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Is the Globe Big Enough for Capitalism and Communism?

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Convinced that the globe is big enough for both capitalism and communism—or at least worth the try, a leading American industrialist suggests we take up Khrushchev's expressed desire for a rapprochement with the west with our President taking the first step by visiting Moscow and by replacing our Secretary of State. The sponsor of the Pugwash Conferences cites objective testimony of U.S.S.R.'s and China's progress; notes the enthusiasm of the Russians for their system; refers to the astronomical costs of the cold war and threat of nuclear annihilation; and prescribes a program to make capitalism flourish which includes cessation of subsidization of Socialism abroad, creation of larger and more powerful banks, and warmer understanding between labor and capital. To this, Mr. Eaton recommends that we seek additional leadership from the industrialist and labor leader.

As a dedicated capitalist, I recently went to Russia to try to see for myself what makes the rival system of communism tick. I visited the Soviet Union for a relatively brief period, and I do not pretend to have come away with all the answers. But I saw enough to convince me that communism is not likely to crumble from within, despite all the wishful thinking of some of our

diehard, sandy-headed and economic ostriches. The Union of Soviet Socialist Republics occupies the largest land area of any nation in the world, and its 200,000,000 people are moving swiftly to make the most of the broad array of resources that abound in their vast and varied terrain. You are struck with this sense of both distance and speed as you wing your fast way the comparatively short 1,000-mile journey from Copenhagen to Moscow by giant Russian jet plane in two hours.

Your impression of speed is re-

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the defeat not only of this phony measure, but also of the candidates who went down with it.

U. S. Leadership Needed for New Era of Enlightened Capitalism

Let me conclude on an optimistic note, for I fervently believe that we can carry American capitalism to new heights. We need additional leadership and, with all due credit to the politician, who must be elected, and to the editor, who cannot get too far ahead of his constituency, I think we must look beyond these old sources. I should like to "nominate" the industrialist, the labor leader and the farmer, as representing the indispensable elements of dynamic capitalism. Let the teacher, the preacher and the scholar add their best thinking, and I know we can look forward to a new era of enlightened capitalism that will excite the admiration of the entire world.

We still need larger and more powerful banks.

U. S. Needs Rapprochement Between Capital and Labor

Now I come to what I consider the most important step we must take to give our capitalism fresh impetus. Just as we need a rapprochement between east and west on the international scene, we need a warmer understanding between capital and labor on the domestic front, with the full approval and cooperation of the farmer.

To get started in this direction, I suggest that, in every important industry in the United States, there should be a meeting at least once a month between top management and labor leaders, to discuss their mutual problems in a friendly spirit. Wisdom and restraint are required on both sides. The business leaders responsible for putting right-to-work legislation on the ticket this year hopefully learned some lesson from

inforced as you observe the rapid pace with which the Russian people move, even as they walk along the city streets and country roads. You simultaneously observe that they must be ardent devotees of physical fitness, for they combine powerful physiques with abundant good health. Watch them at their jobs, and you conclude that love of hard work occupies a high place in their credo. Especially striking is the large number of women enthusiastically performing tasks that we normally consider the exclusive province of men.

Russians Are Eager to Learn

As you visit the Soviet schools and libraries, you are impressed with the obvious eagerness of both young and old to learn. From 5,000 to 10,000 people come each day to Moscow's All-Union Lenin Library, which contains 20,000,000 books and pamphlets. You cannot fail to marvel at the almost universal literacy of a nation in which 40 years ago, 80% of the people could neither read nor write.

At the same time, one must not forget that Russia has traditionally held a position of prominence among nations in cultural fields. Some of the world's literary masterpieces have been produced by Russian writers, and the theater, the opera and especially the ballet, today as in the past, flourish and excel in Russian hands. The museums, particularly in Leningrad, serve as a reminder of Russia's reverence for the arts.

