable inflation, and if there is a considerable inflation, won't it be especially hard to finance French capital ventures by borrowing? Won't you need to turn to equity financing?

XXX And wouldn't this considerably dry up some of the most important money markets?

SE: There is no more inflation, ^{there has been,} ~~withxxxxxxx~~, as you know, the crisis ~~is~~ for France, in May and June, and there has been i inflation at that time, and since then, and we had a crisis two weeks ago, as you know. But generally speaking, the European countries are not in a more inflationary position than the America in the last five years.

GA: Just the last two years, inflation in the United States

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SE: Has gone up. Yes. We have the same kinds of problems.

GA: But this is an interesting point, because it seems to me in our own country, in the United States, we're approaching the point where we are about to kill off the debt market, the bond market, as opposed to shares of common stock being sold. Investors in this country are reluctant today to buy bonds. They don't want to buy a 20-year bond and see it worth 10% of its money at maturity. So, we're killing, and this market in the United States has raised an awful lot of money for corporate entities ~~wh~~ with which they've built plants and made jobs, and made ^{the} ~~a~~ whole economic cycle continue to hum. We are unfortunately, and this is one of our prime problems in this country, because of our inflation, we are killing a source of economic progress which means all the things everybody wants.

BU: Do you view this as a danger signal?

SE: Well, it's a danger for America.

GA: It's a danger for America, and it's a danger for Europe.

SE: Mr. Galbraith is pointing at a weakness in the American economy. I can't say I am glad there are some weaknesses,

BU: You would be negative.

SE: but there naturally are some weaknesses, and that will help us. If America was perfect, and constantly growing without problems, we would be crushed.

GA: But you're advocating, you're advocating roughly the same

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sort of policies in Europe, that is to say it's worthwhile to suffer a little inflation as long as we get growthxx out of it. I'm saying thatthe growth that you're going to achieve is illusory.

~~MAX~~ SE: I see. I understand your point, but I didn't go into that point at all. I don't think

GA: Well, you made a made a reference to

SE: there's once, the word inflation in my bood not once.

GA: That's right. It's not in there.

BU: That's the trouble.

GA: That's exactly my point. It should be in there. You had made a reference to Salazar, for example, ~~defining~~ defending the Escudo (?) and everything was solid

SE: Yes, yes.

GA: And you said this in a derogatory way.

SE: Oh, very much so.

GA: Now, it's easy to be derogatory about it, and by that I assume that you are in favor of growth through various methods whatever. of deficit financing, expanding the money supply, and ~~xxxxxx~~

SE: You assume too much, you assume too much.

You see, if I want to be efficient in my discussions and the campaign, or a kind of crusade, a call for action in Europe, I must be rather modest, if I may say so, I mean I'm not an encyclopedia. I'm not an expert in all these things. I know some essential facts, but limited facts. Now, these facts I have stated. The important thing is not what I have

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f said in the book, the response to these facts. As you saidxxx
very well, in the beginning, I invented nothing. All these
facts in my book were there for anybody who wanted to see
them in the reports, you know, in documentations. I have just
put them together and showed this is the picture, and the
phenomenon is the response, is how many people in France,
and
in Germany, ~~in~~/Italy, still today, a year later, are massively
interested.

GA: Well I wish you'd write a

SE: And why? Why? Not because the book is so good, it's because
the problem is so real.

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GA: Well, I wish you'd write another book about the impending
destruction of the source of money for, that will be required
for the growth of European industry. Let's have a monetary
call to arms by a pro in the field.

SE: Well, you should write that book, ~~xxx~~ because I am not good
a t that.

GA: I'm not, I can tell you, I'll give you a report, but you
write the book

-
S_e: My thesis is that

BU: All right, I'll write the book. (LAUGHTER)

(
Let me ask you this, Mr. Servan-Schreiber, I ~~think~~ think
a lot of people who are familiar with your work and your
~~xxx~~ background and L'Express, are very much interested in
your apparent ~~insouciance~~ insouciance concerning traditional

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ideological conventions. The word Socialism, for instance, is ~~ss~~ something which you deal with with a considerable disdain, not even a ~~nostalgic~~ nostalgic disdain. It is your thesis, I gather, that the ~~doctrinaire~~ doctrinaire Left is dead in Europe, is that correct? That is to say, that nobody with any intellectual respectability still wants, for instance, the nationalization of industry?

