Chapter III

OUR UNSOLVED PROBLEMS AT HOME

While the United States faces formidable challenges in the world at large, it also faces major challenges at home. Yet, as the cliché has it, each challenge is an opportunity.

Unemployment Persists

In spite of more than four years of uninterrupted economic expansion, unemployment remains intolerably high and persistent - one of our basic unsolved problems. The slowly declining unemployment rate is a hopeful sign but the improvement is not nearly enough. Vastly increased numbers of young people are entering the labor force as the babies born shortly after World War II reach working age. In addition, the accelerating pace of automation and other forms of technological advance threatens to displace increasing numbers of workers from the jobs they now hold. In the face of these conditions, our economy will have to achieve an ever-increasing rate of growth merely to keep unemployment from rising again; even more strenuous efforts will be necessary to reduce it from its present unhappy level.

In 1961, when the unemployment level was at an alarming_____% of the work force, the administration committed itself to reducing the figure to 4% by the year_____ as an interim level, from which, through further intensified effort, the drive for full employment and full production could be mounted. It is important to understand that the 4% figure was to be no more than a "weigh station" along the road to a full employment economy. As the economy expanded in the ensuing years and the unemployment rate declined toward the interim goal of 4%, increasingly this "interim" goal became fixed as the "ultimate" goal. Spokesmen within the Council of Economic Advisers voiced concern, not so much for the still unemployed, the needy, the continuing lack of jobs for millions able and willing to work, but for the short supply of manpower in certain skills, for the need to deemphasize the job opportunity creating aspects of early retirement. Business Week, in November 1965, when the Department of Labor announced a 4.2% unemployment level, reported: "_____". The partially successful reduction in the unemployment rate is diverting attention away from the ultimate goal of eliminating unemployment. A nation with our resources

and our unmet needs cannot rest happy while _____ of its breadwinners are idle. No other industrialized nation is willing to accept 4% unemployment as "normal". In fact in other countries of the West, such a level of unemployment would threaten the political stability of government and compel immediate remedial action. In _____, when the unemployment rate reached 2.5% in England, a crisis resulted and, under a Conservative government, measures were introduced promptly to meet the problem. In modern industrialized nations, the average rate of unemployment for the past _____ years has been far below that of the United States, a constant reminder of what is economically possible and a desireable achievement for the United States to emulate.

The latest available figures indicate that the rate of unemployment in the United States remains far above the unemployment rate in six other major industrial countries. In 19____, for instance, unemployment in France was at a rate of _____%, in Germany _____%, in Great Britain _____%, in Japan _____%, and in Sweden _____%. These rates of unemployment reflect an adjustment in definitions to compare with the American definition of unemployment. Only in

a war time economy has the United States approached this full employment level.

A closer analysis of the unemployment problem in the United States, however, provides a truer reflection of the situation. To speak of an overall average rate of unemployment is to hide the dangerous undercurrents which lie beneath the surface. People still drown in brooks whose average depth is three feet; they happen to slip where the water is over their head. A breakdown of our unemployment figures discloses the real dangers in the cold statistical figures. For while the average rate is_____%, the rate for Negroes is almost double, _____%. And the rate for our young people, stepping into a difficult world they did not help to make, is _____%.

The _____able and willing would-be breadwinners who still seek a job are not just ciphers in a Department of Labor statistic. They are people, many with families to support, who yearn for a better life. They want to see shoes on their children as they trudge to school; they want, in the words of Phil Murray, "a rug on the floor, pictures on the walls and music in the home". The shame of America is that they are still denied the opportunity to fulfill their

dreams and their aspirations because we have failed to give them the chance to work.

The official figures on unemployment tell only part of the story, however. They fail to take into account the vast numbers who are partially employed and those who, disillusioned and dejected, have surrendered the hope of ever finding a job. The Department of Labor asserts that when these millions who are able and anxious to work are added to the official unemployment figure, the rate of unemployment is closer to _____%. If a figure of _____% is dangerously high, a figure of ____% is intolerable - especially in a society that has learned to create abundance and boasts of its affluence.

Statistics show that the little nation of Kuwait has the highest per capita income in the world. Its wealth is shared so unevenly by its people, however, that a mere handful live in splendor while the vast majority live in unimagineable squalor. Affluence in the United States has passed by many millions of its citizens; it remains tarnished by its unwillingness to share its abundance more equitably among its people.

The Danger of Inequitable Distribution of Wealth

Describe how the inequitable distribution of income creates a hazard for the economy and relate it to the causes of the recession of the 30's.

Currently 5% of the top income families receive 20% of the National income and 20% of the bottom income families receive less than 5% of the national income.

From the second quarter of 1960 to the second quarter of 1965, wages and salaries rose by 32% while profits rose by 62%.

Our Unmet Needs

~~At the same time~~, Our nation is still faced with vast needs which we have failed to meet. The first of these is the basic need of millions of American families and single individuals for enough income to provide an acceptable minimum of food, clothing and shelter. Studies by the Social Security Administration show that there are still 50 million Americans who "live within the bleak circle of poverty or at least hover around its edge," people whose standard of living provides less than 30 cents per meal per person, and a corresponding minimum for other bare necessities.

The tragedy of poverty in our country is that it is so unnecessary.

There are far greater depths of poverty in other parts of the world -- in Asia, in Africa, in South America. But most of that poverty exists simply because there is too little wealth to go around, and too few means available of producing more. That does not mean that it is incurable; what we can

and must do to help cure it is a major theme of this book. But outside of North America and Western Europe, most of the world's poverty is a direct result of people's inability to produce all they need.

There is deep poverty in the world. It is visible in its ugly nakedness in Asia, Africa, Latin America -- in sections all over the globe; but in most areas poverty exists because there is too little. In the United States, however, poverty exists in the midst of abundance and for that reason poverty in the United States is sinful and immoral, particularly in the face of the values we cherish.

In 1963 I visited Kenya as a special ambassador appointed by President Kennedy to represent him at the Independence Celebration commemorating the establishment of that nation as an independent state. During my visit I had the opportunity to visit many sections of Kenya, Uganda and Tanganyika, traveling to the villages and to their little family farms. The average income

of a family in Tanganyika at that time was $55 a year. Poverty here is stark and uncomprising. Yet the poverty in America's slums and among the deprived farm workers is much more tragic than is the poverty in Tanganyika. For poverty in the United States is not only economic poverty; it is poverty of the spirit.

In Tanganyika a family earning $55 a year had a sense of belonging, a sense of human worth and value. They were poor economically but they were not poor spiritually. In the United States the poor are not only robbed economically; they are shut out of society, forgotten people, denied a sense of belonging, a sense of participation. America's poverty is therefore more destructive of human values than is poverty anywhere else in the world.

But we in America permit poverty to exist in the midst of abundance. This is a greater moral sin in terms of our values than the existence of poverty anywhere else in the world.

To bring all of the 50 million Americans who live on less than 30 cents a meal up to that meager level would require an addition of $20 billion a year to their incomes. This represents only 3 percent of the total value of a year's production in our economy. It is less than half the amount we spend each year on alcohol, tobacco and recreation.

But private poverty is only one aspect of the needs we have failed to meet. There is a widespread public poverty which diminishes the quality of life for all of us. The New York Times on May 23, 1965,

said editorially:

> "The United States, in the ordering of its domestic affairs, continues to offer to the world the curious spectacle of private affluence in the midst of public poverty. The economy is booming, profits and wages are rising, and the stock market makes new highs; but public services are starved for funds.
>
> "The nation's schools, hospitals, libraries, museums, parks and charitable agencies are short of fully trained professional employes. Buildings are overcrowded and salaries are low. In New York City, the problem of staffing schools in Harlem and other slum areas is critical. In Oklahoma, teachers are contemplating what would be, in effect, a statewide boycott because of chronically low salaries.
>
> "Many small towns across the nation are desperate to recruit doctors who will serve as general practitioners, and the doctor shortage is worsening. Yet all the while the sales of air-conditioned luxury automobiles, of mink coats, of gourmet foods and imported vintage wines steadily rise."
>
> * * * *
>
> "The moral of these prosperous years is plain: prosperity is not enough. Private spending and private initiative cannot clear the smoggy air, clean the polluted rivers or abolish the hideous slums. More money in private pockets cannot teach a child, police a dark street or enable an overworked doctor to be two places at once. If the national purpose of a just, compassionate and truly free society is to be achieved, the President, the Congress and an informed electorate must see to it that the public needs of the national community are fully met. They are not being met now. The nation's priorities are still out of order."