Russians Are Friendly and Peace-Loving

Throughout my stay in the Soviet Union, I made a determined effort to meet and talk to as many people of all ages and occupations as possible. Regrettably, I do not speak Russian, so I was obliged to communicate through an interpreter. I did not have to rely on my interpreter, however, to sense that one of the most marked characteristics of the Russians is their friendliness. With this pronounced trait, I feel there goes hand in hand an overwhelming desire for peace. Here, in my mind, lies great hope for the future harmony of the world, for I

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believe the people of America match the Soviet populace both in capacity for friendliness and in love of peace.

I met the editors of *Pravda*, *Izvestia* and *Trud*, the three leading papers, as well as a number of magazine editors, and the head of *Tass*, Russia's wire service. I hardly need point out to this sophisticated audience that Soviet journalism differs markedly from American, but I do want to stress that I was impressed with the intelligence and ability of these leading editors. I also had private conferences with ambassadors and foreign correspondents of leading countries.

Russian Leaders Are Able

Able is also distinctly the word for the men who head Russia's government, industry and banking. I met with seven cabinet members, numerous other government officials, a number of industry leaders and the head of the State Bank of Moscow. Let me say a word concerning Russian banking. Deposits draw 3% interest, while only 2% is charged on loans. Credit is extended solely for the building of homes. A Russian can own his own house if he chooses to, but the land on which it is built belongs to the state. There is no rent for the land, but a property tax based on the value of the land. The Russian owns all the furnishings of his home and, if he has an automobile and a radio, those are his property, too. At present, he has to pay cash on the barrel head for everything. If installment buying is ever introduced in the Soviet Union—and my hunch is that it will come eventually—the consequent increase in demand for consumer products will create a mass market well worth American attention.

Russians Are Sold on Their System

I would not know where to look for the American who would want to trade our system for the Russian way. On the other hand, I think we Americans must take full cognizance of the fact that the Russians are enthusiastically sold

on their system. In the 40 years since their revolution, they have made immense material and intellectual progress on a mass scale, and they are determined to continue to get ahead. Furthermore, they are as imbued with devotion to Mother Russia as we are with respect for our beloved Stars and Stripes. The nation that succeeded in launching the first Sputnik must be taken as seriously as the country in whose laboratories the first nuclear chain reaction was produced.

From my 90-minute interview with Premier Nikita Khrushchev, I believe I gained some insight into the Russian attitude. I hope I also left with him some notion of the intensity with which an American industrialist can and does believe in both capitalism and peace.

Mr. K struck me as a powerful personality, utterly lacking in the pretense and pose associated with the stuffed shirt school of pompous politicians and statesmen. He is strong of body, intellect and will. Short and stocky, he seemed hardly more than half as tall as I, but twice as broad. He looks as though he takes good care of his health. Natural and down-to-earth, he gives frequent evidence of enjoying a good sense of humor.

Khrushchev Explains Why Russians Want Peace

Mr. K expounded in detail the reasons why the Russians want peace. First he cited the colossal cost of armaments, and pointed out that, in these days of astounding scientific progress, today's effective weapons may well be obsolete six months from now. The more you spend on armaments, in fact, the more you have to spend. Then he quickly enumerated half a dozen programs, to which the Soviet Union has committed itself, and for the rapid accomplishment of which the maximum of money and labor are required.

At the top of his agenda was a broad expansion of schools, colleges, and other educational facilities, requiring hundreds of thou-

sands of new buildings and additional teachers.

Second came an ambitious housing and home building program. "You will observe the great number of apartment houses that have been put up in Moscow," Mr. K said. "We have only started. We want every citizen of the Soviet Union to have a comfortable modern home."

Next Mr. K called attention to important developments under way in the agricultural field, in which he takes particular interest and pride because of his own farm background. He mentioned that he had opened up great areas of virgin territory. He wants to expand that program, while also introducing the most modern scientific agricultural methods on all farms, old and new.

Also prominent on Mr. K's list was a transportation plan calling for new highways as well as substantial additions and improvements to existing railroad facilities. Large scale expansion of Soviet electric generating and transmitting facilities is also in progress. Attention is also being turned to the chemical industry, and so on down the list.

