

Matter of Fact By Joseph Alsop

KHRUSHCHEV INTERVIEW

Moscow — Nikita S. Khrushchev Tuesday in effect proposed that the United States adopt a "Fortress America" policy as the main item in a program for relaxing world tensions.



"Soviet troops," he said, "would be withdrawn to the national territory of the Soviet Union from all the countries in Europe where they are now stationed in accordance with existing treaties and agreements. Meanwhile, Western European countries would also withdraw their troops stationed in the territories of other Western European countries. The United States would also withdraw its troops from American territory from Europe and Asia, and along with that would go the liquidation of all foreign military bases."

This was the most concrete and significant proposal put forward by this remarkable man in an absorbingly interesting interview of two hours. Two other points stood out in Mr. Khrushchev's extensive discussion of foreign relations in general and Soviet-American relations in particular.

On the one hand, the Soviet leadership is anxious for the resumption of what Mr. Khrushchev called "normal diplomatic relations as distinguished from the only formally normal relations we now enjoy." This normalization, in Mr. Khrushchev's definition, would include both inter-governmental meetings at the summit and the widest possible extension of trade and culture relations between the two halves of the world.

"We particularly want to normalize our relations with the United States," he said at one point, "because your country is a true great power, and we think our country also fits that category."

On the other hand, the suggestion that the Soviet Union might pull out its garrisons in Central Europe in exchange for American adoption of a policy of strictly continental defense constituted Mr. Khrushchev's only offer of a Soviet concession on why of the many issues that now divide the world.

In the currently vital case of the Middle East, he even indicated active Soviet support for the Middle Eastern oil resources which produce the real life blood of the second and third Western partners, Britain and France.

"The peoples of the Middle East must be permitted to develop as they choose, and they must make their own use of the natural wealth of their countries."



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tries," he said. "At the same time, we realize that Britain and France need Middle Eastern oil. But we think the oil should be obtained by normal commercial transactions."

MR. KHRUSHCHEV received me in the First Secretary's big office in the rather forbidding stone building that houses some of the Communist party secretariat. Except for its size, the room was unremarkable, having no distinctive decoration. At first glance, the man himself also seems unremarkable. But in conversation one soon notices that the rather plain face expresses a much deeper and more penetrating intelligence than appears in the stock photographs of Mr. Khrushchev being jolly. He spoke authoritatively and listened attentively, but during the translations into English he would fiddle with an ornate paper cutter or an ear of hybrid corn enclosed in plastic, as though he were impatient to get on to the next topic.

Mr. Khrushchev set the theme for the discussion of foreign relations with his opening statement that we "all live on one planet and must find the way to live together in conditions of peaceful coexistence." The first step, he asserted, was for the Western leaders to reconcile themselves to the existence of the Socialist countries — "to accept this, as a believer would say, as something given by God." After that, he added, should come the "normalization" of diplomatic and other relations.

AS examples of recent "abnormalities" he cited the State Department's interference with a training contract made by the Soviet Department of Agriculture with a Mid-Western hybrid corn producing company, and also the State Department's refusal of transit visas requested by the Russian Olympic athletes returning from Australia. "These incidents," he said, were, of course, mere pinpricks, but they were pinpricks given on purpose to prevent a serious approach to the more important problems standing between the two countries.

"Contacts on the highest level would be the most helpful," he added. "I want to express myself rather carefully, in order not to mislead American public opinion into thinking the Soviet Union is over-eager for such contacts. Yet we do believe they would be useful, indeed essential if we want to build up normal relationships. One cannot hope to transmit one's thoughts by magic. One cannot hope to impress one's ideas on the leaders of another country by remote control."

As to the purpose of such meetings at the highest level, Mr. Khrushchev gave the familiar Soviet list of aims: "Achieving the condition of peaceful coexistence, relieving the peoples of the world of unproductive military expenditure, which also holds the danger of a third world war, with all its untold suffering, and opening all kinds of trade and cultural contacts."

IN connection with his remarks about military expenditures, Mr. Khrushchev was asked why the Soviet leaders continuously attacked the United States for its "policy of strength," when the Soviet Union was itself making such an impressive defense effort.

"The policy the United States is pursuing is one of aggression, not of defense," he replied. "Every country has, of course, the right to build up armed forces sufficient to defend its independence in case of attack. It is quite another thing when a wide net of military bases is being developed, far from the United States and close to the Soviet frontiers. What would you and what would American public opinion think, if the Soviet Union were to succeed in establishing bases in Mexico or Canada? I should think many of your people would lose sleep."

