

From the Office of  
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June 13, 1958

U. S. BUSINESS URGED TO HELP MEET SOVIET CHALLENGE OF WORLD 'TRADE WAR'

America's businessmen should "welcome the chance to compete" with the Soviet's massive economic offensive, Senator Hubert H. Humphrey (D-Minn.) declared today in an address before the Export Managers Club of Chicago, Inc., (at the LaSalle Hotel).

"Let us demonstrate to the world that we welcome competition," Senator Humphrey declared. "Let us demonstrate, by deed as well as word, that only through competitive enterprise and the building of enterprise can you lift the standards of living, not only of ourselves, but the rest of the world as well.

"What are we afraid of? Our industrial capacity and the capital goods of our industrial plant are second to none.

"If the Communists want peaceful competition, we should welcome it. We should not hesitate. We ought to be prepared to meet them on any terms--and beat them.

"I like competition. I am a born "competitor." And I have enough faith in the American competitive free enterprise system to believe it can face this or any other challenge without having to retreat behind a protectionist wall undermining our reciprocal trade program throughout the world," Senator Humphrey said.

Emphasizing the importance of our foreign trade program for the "continued economic and political well-being of the free world," Senator Humphrey warned:

"We are either going to trade with other nations, or one of three other things is going to happen. We are going to have to give them or loan them the dollars that they need to buy from us, or they are going to trade with the Communist bloc.

"I think the best answer is to encourage trade, and this means offering them opportunities for trade. It does not mean running a massive social welfare program for the whole world. It means doing business by making it possible for other people to do business."

Declaring the United States was "in trouble" throughout the world, Senator Humphrey added that "building better international relations involves more than just action by our government alone."

"There is an essential role for American business to play, as well as our country's great voluntary agencies and individual citizens themselves," he declared.

"We need to recognize that the current contest in the world is being waged for future alignment of great undeveloped areas, and the outcome may hinge more on economic and trade policies than on military alignments.

"There will be no peace achieved with the Soviet Union until it realizes it can no longer win over the peoples of Asia and Africa.

"As a consequence, our foreign policy must be geared to strengthening the political and social institutions of such underdeveloped areas, and encouraging and guiding their own economic development and progress. But it must be more than 'paper' economic development, or even "bankroll" influence wielded arrogantly by our government--it must be soundly-based industrial and agricultural development recognizable to the people of the area concerned, with convincing evidence that our interest is in the well-being of the people themselves, rather than in material advantage for ourselves.

"Here is an area where we can challenge the Soviet and win. Here is an area where we can best portray America's vision and enterprise and 'know-how'--and

(OVER)

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America's concern for social justice for all people. We are not a military people--and we are not acting ourselves when we rely on rattling sabres in a jittery world. By character, emotion, and experience, we are better prepared to lead toward progress, than to plan toward destruction.

"We urgently need a comprehensive foreign economic policy designed toward fulfillment of such objectives--and then we need to mobilize the forces of American business, American labor, and Americans generally to work hand-in-hand with our government to implement that policy.

"We are fighting a totally mobilized enemy, and we cannot succeed by relying on government alone and failing to make the utmost use of our great resources of private enterprise, private initiative, private humanitarian concern for fellow human beings.

"There is an urgent role for American business investment in foreign economic development, and it is our job to find ways to make it more effective. American business enjoys a deservedly good reputation abroad. Its use of modern capital, investment, management, and know-how is combined with social values developed on the American scene to tell a better story of America's spirit than can ever be achieved by military bases or gilded missiles, however necessary they may be.

"Our State Department should take a keen interest in the American businessman abroad if we really want to promote private investment. The businessman himself ought to be consulted for his views on how investment possibilities might be improved. America's business community itself must be encouraged to explore the private role it can occupy in building better foreign relations, and must bring its own influence to bear toward formulation of sounder foreign economic policies by our government," Senator Humphrey declared.