Mr. K Suggests U.S.-U.S.S.R. Trade and Friendship

"To take our country from its backward position of 40 years ago to the modern ideal we hold for it calls for unlimited capital and for the labor of all of our people," Mr. K stated emphatically. He added that machinery, equipment and materials from the United States could be used in these vast Soviet expansion programs, and that there should be profitable opportunities for trade between our two countries. By engaging in mutual trade, furthermore, he felt that we might find a way of establishing friendship between our two nations.

Then Mr. K made the observation that I consider the most significant of the entire long discourse. If by some means, he said, genuine cooperation and understanding could be created between the Soviet Union and the United States, if these two most power-

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ful nations the world has ever seen could come to work together in harmony, all of the political disturbances in every other part of the world would be adjusted by compromise and peaceful means, instead of becoming the occasion for fomenting renewed bitterness and hatred between the U.S.A. and the U.S.S.R. Both of these giant nations are so extensive geographically and so richly endowed in natural resources that neither needs have much incentive to impose on other countries. If the two giants agree, the rest of the world will pose no major problem. This suggestion, I believe, is realistic and offers promise of a workable peace.

Mr. K Hears That Capitalism Is Ideal for U. S.

For my part, I told Mr. K I thought capitalism had produced excellent results in my country, and would remain the ideal system for us. I reminded him that Andrew Carnegie, perhaps the most successful steel man in our history, had dedicated his large fortune to the promotion of peace and education, and I suggested that the Russians consider Carnegie as a typical American capitalist. I told Mr. K that anyone who pictured the American businessman as encouraging war preparation in order to sell more iron ore, coal and steel, misunderstood the United States. I stated that I had long advocated a working partnership between capital and labor, and that I liked to have the men and women who work for companies with which I am associated become stockholders, as I believed that the ownership of American industry should be widely diffused.

Mr. K did not overlook the opportunity to inject good-humorably at this point that while he considered this a commendable policy, in his country they did even better: the people owned everything. He went on to assert that he had no desire to try to change the form of government or the system of economics of America. He added that the Soviet Union was eager to live on good terms with the United States,

and that he wished the United States would stop our worldwide denunciation of the Soviet system, and cease to try to ring Russia with missile and bomber sites. (Neither of us raised the point, but I had a graphic mental image of our own agitated state of mind if the Soviet Union were able to build similar installations in Canada and Mexico.)

Does U. S. Foreign Policy Follow The Election Returns?

I told Mr. K that I had been a lifetime student of Russian history and Russian literature. In recent years, I noted, I had enjoyed meeting Russian scientists, scholars, journalists and others visiting North America and, from my visit to the Soviet Union, I had become convinced of the friendliness of the Russian people. I expressed the view that we ought to reach friendship and understanding, and that we should trade with each other, and I ventured to suggest that, in due course, the American industrialist, the American labor leader and the American farmer would demonstrate that they agree with me. Meanwhile, I suggested patience and forbearance on the Russian part. I also invited Mr. K to watch the election returns carefully in November, to see if the American voters did not express strong sentiment in favor of fresher and wiser foreign policies.

In the course of our discussion, when I commented on Mr. K's ability to speak decisively for his country, he replied emphatically, "Any policy I announce must first be discussed with the cabinet and backed by it. Furthermore, we make no decision unless we are sure it will have the support of the people." Mr. K added that the cabinet customarily meets several times a week, and holds daily meetings in times of emergency.

In reply to my question, how can our two countries move toward friendship and understanding, Mr. K said that a first and important step would be a good will visit from President Eisenhower to the Soviet Union. Mr. K thought it would be fruitful for the President to determine the

friendliness of the Russian people and their government for himself, and to observe at first hand the progress that the nation was making. For his own part, Mr. K said he would like to pay a visit to the United States and Canada, to see for himself our great cities, our industrial companies, our railroads and our agriculture. I told Mr. K that this sounded like a good sensible program to me, and that, in my modest and unofficial way, I would encourage it.

