

**William Benton:
Cold War Predictions**

William Benton was publisher and chairman of Encyclopedia Britannica when he addressed The Economic Club of Chicago on April 8, 1959 on Soviet threats and industrial strength.



“In this city where my business interests again center and where my oldest son has settled for his business life, I am not happy tonight as a prophet of danger and potential disaster. As I try to peer into the future, I shall begin with an aphorism: the risk of underestimating the opposition is much graver than the risk overestimating it. This is more than merely a good general rule for business executives when they appraise their competition. It is far more important when we Americans now seek to appraise the USSR. It is far more applicable when the opposition is armed with hydrogen bombs. Here we face no mere matter of the P and L statement, but a matter of life and death.

“We should have learned this rule in 1949, when the Soviets exploded their first atomic bomb years before we thought they could. We should have relearned it in 1953, when they exploded a hydrogen bomb, and again, years ahead. We did begin to learn it in 1957 when the first Sputnik went into orbit...

“The USSR means to cross swords with us in the battle of production and trade. She throws down her gauntlet to us as the leading economic power of the world. She feels sure she has the weapons for a successful challenge and many foreign observers agree. To help us decide whether we must now roll up our sleeves and tighten our belts, let us examine some of the elements of Soviet economic strength...

“The Soviet rulers claim that by 1965 the economic

defeat of capitalism will have been accomplished, though the United States is expected to continue to struggle against the inevitable and will not yield production leadership to the USSR until 1970. By then, the worldwide moral and political defeat of the United States and of its private enterprise economy will be obvious even to the United States.

“Now, we used to scoff at Soviet claims, but again and again the so-called visions of Stalin have turned into realities; and today we scoff only at our own peril...Late last year the official magazine of the Soviet Foreign Trade Ministry gloated that Soviet foreign trade had helped curb the profits of what it called the ‘super monopolies.’ And a Soviet economist has recently declared that by 1965, the USSR will be calling the tune on world prices...

“Such trumpeting, as propoganda in today’s world, is proving increasingly effective among the peoples of the so-called uncommitted countries whose populations total one billion human beings, well over a third of the human race... Since 1957 our own economy can almost be said to have been in retreat, while the economy of the Communist World, Russia and China in particular, is surging forward with giant steps. The USSR claims economic growth this year of 10 percent...

“Allen Dulles, director of the Central Intelligence Agency, reminded the U.S. Chamber last April that a recession is an expensive luxury. ‘Its effects are not confined to our own shores,’ Mr. Dulles continued. Then he warned, ‘Soviet propagandists have had a field day in recent months, pounding away at American free enterprise.’ This warning is minimized by many American economists who stress our historic rate of a 3 percent average economic growth. They do not throw into the balance the harmful impact of Soviet propaganda dramatizing our setbacks and our millions of unemployed...

“The USSR needs surpluses and raw materials which we often reject, let us say the cotton of Egypt or the rice of Thailand and Burma. When it doesn’t need the rice, it can still acquire it and re-

sell it at cut prices. The non-communist countries call this dumping...The Russians can flood the market with their surplus tin. In Bolivia, where tin is the vital life stream, there are riots. Against the Russians? No. Against us. It is true that the most recent riot was touched off by a statement in Time Magazine, but the underlying cause was the depressed market for tin.

“Soviet petroleum finds its way to Argentina and Uruguay. This tends to dry up the markets for Venezuelan oil. So does President Eisenhower’s executive order establishing a quota on oil imports into the U.S. This order pleased our oil producers in Oklahoma and Texas, but it cut our purchases of Venezuelan oil by \$250,000 a day...Soviet automobiles are appearing in the German market. They are selling at low prices and they aren’t being advertised. The Soviets haven’t yet learned the power of commercial advertising to help sell their goods in export markets...

“There are persistent Soviet bids for more trade with Britain. Three years ago, Khrushchev, visiting England, spoke contemptuously of current Soviet-British trade as the exchange of Russian crabs for British herrings. He offered to buy almost \$3 billion of British goods if the embargo on strategic exports were removed. And now Mikoyan roams the world markets, beating the drums for Soviet products, ready to buy or sell from either pocket, ready to undercut other countries’ prices, and holding out the hope of Soviet loans at 2 percent for 40 years...

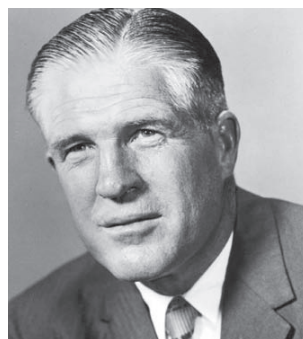
“There is no Marxist nonsense in Soviet banking operations. Russian bankers operate today much as they did under the czars. They don’t believe in Capitalism, but they believe in capital and they handle it along capitalistic lines. Our bankers will tell you that Soviet gold is a pleasure, and a profit, to handle. It is always perfectly assayed. And it is beautifully packaged, so that the banks always make just a little bit more when they handle Moscow gold than with any other country’s gold. Soviet gold now trickles into the West at the rate of about seven million ounces a year... It isn’t enough

to disturb the delicate balance of the gold market. But what did Mr. Mikoyan urge last summer in an article in the Soviet magazine *International Affairs*? He proposed nothing less than that the United States raise the price of gold. This of course devaluates the dollar...

“In the Soviet view, the ruble is to displace the dollar as the dominant medium of international exchange even in the non-communist world. Such belief would have seemed foolish, or merely a nightmare, a few years ago. And today? I’m not a financial expert, but I wonder...the international ruble will have gold and a growing flood of commodities as its backing. And in a death grapple between the ruble and the dollar, what will be the fate of the relatively free system of finance that has so long dominated the international world of money?”

George Romney: Pondering the Rambler

George Romney was president of American Motors Corporation when he addressed The Economic Club of Chicago on December 15, 1959.



“It is well to understand that when we speak of challenge, we mean both threat and opportunity, or—as Mr. Nehru put it—peril or adventure. Several years ago, our company became keenly aware that challenge was

a two-edged sword. One edge meant extinction, the other offered unusual success... In more ways than one, I think, the sixties will be a period of extraordinary transition. The change most intimately affecting our daily business is the change in the status and attitude of the consumer. I’d like to discuss this from the standpoint of the automobile business...

“The significance of the change that is taking place