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(OVER)

## THE WORKS OF PEACE

Address by Senator Hubert H. Humphrey (D., Minn.) before the Export Managers Club of Chicago, Inc., Friday, June 13, 1958.

For a member of the Senate's Foreign Relations Committee, this is a most welcome opportunity. If there were ever a forum to discuss, quite candidly and I hope objectively, the strengths and weaknesses of America's international policies, it is certainly before such a gathering of practical American businessmen.

Day after day, you are confronted with the realization of how closely your own destinies, successes, and failures are interwoven with the fate of our government in international affairs.

Every American has that same stake in what happens throughout the world of which we are a part. Yet you who are engaged in the export trade are privileged to understand, better than most, how much our own economy -- yes, and our own national security -- is involved in our international relations, and what we do about them. With that privilege comes a responsibility to help guide our country through the threatening shoals of international strife and conflict.

It is not just the responsibility of our government itself.

Building better international relations involves more than just action by our government alone.

### Essential Role for Business

There is an essential role for American business to play, as well as our country's great voluntary agencies and individual citizens themselves.

American businessmen, news correspondents, representatives of voluntary humanitarian and religious organizations, and educators frequently have more contacts with private foreign citizens -- and sometimes with governmental officials -- than do our official representatives. Each of these people-to-people contacts contribute to the total impression which the United States makes abroad.

Any scanning of the newspapers over the past few months provides ample evidence that all is not well. We are in trouble -- serious trouble. And wishful thinking is not the answer.

It is time to really grasp what is going on -- in Lebanon, in Algeria, in France, in Latin America, and other places.

One of the things that is wrong with American policy is that our policy makers do not seem to understand what is going on in the world. They react to events, and fail to assess and understand causes -- except in occasional speeches.

Another of the things that is wrong is that we are not organized for total long-range effort.

### We Have Resources

It isn't that we do not have the resources. It isn't that we do not have any real friends in the world. We do have mighty resources. We do have steadfast friends. But we do not have an overall, comprehensive foreign policy that has moved ahead systematically with deliberate objectives under competent and effective leadership.

Our problem is not lack of knowledge. It is lack of wisdom and judgment and the ability to apply it for the national and international purposes. It is the essential political problem of being able to face up to the realities of the world, and discipline ourselves to do what needs to be done.

In this respect at least we can learn from our principal adversary. The Soviet Union knows what its purposes are, and what policies it needs to pursue. The central purpose of Soviet policy is to isolate the United States -- politically, economically, militarily -- by sowing dissension and division in the free world. The tragic events in Latin America, in the Middle East, in Africa and in Europe are eloquent testimony to the way that Soviet policy marries itself successfully to genuine grievances.



But in our dismay and anxiety we must stop to ask ourselves why is it that the Soviet Union is able to exploit the world situation to our grave disadvantage? Why is it that they seem to be able to fragment and weaken the free world faster than we are able to unite and strengthen it? Why does the world situation itself seem to be on their side rather than ours?

#### Lack Total Policy

My answer is this: Precisely because they do have a total policy. Theirs is a policy that takes into account all aspects of international affairs, a policy which is flexible, resourceful, and inventive.

I am not suggesting that we should imitate the tactics of deceit and irresponsibility which the Soviet Union employs with such success. But I do think we may well pause to ask whether we cannot match this unity of purpose, this breadth and range of view, and this flexibility of tactics.

The truth is that the United States has no total foreign policy. We operate spasmodically. We treat with Europe; we treat with Latin America; we treat with Asia; we have an approach to trade; we have an approach to economic development; we have an approach to disarmament. But an effective foreign policy requires that we should pursue a galaxy of foreign and international programs simultaneously, synchronized, in harmony and concert. Instead, a pattern has developed of withholding action in one field on the excuse that not enough has been accomplished in another area.