Putting these priorities into order will require an immense public effort. In order to meet the requirements of a growing population and reduce the backlog of unmet needs which has piled up through years of past neglect, during the next _____years we will have to build, on the average, _____, new homes per year, _____new schoolrooms per year, and hospital facilities to accommodate _____additional hospital beds per year. Vast projects must be undertaken to cleanse our polluted air and water supplies to meet the growing threat of water shortages, to harness flooding rivers and to conserve and protect our lands, forests and beaches. Merely to clear the traffic jams from overcrowded streets and highways and to provide for swift and economical mass transportation is a tremendous task.

We have failed to do these things, not because we lack the techniques or physical means to do them, but because we lack the necessary will and social organization. Our basic dilemma is that we are making accelerated progress in the physical sciences and in technology, in the art of working with machines and producing goods, but there is a growing gap between our swift advances in the physical sciences and our limping progress in the human and social

sciences. In particular, we have learned the techniques of producing abundance, but we have not yet learned the techniques of gearing that production to ~~the~~ meeting ~~of~~ human needs.

The Cost of Doing Less than our Best

Our inability to make use of our potential abundance means, of course, that we lose the opportunity to produce all that we have the capacity to produce. We suffer from idle capacity and high unemployment. As this is written the official unemployment figure is ~~still~~ $4\frac{1}{2}$ percent. If we include all of the part time unemployment, and the people in Appalachia and elsewhere who are not counted in the official figures because they have given up hope of finding a job, the figure would probably be close to 7 percent. It would be even higher if we had a measure of the extent of underemployment -- Negroes, for example, who because of discrimination are required to accept jobs inferior

to those for which they are fitted by education and natural capacity. It is a shocking commentary on the continuing impact of discrimination that the average young Negro high school graduate has to accept a job paying less than is earned by the average employed white dropout. But this is only one aspect of underemployment. There are the millions of workers, both white and colored, who need education or training in order to make full use of their natural capacities. There are the older people, displaced from their regular jobs and forced to accept inferior work because of prejudice based on age. There are the men and women eking out a living on marginal farms, fully employed in the sense that they are working hard enough, but underemployed in the sense that they are producing far less than would result from the same amount of effort in a more productive occupation.

This failure to make full use of our human resources has cost us dearly. The cost in wasted, unfulfilled, frustrated lives is beyond human

reckoning, but the economic cost can be added up, in part at least. Based — without accounting for the partially employed and the underemployed — only on the official measurement, unemployment in the past 11 years has cost us 36 million man-years of productive work. That's not manhours, its man-years of potential production that we simply threw away. We can never recover it now, because an hour of human labor is the most perishable economic value in the world. You can make a ton of steel in 1965, and if you don't need it right away you can put it in a warehouse, and use it in 1966 or 1967. You can raise a bushel of corn and put it in a granary to be used later on. But you can't store up an hour of human labor. If you don't use it when its available, you never get a second chance -- it represents an irretrievable economic loss. And we lost 36 million man-years, gone forever down the economic drain.

To add to our loss, operation of our economy at less than full capacity has held back the productivity of those who have been employed. Not only have we made less efficient use of workers, but retarded growth has also

meant less investment in new plants and equipment which would have increased the average level of efficiency.

What does all this mean?

It means that if we had had full employment, if we had had full production, if we had had the greater rate of economic growth and the faster rate of productivity advance that full production and full employment would have made possible, in those eleven years we could have turned out roughly $936 billion more in total goods and services than we actually did.

It is difficult to visualize a sum like $936 billion, but it becomes more meaningful when you calculate that if this amount were distributed equally among all the American people, it would have meant $21,000 additional income for every family of four people -- from the family in the Park Avenue penthouse to the sharecropper on the Mississippi Delta.

Of course, in practice we would not have used all that additional wealth to increase personal incomes. Some of it would have had to be used

to build the new plants that full production would require. And I sincerely hope that much of it would have been used to meet the public deficits in our national life today. Here are some of the things we could have done with $936 billion.

We could have doubled the meager Social Security benefits we now pay to our retired citizens. We could have built enough good homes in decent neighborhoods to have cleared away the slums. We could have built enough new hospitals to end our deficit of over a million hospital beds. We could have doubled the amount we spent on highway construction and made a real frontal attack on the problem of highway congestion. We could have built the 800,000 new school classrooms we need, and raised the annual salary of every teacher by $1,500. We could have provided three million scholarships a year, averaging $2,000 apiece, to insure genuine equality of educational opportunity. And we could have tripled our foreign aid program ?

during the eleven years, to share our abundance a little more generously with those who have so much less than we.

These represent the potential progress we failed to achieve because we tolerated instead the tragic waste of human and physical resources.

The Problems that Lie Ahead

The significance of our failure to make full use of our productive capacity in the past is underscored by the fact that our potentialities for growth and our need for growth will be still greater in the years ahead. We will have to create new jobs faster than ever before in peacetime if we are to achieve full employment, or even to prevent unemployment from rising to disastrously high levels.

Two factors in particular will intensify this problem. The first is the "population explosion" which occurred immediately after World War II. As I noted earlier, the babies born in the late forties have now grown up and are beginning to flock into the labor ~~market~~ force. This is part of the reason why teen-agers make up so much larger a proportion of the unemployed than they have in the past.

During the whole decade of the 1950's, the size of the work force in the age group 14 to 24 increased by only 400,000. In the decade of the 1960's, they are expected to increase by 6 million -- 15 times as fast. We will have to create new jobs faster, simply because there will be so many more young people seeking their first job.

The second factor which requires us to create new jobs at an ever faster pace is the spread of automation and other forms of technological progress. If 50 men today can produce what required 100 men's work a few years ago -- and they can -- then 50 additional jobs have to be created to maintain the same level of employment. And our problem is not just that technology continues to advance, but that with time it tends to advance at an accelerating pace.

Currently our fastest computers perform at an impulse cycle of three-tenths of a millionth of a second. That means that each three-tenths of

of a millionth of a second, a computer will make a calculation exactly as it is instructed to do with the information fed into it. We are told, however, that a more sophisticated computer is being perfected which will operate a thousandfold faster. It will perform at an impulse cycle of three-tenths of a billionth of a second. It is not possible really for the mind to comprehend the incredible speed of this kind of performance or even the accelerated pace of technological development that a thousandfold improvement in one jump represents. Perhaps, however, we could understand better the impact of this technology by describing a hypothetical example of speed.

Let us assume that we could build a ribbon of road from the earth to the moon. Assume further that we would walk along this road, taking one average step each time the computer recorded an impulse. The distance each way is 240,000 miles, yet we could walk to the moon and be back home again -- a distance of almost half a million miles -- in less than 1/3 of a second!

The fact that the pace of technology is accelerating is amply supported by studies made both by the Bureau of Labor Statistics in the U.S. Department of Labor and by private economists. And there is every reason why this should be so. New technologies are

built upon the foundations of knowledge already gained -- and every year that foundation of knowledge is being vastly enlarged. This is particularly the case in our generation because of the unprecedented efforts which we are putting forth in the fields of scientific research and engineering development. Never in the history of mankind has so much money, effort and scientific imagination been devoted to the deliberate planning of technological breakthroughs. It has been estimated that of all the scientists who have been born since the beginning of the world, 90 percent are alive and at work today. And a large proportion of them ~~are~~ is engaged in producing and enlarging tomorrow's quota of revolutionary advances in technology.

