

From the Office of
Senator Hubert H. Humphrey
1311 Senate Office Building
Washington 25, D. C.
Capitol 4-3121, Ext. 2424

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SENATOR HUMPHREY: "WE CAN MEET THE SOVIET ECONOMIC CHALLENGE -- IF WE WILL"

Senator Hubert H. Humphrey (D., Minn.) said in New Hampshire Saturday that the Soviet challenge is a "total challenge -- requiring a total response."

He told the New Hampshire Council of World Affairs at Manchester, N. H.:

"The Soviet challenge is across the board -- more than military, it is also political, cultural, and above all, economic."

"Piecemeal, off-again-on-again improvisations are not sufficient to meet this challenge," the Minnesotan declared. "We must plan long-range, and we must have the determination and the endurance to carry that planning through."

"Behind a military shield of strength we must move forward on each of the non-military fronts," Senator Humphrey said. "Everywhere we must seize the initiative."

"We can do it, and we must," he said. "We have the capacity; we have what we need to meet the Soviet challenge, but we are not using it!"

Senator Humphrey, a member of the Senate Committee on Foreign Relations, outlined six "facts of life" which he said American leadership "must face if the aggressive Soviet economic challenge is to be met:"

1. The Soviet economy is growing three times as fast as our own -- and is a powerful "rags-to-riches" inspiration to the peoples of Asia and Africa.
2. Only an expanding, fully-productive U. S. domestic economy can support a sufficient American foreign economic policy.
3. Our trade with other countries is not just a matter of profit-making, but of fundamental national power and policy.
4. The agricultural abundance of the United States is not a deficit but an enormous concentration of useable wealth.
5. Stop-and-go capitalization of industrial development in the have-not areas of the world must be replaced by long-term firm commitments by the United States -- the largest source of capital in the world.

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"In fact, I propose a five-year development program providing a billion and a half dollars annually of capital to underdeveloped nations," Senator Humphrey said.

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6. A genuinely successful aid program must be based on the real needs of other peoples, not only as a stop-gap defense against Communism.

"We must be for people, peace and progress -- and not simply against the evil threat of communism."

"We must no longer under-rate the Soviet growth of the past or the Soviet goals for the future," Senator Humphrey warned, "for they have met their goals in the past and they are likely to meet them again -- and their stated goal is to outproduce America by 1970."

"To the brown man or the black man or the yellow man in the early stages of his own war against poverty, this story of Russian and Chinese progress has the same excitement, the same inspiration, as the rags-to-riches rise of the self-made millionaire in America," he pointed out.

"In contrast," Senator Humphrey pointed out, "in the past five years we have allowed our economic growth to lag; we have allowed factories and workers to be idle -- and we have deprived ourselves of billions of dollars in revenues that might have been devoted to needed tasks at home and abroad."

"Our country is dependent on imports from all over the world," Senator Humphrey emphasized, "and any substantial drop in exports could damage our entire economy; yet we are not paying sufficient attention to the far-flung and powerful Soviet trade offensive employing every weapon of economic power including dumping and barter."

Senator Humphrey pointed out that "if Mr. Khrushchev had our farm surpluses in Russian warehouses, he would not be at a loss to dispose of them," and urged that "our farm abundance be made to serve the ends of national policy."

Recalling that in the 19th Century, England provided vast sums of capital for the development of economically backward countries (including the United States), he said that "America, the largest source of capital today, is putting far less capital into development abroad -- proportionately -- than Britain in the 19th Century -- far less than we are able to do and should do."

"We must recognize that the task of helping others to help themselves is not a passing task," he said. "We must put this program on a long-range basis, so that we can plan a comprehensive and effective program, and so that others can count on us for continued help; we must avoid the waste of stop-and-go, hot-and-cold programming."

"Finally," Senator Humphrey said, "we must determine to help people not just because we detest Communism, but because they are God's children, and they are hungry, and because ignorance defiles man's dignity."

"And it is only in a unity of peoples who want to prosper and be free that we can find an enduring peace," Senator Humphrey said. "We can forge that unity by helping others along the road that we ourselves have travelled since we became a fledgling nation -- by sharing with others our own heritage of freedom."

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HOW TO WIN THE ECONOMIC COLD WAR

Remarks of
Senator Hubert H. Humphrey
New Hampshire Council of World Affairs
Manchester, New Hampshire
May 2, 1959

I am honored by your invitation -- and honored to speak
from a platform occupied, just a year ago tomorrow, by a
valiant and dedicated soldier of peace, John Foster Dulles.

I know that all of you join me in wishing Mr. Dulles well,
and in wishing Godspeed to his successor, Christian Herter.

The question before you is, How best can the U.S. fight
the economic cold war with the Soviet Union in the atomic age?

The first thing to do in a fight is recognize what you are
up against.

We are up against a nation that is streaking ahead in
economic growth and technology, and that is totally dedicated
to spreading its influence throughout the world.

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Growth and total dedication are the two forces we face in the Soviet Union.

As to growth, America and Russia today are disturbingly reminiscent of the fable of the tortoise and the 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. And for a long time we were.