SE: Well, I was going to say that. I don't ~~xx~~ think that the Left is dead at all, I don't think that the doctrinaire Left is dead. I think that some dogmas are just outmoded, and ~~xx~~ in what I am debating against, in my country, and various countries of Europe, is the people of the Left who think, and I think very regressively, that to be a progressive, to be a man of the Left, is to think that the solution to all of the problems of social justice and industrial growth, and more generally of political problems, is public ownership of all means of production and exchanges. This is the old ~~xx~~ Marxist dogma, and this is not an answer. So, I think that a progressive society, a socialist society, must be based on something quite different and more subtle, more sophisticated. Public ownership sometimes is good, and sometimes not. For instance, electricity in France. Electricity is public-owned and that's good, because there could be no competition there. Telephone ~~xx~~ is public owned, in fact, and that is bad, and the telephone in France is working very badly, and in America it's privately owned and it works and it works, so it depends entirely on

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which field, and I refuse the idea that the Left is equated to wanting, that is public ownership. Public ~~ownership~~ ownership is one means among others. That's right. That's the answer.

BU: Well, now, you say that this particular dogma is ~~xx~~ under attack by the French Left,

SE: The modern Left, yes.

BU: By the modern Left, yeah, can you suggest the extent to which it has been abandoned? ~~xxxxxx~~ Is it abandoned only by you and the avant garde

SE: No.

BU: or is it also abandoned by the socialist parties?

SE: It's abandoned by anybody who is trained a little bit in economics. It's abandoned by anybody who gets in government, It's abandoned by anybody who has responsibility. Only the doctrinaires, who have no responsibility whatsoever, either in government, or in industry, or anywhere, still ~~xxxxxx~~ repeat the same dogmas, and I think they are getting old, and ~~theyxxx~~ I think they are a smaller and smaller group.

BU: Well, now, what dogmas is the Left left with, that you endorse?

SE: Oh, many, many.

BU: Just name one.

SE: Solidarity.

BU: Is that a property of the Left?

SE: I think this an essential thing in the Left.

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BU: As opposed to what? Fiction on the Right?

SE: As opposed to what?

BU: Well, what's the opposite of solidarity?

SE: Well, that you leave some people to be poor. That you leave some people to take care, ~~xx~~ with their own money, for their sickness, and for their operations. For instance, we have in Europe, I think, a medical care program much more extensive than you have here, and I think it's good. I think the British ~~xx~~ have the most extensive of all medicare programs and I approve of that. That is solidarity. Solidarity from the rich to the poor, from the white~~xx~~to the black, from the people in good health, to the people in bad health. That ~~xx~~ I think is an essential thing of the Left.

~~xxx~~ BU:q Well, now, what if an American, let's say, were to demonstrate in a book as challenging as your own, that the level of medical attention to the poor American under a largely private system is better than the level of medical attention to the middle-class Englishman under a socialized system, would this galvanize you into writing such a book as for instance you have written.

SE: But that is not true. America is richer, ~~xxxx~~ all right. But the inequality of treatments between Americans, between rich Americans and poor Americans is far greater than in Great ~~xxxxxxx~~ Britain, or in Sweden or even in France. The most interesting country is Sweden. There is a country where

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equality is almost achieved, and it is a very competitive country. It is not difficult to achieve equality out of competition, you see, as some African countries are very equal but they are very poor, I'm not interested in that. The difficult thing to achieve is to achieve equality and competition, and Sweden ~~xxxxx~~ a small country of peasants with no natural resources, a socialist country, has proved that you can achieve these two things. And the most interesting country in the world today to study, I think, is Sweden because of that.