The result of the new technologies is that in many industries production has soared to record heights, while employment has failed to increase significantly, or has even declined. In manufacturing as a whole, for example, production worker employment in the first nine months of 1965

was only fractionally higher than it was [redacted] back in 1947 -- 13.3 million compared with 13.0 million in 1947 -- but the index of manufacturing production showned an increase of 116 percent. In agriculture, between 1947 and 1964, productivity per manhour increased by a fabulous 174 percent. But farm employment -- including self-employment -- declined by over 40 percent, with the result that actual farm output increased by only 26 percent.

The prospects for the immediate future are for a continuation of the same trend in many industries. In 1964, the Bureau of Labor Statistics made a study of prospective technological developments and their probable effect on employment during the rest of this decade in 36 industries, ranging from coal mining to food processing. Two or three of the industries were broken down into divisions, making 39 groups in all. In 18 of the 39, the study anticipated a decline in employment by 1970, in spite of prospects for increased output in most of them. In 7 others, the employment trend

was considered "uncertain"; a typical statement is that for the electric

power industry:

> "Despite output gains, greater efficiency may result in stable or declining employment."

In only 14 of the 39 was there a clear prospect of expanding employment,

and in many of these the rate of increase in jobs was expected to slow down.

The projection for the printing and publishing industry was typical of many

others:

> "Output is expected to increase but more efficient processes may slow employment growth."

So far, the effects of automation have been felt chiefly by plant

production workers, but it is very likely that in the near future it will have

an equal or even greater impact on office white-collar workers. After all,

a major function of the computer is the collection, organization and use of

information -- functions at which millions of office workers are employed

today. Already, computers are in widespread use automatically handling

payrolls and mailing lists, doing the most complicated bookkeeping tasks, keeping track of warehouse inventories and doing a host of other jobs formerly done by white collar workers. It is entirely within the bounds of possibility that within the next few years the displacement effect of automation on white collar workers will be even more severe than on blue collar workers.

To see the problem of automation in full perspective, we must realize also that the retarded rate of growth in the economy, particularly in the latter half of the 1950's, had a retarding effect also on the rate of introduction of technological advance. With a considerable proportion of industry's productive capacity idle, there was a reduced incentive to invest in new plant and equipment. Even though a growing proportion of the investment which did take place was for purposes of modernization as opposed to expansion, the impact of automation was reduced by the slowing down of investment. The corollary to this, of course, is that as we achieve faster

growth in the economy it will be increased by an acceleration of investment in automated equipment, so that the rate of increase in employment will be slower than the rate of economic growth. This is, in fact part of the problem we have been faced with during the past four or five years, when the economy has been growing much faster than it did in the preceding years, but the reduction in unemployment has still been very slow and unsatisfactory.

Wanted -- 90, 000 Jobs a Week

What do these two factors of population growth and an accelerating rate of productivity advance add up to? They mean that in the next ten years we will need more new jobs than ever before. Between 1965 and 1975, it is estimated that the labor force will grow by 16 million workers. During the same period, if we make use of our full potentiality for productivity advance, new technologies will wipe out 31 million existing jobs. Altogether, therefore, we will have to create some 47 million jobs in the next 10 years, or an average of 90,000 jobs every week.

To understand the magnitude of this task, you might make this comparison: General Motors Corporation, the largest manufacturing company in the world, has a little over 350,000 hourly rated workers employed in its U.S. plants. It doesn't publish the number of office workers, but they probably add 100,000 or so more, for a total of about 450,000. This means, then, that every five weeks, for the next ten years, we have to create the equivalent of a new General Motors Corporation, with 450,000 new jobs, just to hold our own.

So, on the one hand, we have a vast array of needs in our country which have still to be met -- the need of the poor for an adequate standard of living, the need of the whole country for more schools, more hospitals, more homes, for purer air, cleaner water and all the other amenities which determine the quality of life for all of us. And on the other hand, we have an intolerably high level of unemployment, and the need for our economy to grow faster than it ever has before if unemployment is not to rise still

higher. What is the answer to this paradox? How can we gear our vast potential for production, and the swift advances of technology, to the task of meeting our unmet needs?

The answer is that we must develop a new economic concept, that of the economics of abundance. Practically all economic theory in the past has been based on the economics of scarcity -- the problems of dividing up when you didn't have enough to go around. This has been true even of the most radical economists. The whole concept of Marxism, for example, is historically obsolete, because it is based upon the false notion that there is and always must be, in a free society, a struggle between various groups or classes over the division of economic scarcity. During most of human history there was some validity to the concept of a struggle to divide up scarcity, because there were more empty bellies than there was the capability to raise sufficient food, and there were more naked backs than there was the capability to produce sufficient clothing. Today, however, the challenge to America

is no longer how to divide up scarcity. The challenge is to find the way for free men to create new economic and social mechanisms, new forms of social organization and cooperation, to harness the vastness of our potential abundance and then, having created that abundance, to find means of using it to meet the total needs of our society.

One of the essentials in the economics of abundance is that we recognize the importance of demand. In the economics of scarcity, there is a constant concern lest demand should outrun our ability to meet it. (By demand, I mean here what the economists call "effective demand" -- people with needs to be met and money in their pockets to supply those needs. There were always people with needs and no money, but the economics of scarcity tried to pretend that they didn't exist.)

In the economics of abundance, there is much less need for concern lest demand should outrun supply. In the U.S. economy, that danger has been nonexistent for many years now. The danger is, rather, that demand

will be too small to enable us to achieve or maintain full production. In a free economy, nothing is produced unless there is demand for it, or at least, unless the producer anticipates that there will be demand for it. Thus, demand is the cogwheel that enables us to gear our productive capacity to the task of meeting our public and private needs. And our major problem is that the present cogwheel is too small, and has some vital teeth missing. So the economy advances too slowly to maintain full production and full employment, with frequent halts and backslipping.

The fundamental importance of demand has repeatedly been emphasized by the President's Council of Economic Advisers. Thus, in its 1963 Annual Report the Council said:

> "The slowdown of 1962 was rooted in the prolonged sag of demand below capacity that has continued since 1957. The forces that have kept us below full employment in the past several years persist. Our challenge now is to overcome them."

* * * *

> "In the past five years, the economy has been consistently out of balance -- with too little demand to match our supply capabilities."
>
> * * * *
>
> "...inadequate demand remains the clear and present danger to an improved economic performance." (emphasis added)

The following year, in 1964, the Council reported:

> "During periods of prosperity, a larger part of the nation's output is used to increase productive capacity through investment in plant, equipment and business inventories. If over-all demand rises rapidly enough to justify the added capacity, incentives for further growth of capital are maintained, and the expansion of economic activity continues. But when the growth of demand does not keep pace, business firms curtail further additions to capacity by trimming their investment outlays. The reduction in investment, in turn, reduces employment and income, thus converting the initial slowdown in the growth of demand into an actual decline in general economic activity -- a recession.
>
> "While individual recessions have their own features and their own proximate causes, reversals from expansion can typically be traced to a failure of demand to keep pace with the expansion of capital facilities." (emphasis added)

In its 1965 Report the Council again declared:

> "Whether our rapidly growing potential GNP will be fully realized as actual GNP during the remainder of this decade will depend upon the strength of aggregate demand." (emphasis added)

The quality of demand is important, as well as its quantity. The statistician interested only in measuring total demand may see no difference between $100 spent in a night club and $100 spent to buy books for a school library. But in terms of the quality of American life, there is all the difference in the world. If we are to make the most of our resources, and enrich our lives to the fullest, it is essential not only that government follow policies which will help restore demand to the level required for full production; it is equally essential that we reach agreement on a concensus of priorities that will direct the increase in wealth into the channels where it will best meet human need. I have already indicated what I believe some of the most important priorities to be.

