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#### NATION NEEDS 'NEW SENSE OF URGENCY' TO MEET SOVIET CHALLENGE

The United States needs "a new sense of urgency" if we are to accept the economic challenge of the Soviet Union, both to our domestic economy and to our international economic objectives, Senator Hubert H. Humphrey (D., Minn.) declared last night at St. Joseph, Michigan, in an address before the Economic Club of Southwestern Michigan.

"We can, and indeed must, strengthen our domestic economy if we are to meet the Soviet challenge successfully," he declared.

"Our problem is not primarily an economic problem, but a political problem and a moral problem. The economists may not always agree, but in general they know how to increase productivity. The problem is whether we really want our economy to expand, and whether we are willing to take the risks involved," he declared.

Senator Humphrey said the world is "confronted by a profound crisis, a crisis in which the cherished values of western civilization are challenged as never before."

"We hear the word 'crisis' repeated again and again in the screaming headlines about Berlin, Iraq, or the Formosan Straits, so that we become numb and forget its deeper meaning.

"It is perfectly true that there are many crises, but underlying all these specific challenges is a fundamental crisis. The profound and many-sided world crisis is the result of three dynamic and interrelated realities, each of which is pregnant with dangers and opportunities."

Senator Humphrey described these "realities" as . . .

"The challenge of modern technology . . .

"The challenge of the 'revolution of rising expectations' . . . and

"The challenge of Communism itself."

After describing each, Senator Humphrey said he wanted to confine his remarks to the Soviet economic offensive "within the framework of the many faceted Communist challenge and the larger world crisis."

"It is one of the great ironies of American history that today we are being given a run for our money by the expanding and dynamic economy of a country which only a few short years ago we thought of as 'backward,'" he declared.

Senator Humphrey, warning that we were "smug and complacent," suggested facts which he said should "help us to run scared."

"By scared, I mean properly afraid -- and determined; not just hysterical," he said.

The facts he suggested for consideration were:

1. "We have consistently underestimated Soviet economic and industrial achievements . . . ."
2. "The Soviet economy is growing at about three times the rate of the U.S. economy. . . ."

More

3. "The Soviet Union manages its economy to serve national goals. . . ."

Senator Humphrey said the Soviet has achieved such a position by "departing from the orthodox doctrines of Marxism, and copying the incentive and productivity ideas from the system which they decried."

"The Soviet Union does not really practice socialism or communism, but rather a system of State Capitalism," he declared.

But whatever the system, it doesn't lessen the threat to the free world,

Senator Humphrey cautioned.

"Our position of leadership of the free world places upon us a moral responsibility commensurate with our power and wealth," he declared, suggesting a three-point program for "strengthening our present economic offensive in the world, a program designed to do what we are best qualified to do."

The three points included:

- 1) Increasing the flow of trade with other countries.
- 2) Better utilization of our agricultural abundance for human need.
- 3) Creation of a five-year Development Loan Program, mobilizing private as well as public capital for economic assistance.

"Our nation and our people face a massive challenge today," he warned. "The economic, political, ideological and military offensive of a dedicated and determined foe confronts us at every turn.

"Can the American people respond to this challenge with courage and wisdom?

"The answer is no, if we continue to sweep unpleasant facts under the rug of a complacent optimism. The answer is no if we are content with smooth words and soothing syrup from a man whose main task should be to jolt us from our lethargy. The answer is no if we continue to prefer tail fins and mink-lined suburban nests to first-rate schools and a responsible, if costly, foreign policy.

"But the answer need not be NO," Senator Humphrey emphasized.

"I firmly believe that the American people have the moral resources and political wisdom to respond with courage and determination. I know we have the economic resources to do the job that needs to be done.

"We can do the job, if we have leaders who lead -- leaders who can impress us with the deeper meaning and urgency of the crisis.

"There is no substitute for leadership, leadership hard-headed enough to face the facts of life, and warm-hearted enough to honor the cherished values of our western religious heritage," Senator Humphrey concluded.