For example, we have consistently said that a large-scale United Nations economic development program must await an effective agreement on disarmament (as though we could not afford to contribute to such a program while maintaining our own defenses). When we look at the disarmament problem, we are told that the solution of disarmament issues depends on the settlement of political disputes among the major power blocs. But when we look at the political disputes existing in the world, we find that in many areas of the world the key to this conflict lies in economic development.

In this circle all our reasoning is closed, and we have to ask ourselves whether we can afford to postpone large-scale economic aid until political issues are settled and the burden of armaments reduced. No, my friends, no great part of our foreign policy can be tabled while we wait on solutions in other areas. The contest of competitive co-existence goes on all the time and across the board.

#### Need Many 'Fronts'

A foreign policy which is carried out on many fronts simultaneously is the only kind of policy that makes sense in today's world. Widescale, short and long term foreign economic assistance and investment; expanded and revitalized world trade; a strengthened United Nations and other international institutions; greater acceptance of, and reliance on, international law; a vastly greater exchange of persons; greater respect and concern here at home for the rights and liberties of individuals; the strength and growth of our own economy -- all of these must be pursued vigorously and wholeheartedly, all the while we are pursuing just as vigorously and wholeheartedly the solution of political conflicts and the control and reduction of armaments.

We need to recognize that the current contest in the world is being waged for future alignment of great undeveloped areas, and the outcome may hinge more on economic and trade policies than on military alignments.

There will be no peace achieved with the Soviet Union until it realizes it can no longer win over the peoples of Asia and Africa.

As a consequence, our foreign policy must be geared to strengthening the political and social institutions of such underdeveloped areas, and encouraging and guiding their own economic development and progress. But it must be more than "paper" economic development, or even "bankroll" influence wielded arrogantly by our government - it must be soundly-based industrial and agricultural development recognizable to the people of the area concerned, with convincing evidence that our interest is in the well-being of the people themselves, rather than in material advantage for ourselves.



Here is an area where we can challenge the Soviet and win. Here is an area where we can best portray America's vision and enterprise and "know-how" - and America's concern for social justice for all people. We are not a military people - and we are not acting ourselves when we rely on rattling sabres in a jittery world. By character, emotion, and experience, we are better prepared to lead toward progress, than to plan toward destruction.

We urgently need a comprehensive foreign economic policy designed toward fulfillment of such objectives - and then we need to mobilize the forces of American business, American labor, and Americans generally to work hand-in-hand with our government to implement that policy.

We are fighting a totally mobilized enemy, and we can not succeed by relying on government alone and failing to make the utmost use of our great resources of private enterprise, private initiative, private humanitarian concern for fellow human beings.

#### Need U.S. Investment

There is an urgent role for American business investment in foreign economic development, and it is our job to find ways to make it more effective. American business enjoys a deservedly good reputation abroad. Its use of modern capital, investment, management, and know-how is combined with social values developed on the American scene to tell a better story of America's spirit than can ever be achieved by military bases or guided missiles, however necessary they may be.

Our State Department should take a keen interest in the American businessman abroad if we really want to promote private investment. The businessman himself ought to be consulted for his views on how investment possibilities might be improved. America's business community itself must be encouraged to explore the private role it can occupy in building better foreign relations, and must bring its own influence to bear toward formulation of sounder foreign economic policies by our government.

America's organized labor movement must be encouraged to exert its leadership and influence toward supporting establishment of free labor movements in other areas of the world, rather than communist-dominated labor movements.

We need greater recognition of the tremendous potential for good we possess in our abundance of food and fiber, if it is wisely utilized for the good of humanity in the world. And we must encourage expansion of the people-to-people sharing through our great voluntary agencies sponsored by our churches and CARE, rather than relying entirely on government-to-government dealings in food and other necessities of life.

We must build reservoirs of good will with the peoples of vast areas of the world now vulnerable targets of communist infiltration, rather than putting all our chips on leaders themselves, however friendly they may currently be. Leaders and governments come and go, but bonds built between the hearts and minds of people survive far beyond temporary shifting and swaying of local political tides.