But we became smug and complacent. We closed our eyes to the increasing signs of growth in Soviet technology and productive capacity. The hare, we thought, would win the race, "paws down", so to speak.

But while we slumbered, the tortoise plodded on, seemingly unnoticed. Then came Sputnik and, later, the first man-made planet, both stamped, "Made in Russia" -- dramatic proof of the vast strides in technology and economic growth that had taken place in the Soviet Union.

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We were momentarily stunned. But have we yet faced up to the hard fact that the tortoise is still advancing far faster than the hare?

How many Americans realize that the Soviet economy is growing three times as fast as our own? Economists believe that the Russian economy is growing between 6 and 8 percent a year. For the past six years, ours has only been growing at the rate of 2 percent a year.

Many take comfort in the fact that the American productive capacity is still so much greater than that of the Communists. But we do not always use our capacity to the fullest.

Last year, when the American steel industry was running at about half of capacity, economists tell me that the combined steel production of Red China and Russia exceeded that of the mighty United States!

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Think, for a moment, of the impact this has on the rest of the world -- especially those nations of Asia and Africa, worn down by centuries of poverty, who are struggling now for a place in the economic sun.

No one needs to remind them that 40 years ago Russia was a primitive, uneducated nation virtually devoid of industry or technology.

No one needs to tell them only 10 years ago, Red China was even more backward.

Yet, in a short space of time, Russia and China together were able to outproduce the greatest industrial nation in history in so vital a commodity as steel.

In just four decades, the Soviet Union has produced a technology that could put the first earth satellite into orbit and the first man-made planet into space.

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To the brown man or the black man or the yellow man in the early stages of his own war against poverty, this story of Russian and Chinese progress has the same excitement, the same inspiration, as the rags-to-riches rise of the self-made millionaire in America.

So the first thing we must do in waging our economic cold war is to face the facts about the growing Sino-Soviet economy and about the impact it has on the rest of the world.

We must no longer under-rate the Soviet growth of the past or the Soviet goals for the future, for they have met their goals in the past and they are likely to meet them again. And their stated goal is to outproduce America by 1970.

Make no mistake about it. Mr. Khrushchev is looking ahead 10 to 20 years. He has ambitious plans.

By 1965 he aims to add 30 million tons of steel capacity; more than 100 million tons of oil production; nearly 300 billion kilowatt hours of electricity.

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But he is not just planning an expansion of capital goods.

Meat production is to more than double by 1965; butter production, already almost equal to ours, is to increase by almost 400,000 tons.

There are to be more shoes and clothes for the Russian people, who are hungry to improve their every-day life.

We must not be lulled into complacency by the doctrine that a centrally planned and tightly regimented economy cannot match a free economy with its profit incentives. Four years ago, the Soviet leaders departed from the orthodox doctrine of Marxism, and copied the incentive and productivity ideas from the very capitalistic system they decry.

Yes, we can expect Russia's economy to grow apace -- aided by the fact that the Soviet state manages the entire economy to serve national goals. It sets priorities on the use of resources and the plowing back of capital into the most needed uses.

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This expanding Soviet economy will furnish an ever stronger base for the waging of world-wide economic warfare -- an economic offensive in trade, aid and investment.

The Soviet trade offensive is far-flung and powerful. Russia has trade missions in many capitals of the world, including countries that have never had any trade with the Soviet Union.

These missions are quietly negotiating commercial trade agreements.

Russia has surpluses with which to bargain. And, unlike the United States, she uses them! She is using every weapon of economic power -- including dumping and barter.

In the field of aid and investment in foreign lands, Russia has taken over an American idea. Where America blazed the trail with the Marshall Plan and Point Four, Russia is following, with great energy and with considerable success.

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Russian aid mainly takes the form of long-term, low interest loans to foster capital investment.

In the past three years, the Soviets have extended more than a billion and a half dollars in credits.

There are extensive Soviet projects in the United Arab Republic, and in seven Asian countries.

The Soviets are helping to build a steel mill in India, bridges in Egypt, a cement plant in Afghanistan, a sugar factory in Ceylon -- all of this coming, mind you, from a country which only four decades ago could hardly have built a factory within its own borders, much less help another nation to do so.

And all of this aid is furnished with an almost fanatic zeal. Foreign aid is not just a temporary side activity for the Russians. They mean business -- and they are in the game for keeps.

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Let me give you an example. The Soviets graduate some 18,000 doctors a year. No doubt they are sorely needed in Russia. Yet 2,000 of them are earmarked for export, so to speak, to foreign lands.

The Russians profess that this aid, these technicians, are offered without political strings attached. Their offers are attractive. It is little wonder that needy countries accept them readily, ignoring the political implications of such generously offered aid.

How must America answer this challenge?

Let us be quite clear about this: the Soviet challenge is a total challenge -- requiring a total response.

The Soviet challenge is across the board -- more than military, it is also political, cultural, and above all, economic.

Piecemeal, off-again-on-again improvisations are not sufficient.

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We must plan long-range, and we must have the determination and the endurance to carry that planning through. Behind a military shield of strength, we must move forward on each of the non-military fronts; everywhere we must seize the initiative.

Can we do it?