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A similar speech as delivered to the  
Economic Club of Southwestern Michigan  
~~was~~ in St. Joseph, Michigan, Feb. 12, 1959,  
was put in Appendix of CR by Senator HHH.  
See March 25 CR, A2652.

Jack Flynn

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THE CHALLENGE OF THE SOVIET  
ECONOMIC OFFENSIVE

Today the world is confronted by a profound crisis, a crisis in which the cherished values of Western civilization are challenged as never before.

↳ We hear the word "crisis" repeated again and again in the screaming headlines about Berlin, Iraq or the Formosan Strait so that we become numb and forget its deeper meaning.

It is perfectly true that there are many crises, but underlying all these specific challenges is a fundamental crisis. Some historians and philosophers have said that our generation is confronted with the greatest crisis of modern times.

ⓧ ↳ The profound and many-sided world crisis is the result of three dynamic and interrelated realities, each of which is pregnant with dangers and opportunities --

↳ the challenge of modern technology ---

↳ the challenge of the "revolution of rising expectations"

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And the challenge of Communism itself.

1. The fantastic progress in technological development has put mankind within reach of one of his greatest goals, the elimination of poverty. But this same technology ironically may be mankind's undoing. I need not remind an audience like this of the potential destructiveness of <sup>nuclear</sup> modern terror weapons made possible by new energy and means of transporting energy discovered by science. <sup>But</sup> We should not blame science, but recog-  
nize that science is neither a savior nor a demon, but a source of power which can be used for good or <sup>evil</sup> ~~evil~~. The basic problem is political and moral, not technical.

2. We have heard a great deal of the "revolution of rising expectations" in the economically less developed and politically noncommitted countries of Asia and Africa. The destiny of these people who are striving for or celebrating their independence may determine the destiny of the world

within the next generation or two. Not everyone in the free world has grasped the political and moral significance of the ferment in these vast areas, but we can be sure the leaders of the Soviet Union have.

3. The third massive reality is the Communist challenge itself. Modern technology and the upheaval in Asia and Africa would themselves be sufficient cause for a world crisis. But the crisis is compounded by the existence of an aggressive and expansive political religion whose ultimate goal is world conquest or domination. The high priests of world Communism prefer to attain their goals without nuclear war if possible. But they have not ruled out either limited or total war if that seems necessary or expedient.

*Hammurabi* We make a great mistake, perhaps a fatal mistake, if we think of the Communist challenge as exclusively a military challenge, or even primarily a military threat. The challenge

of Communism is military to be sure, but it is also economic,  
ideological, political, and, in its deepest sense, it is  
religious. I say it is religious because the distorted Com-  
munist view of man and the world challenges the fundamental  
precepts of our Judeo-Christian value system.

#### The Expanding Soviet Economy

*Write*  
~~Today~~ I ~~want~~ *wish* to confine my remarks to the Soviet economic  
offensive. But I ~~want~~ to do this within the framework of the  
many-faceted Communist challenge and the larger world crisis.

It is one of the great ironies of American history that  
today we are being given a run for our money by the expanding  
and dynamic economy of a country which only a few short years  
ago we thought of as "backward". This is a spectacle as  
humorous as the fabled tortise and hare. Before Sputnik streaked  
across the heavens, we assumed that we were the biggest, the  
fastest-growing and strongest economy in the history of mankind.

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*But*  
And we were. We became smug and complacent. We refused to

believe ~~in~~ *the* increasing signs of growth in Soviet technology

and productive capacity. *Yes,* The hare would win the race, paws

down. We could stop for a short siesta under a sycamore

*Comment*  
tree and the poor tortise, weighted down by the hard shell of

socialistic controls, would not have a chance.

*or play around*  
But while we slept the turtle plodded on, unnoticed and  
unobserved. Then came Sputnik I and subsequent achievements  
which proved beyond a shadow of doubt that the U.S.S.R. had made

giant technological and economic strides. We were shocked. We

were momentarily stunned. But we still did not awaken to the

*Indeed it is*  
full reality. ~~It was~~ since Sputnik that we allowed ourselves

the luxury of a recession, and today we are still not out of

*demons*  
the woods.