U. S. Specialists Testify to Soviet Progress

On this subject of see-for-yourself trips, I should like to call attention to three distinguished delegations of specialists who come away impressed, in recent months. The steel group was headed by Edward T. Ryerson, retired chairman of the board of Inland Steel Company. Walker L. Cislter, President of Detroit Edison Company, led the electric power group. Prominent among the educational delegation was my longtime friend Dr. T. Keith Glennan, former member of the Atomic Energy Commission, who not long ago left the presidency of Cleveland's Case Institute of Technology to become head of the new National Space Agency.

No one can conceivably write these men off as being weak in the intellect or lacking in devotion to their country. The accounts they and those who accompanied them have given of what they saw can certainly be accepted as reliable by their fellow Americans. While their reports were issued with restraint, they all emphasize the great progress Russia has made in the respective fields of steel, electric power and education. What is more, all of these men testify to the friendliness and kindness of the Russian people.

If visits like these can be productive, would it not be worthwhile to have a political delegation headed by the President go to the Soviet Union? With American spending \$50,000,000,000 a year for defense, and the fate of humanity at stake, surely the head

of our government, with his fine personality and his infinite capacity for friendship, can afford to make an attempt to deal directly with his Russian counterpart on the ground.

The Globe Is Big Enough for Both Capitalism and Communism

By this time, I think it must be abundantly clear to you that I emphatically believe the globe is big enough for both capitalism and communism. For capitalism to flourish as I am convinced it can, though, I suggest that rapid and radical changes are required not only in our international relations, but also in our domestic industrial relationships.

I have already had considerable to say about our foreign policies. Let me go further and suggest that we urgently need a new Secretary of State. Mr. Dulles goes gaily on gambling with the destiny of the world, without restraint from any quarter. Rejected by the voters of his own state when he ran for office in New York, and then elevated to high office by appointment, he evidently is impervious to the 1958 election returns, which his inflammatory activities helped to render catastrophic for the Republican Party. He blithely courts the ultimate world catastrophe of the bomb, without consultation with even the Senate Foreign Relations Committee and the House Foreign Affairs Committee.

U. S. Foreign Policy Has Lost International Friends

Let's take an objective look at the present state of our international relations. When I came to the United States from my native Canada at the beginning of the century, this was the only major nation in the world without a single enemy. Since then we have contrived to tread on the toes of practically every country on earth. We are constantly meddling in both the internal and external affairs of other nations, friendly and unfriendly.

Our critics are not confined to communist nations. When I traveled through Europe recently, I was chagrined to discover that

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the newspapers of such countries as Denmark, France, Germany, Austria and England were unanimously critical of our Formosa Strait policy. Our high government officials can no longer visit the republics of South America without inciting riots. In Canada, our near neighbor and best customer, the latest Federal election was won by the party that proclaimed its lack of warmth, if not downright hostility, to the United States.

U. S. State Department Simulates The Ostrich in China Policy

We have elected to invite the enmity of the 600,000,000 Chinese on the mainland, and have substituted for our old friendship with that proud and powerful nation a futile alliance with Chiang Kai-shek, an exiled has-been whom we have installed and maintained on a neighboring island at fantastic expense to the American taxpayer. Thanks to the ostrich-like antics of our State Department, few Americans have been permitted to go see for themselves what is happening in the People's Republic of China. We can take the word of such reliable and distinguished Canadians as James Muir, head of the Royal Bank of Canada, and Dr. J. Tuzo Wilson, President of the International Union of Geodesy and Geophysicists, who have been in China this year. Banker and scientist alike testify to the tremendous advances of the Chinese in all fields. Muir's injunction to his fellow businessmen, on his return to Canada, was to trade with China or miss the opportunity of a lifetime.

Now let's consider the alternatives to reaching a livable accommodation with communism. Through the Pugwash conferences I have for several years been trying to promote understanding on a private and informal level between scientists and scholars of East and West. The proceedings and conclusions of our several Pugwash Conferences of Nuclear Scientists have been made available to the heads of the world's major states, as well as the Pope and the United Nations. From

President Eisenhower, India's Prime Minister Nehru, The Vatican, Canada's Prime Minister Diefenbaker, Yugoslavia's President Tito, to name just a few, have come letters endorsing the purpose of the Conferences. When I was introduced to Premier Khrushchev in Moscow, his first words were, "I have personally read the Proceedings of the Pugwash Conferences, and I want to thank you on behalf of the Soviet people for bringing the scientists of the world together. It is a highly constructive move."

