

For Discussion: World Economy—Rubles, Dollars and Freedom

Problem Is to Produce More, Divide What Is Produced Here

(Editor's note: The following dispatch is the last of eight being published in connection with the "great decisions" program of the non-profit, non-partisan Foreign Policy Association. This dispatch is related to the final discussion topic: "Blueprints for the world economy—rubles, dollars and freedom.")

By EDWARD COWAN
Washington—(UPI)—How do we get the American economy to produce more and how do we divide what it produces?

Although the question is rarely expressed in those words, it is one of the foremost problems of the Kennedy administration.

The President and his chief advisers believe the right answers are the key to forging a stronger international position for the United States and improving the condition of its citizens.

In essence, the view of the administration is that greater production of goods and services leads to greater capacity to meet needs.

Whose needs? What needs? Storms are swirling. Those are questions around which political storms already are swirling. One of the storms is over foreign aid.

It is a widely held view here that more and more the cold war is being fought in the realm of economics. The "war" is a struggle for world domination—hence a contest for influence and allegiance in the countries which have not yet taken sides, although some experts say we should encourage them to remain uncommitted.

It has become by now a truism in Washington to say that the people of Asia, Africa and Latin America have been swept up by the "revolution of rising expectations." For the most part they are people whose living standards are pitifully meager by American or European standards and whose economies give little promise of an early, steady rise in income.

Word is spreading. Yet, the word is spreading. People who once accepted poverty no longer do. They feel they are entitled to a better life. This puts their governments under great pressure to produce economic progress and, therefore, to do business with anyone who offers help.

The Soviet Union and Communist China are aware of this, although China faces its own enormous economic problems. In the past decade the Russians have expanded their foreign aid efforts considerably.

This raises a major question for the United States government: Can and should it increase the share of American goods, services and know-how available overseas as the total expands?

President Kennedy's view,

Oregonians Urge Firm Resistance to Soviets

Firm resistance to Soviet or East German "squeezes" on West Berlin was urged by two-thirds of Oregon Great Decisions participants balloting recently on the foreign policy issue "Deadlock over Germany." Sixty-one per cent of the Jackson county participants indicated they felt the same way. Opinion ballots from 20 Oregon counties were tabulated this week by Oregon State university extension service.

Not quite as many state voters—61 per cent—called for the U.S. to make it clear that we shall fight if necessary to keep West Berlin free. Agreeing were 77 per cent of Jackson county voters.

Insist on Continued Occupation
Slightly more than half the Oregonians who voted said to insist on continued Allied occupation of West Berlin until Germany is reunited on the basis of self-determination. In Jackson county, 80 per cent of the voters agreed with this opinion.

Three-fourths the people voting on the topic "Soviet Challenge and World Leadership" urged working to help build solid foundations for freedom in underdeveloped and emerging areas. Ninety-two per cent of Jackson county voters indicated they felt the same way.

Sixty-eight per cent of the 841 Oregonians who balloted in the second Great Decisions topic agreed that America's long-run objective is freedom and self-determination everywhere in the world, including behind the iron curtain. Ninety-seven per cent of Jackson county's 59 voters agreed.

Many of the Great Decisions voters favored remaining firm, and negotiating from strength.

one which explains the idea of the much ballyhooed "Peace Corps," is that more American experts must go to foreign countries to train people in public health, farming, irrigation, transportation, business and government management.

Walt W. Rostow, an economist who is a deputy special assistant to the President, has written that "the present level of external assistance is substantially inadequate to the task of out-racing the rate of population increase in many key regions where capital might be productively absorbed."

In short, some countries find their economies are growing—but only about as quickly as their populations. That means average income per person is barely rising, if at all. American officials feel this is a dangerous situation in a poor country. A country whose living standards are rising is less likely to respond to Communist blandishments, officials say.

Help Poor Countries
The problem then is help the poor countries expand and strengthen their economies. But there are limits to what can be done to help through foreign aid.

One limit is the political sensitivity of other governments. South America is wary of "Yankee imperialism." In the Eastern hemisphere newly independent peoples are haunted by the memory of colonialism.

A political limit exists. Congress, and possibly most citizens with an opinion on the

trade, greater stability and a heavier flow of private investment into the less industrialized countries. This conviction underlies the determination of the Kennedy administration to shun import restrictions as a solution to the U.S. balance of payments deficit.