"But we have strong nerves, and we calmly go about our business, although because of your policy we are compelled to make a great armament effort and to warn our people of the danger of war. We believe in fact that the United States is carrying on the material and psychological preparations for a third world war. Perhaps the purpose merely is to start a European war and to have the peoples of Europe fight each other—something that happened for a period last time, a period when the United States made a lot of money."

"But the means of warfare have changed. No corner of the globe can be immune, and if the United States has developed advanced weapons, we also believe we are not behind in this respect."

IT was at this point that Mr. Khrushchev mentioned "withdrawal of troops from Europe" along with limitation of armaments as two essential steps toward a more dependable peace. On being asked to develop this theme, he made the proposal cited at the opening of this report.

He continued, interestingly, that the high-level negotiations needed for such an agreement would be "unfruitful if each side comes to the meeting with its own arguments and goes on repeating them, as we did at Geneva, it will be unfruitful."

Babson Discusses Insurance Stocks

By ROGER W. BABSON

Babson Park, Mass. — I have recently been quoted as follows: "I believe if Jesus were here today, instead of being a carpenter, he would be an insurance agent."



My explanation of this is that I believe the insurance business is a clear illustration of applied Christianity. If some one's home burns, the company does not usually use its capital to pay the unfortunate person. The insurance is paid from premiums contributed by the rest of us

whose houses have not burned. If one of us dies and the wife receives insurance for \$20,000, the rest of us, through our premiums pay the wife these much-needed funds. Let me now give you some ideas as to my thoughts on insurance in general.

The simplest insurance is life insurance. On these life company stocks I was very bullish a few years ago when they were cheap, but since then they have increased threefold in price and, hence, are not so attractive. The health, accident and automobile company stocks have never appealed to me; but some are OK. The surety and bonding companies I know nothing about. The fire insurance companies I have studied for years and have invested considerable money therein.

The investment trusts have been doing considerable selling of insurance stocks, especially those of the fire insurance companies. They feel that the present "agency system" is becoming obsolete. There may be radical changes in the selling or organizations of the fire insurance stock companies; but their executives do not now admit it.

Many investors also fear the mutual stock fire companies. Of course, there are no stockholders in the mutual life companies; but certain stock fire insurance companies use a mutual system for premiums. They offer to save the buyer of insurance a good part of the commission now going to the agent. My own feeling is there will always be a field for both classes, each one keeping the other on its toes.

Diversification and Management The sensible investor will classify fire insurance companies with the best investment trusts. By buying such fire insurance stocks an investor gets the advantage of the dividends and coupons paid on the securities held by the insurance company and, in addition, profits, if any, from the fire insurance business. This gives investors diversification of securities plus a cut in the fire insurance business. Can any mutual investment trust match this combination?

In addition to diversification, investors in fire insurance stocks have the advantage of excellent management. Fire insurance companies employ experts for the selection of their securities, which are also most carefully watched by an investment committee. The record of the investment holdings of these companies is very commendable.

The Premium Cycle Over a period of years the income from fire insurance stocks has been excellent. There are cases, such as that of the Home Insurance company, where this record extends over 100 years. There is, however, a cycle in the industry which I should mention. There will be a period of heavy losses and low profits, after which the companies get permission from the state commissions to raise their premium rates. Then follows a period of good profits. After a few years, losses climb again, but the companies will again be allowed to increase premiums. In the long run, the state commissions are fair with the insurance companies and allow them a reasonable average profit. Those who buy these stocks and consistently hold them should have safety, diversification and good management, resulting over a long

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Los Angeles — (U.P.) — Roy Spile, 23, lost his wife Thursday because of too many mananas. Spile was divorced from his 21-year-old wife, Sylvia, after she testified that he was always promising to look for a job the next day.

period in both capital gains and a fair income.

In addition, corporations such as the Gamewell company are constantly at work installing fire alarms, sprinkler systems, and other means of fire protection. Legislatures are constantly passing laws forcing fire-proof construction. Dangerous slums which are breeders of fires constantly are being torn down. All of this works to the advantage of the insurance companies, their policyholders, and their stockholders. Just now the industry is in a period of heavy losses and most fire insurance stocks can be bought for much less than their book value. Hence, this seems to be the right time to buy good fire insurance stocks.

Yugoslavia's Wartime Premier Taken by Death

Belgrade, Yugoslavia — (U.P.) — Funeral arrangements were being made today for wartime Yugoslav exile Premier Milos

Trifunovic who died Thursday at the age of 88. Trifunovic headed the Radical Party, the strongest political party until Tito came to power.

FILM BANNED San Jose, Calif. — (U.P.) — The city entertainment commission banned "Women of Rome," Italian movie starring Gina Lollobrigida, Thursday for its "low moral tone."

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