BU: Well, yeah, I agree that it is a fascinating country to study, but a lot of students of Sweden
Wouldn't

GA: ~~xxxxx~~/want to live there.

BU: They wouldn't want

SE: Well, it's an old legend, you know, they say when you speak about equality in Sweden, and justice in Sweden, and competition in Sweden, which is all true, and nobody ~~xxxxx~~says that it cannot be true, it is true, they say, yes, but so many people are get bored by it that they commit suicide. This is an old legend, a _____ (UNINTELLIGIBLE), you would say, and this is not true. Many people commit suicide in every country. What is your point against Sweden?

BU: Well, Sweden is interesting from many points of view, as you know, among them being that by far the largest proportion of economic activity is carried out under private enterprise.

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SE: Yes, that's true.

BU:q Then, many people listen to such references as yours ~~xx~~ to Sweden being a socialist government, without recognizing that more economic activity ~~xxxxxxx~~ in Sweden is performed by

SE: Oh, but that's my point.

BU: private companies than, for instance, in America.

SE: That's my point, that's my point.

BU: Yeah.

SE: To come back to your former question. Socialism, if you equate it, like the old doctrinaires do, with public ownership, it leads you nowhere. The great modern mindedness of the Swedes is that they have created socialism without public ownership~~xxx~~, or little public ownership. 80% of the Swedish industry is private.

BU: Well, you're being a little bit proprietary in~~xxxx~~ your use of the term socialism.

SE: No.

BU: Because if you simply mean by the term socialism such a system as I, Jean Jacques Servan-Schreiber, approve of, it has a rather mobile (BOTH TALKING SIMULTANEOUSLY)

SE: No, no, no. The Swedes know better, they've been socialist with the Socialist Party in power for 36 years, ~~xxxxxx~~ and what are they? The most equal society in the Western world. If I take only one point that's enough for me. Equality is

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a very important thing. Equality in education, equality in the revenue. You see, a doctor, a great physician, in Sweden, gets only four times the earnings of a worker. This is a remarkable country. And this is a very important philosophical point and moral (?) value.

GA: But you make the point this is not appropriate for a country like France, or Germany or Italy? Is that correct?

SE: No, I think we are more unequal than Sweden.

GA: But would you lead France towards this

SE: I would. Yes. A civilized country in my mind, my eyes, is a country where you get more and more ~~xx~~ equality. The first equality being in education. I think before we have to choose only one thing, I would choose a country, ~~or~~ to build a country, in Europe, I hope, where any young girl or young boy ~~xx~~ has just as many chances as any other one, without any fortune, any wealth, any family, no consideration except his own ability to get educated.

BU: ~~Bx~~ Yes, but the point in having a chance is to succeed. And the point

SE: Well, not always. If you have the means.

BU: ^That's right. And the point of succeeding is, of course, to achieve in effect a residual inequality. Isn't that correct? We know for instance that even in the Soviet Union, which is a socialist country, they pay a Second Lieutenant much as ten times as/they pay a Private. Here in America~~xx~~ they pay

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~~xxxxxx~~
~~xxxx~~ three times as much. So there are a lot of ~~xxxxxxxxxx~~
anomalies
/there, but it has also to do, it has a lot to do with the
mobility

SE: I don't think Russia has a real socialist country.

BU: What's that?

SE: That's my point.

BU: No, well, I know. The trouble is that you tend to sort of
own that word and it makes it a little bit difficult for me
and Noah Webster to argue with you.

SE: I'm glad it's difficult for you.

BREAK

BU: We have some questions, Mr. Servan-Schreiber, from Mr.
Greenfield.

GR: ~~kxx~~ Lytton Industries was, not too long ago, given a multi-
million dollar contract

SE: Go slowly, please, because

GR: Yes, Lytton Industries, an American ~~xxxxx~~ think-tank and
combine was awarded a multi-million dollar contract by the
Greek government to plan the entire economic development
of a particular area of Greece, and one of conditions being
that they really had the final say over that development,
in order to make it feasible.

BU: They, the Greeks?