The potential impact of full production on our economy can be readily shown. If, for the next 20 years, the economy were to grow at only the same average rate -- a little under $2\frac{1}{2}$ percent a year -- as it did from 1953 to 1960, by the end of that period the total value of a year's production would

have increased from about $670 billion in 1965 to about $1,080 billion in 1985. If the economy were to grow instead at the rate of 4 percent a year which it has averaged since 1960, by 1985 we would be producing about $1,470 billion worth of product a year. But were the economy to achieve and maintain the rate of 6 percent a year which full production would permit, the value of a year's production by 1985 would be almost $2,150 billion -- over three times as much as we produce today. Even allowing for population growth, our standard of living would be over twice as high as it is today.

For many of us, figures that large tend to lose their meaning. We can look at the consequences of sustained full production in other ways.

In 20 years, the tax base for federal, state and local revenues would be more than tripled. This would mean that all levels of government could, for example, double their spending in order to meet our public needs, and still cut tax rates by more than one-third. Ample revenues would enable

us to eliminate poverty and wipe out the slums, and in doing so would reduce the amounts required to be spent on police forces, courts, prisons and the other services society has had to develop to protect itself from the symptoms of its own sickness.

For business, full production would mean higher profits, not only through increased volume of sales, but because production at capacity is far more efficient and therefore more profitable than at part-capacity. Buoyant profits and reduced taxes, in turn, would provide both the means and the incentive for continuing high levels of investment to help maintain full production and lead to still faster growth.

For all of us, sustained full production would provide solutions to many of the problems that all the generations of men have yet been unable to solve. In a very few years it would enable us to wipe out poverty entirely -- not just in terms of bringing the poorest families up to some minimum level

of adequacy, but in terms of providing the material basis for a rich, full life for every man, woman and child.

It would provide the material means to remove many of the obstacles that impede our efforts to advance on the civil rights front. There is grave reason to doubt whether without full employment we can ever fully win the battle for equal opportunity for all. As long as men have to compete for the right to earn a living because there are not enough jobs to go around, prejudiced employers will find subtle ways to discriminate, and the bigots and fanatics in all races will find opportunities to turn men against one another. But when we have learned, through the economics of abundance, to create and maintain a full employment economy where every man's and woman's labor is needed and valued, where every person is given the opportunity to extend himself to the limit of his capacities and demonstrate his true worth, then the seeds of prejudice and hatred will find far fewer places to root.

There are those who will not agree with the proposal that we can restore full employment simply by gearing our productive capacity to the needs that have to be met. They will argue that too many workers are virtually unemployable -- that because of their age, their lack of necessary education, training or skills, their unwillingness to move to where the jobs are, or other similar reasons, they would remain unemployed no matter how many jobs were available.

That argument may soothe some uneasy consciences. It is a lot more comfortable to convince yourself that unemployment results from the deficiencies of the unemployed than it is to recognize it as a consequence of failure of our society as a whole. But the argument does not bear close examination.

It is true that unemployment is highest among young workers, unskilled workers and poorly educated workers, and that many of the unemployed live in depressed areas from which they are slow to move.

But the concentration of unemployment among these disadvantaged groups does not mean that they are unemployable, any more than the shamefully high rate of Negro unemployment means that the color of a man's skin has any bearing on his ability to do a job. Whenever insufficient demand restricts the total supply of jobs available, the impact is greatest upon workers with the least to offer in the way of skill, education and experience, and upon areas with the fewest economic advantages. But many of these apparent obstacles to employment will melt away like hoar-frost in the morning sunshine as full employment policies increase the demand for workers.

Experience has shown that as demand for labor rises, workers readily respond to job opportunities and employers adjust to the conditions they find in the labor market. Workers tend to move in large numbers from areas of high unemployment to those where job openings are plentiful. (We in the auto industry well remember how Detroit, in the years of rapid expansion of our industry, was populated in large part by families from Appalachia.) When there is real hope that training or education can lead to

a job, adult workers are far readier to undertake voluntary retraining, and potential dropouts have a motive to continue their schooling. Employers, in turn, abandon such unreasonable hiring standards as the requirement of high school diplomas for unskilled or semi-skilled work. They adapt jobs to the qualifications of the workers available. They vastly increase their own training activities. They send employment agents out to recruit workers in areas of higher unemployment, and in some cases even finance the relocation of such workers. Of necessity, they forget their prejudices, if they have any, against the hiring or promotion of workers because of their age, their sex or their skin color. They locate new plants, other things being equal, in areas of relative labor surplus. All this was proved both in World War II and again during the fighting in Korea, and it is being proved today in Western Europe where full employment is the prevailing situation, and every worker is precious. In Germany, where the demand for workers has long since outrun the supply of those available within the nation's borders,

over a million workers were brought in, mainly from Southern Italy, Greece, Turkey and Spain. The vast majority of these workers must have been lacking in factory skills, and their level of education was probably inferior to that of most unemployed Americans. Yet, they have been trained for the jobs that needed to be done, and they are employed today in large numbers in Germany's most technologically advanced industries.

What can be accomplished in a society geared to the concept of full production and full employment is well illustrated by Sweden. There, with an unemployment rate of less than two percent, and in a society which believes deeply in the dignity of work and the worth of the individual, every available manhour is made the most of. Employers are expected to notify local labor boards six months or more in advance of impending layoffs, so that plans can be made in advance to provide other job openings without delay. Financial assistance to help workers and their families relocate is

given generously and as a matter of course. Retraining is made available, not only to the unemployed but to employed workers who wish to upgrade their skills. Special efforts, including retraining or refresher courses where necessary, are made to enable women to return to the labor force when their families are grown up. Physically and mentally handicapped workers are provided with jobs which they are able to do, in which they can make their best contribution to the nation's needs and at the same time acquire a sense of their own worth.

And because it has given this kind of life and meaning to the concept of full employment, Sweden today, a small country with limited resources, has nevertheless achieved a level of production which enables it to enjoy a standard of living second in all the world only to that of the wealthy United States.

To recapitulate, then, we are faced with the paradox of great unmet needs, both private and public, at a time when we are failing to make full use of our potentialities for abundance. We are faced also with the certainty

that in the immediate future technological progress will vastly increase our potentialities for abundance. We are faced with the choice between using the new tools of automation to meet our unmet needs, or of standing idly by while unemployment rises to new and disastrous heights. We must develop a new economics of abundance, based on consciously planned policies to use our potentialities for production to meet the needs of all people in our society.

In formulating such policies, however, we must be aware also of the needs that exist beyond our own national boundaries. Our unmet needs at home are undoubtedly sufficient to take up the slack in our economy for some time to come, but to concern ourselves only with our own needs and to turn our backs on the far greater needs of those in other parts of the world would be both immoral and dangerous.

It would be immoral because the gap between our relative affluence and the back-breaking poverty of two-thirds of the world's

people is already far too great, and in recent years has been widening. To allow it to widen still farther would be morally unthinkable. I have been to some of those countries, where the <u>average</u> standard of living is materially far inferior to that of even the poorest American families. In Tanganyika, for example, the year I was there, the average family income was $55 a year. There are at least 29 countries in the noncommunist world where the total production of the economy is worth less than $100 per person each year, and a couple of dozen more where it is less than $200 per person. And the annual value of production in all the underdeveloped countries combined equals only 40 percent of the value of U.S. production.

As I have said before, the toleration of poverty in our country is in one sense more immoral than in these others, because we have the means to end our poverty tomorrow, and they have not. But it would be even more immoral for us to fail to concern ourselves just as deeply with their poverty as with our own.

It would be dangerous also because it would be the surest way of thrusting the have-not countries into the Communist camp. Elsewhere in this book I discuss at greater length the strong pressures that exist in underdeveloped countries to use authoritarian measures as the only possible means of enforcing the sacrifices that are inevitable if they are to make progress by their own unassisted efforts. If they see us sufficiently unconcerned with their problems that we are prepared to let the gap between our wealth and their poverty widen, while the Communists offer them not only material help but political and economic creed that seems to offer the only hope of success, the pressures to follow that road may well prove irresistible.

There is one other compelling reason why any program to make full use of our potential abundance must include a program to share it with others -- because I am convinced that the American people will demand it.