*contest*  
Alas, the race is no longer a ~~race~~ between a tortise and  
a hare, but between two hares. But because of our hurt pride,

our lack of a sense of urgency and our deficit in leadership,  
we are still not running scared.

L I would like to put a few facts on the record which if *to get on the ball.*  
understood and taken to heart, will help us to run scared. By  
*concerned*  
scared I mean properly ~~afraid~~, and determined, not hysterical.

Here are the facts:

1. We have consistently underrated Soviet economic and industrial achievements. We have underrated their progress in atomic energy, missiles, aircraft production, and even in some areas of consumer production. The Sputniks and Lunik should have shattered our rose-colored glasses, but even now there are people in Washington who calmly tell us that we are ahead in nuclear energy and the missile race. The Secretary of Defense has himself issued smooth and reassuring words to the American people, words which were characterized by one of our most respected columnists (Joseph Alsop) as "soothing syrup".

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Now it's true that the laymen, and this includes most members of Congress, do not know exactly where we stand in relation to the Soviet Union, in spite of Congressional hearings to determine just that. Sometimes the experts disagree. But isn't it the better part of wisdom and valor to overestimate Soviet economic and military strength than to underestimate it? Wouldn't it have been better if the democratic nations would have slightly overestimated Hitler than vastly to under-rate him?

Can't  
afford  
even to be  
equal.  
Must be  
ahead.

2. The Soviet economy is growing at about three times the rate of the U.S. economy. Although accurate statistics are hard to come by, most economists believe that the Soviet economy is expanding at a rate of between 6 and 8 percent a year. In contrast the American economy at present is growing at a rate of less than 2 percent. Since 1900 our economy, our Gross

National Product (GNP) has grown at an average rate of 3% annually. From 1945 to 1952 it expanded at a rate of 5%. Since 1953 the rate has been about 2%.

Of course, the Soviet economy is not as big as ours. But the fable of the tortise and hare is appropriate here too. While the hare takes it easy and permits himself the luxuries of need-less recessions, the tortise transforms himself into a hare.

✓ Economists tell me that for a short time last year the combined steel production of the U.S.S.R. and Red China exceeded the steel production of the mighty United States. This fact alone should make us run scared.

3. The Soviet Union manages its economy to serve national goals. The leaders in the Kremlin can slice the <sup>//</sup> national income pie<sup>u</sup> any way they wish, within the limits of endurance set by the long suffering Soviet people. This gives them a great <sup>power</sup> advantage. They can plow back into the economy the capital necessary to

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guarantee the maximum economic development consistent with domestic and foreign policy objectives. They can channel scarce resources into high priority enterprises such as nuclear energy, missiles, steel, and certain industries producing items for export. They can curb consumer demand by promising better food and larger apartments in the near future. They can get their people to produce guns with the promise that by the end of the present seven-year plan they will be producing both guns and butter.

*Kruschev*  
A good share of ~~the~~ Premier's eight-hour speech at the recent Party Congress in Moscow was devoted to explaining the goals of the 7-year plan. The ~~overarching~~ goal, he said, was to outproduce the United States of America in the 1970's.

"How," you may ask, "has a totally and centrally planned economy been able to do so much? How could they have gotten where they are without the natural incentives of profit and reward in a

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free enterprise system like ours in America."

The answer is that years ago the Soviet leaders departed from the orthodox doctrines of Marxism, and copied incentive and productivity ideas from the system they <sup>very capitalistic</sup> ~~decried~~.

The Soviet Union does not really practice socialism or communism, but rather a system of State Capitalism. The Red Chinese in their Communes may not yet have learned this lesson.

#### The Soviet International Economic Offensive

~~We~~ have referred to Soviet economic strength and the capacity of Soviet leaders to make the economy serve political purposes. Now let us turn specifically to the Communist international economic offensive in the areas of trade, aid, and investment.