#### CARE Good Example

That is why I have so strongly supported the voluntary work of such organizations as CARE, and have welcomed the unique people-to-people form of international relations being carried out by a number of American business firms who have foreign interests through the Business Council for International Understanding in cooperation with CARE. I hope your Export Managers Club takes an active interest in the work of this Council, which is sponsoring a pilot project right now in Mexico.

But the greatest contribution American business can make in strengthening the free world is in an area American business itself knows best -- trade.

Make no mistake about it, the Communists are engaged in an economic offensive, which in the long run may constitute a greater danger than all their Sputniks and intercontinental ballistics missiles put together. I'll tell you why: because we are not going to let them get ahead of us in the field of Sputniks and intercontinental ballistics missiles. For those, you can get Congress to vote a hundred billion dollars if you need it. But the same Congress that won't bat an eyelash in voting the money that may be required for our military security will haggle, day after day, and week after week, and month after month over an effective trade policy.

You see, I am one of those who believes that the Communists have decided not to blow the world to pieces. They have decided to pick it up piece by piece. "Operation Nibble". They are working on it right now, and they have been at it a long time.

I had the privilege some years ago of analyzing for the Senate of the United States the reports of the 19th Communist Party Congress, International Congress, as well as the 18th. It was in 1952 that Joseph Stalin laid down this economic offensive.

#### Trade Major Weapon

Now trade is a major weapon in the arsenal of the Communist economic offensive. The Trade Missions have been at work, and these Trade Missions from the Soviet and the Iron Curtain countries are well staffed. These are not tired, worked out, worked over people. They are vigorous, fresh, and aggressive. They are out to do business. And so I say to my fellow Americans, let's take some of these political vitamins that we need and get out and do some business or you are going to come in second in this two man race -- and that means last.

A major consideration in our foreign trade program is its importance for the continued economic and political well-being of the free world. We are either going to trade with other nations, or one of three other things is going to happen. We are going to have to give them or loan them the dollars that they need to buy from us. Or they are going to trade with the Communist bloc.

#### Trade Best Answer

Now I think the best answer to this is to let them trade, and this means offering them opportunities for trade. It doesn't mean falling down and playing dead. It doesn't mean running a massive social welfare program for the whole world. It means doing business by making it possible for other people to do business.

What are we afraid of? Our industrial capacity and the capital goods that we have in our industrial plant are second to none.

If the Communists want peaceful competition we should welcome it. We should not hesitate. We ought to be prepared to meet them on any terms and beat them.

I like competition. I am a born "competitor". And I have enough faith in the American competitive free enterprise system to believe it can face this or any other challenge without having to retreat behind a protectionist wall undermining our reciprocal trade program throughout the world.

We can not wish away the Soviet state or the Soviet economy, or the facts of Soviet power. Until we accept the relative permanence of our chief adversary we shall continue to pursue policies based on optimistically unrealistic assumptions.

I do not minimize the difficulties of negotiating or even living on the same planet with the Soviet Union. But there is no other planet on which to live -- yet. The opposite of coexistence is no existence. Yet for some reason the whole concept of competitive coexistence has always been in disrepute.

When Nikita Khrushchev declared a "war of trade" against the United States, we should have breathed a sigh of relief instead of anguish.

#### Accept our Ideas

After more than ten years of military competition, the Soviet Union was tacitly acknowledging the superiority of methods of operation which we ourselves devised and championed. After all, capital investment abroad, reciprocal trade, and economic development through grants and technical assistance have all been attributes of American foreign policy from the Good Neighbor Policy through the Marshall Plan to Point IV.

Ironically, now that the Kremlin has adopted all of these Americanisms and has challenged us to compete in making them work, there is a real threat that we will be outdone at our own game.

The United States appears to be equivocating in its commitment to expanded world trade.



There is little evidence of bold thinking on the economic aid and technical assistance programs of the United States either by the Administration or by Congress.