We can do it, and we must. We have the capacity. We have what we need to meet the Soviet challenge, but we are not using it. It is only that our leadership has so far lacked the will to do what we can and must do.

There are hard facts of life that we must face.

First of all, we must build an ever-stronger economy at home in order to do what necessity and prudence demand abroad.

Only an expanding, fully-productive U. S. domestic economy can support a sufficient effort in American foreign policy.

In the past five years, we have allowed our economic growth to lag; we have allowed factories and workers to be idle -- and

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we have deprived ourselves of billions of dollars in revenues that might have been devoted to needed tasks, at home and abroad.

Our economy is still not producing or growing to capacity. Until it does, we will be hampered in our ability to help others as we should.

Secondly, we must increase the flow of trade with other countries.

Our trade with other countries is not just a matter of profit-making, but one of fundamental national power and policy.

We are a wealthy nation. With only 6 percent of the world's population, we produce 40 percent of the world's goods and services.

Yet our country is dependent on imports from all over the world. Every automobile, for example, needs 38 essential materials which are largely imported. Not a single pound of steel can be made without manganese -- nine-tenths of which we get from abroad.

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Our economy also depends on exports: any substantial drop in exports could damage our entire economy. But America cannot export unless other countries have dollars to buy our goods.

Thus, both the free world and America itself will benefit from a high level of trade. This may require some adjustments at home, but, as Adlai Stevenson once put it, "We shall have to make the choice between relatively minor adjustments caused by increased imports, and major adjustments caused by decreased exports."

Next, we must put our agricultural abundance to good use in waging the cold war.

The agricultural abundance of the United States is not a deficit but an enormous concentration of usable wealth.

There is something wrong when a nation stores food in caves while millions of people go unfed.

I can assure you of this: if Mr. Khrushchev had our farm surpluses in Russian warehouses, he would not be at a loss to dispose of them. He would be using them to win friends for Russia.

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Now to dispose of these surpluses overseas without disrupting world prices and without injuring other friendly countries who need to export farm products is not an easy problem.

But I believe a way out can be found. I believe the utilization program under Public Law 480 can and should be enlarged so that our farm abundance can serve the needy overseas without hurting our closest allies, and made to serve the ends of national policy.

On-again, off-again capitalization of industrial development in the have-not areas of the world must be replaced by long-term, firm commitments by the United States.

We must launch a five-year development loan program providing a billion and a half dollars yearly of desperately needed capital to under-developed nations.

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In the 19th Century, England provided vast sums of capital for the development of economically backward countries -- including, I might add, the United States.

Today, America, the largest source of capital, is putting far less capital into development abroad, proportionately, than Britain in the 19th Century.

I propose that we devote a billion and a half dollars each year to this five-year development loan program.

Consider, if you will, the fact that we spend tens of billions of dollars every year for arms and weapons -- the means of destroying our fellow man. If we can afford to do that, can we not afford to spend a small fraction of those sums not for destructive purposes, but to help build a better life for the peoples of Asia and Africa?

And can we not, finally, recognize that this task of helping

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others to help themselves is not a passing task; the problem of poverty and ignorance will not vanish next year.

Can't we face up to the fact that our efforts must be long-range? Why must we go through an annual "agonizing reappraisal" of our entire aid program?

We must put this program on a long-range basis, so that we can plan a comprehensive and effective program, and so that others can count on us for continued help. We must avoid the waste of stop-and-go, hot-and-cold programming.

Beyond these specifics, there is an over-all change in American policy that must take place if we are to win the economic cold war.

We must stop basing our aid on fear of Communism and start basing it on love of our fellow man. We must be for people, peace and progress -- and not simply against the evil threat of Communism.

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The preamble to our foreign aid program actually states that it is our policy to continue our aid programs only "as long as (the Communist) danger . . . persists."

The main effect of such a declaration is to turn Communism into a sort of natural resource for countries that seek our aid -- a resource worth millions in American aid.

There is the apocryphal story of the tiny nation which, devoid of any Communists, was denied any U.S. aid and went to its neighbor to borrow a few Communists -- only to be told that the neighbor needed every Communist it had.

These countries can actually thank Moscow for the American aid they receive. For we admit, in our law, that were it not for the Communist threat, we would not be helping our fellow man.

This is not the American spirit. Nor is it the Christian spirit.

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I say that we must help people not just because we detest Communism, but because they are God's children, and they are hungry; they need our help.

I say that we should try to help educate them because ignorance defiles man's dignity.

What America needs more than a change of program is a change of heart.

It is not enough to merely perform the ritual of foreign aid. There must be faith -- a faith in the importance and rightness of our policies.

We need more than the form -- we need the spirit that inspired the original Marshall Plan and the Point Four program if our aid programs are to be genuinely constructive and effective.

All that America has to do is to be herself. We know what

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hardship is; our history is replete with it. But our people banded together in adversity; the strong aided the weak. In unity we found strength.

It is in a unity of peoples who want to prosper and be free, that we can find an enduring peace. We can forge that unity by helping others along the road that we ourselves have traveled since we became a fledgling nation, only a century and a half ago -- by sharing with others our own heritage of freedom.

May 1, 1959



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