GA: No, they Lytton Industries. Now, I wonder, given this
capacity that American industry seems to be developing for
that kind of planning activity, whether you think it's

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feasible for Europe to unite across national boundaries such ~~xxxx~~ planning capabilities as they may achieve to develop in that way, or whether there is not a new American challenge which may be arising not so much from the ~~industrial~~ industrial ability of America

SE: But the management

GR: But the managerial and planning ability?

SE: You're quite right, you're quite right. You see, the more the challenge becomes sophisticated. I'm not interested in steel and machinery, as I said. I'm interested in things that are getting more and more intellectual. The computer is very intellectual, the micro-circuits I showed you is intellectual, and what you say is even more intellectual, because there is wealth at all, nothing material, it's pure management. And what is management? It's intelligence. You do things more intelligently when you manage well. So, your point is very true, and I would hate to see my countries in Europe ~~xxx~~ accept a contract like the one you said, by which, as you said, the final say on any crucial decisions ~~kx~~ is in American hands. I think the Americans are doing very ~~well~~ well for their own benefits, but we should be in the position where we have the final say on these problems.

GR: But, then, isn't there then a tremendous problem which raises itself far beyond economic union? That is to say

SE: Yes, sir, ~~xxx~~ yes sir, there is.

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if you envision a joint planning process, that almost suggests full-scale political integration,

SE: There is, there is, there is. So I underestimated the challenge. That's what I think. I think getting worse and worse.

BU: Miss Williams.

WI: Mr. Servan-Schreiber, in your book you say that you hope that Europe will develop a complex and combination of government, industry and academia. You said that this has worked very well in America. But I'd like to ask you if you don't feel that that as far as the universities are concerned that this questions exactly what the role of the ~~xxx~~ university should be, and if in fact this hasn't been one of the basic underlying causes of troubles in ~~xx~~ the American university?

SE: Well, I don't know well the problems of the American ~~universities~~ three universities. I have not been in this country for ~~xxx~~ years, and I understand it's in the last three years that it has developed so much. It's very interesting to us, because we have the same revolt in Europe, ~~xxx~~ among the students on the campus. One of the demands of the students in Europe, I think that's what you meant for here also, is that they do not want university research to be too closely linked with industry. They don't want to be industry-oriented. They don't want to be commanded by industry, and this is a ~~xxxx~~ moral demand. Whether it has any consequence on the efficiency

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of industry, they don't mind too much. They make it a moral and fundamental demand, and this is ~~probably~~ part of the ~~xxxxxx~~ cultural revolution we were speaking about. And so, I think they are right. I think the university should not be satellized by industry, but I was asking for a level of connection, the possibility of having contracts between the university and the ~~industryxxxx~~ industries that would make, sometimes, the industry more competitive. Now, we don't have those contracts. But those contracts are good. They are not commanding of the industry on the university, they are the possibilities of working together when work is asked for.

WI: And you don't think that this

SE: It is a moral problem, a very difficult one. But, you see, let me tell you this. We always come back to the same point. How do we reconcile industrial growth with moral values? It's a very difficult problem, and that's the one we have wished to solve. We cannot refuse industrial growth. If we refuse it, we will have no morals values at all. We will be underdeveloped, all of us, and we will have inequality, and poverty and all sorts of conflicts and problems. Industrial growth is the basis of everything else. It's not the aim. The aim is the cultural and intellectual development.

WI: Well, who do you feel should make the judgment on the extent to which a university should be involved?

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SE: Well, of course, the government. The political authority, chosen by all the people in a democracy, is of course the final authority. Nobody else should make the decision.

BU: Well, you're simply replying to that by saying who has the power. Obviously, the government has the power, but I think mean who, ideally, should decide, not necessarily the government, simply because it has the power.

GA: This is a residue of the Left, I think.

WI: You've got a somewhat different situation

SE: The political leaders, that's what leadership is meant for. That's what leadership is meant for, to reconcile the various demands of the groups in the country

BU: But as a practical matter, Mr. Servan-Schreiber, I think that when we go to the polls in America, we don't understand ourselves to be instructing Mr. Nixon on the extent to which he's going to contract out work ~~for~~^{to} Columbia University. Mr. Gaynor.