More than ever before, our people today are calling for a sense of national

and private purpose which will go beyond the goal of merely increasing our own affluence. Perhaps because we have lived for twenty years on the edge of a precipice, perhaps because we are beginning to see the incredible futility of the world's blind race toward nuclear destruction, more and more people are looking for something beyond themselves and greater than themselves -- something in which to believe, some goal toward which to work. There is a new sense growing in this country of our responsibility, as a nation and as individuals, to those who have been denied the opportunities we have enjoyed, and the good things of life which we take for granted. We see it in the responses, especially by the young, but by no means exclusively among them -- toward the civil rights movement, the war on poverty, the Peace Corps, and in the heated arguments about our country's foreign policy which took shape in the teach-ins. I believe we will see it again in the response to a program which can enable us to utilize our potentialities for abundance as a weapon for peace and progress throughout the world.

CLC:eh
oeiu42
10-29-65

A
~~THE~~ GRAND ALLIANCE FOR PEACE AND PEACEFUL DEVELOPMENT

A sober historical analysis of the mass of facts and figures, of argument and evaluation relating to the history of nations and people since the end of World War II points essentially to three basic problems confronting the world.

1. The continuing drift toward war and the overriding need for a viable proposal to achieve disarmament.

2. The staggering needs of the developing nations to achieve peaceful economic, social and political development.

3. The need to build firmer the structure of international cooperation for all nations and all people to enjoy.

In addition, we must find new avenues to develop in the free world a new sense of cohesion and purpose.

Then, of course, turning our sights inward on our own economic and social problems at home, we must find the way to interrelate the solution of world problems with our own.

The Struggle Between Conflicting Ideologies

The world scene today is torn between the drive of two antagonastic political ideologies for dominance in the world. Both the cold war and the sporadic

hot wars are essentially a struggle for men's minds and hearts and their loyalties. If those who love freedom and the guarantee of human rights are to make progress, if an effective lasting program to thwart the encroachment of communism is to succeed, if an enduring peace is to be won, we must meet the challenge not by using pions slogans about the virtues of democracy but by employing a positive program of action that can and does win an adequate measure of economic and social justice for all people. We must never make the tragic mistake of believing that freedom's fight - whether in Vietnam, Korea, the Congo, or in any other part of the globe - can be won on the battlefields alone. The fight for freedom can be won only by proof of the democratic deed. Men, women and children by the hundreds of millions are hungry and disease ridden and lack the basic educational rudiments for self-realization and self-fulfillment. They will not respond to verbal descriptions of a world filled with the painted promise of the democratic way of life. They will respond to the more tangible program that fills empty bellies, substitutes decent clothes for rags, offers books instead of guns and points the way to a better life.

Communist strategy on the world scene is to create a series of crises, each serious in its proportion and potential, designed to condition and

influence United States policy toward relying more on military power than economic power to meet the threat of communism. It attempts to compel a negative policy of military intervention and divert us from the pursuit of a positive program of social action - the only key to achieving economic security and human dignity for the poverty stricken peoples of the world. The fury of the communist attack upon the uses of peaceful development is symptomatic of its concern to thwart the free world from helping people help themselves to win a better life. In Vietnam, the Communists destroy the schools, they destroy the health centers, they assassinate medical advisers and teachers. For in these manifestations of peace, they see the greatest threat to their take-over.

Problems A Peace Offensive Must Resolve

It is for the free world therefore to take the initiative in developing and fashioning a positive strategy for peace. It can no longer rely simply upon responding to aggressive acts with the defensive use of military arms.

The negative strategy of deterrence must be replaced by a positive strategy for peace. Such a strategy for peace, to be successful, must

meet the fundamental problems noted earlier.

It must break the deadlock in disarmament negotiations and keep the evil genie of nuclear catastrophe permanently bottled.

It must lay the foundation for building a firmer structure of International cooperation.

It must free the energies and abilities of people in the emerging nations to raise their standards of economic and social well-being at an accelerated pace.

It must offer the free world a new opportunity for future progress.

At the same time, it must help meet the still unresolved problems, economic and social, in our own "affluent society".

The Strategy of a Rational Peace Offensive

How then can we fashion such a strategy for peace?

Perhaps we can learn from the example of collective bargaining in labor-management relations. For over 25 years, for instance, the United Auto Workers Union has sat in negotiations with a number of the world's largest corporations. The stakes in labor negotiations are large in terms of money and social progress but the stakes in disarmament negotiations and in the pursuit of peaceful world-wide

developments are infinitely higher since these latter involve nothing less than the survival of mankind. The difference in the size of the stakes, however, does not alter the fact that there are certain basic characteristics common to all negotiations. When both parties in the bargaining process get themselves committed to rigid, inflexible, uncompromising positions they are in trouble. Deadlocks in collective bargaining negotiations may result in a strike or a lock-out or both. A breakdown in collective bargaining can cause serious damage to the parties and in certain critical industries, to the whole nation. A breakdown in the search for peace, however, threatens the ultimate in damage - the elimination of human life from the face of our planet.

There is something to be learned from the art of collective bargaining which may help mankind avoid this ultimate fate. How do we break the deadlock between the opposing military and ideological forces confronting the world? What can be done to induce maneuverability in situations in which both parties are painting themselves into their separate corners? How do we break our way out when within the framework of the current world situation each party has forfeited its

initiative and become a prisoner of the deadlock?

In collective bargaining, the parties have faced this kind of situation many times and have discovered that to break the deadlock requires the creation of a new dimension in the bargaining process - the introduction of a wholly new factor that provides sufficiently strong leverage to move the other party toward agreement. The art of bargaining is the art "of boxing in" your opponent so that he has no other recourse but to move in your direction. The key is to find that strategy which will accomplish this purpose. There is no reason why a similar key cannot be equally effective in the bargaining process between world powers and between politicalidxx ideologies. It requires only the discovery of that new element in the bargaining process which will create sufficient leverage to shift the negotiations from deadlock to understanding and finally to agreement. The introduction of the new element is all the more compelling when it is dramatic and overwhelming.

The United States together with the other industrialized countries of the free world has in its grasp such a new element to inject into the strategy that will break the deadlock in the current world situation. The new element will not be

found in military might, for that might break the deadlock but destroy the world. It is in the use of the vast unused potential of the American economy - the idle workers and idle machines capable of producing untold abundance. This unused productive power currently lost and wasted, if properly employed with rare boldness and creative imagination, can move the world toward peace and move its peoples toward peaceful development.

Americans were shocked some years ago when Mr. Khrushchev, confident that communism rides the wave of the future, announced that communism will "bury us". His statement, however, should not have come as a surprise for, as dogmatic Marxists, the communist world is of the view that our free society is composed of competing, conflicting, irreconcilable pressure groups incapable of rising above selfish interests and therefore incapable of achieving a sense of national purpose and national unity in the absence of war. They are convinced that our kind of society is capable of achieving full employment, full production, and the full use of our economic resources only when we are producing for war. This, in fact, is the basis for the communist propaganda that the United States is dominated and controlled

by warmongers who fatten on the profits of war. History has proven that the United States is indeed capable of a total effort when confronted with the challenge of war. We must prove to ourselves and the rest of the world - and especially the communist world - that we are wholly capable of a comparable effort when faced with the infinitely more complex challenge of winning the peace.

Elsewhere, we have noted that our recessions, our failure to utilize our productive capacity, our unemployment have cost us _____million man hours of labor and _____billion in lost wealth during the past 10 years. There lies the weakness in our society but it is these very facts which can and should be converted into sources of great strength. The missing element in our strategy for peace is our unused productive capacity. It is ~~the margin of~~ America's unused productive capacity which can be made mankind's margin of survival. With its proper use and deployment, we have the means to transform the arms race into a peace race. It affords us the opportunity to transmute the stockpiling of annihilation into a peaceful contest in freeing mankind from hunger, ignorance and disease. This is the element which can be molded into the leverage that will move the communist nations toward a

genuine disarmament agreement at the diplomatic bargaining table and at the same time move mankind toward a higher plateau of economic and social well-being.