1. The Trade Offensive: Today there are Soviet trade missions in many capitals of the world, including the capitals of some countries which have never had any trade with the Soviet Union.

*but aggressively*  
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These missions are quietly negotiating commercial trade

agreements. The Soviet Union has surpluses with which to

bargain. Even though Russia is still poverty-stricken as

far as consumer goods are concerned, she is willing to com-

pete in the world market.

Recently I heard a startling story about a Boston importer who purchased some sample microscopes for high school and college use from the Soviet Union. They cost roughly one-fourth of what similar instruments in the United States cost and they were of a superior quality. Perhaps the U.S.S.R. was "dumping" them; that is, selling them at less than cost. Whether she was "dumping" them or selling them at an honest price, the problem is serious.

We are presented a tremendous challenge from a "backward" country.

Only a few years ago one of America's top Russian experts said that the Soviet Union could not even mass produce bicycles! She has not only mass produced bicycles, and microscopes, but MIG jets, bombers, and perhaps she is now mass producing ICBMs.

We can expect the Soviet trade offensive to increase in tempo and volume in the months and years ahead.

2. The Aid and Investment Offensive: The Soviet Union is an <sup>//</sup> Ivan-come-lately to foreign economic aid. The United States blazed the trail with the mighty Marshall Plan and subsequent programs of aid. And yet in this field in which we were pioneers we are being <sup>now</sup> severely challenged. At the very time when many Americans are confused and unconvinced, when the very basis of economic aid is being challenged, the Soviet Union, according to all reports, is winning friends and influencing people through its aid offensive.

~~Apparently convinced that you "can't buy friends," the~~  
*The* U.S.S.R. during the past three years has concentrated on capital investment as its major form of foreign aid. She has offered long-term, low-interest loans to the countries of the Middle East and Asia. There are extensive Soviet economic aid projects

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in the United Arab Republic and in seven South Asian countries

-- India, Burma, Afghanistan, Ceylon, Indonesia, Nepal, and

Cambodia. The Soviets are helping to build a steel mill in

India, bridges in Egypt, a cement plant in Afghanistan, a sugar

factory in Ceylon, a tire factory in Indonesia and a hundred

other projects designed to raise the living standards of these

underdeveloped areas. In the past three years the Soviet Union

has extended more than \$1.5 billion in credits. Recently Mr.

Khrushchev offered President Nasser aid to build the high dam

across the Nile -- the same type of aid which Mr. Dulles

abruptly withdrew in 1955 and which many observers believe

forced Nasser to seize the Suez canal.

The Soviet Union offers its development credits, and the necessary technicians, she claims, without political strings

attached. The offer is attractive, and we can not blame

politically uncommitted countries for accepting it. In their

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great desire for economic development, they are reluctant  
to see the possible political implications of such generously-  
ffered help. At the beginning of the Soviet program her in-  
terest rates were better than needy countries could get else-  
where. And there were no explicit political strings attached.  
Further, the Soviet Union seemed to demonstrate with her Sputniks  
that she could make as much technical progress in 40 years  
as the United States did in 100 years. Some of the people  
in these areas seem to prefer ruble diplomacy to dollar  
diplomacy.

The argument that a centrally planned, designed and  
controlled economy is inevitably and inexorably more powerful  
and productive than a free economy appeals to peoples who  
desire economic development, and who have no experience with  
the political restrictions which go along with Soviet-style  
planning. Regrettably, the Communist model is appealing.

The fear of ideological and

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political penetration is not real enough to offset the economic appeal. We must do more.

We Must Strengthen the American Economy.

These sketchy facts about the strength and growth of the Soviet economy and the success the Soviets have had in using trade and aid as instruments of their international objectives should help us to run scared. But I am afraid that many of us know the facts without really understanding them. We need a new sense of urgency if we are to accept the economic challenge of the Soviet Union to our domestic economy, and to our international economic objectives.

First, I would like to suggest how we can and indeed must strengthen our domestic economy if we are to meet the challenge successfully.