The Kennedy administration believes that the first step toward strengthening the world economy is shoring up the American economy. Full employment and high production at home are the necessary weapons of an attack on poverty. They also relate to prosperity elsewhere. There is an old saying that "When America sneezes, Europe gets pneumonia." Recent economic resurgence in Europe may make that adage an overstatement, but there is still a germ of truth in it.

Industrial Activity
Ups and downs in industrial activity in the advanced countries mean parallel fluctuations in prices of raw materials and gyrations in the incomes of the less developed countries. This is one of their perennial complaints. It is still another reason for maintaining a high-level economy in the United States.

One remedy to the problem of sharp swings in raw materials prices, one which the United States has tried to pursue through some of its foreign aid programs, is diversification of an economy so that it is not dependent on exports of a single item.

In recent months, attention in Washington has been focused less on the problems of world trade and aid and more on the strength of the dollar. For a variety of reasons, but mainly the economic recession here, the dollar came under sudden and unexpected pressure in 1960.

Accelerated Rate
Foreign governments accelerated the rate at which they were converting dollar reserves to American gold—thereby reducing Treasury gold stocks. In London the price of gold broke through the traditional ceiling of a few pennies above \$35 an ounce and shot up to \$40 on a temporary but highly dramatic, ominous speculative binge.

These developments reflected and strengthened sentiment that the United States would revalue the dollar. This sentiment did not abate until Kennedy took office and proclaimed his firm intention to hold the price of gold at \$35.

Compounding U.S. embarrassment over the speculation against the dollar, for years unshakable currency, was a Soviet "monetary reform." In a bit of financial sleight-of-hand the Russians reduced the value of the ruble, called the reduction an increase, and proclaimed that the ruble had become worth more than the dollar—about \$1.11, according to Moscow.

Dollar Under Pressure
Whether the "monetary reform" was planned or not, it came just when the dollar was under great and surprising pressure. The Soviet move touched off speculation that the Kremlin was getting ready to make the ruble "convertible" in a bid to oust the dollar as the world's chief reserve currency.

Soviet experts doubt that any such move is likely in the foreseeable future. But the Russians might be tempted to try it if the dollar and confidence in it sag again.

That is another reason the Kennedy administration has assigned top priority to strengthening the economy.

More multilateral aid through such institutions as the World Bank, its affiliate the International Development Association, the U.N. Special Fund and the Inter-American Bank.

Foreign Aid Flexibility
More flexibility in foreign aid, more discretionary authority from Congress for the executive branch and including long-term commitments which will assure financing to completion of projects which take years to build.

A strengthened world economy generally, with more

Fiber Content Labels Being Inspected

Fiber content labels on various items of wearing apparel in local stores are being inspected on a cross-sampling basis, according to D. L. Hamilton, an inspector for the division of textiles and furs, federal trade commission.

Hamilton said the Textile Fiber Products Identification Act, which became effective March 3, requires manufacturers to affix to each textile fiber product a label clearly indicating the generic names of all fibers present in the fabric in excess of 5 per cent of the total weight.

According to Hamilton, there are only 17 man-made fibers in production, and of these, only 10 are commonly found in household textile products.

Act Necessary
Unfortunately, he said, there are thousands of fiber trademarks in the United States and abroad which made it necessary for the 85th Congress to pass the act prohibiting the use of such trademarks without disclosure of the proper generic name, in order to avoid deception from the consumer interest standpoint.

Retail merchants, the inspector said, are reminded of their legal responsibility under the Textile Act, which provides that household textile products manufactured

after March 3 are deemed to be misbranded if offered for sale without a fiber content label being affixed to each such product.

He pointed out that the federal trade commission officials realize labels are sometimes accidentally detached, but urged retailers to adopt such procedures as appear necessary to keep label losses to a minimum.

Hamilton said the act also pertains to newspaper copy submitted by retailers, and suggested that retailers who desire copies of the act write to the federal trade commission, 811 U.S. Courthouse, Seattle, Wash.

Eagle Point People Place in GP Show

Grants Pass—Several Eagle Point residents recently participated in the Blazers 4-H horse show and play day here and won several prizes for their horsemanship.

Attending were Keith Krambeal, his children, Alvyce, Regina and Leslie, and Mrs. James A. Dunn, all members of the Desert Pegasus 4-H Horse club.

Leslie, riding "Chip," won second place in open jumping, as well as fifth place in open pole bending.

Regina, with her horse "Bourbons Wonder Queen," won fourth place in English equitation, fifth place in Western horsemanship, fourth in open pole bending, and fifth in Open Texas barrel.

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