Pugwash Scientists Warn Against Nuclear Annihilation

At the recent Third Pugwash Conference of Nuclear Scientists, 80 experts gathered from 22 eastern and western nations to consider "The Dangers of the Atomic Age and What Scientists Can Do About them." Bear in mind that all that united these participants was that they were scientists and that they had given much of their individual thought to the implications of modern science for the future of mankind. At the conclusion of their meetings, they reached the unanimous conclusion that enough atom and hydrogen bombs have now been stockpiled by both sides to blow all the cities off the face of the earth and to annihilate all their inhabitants. They further agreed that there is no defense, civil or military, against the bomb.

In the absence of an understanding between the capitalist and the communist nations, both sides will go on increasing their lethal stockpiles. Twelve years of this cold war have already cost astronomical amounts. Ever-increasing expenditures have been accompanied by ever-increasing hatred and bitterness. Continuation of the cold war will create a crushing burden of taxation that will bankrupt us.

Meanwhile, make no mistake about this: every day that the arms race continues, the chance of mutual destruction grows greater. Any day, by accident or by design, some fool, some fanatic, even some fumbler, may touch off the explosion that will cause the

holocaust. Consider the consequences for your personal standpoint. One hydrogen bomb dropped anywhere within 40 miles of Detroit, whether in the lake or on the land, will obliterate every form of life in this great city and reduce all its institutions to dust and ashes.

Friendship With Russia vs. Cold and Hot Wars

Which course shall we choose? Certainly the risk in a treaty of peace and friendship with the Soviet Union is fraught with far less hazard to humanity than either the cold war or the hot war.

Assume that we do reach an understanding with Russia. What steps must we take at home to make sure that capitalism will flourish on the same globe that also holds communism?

First we will have to stop fussing about the progress of other countries. The Soviet Union, Red China, India and Africa are determined to create their own successful industrial civilizations. We will have nothing to fear from any part of the world if we concentrate on upbuilding our own capitalistic system.

At the same time, I should like to suggest that our government quit subsidizing socialism in other countries. If a nation forbids American corporations or individuals to have a financial interest in one of its natural resources or any of its other business institutions, our government has no business turning the American taxpayers' money over to that nation to create state-owned enterprises to develop those natural resources or conduct those other businesses.

How We Can Make Our Capitalism Flourish

To begin with, all of us, whatever our calling, are going to have to repledge our allegiance to the old-fashioned credo of joyful hard work that originally made America great. We must give close attention to the physical fitness and the mental development of every man, woman and child in the United States.

Next we must search for further and surer ways to ward off the depressions and recessions with which our economy is periodically beset. Few if any of you will remember the financial panics of 1907, 1914 and 1921. Some of you will recall, and vividly, the depression that began in 1929 and took years to run its course. Our weak banking system was the root of our trouble then and, while we have strengthened it some since, we still have a distance to go.

Black Friday, Oct. 18, 1929, has gone down in history as the fateful day when the stock markets started their downward plunge. The following Monday, Oct. 21, when I was in Detroit for a celebration of the 50th anniversary of the invention of light, with such familiar figures as Thomas Alva Edison, Henry Ford and President Herbert Hoover, word came that panic had struck the markets. The banks started falling all over one another to see which could sell out their customers fastest, in an effort to keep liquid. This, of course, heightened the crisis. Before the ensuing debacle was over, the stocks of sound companies had shriveled almost to nothing, and business had ground almost to a standstill.

Two examples from among many own companies will suffice as illustrations. The stock of a great industrial like Sherwin-Williams, which today has a market around \$190 a share, sold down to \$7 a share. The stock of the conservative old National Refining Company, whose assets in 1929 consisted largely of cash and government bonds, plummeted from \$50 to 25c a share.

I am not attempting to prove that there would have been no 1929 readjustment if our banking system had been stronger, but I do firmly believe we could have avoided the depths to which the combination of weak banks and our own emotionalism carried us.

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