

Threat of Tough Economic War Seen In Russia's Great Industrial Strides

COPYRIGHT

By JOHN A. REICHMANN

Russia's tremendous industrial development since the end of World War II is causing some of President Eisenhower's top policy advisors to consider the possibility that the cold war of threats and propaganda is becoming history's most spectacular economic war.

Information being received here through both open and secret channels indicates that Kremlin leaders are now ready to pursue that phase of the Marxist revolution designed to establish Russia as the world's greatest economic power.

Since the death of Stalin, the Iron Curtain has parted enough to establish that the Soviet Union is no longer an agricultural nation but an industrial one.

The nature of information being received here was disclosed by Allen W. Dulles, director of the Central Intelligence Agency, in a speech carried in part by the Sunday Star several months ago.

In that speech, Mr. Dulles reported that Russia has become the second greatest industrial power in the world, with gross national production slightly more than one-third that of the United States and production of capital goods alone about 45 per cent of ours.

Therefore the question is not so much whether but when the Communist world will be able to challenge the West for industrial leadership. Some observers think it will come in 10 or 15 years, within the lifetime of present Kremlin leaders.

Business Is Not Concerned

Representatives of business organizations with whom this subject was discussed expressed the view that the present high rate of American industrial expansion will prove sufficient to meet the Soviet threat.

The trade fairs which are becoming increasingly common abroad are becoming arenas in which the products of American and Russian industrialism can compete. American industry had been reluctant to take part in the fairs, writing them off as a waste of time. But Commerce Secretary Sinclair Weeks set up an Office of International Trade Fairs in his department in February, 1955, and since then many American industries have sent samples and exhibits.

The displays from the United States have been big drawing cards wherever they have appeared. In New Delhi, India, they far outshone the Russian exhibits. These demonstrations of the fruits of American industry have been displayed in 34 countries around the world.

The problem of Soviet expansion is increased by the fact that the Soviet Union is using its expanding power to produce capital goods rather than concentrating on consumer goods.

The Soviet's extension of a loan of \$100 million to Afghanistan and the building of an airport there are examples of the new economic offensive and no doubt a deep impression was created in India when Moscow offered a steel mill and

indicated that textile weaving machines were available.

In the last case there was little note of the fact that Russian credit terms for the sale of the steel mill were far more stringent than is exacted by the United States for such aid. Nor was the fact mentioned that this industrial equipment was outmoded in Russia due to the planned adoption of automation. Nonetheless, these moves had propaganda value.

The United States has confined itself largely to a wait-and-see response to the Red offensive.

"Our approach," one official said, "is not to compete with the Soviet Union on particular projects. Such 'victories' are only temporary.

"In the end, we believe the mass of the people of these countries will appreciate the more the assistance we have given them in building themselves up through technical assistance, education and health programs."

Long-Range Plans Not Feasible

The problem of long-range planning in this country to keep ahead of Russia is a complex one. No blueprint can be laid out for

the development of United States industry.

Rely on Industry

In accordance with the American system of free enterprise, private industry must be relied on to supply the heavy industrial capacity under the impetus of consumer demand and the competitive system.

Plans have already been announced by Ford, General Motors, American Telephone & Telegraph and other companies for multi-billion dollar plant expansion. Steel, plastics, fiber glass, pulp and paper, aluminum and a host of other industries plan expansion. F. W. Dodge & Co. reports that in the first six months of 1956 new construction contracts reached a new high of \$13.2 billion.

Undoubtedly the Federal Government's interest in the country's industrial growth will expand against the day when the economic struggle begins in earnest between the Communist world and the world of free enterprise. For that will be a struggle to determine whether the profit system can hold its own against a collective economy.