The question then is how properly to use this new element in the strategy for peace to accomplish these objectives. Once again perhaps it would be fitting to refer to the art of collective bargaining. In every major collective bargaining situation - as is true in all bargaining situations - the successful bargainer must make a clear-headed, objective evaluation of the strengths and weaknesses on both the company and the union side. His strategy must pit his greatest strength against his opponent's most serious weakness.

Our greatest strength resides paradoxically in our current weakness - our unused industrial capacity: our steel mills that lie idle or only partially used, our factories, machine shops and assembly lines that run only part of the time and above all, the unused skills and productive capacity of our millions of unemployed and under-employed workers and of our poverty stricken multitudes. Against the great economic power which can be fashioned out of this economic weakness, what is the fundamental weakness of the Soviet Union, of China, and of

many other communist nations? It is their straining, struggling economies - hard pressed to stay in the arms and space races while at the same time attempting to meet the needs and wants of their people whose rising expectations for a better life remain still merely a promise in some distant future. Our strategy should consist of drawing these countries, and particularly the wealthiest one of them, the Soviet Union, into a contest in which we take maximum advantage of our unused economic strength to impose further stress on their already over-strained economies.

The Plan for a Peace Offensive

How then do we make the most efficient and effective use of the great unused productive capability of our economy? Do we spend more to build more fire power? Do we hoard unto ourselves our abundance and storage it in huge warehouses to rot and waste away? Or do we use it to challenge the communist wo rld to join with us - or failing that, to compete - with us and the other member nations of the free world in the peaceful economic development of the have-not nations? Only in this way could we put our faith in freedom on the line, confident that we could promote the economic advancement of developing nations and assist them to find their own way toward the achievement of freedom, democratic procedure, and the guarantee of a free society.

The first step in the use of this new element in the strategy for peace would be dramatically and publicly to announce America's commitment to a massive long-range program of economic aid of such enormous proportions that it can effectively move the emerging and developing countries steadily toward a break through into self-sustaining growth.

Specifically we should commit an average of $20 billion a year to this purpose over the next 25 years. It is possible that not all of this commitment could be used to best efficiency at the beginning of the program before the recipient countries were adequately prepared to absorb such massive economic assistance. Perhaps, moreover, less would be needed toward the end of the 25 year period as some of the countries acquired their own economic momentum but we should flatly commit ourselves to earmarking for economic aid an average of $20 billion a year over the entire period, to be spent when and where it can best accomplish the intended objectives of raising living standards of the have-not peoples of the world and accelerating progress toward the development of free societies so that there is some assurance that the desperation of poverty and social

injustice does not deny the people of these countries the opportunity of finding democratic solutions to their problems based upon consent and not coercion.

This announced commitment would be coupled with an invitation to other advanced and industrialized countries, both of the free world and the communist world, to join in the over-all plan to bring large scale economic aid to the developing countries. It would be accomplished, moreover, with a formal invitation to the Soviet Union and the rest of the communist nations to conclude a disarmament agreement with proper and adequate inspection requirements and to shift the men, machines and materials freed by the military cut back to the peaceful work of economic development. It would not be necessary - in fact it should be made clear - that we are not waiting for the communist nations to give agreement to or join in the program but rather that we will proceed immediately with our own massive aid program together with other nations which will join in the effort. Disarmament cannot be brought about unilaterally and without agreement, but in the search for peace, we can seize the initiative and act unilaterally and boldly without agreement.

This, in effect, would be a declaration of peace but there would

be one essential difference from earlier declarations. This would be a positive, aggressive search for peace - a peace offensive.

Thus we would seize the initiative. What choices then for action would be left open to the Soviet Union and its satellite communist nations.

The immediate alternative would be for the Communist bloc of nations to join in the program and commit their equitable share toward economic development within the framework of the program. At the same time they would be obligated, as a condition of participation - as is the condition for all who participate - to conclude a disarmament agreement including the guarantee of adequate inspection requirements. Should the Soviet Union choose the course - by far the most desirable - the family of nations could move together with immediate and massive steps toward a brighter future. The detente so longingly anticipated could become a reality and co-existence would represent not so much a practical willingness to live together but an affirmative desire to work and build together tied to the common cause of peace. Perhaps this is too much to hope for, but what hosannas from all ouer the world would greet such an act of peace. Cooperative effort would replace challenge.

Affirmative, constructive peace building would replace the cold war and armed skirmishes. Hope for future generations would replace fear and despair. And the huge outlays of money currently diverted to weaponry could be diverted instead to the peaceful uses of a better life.

Suppose, however, the invitation to cooperative effort is rejected (and the history of communist reaction to the proposals of free world nations to achieve economic cooperation and disarmament unfortunately would cause us to anticipate a rejection) what other alternatives would be open to the communist nations? For, regardless of communist rejection, we would nevertheless proceed with the program.

At first glance, it might appear that they would have three other alternatives to choose from. Upon closer analysis, however, it would become clear that only one of the three choices would be open for them, and, failing an initial acceptance to participate cooperatively, that choice is the one we would want them to take.

Confronted with the free world's unilateral challenge of massive economic assistance to the have-not people of the world, the Soviet Union must ponder whether to:

1) default the contest between freedom and tyranny in the emerging countries, or;

2) accept the challenge and obtain the resources to meet it by reducing the living standards of their people, or;

3) accept the challenge by meeting it through serious efforts to negotiate a disarmament agreement which would permit them to stay in the contest by diverting resources from the arms race to the tasks of peaceful competition in economic development.

The communist bloc would now be faced with an economic challenge which they could not ignore. It is not difficult for them to meet the economic challenge of a $3 billion foreign aid program. They can scrape enough together to stay in the game but under all circumstances they cannot afford to default an intensified economic contest. Our challenge would relate to a contest for waging the peace in the very arena where the communists profess that their social system is superior to ours. Mr. Khrushchev in 1961 glorified the superiority of the Soviet system as compared with capitalist economy and no doubt the current leadership of the Soviet Union ~~feels~~ harbors the same sentiments. He said to the Soviet people:

> "The superiority of the Socialist economy over the capitalist economy is now not only being proved by theoretical arguments. The material evidence of this is already distinct. The countries of the Socialist community are from year to year demonstrating their superiority in the rate of economic growth, in the development of scientific and technical thought, in the raising the living standards of the working people and in many other fields...
>
> "Vladimir Ilyich Lenin's profound and unshakable faith in the superiority of the Socialist system enabled him to challenge capitalism to economic competition, to advance the idea of peaceful co-existence between states with different social systems.
>
> "Those who are confident of the economic victory of their social system need not impose this system upon other peoples by force of arms."

The communist bloc cannot abdicate the contest for the loyalties and the support of the hundreds of millions of people in the developing nations for that is what the political idealogical contest in the world is all about. That is what the power struggle is all about. Since it is in the field of economic development that the communists claim the superiority of their system over ours, since it is in this sense that they intend to "bury us", they will have to ~~join~~ remain in the contest in the have-not lands where most people go to bed hungry every night and where communism counts on forging human poverty into political power. The strategists of the communist bloc are schooled in the politics of power but they respect superior power, particularly superior economic power. They work hard at projecting the techniques by which they can forge human poverty into political power. Therefore, if communism is to have any future outside the countries where it is already in power, that future must reside in the developing countries. Should communism fail in these areas, it must recognize that it is doomed to become a diminishing force in the world.

An announcement by the United States of a ~~peaceful~~ free world peace offensive in these very lands and in behalf of these very people would call the communist bluff. They would have no choice but to stay in the game and such a program for the total waging of the peace would shift the current world contest from the nuclear arms race which no one can win to an economic contest between competing social systems which would compel both sides in the contest to back up propaganda promises with practical performance, to convert pious slogans into tangible acts of assistance.