GAY: Yes, Mr. Servan-Schreiber, if European nationalism is a threat to European economic health, what besides legal changes will help to mitigate the challenge of nationalism?

SE: The challenge of nationalism? That is not a question of law. It's a question of mind, of thinking. Now, as you know well, and I won't hide that, because we're in America, we're in a free discussion, the head of my country, the President of France, is a nationalist. Now, he says so, publicly. He admits it. His fundamental belief is that France is the

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most important thing of all. And ~~he~~^{you}/would not accept ~~xx~~ to delegate part of the authority that the political power in ^{on} my country has ~~xx~~/France to anything else. He's a nationalist. That's his belief. Well, as long as he, with his great eloquence and authority remains a nationalist, he will lead the other countries of Europe in becoming nationalist also. So, it's a political problem. It's not a problem of law. It's giving the example.

~~XX~~ GAY: If they had a plebescite on the issue, would the French people support De Gaulle on this point?

SE: Well, the French people have taken the habit of supporting DeGaulle on any point. But if it was put between nationalism and integration of Europe, I think now really among the younger ~~generations~~ generations, they all understand that we can be ourselves only if we are a large Europe, and not only one small country.

BU: Mr. Cullen.

CU: Yes, Mr. Schreiber, in your book, you seem to ~~xx~~ envision the, your solution to the American challenge as more or less the United States versus Europe. Why must you try to be better than us? Why can't each country contribute something towards the world economy? More or less ~~xx~~ specialization.

T The United States, since we predominate in the field of circuits, integrated ~~xxxxxx~~, could specialize let's say in integrated circuits? If you people competed with us in that area,

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wouldn't there be a terrible duplication of effort? And wouldn't this be wasted?

SE: It's a very interesting question, because we will go to what you believe in. We will go to specialization. In let's say ten or fifteen years from now, countries like the United States, Europe, Russia, Japan, will all be better in such and such a field. It will be an integrated world economy. But in the meantime, there are some crucial fields that we cannot abandon, and when you call for the abandonment, for instance, of electronic developments in Europe, it's just as if you thought 50 years before for the abandonment of electricity. Some fields are crucial and we should be able to ~~xx~~ develop them ourselves. And some other fields, ~~xx~~ we will completely agree, they ~~shouldxxxx~~ be specialized. For instance, you in America, you do not any more build ships as well as the Japanese. Well, you buy Japanese ships. And on some steel products you are not as good as the Swedes, or the Germans. You buy Swede or German products. That is quite all right, but to go at that, we must first have a basic advanced technology.

~~xxxx~~ CUL: Well, in other words, your ~~xxxxxxx~~ eventual goal is not to have Europe versus the United States.
autonomy,

SE: Is not ~~xxxxxxx~~, no, of course. I know that interdependence is the law of the modern world.

CU: In other words, your eventual goal, your/Utopian situation supposedly would be where the United States would specialize in one thing,

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and Europe in ~~another~~ another. Is this your eventual goal?

SE: It is. And not only those two, but as I said Japan, and Russia and other countries.

BU: We have only a few seconds left, Mr. Galbraith, you have a question for Mr. Servan-Schreiber?

GA: Well, yes, there's a statement you made, I believe it was on Meet the Press, recently, in which you said the goal excluded Britain from coming into the Common Market, for reasons which were relating to, ~~for~~/military reasons~~xxxxxx~~

SE: That's right.

GA: relating to the nuclear exchange between Britain and France. I would have thought the reasons that DeGaulle excluded them were fairly self-evident. He wanted to avoid the competition, the added competition of English goods, they're already going to have a problem with the Italians and the Germans under the ~~xxxxxx~~ Treaty of Rome

BU: I'm afraid there won't be a chance to answer that question. Sorry to leave you with a question unanswered. Thank you very ~~much~~ much, it's very nice to see you , and thank you all.

THEME

END OF TAPE