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Stuart Symington Presents Economic Challenge

EXTENSION OF REMARKS

OF

HON. CLAIR ENGLE

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Monday, June 29, 1959

Mr. ENGLE. Mr. President, on his recent trip to California, our colleague, the Senator from Missouri [Mr. SYMINGTON] delivered an excellent address before the Commonwealth Club in San Francisco, one of the finest forums on the west coast. I believe that Members of Congress will find of interest these thoughtful remarks on the realities of the present world situation by the junior Senator from Missouri, and I ask unanimous consent to have the text of his address printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR STUART SYMINGTON, BEFORE THE SAN FRANCISCO, CALIF., COMMONWEALTH CLUB, MAY 29, 1959

Back in the early twenties, in what has sometimes been termed the era of wonderful nonsense, a Frenchman named Dr. Emil Coué attracted a vast national following with a simple formula for uncomplicated living.

Americans flocked by the hundreds of thousands to the Coué Institute to hear the master intone the magic words: "Day by day in every way I am getting better and better."

The Coué system, as it was called, was perfectly suited to the times. It was the period of the convivial Harding and the silent Coolidge, a period when the sole object of national desire was summed up in Garbo's famous proclamation: "I want to be alone."

The art of ignoring the obvious was carried in those years to its highest perfection.

Painful truths were smothered in a thick meringue of self-confidence that was really self-doubt.

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Then in October 1929 the bubble exploded. The dream vanished.

The painful truths struck home. The era of wonderful nonsense dissolved into the bitterness of the morning after.

The Nation which had allowed itself to be hypnotized by the self-assurance of Emil Coué would have been far wiser to heed the warnings of another Frenchman, Emile Zola, who had written, "If you shut up truth and bury it under the ground, it will but grow and gather to itself such explosive power that the day it bursts through it will blow up everything in its way."

It is in the spirit of the second Frenchman, and not the first, that I would speak with you today.

For a long time I've had the unpleasant feeling that we are living through an echo of the 1920's. In certain respects, we have shown as a nation in the last few years the same disastrous disposition to hide from the facts, to delude ourselves with slogans and tidy formulas.

Nowhere has this tendency been so striking, and nowhere does it hold such explosive potential in Zola's sense, as in our seemingly inexhaustible capacity for underestimating the nature of the current problems incident to our position in the world today.

Seven weeks ago in New Orleans, Allen Dulles, the Chief of the Central Intelligence Agency, made an important address. It was a speech intended to alert the American people to the economic challenge of our possible enemies.

It was closely packed with disturbing information, gleaned from the best and presumably the latest intelligence reports.

It was a chilling report, which ought to have sobered a great number of people.

Tucked away in the text, however, was a warning not to take the claims of the Soviet 7-year plan at face value; and amazingly, press reports of the New Orleans speech featured this lone bit of reassurance and all but ignored the rest.

Readers who had before them both the news report and the complete speech must have had great difficulty in believing one was taken from the other.

Most of us simply do not want to believe that the Russian economic threat is as great as it appears to be—and we are ready to

grasp at every little straw which offers us reassurance.

The biggest fool is the fool who fools himself.

Certainly we ought not to accept Soviet statistics at face value.

Certainly we ought to realize that Soviet economic progress begins from a lower absolute base.

Certainly we ought to stipulate that our economy is a good deal more mature than Russia's.

Certainly we ought to concede that in some of the areas where they are going all out to increase production we are producing more now than we can possibly use.

Certainly we ought to admit that the crucial question is not how much of an economic increase, but what kind.

Yet when all of these stipulations and concessions are made, I can derive no comfort from the valid comparisons which remain.

One carries in one's mind's eye the picture of the jovial ruthless Nikita Khrushchev warning the West in his blunt and confident fashion: "We declare war upon you in the peaceful field of trade. We declare war. We will win over the United States. The threat to the United States is not the ICBM, but in the field of a peaceful production. We are relentless in this and it will prove the superiority of our system."

The Soviet 7-year plan envisions an annual expansion in production of 8.6 percent, and concedes us an annual increase of only 2.2 percent.

"If this is true," Mr. Dulles told his audience in New Orleans, that is, if we are unable to increase production more than 2.2 percent a year, then—and let me emphasize—"the United States will be virtually committing economic suicide."

The Chinese Reds today, after a decade in power, are well ahead of where the U.S.S.R. stood at a comparable stage in its development.

This progress has been made possible partly through Soviet aid and partly through one of the most unbelievably inhuman slave labor programs in modern history.

The tragedy is, we are not now maintaining even the rate which Allen Dulles says is the equivalent of economic suicide.

Handwritten initials and scribbles at the bottom of the page.

From 1953 to 1958, U.S. production moved ahead and sideways and backward; and in the overall, achieved a forward progress of only 1.3 percent a year.