Given these conditions, the logical step for the Soviets is to move into developing vacuums with a dynamic economic program of their own.

Here too Khrushchev is doing Stalin one better. Stalin believed that all he had to do was to withdraw the markets under his control from world economics and the Western capitalistic nations would devour each other in gingham-calico fashion, fighting over the remaining colonial areas.

Today the Kremlin has a new, more positive approach: Be aggressive. Take your economic power into battle. Drive a wedge between producing and consuming nations with your resources and your propaganda. Then the West will fall apart in troubles of its own, while the Soviet Union successfully coexists and competes.

We are only gradually awakening to clear demonstrations that the Soviets are first-class combatants in a war of trade and aid. Not long ago, the State Department was telling us that we need not take seriously anything the Kremlin said to the underdeveloped nations. The Kremlin was not supposed to produce on its promises. In a short time all the unfulfilled commitments would boomerang, and the nations involved would come back to Uncle Sam, who alone had the wherewithal and the knowledge to help them solve their problems.

This hopeful trial balloon should have been shrinking as we witnessed the buildup of Soviet influences in one country after another in Asia and Africa. It finally burst when the Sputniks demonstrated that the Soviet Union was a major industrial power.

#### Soviet Catching Up

It should not have taken a satellite for us to realize that Soviet industry had reached impressive size. Statistics demonstrate that the Soviet Union is moving rapidly toward its announced goal of "catching up and surpassing the United States" in production.

Comparing Soviet productive strength with that of United States forty years ago and today shows the following: Steel then, 13 percent of the U.S. level; now, 50 percent. Electric power, then, 9 percent; now, 30 percent. Cement then, 9 percent; now, 50 percent. Machine tools then, 10 percent; now, 80 percent. Rail freight traffic then, 15 percent of the United States; now, 10 percent larger than ours. Coal then, 6 percent; now, 70 percent.

Of course, the USSR has a long way to go before achieving actual parity with the United States. But, we should remember two additional factors:

First, the current rate of industrial growth in the Soviet Union is more than double the best United States rate in recent years. Soviet industry is growing at the rate of 7 to 8 percent a year; ours, until the current recession, grew from 3 to 4 percent each year. In the first quarter of 1958, according to CIA Director Allen Dulles, our recession has pulled industrial production down 11 percent while the Soviet figure is up by the same amount. Our loss of ground accelerates the relative growth of our adversary.

Second, compared with the United States, the Soviet Union has a directed, controlled economy. Thus, a far greater proportion of Soviet industrial potential is appropriated for "national purposes" than is being devoted to consumer goods.

This has always been true, but the new industrial base in the Soviet Union makes it easier for Kremlin planners to use resources abroad and makes such activity possible on a far grander scale. The Soviets now can have some butter along with their guns, and use a lot of both to support their foreign policy.

The proof lies in the record of stepped-up activity. Soviet foreign trade increased six times between 1938 and 1957. In the ranks of trading nations, the USSR rose in the same period from sixteenth to sixth place. The proportion of this trade with other Soviet-bloc nations has been dropping -- from 80 percent in 1955 to 68 percent in 1957. This decline is more than absorbed by trade with the new Asian and African nations, which increased more than five times between 1953 and 1957.



## Many Trade Pacts

The Soviets have signed a total of 151 individual trade agreements with underdeveloped nations. In addition, they have distributed some \$2 billion in foreign aid since 1954, only one-fourth of this being military aid. Deliveries, we are at last forced to admit, are good. All arms aid has been delivered. Half of the economic assistance has been assigned to specific projects, with about 15 percent of the commitments already paid out.