Our problem is not primarily an economic problem, but a political problem and a moral problem. The economists may not

always agree, but in general they know how to increase productivity. The problem is whether we really want our economy to expand, and whether we are willing to take the risks involved.

To oversimplify the issue, and I suspect politicians must always oversimplify issues, I would say there are two competing philosophies about our national economy.

The one I would call George Humphreyism -- this philosophy holds that the greatest danger to the United States is inflation perhaps a greater danger than the threat of Communism itself.

We must at all cost, according to the former Secretary of the Treasury, prevent inflation, even if it means cutting back in our rate of growth, even if it means about 4 and one-half millions of men unemployed and many others underemployed, even if it means that our industrial plants are working only to 75 or 80% capacity. Unemployment and underproduction are preferable to full employment and high production, according to this theory,

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if full employment and high production reduce the value of the dollar.

Now every decent person is opposed to inflation -- either of the galloping or creeping variety -- but that isn't the whole picture. There is, I believe, a convincing answer to George Humphreyism. Modesty forbids me to label the answer Hubert Humphreyism! Seriously, I have been convinced by those political leaders and economists who believe that the risks of high production with some inflation are not nearly as great as the risks of underproduction with a stable dollar. Why do I say this?

First, and most obvious, the U.S. population is growing by *muu* and 3,000,000 persons a year/, with our present 2% increase in productivity we can hardly stay where we are.

Second, if we are really going to take the Soviet economic offensive seriously, we must have sufficient production to ~~keep~~ *stay*

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*ahead*

~~up with her~~ -- militarily, scientifically and every other way.

I believe we should aim for a 5% rate of growth, matching what we had from 1945 to 1952. Inflation is always serious but it will not be catastrophic if productivity keeps ahead of it. Even if the dollar buys less than it did before, this is not too serious if people have more dollars to spend. In short, purchasing and investing power is the real issue. If a worker can buy more food, clothes and shelter with forty hours of labor (with 59¢ dollars) than he could with forty hours of labor with (75¢ dollars), he is better off. When productivity keeps ahead of inflation, the problem is manageable. The major problem affects those living on fixed dollar incomes.

Persons receiving old-age and survivors insurance will suffer in an inflationary period, unless their benefits are increased. Just as some of the more progressive union contracts

*Rockefeller  
Rept*

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have provisions to assure that wages will be adjusted to rising costs of living, I believe that pensions, unemployment compensation payments and other fixed dollar incomes can and should be adjusted.

In short, I believe the risks of not increasing, I would say doubling, our present rate of economic expansion, are greater than the risks of ~~not expanding~~ *holding the line*.

✓ The President's budget and budget message were obviously influenced by George Humphreyism. I hope that the Democratic Congress will be instructed by a more dynamic and imaginative philosophy -- a philosophy which believes in the capacity of a free economy to be productive without being destructively inflationary.

✓ Toward a Dynamic Economic Offensive

In the area of foreign economic policy the Administration, partly in response to the Soviet challenge, is taking some steps in the right direction, but the escalator of history may

be moving more rapidly in the other direction. We should build a stronger economy at home in order to do what necessity and prudence demand abroad. Our highly productive economy, even in its present less-than-dynamic state, makes it possible for us to do more than the Administration wants us to do. Our position of leadership of the free world places upon us a moral responsibility commensurate with our power and wealth.

I would like to suggest a three-point program for strengthening our present economic offensive in the world, a program designed to do what we are best qualified to do.

1. Increase the flow of trade with other countries: Most economists agree that the free world would be strengthened by the lowering of trade barriers among nations. They also believe that the United States economy as a whole will benefit from freer trade, although they know that some industries will suffer. But as Adlai Stevenson once put it: "We shall have to make the

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choice between relatively minor adjustments caused by increased imports or major adjustments caused by decreased exports."

The United States is a wealthy nation. With only six percent of the world's population, she produces over forty percent of the world's goods and services. Yet our country is dependent on imports from all over the world. If these imports were to be completely cut off, our daily life would change drastically until adequate substitute for vital imports could be found. Our automobiles, telephones, radios, television sets, and a hundred other modern necessities would become useless when parts depending on imports would wear out. We would be threatened with mass unemployment. And our defense program would collapse.