This is not just a two-sided competition. The economic transformation now underway on the Chinese mainland is, in its way, even more significant than the performance of the Soviets.

In the 6-year period from 1952 to 1957, the Chinese Communists increased their production of coal at an annual rate of 14 percent; their production of oil, 28 percent; electric power, 21 percent a year; iron, 25 percent a year; steel, 31 percent a year.

The Chinese rate of growth far exceeded that of the Soviet Union in the period of the first 5-year plan, 1928-32.

Soviet steel production in that first 5-year period went up 8 percent a year: The Chinese Communist rate, as I noted a moment ago, was 31 percent a year.

The Chinese have done this by methods that almost defy belief. They have been producing steel in backyard furnaces employing human muscle power in numbers estimated at anywhere from 20 to 50 million persons.

Peiping radio claimed last year that the Chinese Communists have already outstripped Great Britain in the production of pig iron and coal.

Our own intelligence confirms that Sino-Soviet steel production in the recession year of 1958 exceeded that of the United States.

Communist China is challenging Japan for the economic leadership of Asia. By 1965 it is clear the Sino-Soviet empire will be the largest economic power on the Eurasian land mass, exceeding the combined output of Western Europe and Japan.

Let me commend to your attention a study entitled "The Sino-Soviet Economic Offensive in the Less Developed Countries," published by the Department of State in May 1958.

The study is available in condensed form in a pamphlet entitled "The Communist Economic Threat," released this past March.

It shows that since 1954 the countries of the Sino-Soviet bloc have extended some \$2.4 billions in credits and grants to 18 underdeveloped countries.

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More than three-quarters of a billion has gone to furnish arms to the Governments of Egypt, Syria, Iraq, Yemen, Indonesia, and Afghanistan.

On the economic side, the Sino-Soviet bloc has devoted itself to penetrating with capital resources and technical personnel the least stable of the uncommitted nations of Asia and the Middle East.

The Soviet Union has loaned \$132 million to India for construction of a giant steel mill at Bhilai in the central part of the country; and other credits for purchase of Soviet goods.

India has received \$304 million in economic aid from the Sino-Soviet bloc during the past 4 years.

Soviet technicians are descending on India in wholesale lots. And many Indians are receiving special training in the U.S.S.R.

The object of these aid programs is somewhat more subtle than the arms deals. The steel mill at Bhilai, for example, is fully under the control of Soviet technicians and engineers. It is, therefore, a demonstration project of Soviet industrial prowess. This is propaganda of achievement, the most convincing kind.

Moreover, it is clear that the Communists hope to infect their temporary charges with Marxist dogma, and then leave them behind as a kind of Trojan horse.

The Russians are also out to crack the Western trade marts.

Between 1952 and 1956, the Soviet bloc increased its trade with Latin America by 609 percent.

The political usages of trade connections are too complex a matter for treatment here.

However, I would like to point out two techniques which the Soviets have used to great advantage.

In some cases, they have offered to buy goods—Egyptian cotton, for example—at prices well above the prevailing market.

The result is a diversion of trade leading eventually to the disappearance of the previously existing outlets. This leaves the trading nation at the mercy of the Communists—and experience teaches that it is not a very tender mercy.

The Soviet bloc has also utilized its vast and growing economic power to upset normal trade conditions by dumping commodities on the market, thus destroying the price structure.

This is a powerful weapon, and permits the most persuasive blackmail. We will see a good deal more of it in the years ahead.

The inescapable lesson, it seems to me, of all these statistics and facts is that we cannot afford to drift complacently along, consoling ourselves with ready slogans.

We must make a concerted effort to step up our own rate of growth to 4 or 5 percent annually.

And I believe this can be done without experiencing ruinous inflation.

The classic definition of inflation is too much money chasing too few goods.

So far, all our efforts at controlling inflation have been directed at limiting the supply of money.

I am not satisfied that budget balancing is the end-all and be-all of sound economic policy. In the face of the Sino-Soviet challenge, it may be a one-way ticket to disaster.

We must either face the facts, or face the music.

But we can't face the facts unless we know the facts. That is why it is so important for the people to have the truth. In this connection let me quote a remark made last month by the president of the American Society of Newspaper Editors, who said: "Our gravest danger is that we may learn to think we can reconcile freedom and secrecy—that we can have them both."

Yet, if I am certain of anything at all, I am sure that if we proceed as we are proceeding, toward more and more secrecy, we shall have less and less freedom—and one day we shall pass the line that distinguishes free and open government from secret and absolute government.

The strength of a nation depends upon the will of the people, and in our democratic form of government that will can function properly only when the people are informed.

That is why it is so important for the people to know the truth—then they will do whatever is necessary to remain strong and free.