Among these commitments are the following: Egypt got \$175 million in economic aid in 1957, with \$170 million more promised, plus \$100 million in arms. Yemen received \$80 million with \$20 million more offered by the Soviet Union and \$15 million more by China, plus \$30 million in arms. Indonesia received \$100 million for expansion of construction, plus experts for atomic development. India got a \$115 million credit for a steel mill, plus \$126 million for other plants and machinery. Iran has agreements on transportation, construction of silos, joint utilization of rivers, oil drilling machinery, and sugar-rice exchange. Other countries who have received Soviet aid include Syria, Afghanistan, Burma, Pakistan, and Ceylon.

Another major Soviet export is trained personnel. About 2300 Soviet technicians are working abroad in supervising the foreign aid programs.

All of this poses for us a serious but simply stated challenge: Either we pitch in to meet the needs of the uncommitted nations, or we must reconcile ourselves to the continued growth of Soviet influence in these countries. It is foolish to hope that the Soviets will form close economic ties with these countries without striving for general positions of influence, advantage, and ultimate control.

To meet this challenge, we must use our own great resources to advance our legitimate interests. First, we must have a better grasp of what those interests are. Second, we must understand that our own industrial base is still so enormous that an effective program of economic activity abroad need not result in a great diversion from domestic consumption.

Our problem is not lack of resources to meet the Soviet on the economic battleground. It is instead the half-heartedness with which we have planned and pursued a marshalling of our resources to achieve effective results.

Unquestionably, the overall amount of our foreign aid must be expanded. An authoritative MIT study project has estimated that the maximum capital investment which could be effectively utilized in underdeveloped countries is about \$2.5 billion per year. Of this, the United States should supply about \$1.5 billion in addition to our agricultural abundance. Some of this amount will have to be in the form of grants, especially for technical assistance. Some of the nations concerned are so lacking in professional resources as to make it impossible for them even to suggest projects worthy of receiving aid from abroad.

But most of our foreign outlay can consist of loans. Right now several agencies are engaged in financing projects abroad -- the Development Loan Fund, the Export-Import Bank, and the World Bank, in which we participate. However, we must find some means of escape from the banking approach that has dominated these agencies. Our loans now carry quasi-commercial interest rates of 4 to 6 percent.

### Offer Lower Interest

The Soviets, not facing a private money market, offer their loans abroad at  $2\frac{1}{2}$  percent. In reply, our Administration spokesmen point to the 40 year repayment time of many American loans as compared with the usual, though not universal, 12 year term for Soviet loans. Yet this does not meet the attractiveness of the Soviet interest rate. Furthermore, Soviet loans are flexible. Often interest does not run until the facility constructed begins to make returns -- sometimes as long as eight years after the loan is granted.

I believe that our government could do much more to tap the reservoir of private capital in this country for overseas investment. Hesitancy to loan because of political instability could well be overcome by government guarantees on the principal as well as the cost of the money. Two advantages would be gained through extensive private participation -- the total supply of capital

would be raised, and the technical know-how of private corporations would be available to the regions where that is the scarcest commodity.

This leads to another point -- the issue of making aid dependent upon political considerations. The Soviets, for whom political considerations are uppermost, have kept their aid free from visible strings. They make huge grants to Egypt, where the Communist Party is banned. They aid the reactionary monarchy of Yemen. They aid neutralist India. Communist leaders apparently are content to await long-term returns through general goodwill, or through the potential for moving in when the situation is ripe, as in Indonesia, after their technicians have established a base of operation.

The only effective counterbalance is for our own acts, as well as our proclamations, to be scrupulously free from demands for short-run political recompense. We simply must quit asking or implying a quid pro quo for our grants, making them instead on grounds of assuring economic and political self-determination, two goals that are eminently American, without being at all incompatible with the objectives of the recipient nations.

Much more of our foreign aid should be funneled through the United Nations or regional organizations. Two advantages of multilateral over bilateral arrangements are immediately apparent.

First, our funds would go at least twice as far, because our efforts would be pooled with those of other contributing countries, and a large measure of local self-help could be expected. We should not slavishly hold to some arbitrary limitation on the extent of our participation.