Every automobile needs 38 essential materials which are largely imported. Forty-eight imported products go into every telephone. Not a single pound of steel can be made without manganese; nine tenths of our supply of this vital ore is imported. We import

all of our chromium and tin, ninety-nine percent of our nickel, 65% of our bauxite (essential to making aluminum) 42% of our copper, and so on.

On the average day about 418,000 tons of imports, worth 42 million dollars, arrive at American ports. Only about 1/8 of these imports are finished manufactured products which can compete with American-made goods. At the present time our annual imports total more than eleven billion dollars.

Other countries need our products and we need theirs. We ~~need to export in order to buy the necessary imports for our own economic health. A substantial loss of foreign markets could damage our entire economy. The United States cannot export unless other countries have dollars to buy our products. To get dollars they must sell to us. Trade is a two-way street. If the traffic slows down on one side of the street, it will have to slow down on the other. A balanced and high-level flow of world~~

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trade makes for world-wide economic health. The interdependence of nations is nowhere more clearly apparent than in the economic realm.

This is not the place to discuss the technical details and procedures for increasing trade. I merely want to make the point that we must seize every opportunity to move toward this desirable goal, and to take appropriate governmental action to help those industries which may suffer undue hardship, because of increased imports.

I might say in passing that I believe international trade should not be restricted to the nations of the free world. I favor certain types of trade with the Communist bloc. This will, of course, have to be undertaken with proper regard for legitimate security considerations.

2. Utilizing Our Agricultural Abundance: One of the most vexing problems facing our country is the so-called agricultural

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surpluses resulting from over abundance. This is a serious domestic problem which has far-reaching international implications. It is clearly to the advantage of the United States to use stored up food and fibre before it becomes worthless. If we simply give it away to needy countries without regard for normal marketings or opportunities to benefit the recipient country as well as ourselves, we run the risk of upsetting world market prices which may result in injury to the economies of other nations. Even if we sell our farm surpluses at the world market price, and advance credit to purchase them, we will be competing with other countries whose need for export may be greater than ours -- unless we find and use 'economic tools' for converting our food to useful purposes, that save, rather than detract from, our basic foreign policy objectives.

There is no easy solution to this complex problem. We

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always have to ask ourselves three questions: "What is good for the American farmer? What is good for the U.S. economy? What will best serve our goals of helping to strengthen our free world allies and the uncommitted nations?"

In answering these questions wise statesmanship must make difficult and discriminating decisions which honor the legitimate claims of each competing interest.

I believe a way out can be found. I believe the utilization program under Public Law 480 can and should be extended and enlarged so that our farm abundance can serve the needy overseas without hurting our closest allies. I will support efforts in this direction. I regret to say that the Administration plans to spend \$14 million less under Public Law 480 for fiscal 1960 than is being spent during the current year.

3. A Five-Year Development Loan Program: In the foreign aid picture I have supported the Marshall Plan, the Point Four

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program of technical assistance and direct grants for economic and military aid. I have supported U.S. participation in the technical assistance programs of the United Nations. I think each form of assistance has a proper role to play. I would support an expanded program of technical aid under the Point Four program. But I am firmly convinced that the greatest opportunity for achieving substantial economic development in the politically uncommitted areas lies in a greatly expanded capital loan program.

In the 19th century the London capital market provided vast sums of money for the development of economically "backward" countries, including the United States. Today, the United States is the largest single source of capital, and yet the proportion of our Gross National Product going into development abroad is far smaller than that of Great Britain a hundred years ago.

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In the spring of 1957, when Congressional support for foreign aid was at its lowest ebb, up to that time, three distinguished research agencies recommended that the United States put foreign aid on a long term basis of perhaps twenty or thirty years and that our government appropriate the \$2 billions a year for economic development. (The three research agencies were the Committee for Economic Development, a business-sponsored organization; the University of Chicago Research Center in Economic Development and Cultural Change; and the Center for International Studies at MIT.)