Assuming then that the communist bloc could not under any circumstances abdicate the economic contest, it might find the resources to stay in the contest. As noted earlier, as long as the United States continues to divert approximately $3 billion a year toward economic aid, the communists can stay in the competition, especially if they concentrate their aid in a few areas most crucial to their interests. But at the point our commitment is suddenly and dramatically increased to $20 billion a year and other free nations join to provide additional billions, then the communist effort will be in trouble. Our economy is marked by

slack while the Communist economy is marked by strain. While we have huge unused resources of idle men and machines, they do not have enough of anything to meet their needs and their plans. While we have enormous surpluses of food and fiber, they must seek sources of supply of these items outside their own borders. Their agricultural problems are compounded because they have starved their farms of needed machinery and fertilizers in order to build more armaments and more space vehicles.

Just as would be true in the United States or in any other nation, the Communist leaders could successfully call upon their people to tighten their belts to pay for nuclear weapons as a measure of defense. They can always rally their people by the cry of defense against the "threat of Wall Street warmongers". Would they, however, be willing to risk the consequences of calling upon the Russian people for further drastic sacrifices to pay for economic aid to other countries? Would they be able to withdraw from use by their own people much needed consumer goods which they have already promised to produce in greater quantity and ship these goods to the have-not nations? There have already been reports of disturbances in the Soviet Union in the wake of new austerity measures that dampened hopes for the promised

higher living standards. Riots have been reported between workers and police when meat and butter prices were raised and a strike occurred by longshoremen in the Black Sea port of Odessa in protest against shipment to Cuba of consumer goods badly needed at hxjmxx home.

It is therefore most doubtful that the Communist bloc would stay in the economic contest by maintaining and accelerating their arms build up and demanding further sacrifices of the good things of life from their people.

There is then only one alternative for the Communists in the face of our announcement of this strategy for peace. Unable to abandon the contest for the hearts and minds of the people in the developing countries; equally unable to impose further sacrifices upon their own people, they must find the resources in men and materials to meet the challenge of our peace offensive by cutting back their military establishment. However, the Communists can no more move toward disarmament on a unilateral basis than can we, for like us they are prisoners of the stalemate of nuclear terror. Reduction of arms must be bi-lateral, not unilateral. If this new element in our strategy for peace leaves no other alternative, then the

Communists must seek agreement on arms reduction and ultimately, disarmament. Such agreement could be obtained only if they are prepared to accept terms that would provide for a total nuclear test ban and for the effective implementation of a disarmament program with inspection under conditions that would insure the people and the nations of the world against any possible duplicity.

It would appear at first glance that here again alternatives are open to the Communist bloc. For instance, they could seek arms reduction on a basis that would maintain the present relationship between their potential for over-kill and our potential for over-kill, but on a reduced level for both sides. Or, they could seek total disarmament. Straight arms reduction, however, could not be any long-term solution to the economic problems posed for the Communist nations by our total peace offensive. For as we reduced our military expenditures, we could turn the screw tighter on the challenge to the Soviet economy by adding a substantial portion of the released resources to our own economic aid program, thereby intensifying the competitive pressures upon them and their already strained economy. If, for instance, by reason of the peace offensive the Communist nations were compelled

to reduce armaments by $10 billion, we would then also be able to reduce armament expenditures by $10 billion and we could divert $5 billion of that savings into intensifying the economic contest and at the same time use the other $5 billion to help meet our domestic needs. Once the move toward disarmament begins and large sums of money are released to step up the peace offensive, the need for further disarmament will feed upon itself. In order to keep pace in the developing nations, the Communist bloc would be obligated continually to increase its economic aid expenditures and reduce its own armaments expenditures.

II The Peace Offensive Resolves Problems In The World And At Home

Thus, we would be in a position to use our economic power as a basic strategic weapon to compel the communist nations to move increasingly toward total disarmament or else surrender in the economic contest and the ideological contest among the have-not nations of the world. The only real answer which they would have to such a peace offensive would be to seek ultimate total disarmament coupled with some means such as the creation of a strong United Nations peace force to safeguard them as well as ourselves against the possibility of other aggressors.

The question must be raised: Could China ignore this total peace offensive? In the current period of the history of mankind, China represents the real problem in the world for China still makes great noises about the need for the use of force as the way to impose its ideology upon other people. While the Soviet Union has come to recognize that the possibility of nuclear war has changed the entire historic concept of the Marxist-Leninist theory - the theory that war is an extension of the class struggle and that war may be risked to overturn the bourgeois state and enthrone the dictators of the proletariat, China has not yet learned that lesson. The H-bomb has made the communist theory of world revolution obsolete for a nuclear war will leave no world to inherit. The force of the massive economic thrust of a total peace offensive in solving the problems of the have-not countries could not long be ignored by China.

Let us examine this in a more specific way. The window to China is India, the only other country in the world comparable to China in terms of population. In India there is the attempt at the democratic free society approach to the solutions of hunger, poverty and disease. India, however, has not had large

success. It has been running as fast as it can economically to stand still.

Annual per capita income is approximately $70.

The hard economic fact is that a nation can look forward to accelerated economic development as it finds the way to accumulate capital. In earlier years of industrial development, capitalist nations accumulated their capital by exploiting their workers. In their developing stages, communist nations do exactly the same. In the Soviet Union, the plans of economic development relied for success on the build-up of capital goods by exploiting the living standards and the welfare of the masses of working people on farm and factory. China, today, with all its economic progress, climbing out of the abyss of a thousands of years old feudal economy, must continue to demand its workers tighten their belts to make economic room for increasing accumulation of capital. They are compelled to save rather than expand as much of their wealth as they can to deny rather than satisfy the demands of their people for the necessities and comforts of life precisely at a time when their people are already too much denied and too much deprived. But these economic restrictions are required, since developing nations such as China want to - even

have to - make progress toward economic abundance within a much shorter period than did the capitalist nations. While the United States has been moving toward its present affluent state over a period of 200 years of economic development and accumulation of capital, China must span the economic gap in a matter of decades.

If China, employing its authoritative centralized control of its economy is able to accumulate capital by hoarding large sections of its economic potential each year at a rate faster than India is capable of doing through its democratic way of life, then China can continue in its recalcitrant isolation. But should India move ahead quickly, building an economic base more adequately satisfying the needs of its people, outstripping with seven league boots the economic growth of China, then China cannot ignore that fact. It must find a way to meet that economic challenge and its search will include the bright and promising economic advantages of the peace offensive.

Suppose, therefore, a massive economic aid program helped raise the living standards of the people of India over seven-fold to $500 a year. China, sitting on the vast India border, could not resist the revolutionary impact

of that fact. The Chinese need not worry as long as India can move its per capita annual income from $70 to $72 and then to $75, etc. but China could not ignore the leverage that a fast improving standard of living in India would mean to its own people. This fact would offer the leverage to begin to halt the nuclear arms race on which China is currently embarked and we could bring to bear such positive dynamic forces in the arena of economic competition and social well-being that these forces would begin to cancel out the negative dynamics that make for war.

At this point the question of economic trade, cultural exchange, diplomatic recognition of China and the question of China's admission into the UN will become increasingly pertinent and more easily grasped. The world cannot forever search for peace while the single largest group of its people remains outside the main stream of world-wide economic, social and political development. But obviously the conditions governing China's entry in the program would be the same peace-directed conditions as prevail for all other entrants.

The free world alliance has been held together primarily by the negative necessities of military defense against actual and possible communist aggression. As the Soviet threat of open aggression in Europe has receded, the free world alliance has shown increasing signs of strain and stress. France, particularly, has moved away sharply from the concept of coordinating cooperation as it seeks to shine in its own sun. The United States by advancing a program for a total waging of the peace could provide the leadership necessary to reshape the free world defense community into a Grand Alliance for Peace with a new and heightened sense of historic purpose.

