

*Supply—External Affairs*

I am convinced, bent upon a long-range course of cutthroat economic competition designed to cripple and destroy the western democracies by ruining the vast export trade on which so much of the strength, stability and prosperity of those democracies depends. As yet this danger is perhaps little more than incipient, a cloud looming upon the far horizon. The U.S.S.R. is not today among the foremost competitors in international commerce, at least not beyond the iron curtain. But if the Russians come even close to their announced goals of industrial development—and they boast that within seven years they will equal the United States in industrial output—then in a comparatively brief space of time they will be in a formidable competitive position, not only to outvie the west in economic aid to backward countries—as to which their contributions so far have been more promises than performance—but even to cut deeply, ruinously, into the export markets of the democracies throughout the world.

We can no longer comfort ourselves with the delusion which not so long ago was widely and naively held, that the Russian is a backward type with slight mechanical aptitude, congenitally unfitted to attain the technical, scientific and engineering skills and efficiency of the west. Now we view with a great deal of alarm the output, both in quality and quantity, of Soviet technicians, engineers and scientists. We admit, as we must, that the years since the last war have seen astounding strides in Russia's industrial development; that the gap between her attained standards of efficiency of industrial production and those of the west has narrowed greatly, and in all probability will continue to close. Such a situation leaves us no room for complacency on our part. If Russia once attains a near equality of industrial efficiency, coupled with its vast natural resources, the Soviet union will enjoy an immense advantage over us in competing for the markets of the world, provided that it continues to possess, as it now does, an almost limitless reservoir of cheap labour.

We in the west are committed, and rightly so, to the principle that the worker is worthy of his hire and is entitled to a full, fair share of that which he produces. Our whole economic structure, with its prevailing high standards of living, has that as one of its foundation stones. Our goal, toward which we have advanced far, is prosperity for all and not for a mere favoured few. By contrast, the Russian working force remains very much a pawn in the grandiose plan of world domination which still animates the hierarchy in Moscow. The sacrifices of the people have provided and will, according to

that plan, continue to provide to whatever extent may be necessary the capital for Russia's development and expansion, both industrially and militarily, and for the steps she is now taking to implement that plan on the economic front. The cheap labour of her toiling millions could prove a decisive weapon in the projected war of markets.

It is my belief, Mr. Chairman, that if the undoubtedly dynamic powers of the Russian industrial economy, existing and potential, were directed to their only really legitimate objective, the material advancement of the Russian people themselves, rather than toward the ends of that obsession of world mastery which the men in the Kremlin show no concrete evidence of abandoning, we should have comparatively little to fear economically from the U.S.S.R. for generations, if ever.

The full economic development of the vast land mass of Russia, coupled with the raising of the standards of living of her people to a level at least in some degree comparable with that generally obtaining in the more prosperous countries of the west, and the supplying of the almost limitless internal demand for goods and services thereby created, would absorb the industrial energies of the Soviet union for the next half century or more. The normal expansion of its foreign trade which might be expected to accompany this development, based on accepted economic principles, and based perhaps on expanding mutually profitable business contacts with the west, would offer no such threat to us as does the open, ruthless, cutthroat commercial warfare which Moscow seems to have presently in mind.

A prospering people is not a war-minded people. With a rapid and steady improvement in their standard of living, the Russian people would, in my opinion, grow increasingly averse to any aggressive policies or actions of their masters toward the outer world. The U.S.S.R. might well become eventually even an influence for peace and stability, its present subversive role forgotten. That, of course, is indeed looking far ahead.

It is undoubtedly true, as I have mentioned, that the Soviet union has made substantial advances in industrial and economic development. It is equally true that there has already been a real betterment in the over-all living standards of its people. The men in the Kremlin, as a matter of self-interest, have been shrewd enough to see to that, and certainly there are few signs of any serious threat in the U.S.S.R. today, whatever the situation may be in the satellite states, where obviously different considerations apply. I might say here that I am mindful of what