This recommendation for a greatly increased aid program was not a hair-brained scheme, but the product of some of the finest <sup>minds</sup> ~~scholars~~ in the country -- men who know the capacity of the American economy and the requirements of leadership in a world threatened by Communism. And, I might add, men who represent the finest humanitarian traditions of America.

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*Long term Investments*  
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With this type of backing, I do not hesitate to propose a \$10 billion development loan program over a five-year period. We spend \$40 billion a year on defense and perhaps even this is not enough. Can we not invest 5% of this amount in the future of Asia and Africa? I believe we can. I believe we should.

I believe the program should consist largely in long-term, ~~development loans~~ low-interest loans which can compete effectively with what the ~~Soviets are doing~~ Soviets are doing. I believe that the projects for which loans are provided should be thoroughly appraised by competent specialists so that the capital will be well spent. We must take into account the absorptive capacity of the recipient country. We must avoid waste and ~~corruption~~ corruption.

There will be risks, but the need is great. The challenge is inescapable. President Truman's Point Four idea was called "a bold new program". It was new, but the majority in the Congress

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never permitted it to become bold,

Since then the urgency has increased. The time for "a bold new program" is upon us. And I believe that there are more and more members of both houses of Congress who are willing to match the challenge of our times with courage and boldness.

Walter Lippman recently said something which every lawmaker and every administrator would do well to ponder. He said if you want public support for a Government program, ~~make~~ it big, bold and imaginative -- appeal to the public's sense of responsibility and willingness to sacrifice. In attempting to second guess the public, I am convinced that political leaders too often sell them short.

Massive investment is essential, and <sup>most</sup> ~~must~~ of the capital must come from private sources. It cannot and should not come only from governments. In fact, governments should invest only

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when private sources are unable or unwilling to meet the legitimate needs for development. Private investors cannot afford to take large risks. Receiving countries should, of course, do all within their power to make private investment attractive, promising a reasonable return for the investor.

L I am glad to ~~see~~ <sup>see</sup> that India has recently taken several significant steps to make private investment attractive. Any potential investor should look into new opportunities in this, the pivotal nation in Asia.

L But it is not possible for an underdeveloped country to remove all risk to private investors. The countries needing aid most desperately often are the very ones where the risk is greatest. It is in these cases of great need and risk, where both the economic and political stakes are high, that government loans are required.

L And if the free world does not provide investment capital,

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we can be sure the Communist bloc will. It is unfortunate, but understandable, that the fear of Communism may prompt us to do what we should have done all along and what Great Britain in fact did in the 19th century.

### Conclusion

I want to conclude by applauding Mr. Douglas Dillon, the Under Secretary of State for Economic Affairs, for his leadership in the area of long-term investment loans. I support him. But I fear that he has not gone far enough. Perhaps he is afraid that the Congress will not support him. Or, more likely, he may be afraid that the Secretary of State and the President will veto a more dynamic program.

Our nation and our people face a massive challenge today.

The economic, political, ideological and military offensive of a dedicated and determined foe confronts us at every turn.

Can the American people respond to this challenge with

courage and wisdom?

The answer is NO if we continue to sweep unpleasant facts under the rug of a complacent optimism. The answer is NO if we are content with smooth words and soothing syrup from a man whose main task should be to jolt us from our lethargy. The answer is NO if we continue to prefer tail fins and mink-lined suburban nests to first-rate schools and a responsible, if costly, foreign policy.

*it can should be yes!*

But the answer need not be NO. I firmly believe that the American people have the moral resources and political wisdom to respond with courage and determination. I know we have the economic resources to do the job that needs to be done. We can do the job if we have leaders who lead, leaders who can impress us with the deeper meaning and urgency of the crisis.

There is no substitute for leadership, leadership hard-headed

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enough to face the facts of life and warm-hearted enough to

honor the cherished values of our Western religious heritage.

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