The investment of $20 billion annually in the waging of the peace would provide the American economy with a sorely needed thrust by expanding demand, for economic aid in large measure would be in the form of trucks, tractors, tools and other goods of use to the developing countries. If we were able to achieve full employment and full production in war because we geared the productive potential of the American economy to the needs of war, we can achieve and maintain full employment and full production in similar fashion if we will gear our productive potential to the

enormous unmet needs of people at home and in the rest of the world. Moreover, because of the slack in our own economy the expenditures to wage the peace offensive would represent not an amount of wealth sacrificed by our consumers but rather an amount of wealth we are otherwise losing as a result of unemployment and idle productive capacity. We would, in effect, be converting waste into economic wealth. As has already been noted merely to keep unemployment from rising above present levels our nation must achieve an economic growth rate of at least 5% a year. Even at the 5% rate, we would be growing less rapidly than other industrialized countries. The expansion of the increased rate of growth brought about by using our un used productive capacity would expand our Gross National Product and raise living standards at home and eliminate poverty from our midst. It would be employed to build more schools, to train and hire more teachers, to wipe out our educational deficits, to clear our slums and re-fashion our cities, to build more modern hospitals, to expand highway construction and resource development and do the many other things needed to improve the quality of American life and achieve the good and great society.

Can We Afford the Peace Offensive?

There are those who will argue that "we cannot afford" the massive economic aid required to implement this peace strategy. These are the same people, however, who have always been the apostles of "too little and too late". The American economy is freedom's greatest material asset if we will only harness its full potential.

Those who consider economic aid as "a give away" simply reveal a lack of understanding of the economic facts of life for so long as there is slack in the economy we "give away" in aid only what we would not produce if we did not give it away. The fact is that in giving aid we stimulate our own economy to produce more for our own people. The men and women now unemployed or partially employed who would be put to work under this proposal to fabricate the tools of economic development would spend their earnings to satisfy their family needs. Their income would be in the form of high velocity dollars spent on consumer goods immediately rather than stored away in savings. This, in turn, would give rise to a second wave of demand for goods and services forming a chain reaction which would create still more jobs. The workers moved from idleness to productive work would earn incomes out of which they would pay taxes. The factories employing them would earn increased profits which, in turn, would yield higher tax

revenues and produce more funds for industrial expansion. The end result would be a spurt in the wealth available to the people of the United States. An increase in the revenues of the government at the local, state and federal levels would permit the acceleration of construction of public facilities and provide needed public services at home and at the same time make available the vast sums needed to accelerate the economic and social development to the people in the developing countries.

Tofail to take advantage of our idle capacity and idle manpower is exactly what we cannot afford to do. We cannot afford to lose the_____ billion in wealth during the next 10 years represented by the difference in our current growth rate and our possible growth rate nor can we afford to lose for the cause of freedom the hundreds of millions of people who today are uncertain of their destiny.

B ⌈Whether we will it or not, we are in a race against the nuclear count down. Science and technology constantly draw humanity together in a shrinking world. Population pressures aggravate the dilemma of the have-not nations of the world and widen the gap between their economic ~~xtnx~~ standards and the standards of the industrialized West. If the privileged minorities of the industrially advanced countries fail to meet their obligation and responsibilities on a scale massive

enough to move the developing nations toward the achievement of 20th century economic and social standards under conditions of freedom, then surely these nations will fall prey to forfeiting their freedom for the promise of bread. The ultimate result of our failure can and will lead to a nuclear holocaust, for peace and freedom in the world cannot be made secure when more than half its people are ill fed and ill clothed - the have-nots of the human family.

Structure of the Peace Offensive

How then can the total peace offensive be constructed and administered in order to fulfill its great promise?

There would have to be established an International Social and Economic Agency to administer an International Social and Economic Fund. The purpose of the agency would be to assist the developing countries to build their economies, raise living standards, improve education, medical care, etc. and generally enhance the quality of their societies. In order to finance the enormous tasks that lie ahead, each country participating in the work of the International Social and Economic Agency would commit a given percentage of its Gross National Product as a contribution to the International Social and Economic Fund. This percentage could be worked

out on a sliding scale depending upon the per capita annual income within the country and its economic growth rate. It would be necessary for the International Social and Economic Agency to establish an economic base measured in terms of per capita annual income below which a country would be eligible to receive economic aid out of the International Social and Economic Fund. Assistance could be provided in goods and services, measured in terms of currency, or under given circumstances in direct, earmarked economic contributions. The assistance would be considered as long term, interest free loans repayable only when the recipient countries' Gross National Product were to reach a specified amount of per capita annual income and the repayment and the method of repayment and the amount of repayment per year would be determined by the International Social and Economic Agency not to exceed for any one country a specified percentage of Gross National Product per year. Such repayment, in fact, would represent the contribution which each country makes to the program, once it has reached that stage of economic development permitting it to become a donor nation rather than a recipient nation.

Certain conditions would have to be established before a nation could participate in the work of the International Social and Economic Agency either as a contributor or as a recipient. For instance, it would be a primary obligation for each such nation to commit itself to adhere to the nuclear test ban treaty or any

successor treaty. Each such nation would agree to join in any negotiated program of general disarmament. As for recipient nations, consideration should be given to seeking their agreement as a condition of cooperation from the International Social and Economic Agency to devise and implement plans of economic and social development and to effectuate in practice the United National Declaration of Human Rights. Ways and means should be explored to insure the equitable distribution of any increase in personal income. It is not enough to achieve a specified <u>average</u> per capita annual income since averages do not necessarily define equitable treatment. It may even be possible for the International Social and Economic Agency to attempt to adopt objective standards relating to the fulfillment of the requirement for equitable distribution of economic wealth.

The International Social and Economic Agency would be staffed by nationals of all participating countries including recipient countries. Its operations and functions would reach out far beyond the collection and distribution of money and goods in the implementation of the peace offensive. It could, for instance, establish an International Peace Corps and an International Technical Task Force to provide

direct manpower assistance in the economic development of recipient nations. It could assist nations in devising development programs and it could bring together groups of nations covering vast geographical regions adaptable to regional economic development as may be appropriate. Since the recipient countries would be in the best position to understand and describe their individual needs, and since the International Social and Economic Agency would know best its resources, both present and future, it would be essential that plans for economic development be drawn up cooperatively so that the needs of the one can be dovetailed with the resources of the other.

It is not necessary that the International Social and Economic Agency or its Fund be a body separate and apart from the United Nations. It would be desireable to be able to establish the International Social and Economic Agency within the framework and under the auspices of the United Nations. This, however, obviously would require the assent and cooperation of the Communist bloc nations which are members of the UN. If these nations were willing to join in this vast human endeavor their participation would be a welcome addition to the task. In either case,

however, the Agency must be international in character, must seek out voluntary participation, and must be motivated by the desire to assist others in order that the world community might be moved faster and more effectively toward peaceful development.

It is right and proper that even those who would favor the kind of total peace offensive here described should raise pointed questions and criticism concerning its feasibility and its possibility of success. I will attempt to deal with the various questions that may arise in the following chapter.

It is, however, only through such an instrument of positive, affirmative, peace-bringing objectives that the basic tasks facing humanity and the basic problems confronting the United States can be met. We are at the place in human history when the idealist has become the realist. Too often those who take a hard line on communism, in fact play into the hands of the Communists simply because they close their eyes to the pressing problems of peace and the social injustices out of which communism builds its power. The whold question lies in whether we will tontinue to drift from crisis to crisis - into new Cubas and Congos and Vietnams until events

finally become unmanageable or whether we will seize and hold the initiative long enough and boldly enough to move mankind away from the threat of nuclear annihilation to the dawn of a world community in which men can have bread and freedom. It is the idealist in today's world who, with imagination and vision, wishes to mobilize to win the peace, who in the final analysis will be the tough, practical realist moving a troubled and tortured world toward peace and peaceful development.

The system and the culture which we cherish as free people are equal to the challenge of the total peace offensive. As a people and as a nation, we have always been unanimous in our understanding that deep crises will not be met with half-way and half-hearted measures and with a policy of too little and too late. Our unanimity, however, in past decades has flourished when there was the challenge of war. Today, with the survival of the human family at stake, we need to comprehend with even greater clarity that a total effort is necessary if we are to meet the infinitely more complex challenge of peace. We must contemplate a greater sense of national urgency, a deeper sense of national purpose, a total commitment to a total peace offensive.

lm
oeiu42
11-2-65