Second, U.N. administration would eliminate all possible charges of American domination of internal affairs of recipient countries. At the same time, it would not be necessary to accept and support the political and economic status quo of these countries, which so often lacks the support of the populace and which is a barrier to real advancement. U.N. technical advisers might best be able to encourage needed reforms.

We have, of course, supported the technical assistance program of the U.N. Last year, we proposed a \$100 million expansion of this effort for special projects. Yet we have refused to back a larger fund for capital development (SUNFED) even though this was the demonstrated desire of most other countries. If we could only summon the imagination and will to exert a major effort, we could challenge the Soviets to forego their secret, selective, self-serving programs and instead participate openly in developments that would be above suspicion.

Another necessity of the hour is for us to expand trade opportunities. The Communist line has always been that the capitalist countries desire to keep underdeveloped nations in a colonial status, economically, if not politically. Thus, they say, the Western powers attempt to keep one-crop or one-mineral producing countries in a dependent relationship of supplying raw materials and buying manufactured products. Soviet leaders have made much of the current distress resulting from falling commodity prices. Inevitable depression in capitalist nations has always been a cardinal point of Marxism.

On the other hand, the genuineness of our own propaganda effort rests on the superiority of our economic system in bringing benefits to all our people. We must assure ourselves that the fact does not belie the claim.

#### Need Commodity Pacts

The unevenness of American trade in particular, and of our economy in general, should not wreck the economies of our customers and friends. A way must be found to stabilize commodity prices through agreement, and to promote intelligent diversification of underdeveloped economies through enlightened practices in foreign aid.

We must assiduously devote ourselves to the felt needs of the new countries to develop, and accompany this with an information effort that leaves no doubt that this is what we are doing. The claimed interest of the Soviet Union in the uncommitted nations can be shown up. They say to the underdeveloped

countries:

"We are better partners, we are natural allies, because our market is stable and is not subject to price rigging fluctuations.... There are no trade barriers and restrictions, and no regional closed markets or preferential tariffs. There are no customs acrobatics which violate normal trade relations."

We can prove that the Soviet interest is negative; that their policy toward their own bloc countries is truly colonial in keeping them dependent; that they feel impelled to dictate, as to Tito, the course of each nation's development; that they camouflage their real aims; that their appetite for influence is bigger than their capacity to aid; that their policies are to create tensions between the nations they "assist" and the rest of the world.

But if anything is now clear, it is that we cannot stumble along on a year-to-year patchwork program of reacting to individual threats as they become crises. Instead, we need to embark upon a long-term program of combined effort toward freedom, peace, and progress, in our own land as well as in our policies toward other nations. Domestic and foreign programs, to be effective, must be all tied together. No move can be made successfully unless it is combined with connected moves.

#### Must Lead For Peace

We cannot exercise defensive military leadership in Europe, unless we are also constantly standing forth as the leader in searching for peace and disarmament. We cannot hold up the flag of liberty in Peru or Venezuela, when our economy is too weak to take the products on which they live. We cannot demand of Europe that it join us in making funds available for the peaceful growth of the Middle East, when we cut off their trade with us. We cannot grow strong ourselves, unless our efforts provide new markets for our food and fibers abroad. We cannot take action without an accompanying information effort to keep from being misrepresented. Unless we pursue this combined effort on all fronts, the failure on one will cripple the others.

Somehow, we must act in a large, positive way to teach the new nations that improvement is a deliberate process, based upon goodwill and international responsibility. Our obligation to meet this Soviet challenge is moral, as well as economic and strategic. I hope that we can still muster the leadership to respond adequately and in time.

Let us demonstrate to the world that we are mature, that we are capable of leadership. Let us demonstrate to the world that we understand the economic problems of others. Let us demonstrate to the world that we welcome competition.

Let us demonstrate to the world, by deed as well as word, that only through competitive enterprise and the building of enterprise, can you lift the standards of living -- not only of ourselves but of the rest of the world as well.





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