



DEMOCRACY VERSUS COMMUNISM

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of the

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I am grateful to you for the invitation to be with you today. As I looked at the list of speakers who have preceded me at earlier graduations of the School of Consumer Banking, I realized that I should have been more modest and regretfully declined the invitation to be here. But I am happy to be here, even though I approach the task of trying to bring you a meaningful message with some trepidation.

Among possible subjects would have been a discussion of the growth of consumer banking in our commercial banks. I doubt that I could give you much information that you don't already have on this subject, and also I would feel uncomfortable in talking on a subject better known to my audience than to me; however, we all know that in the last few decades consumer financing has become an important influence in our economy, and in fact has appeared more recently in many countries all over the free world. There are a number of new elements in our financial structure that were practically unknown forty years ago which have become very significant today. Consumer lending at commercial banks is certainly one of these. The volume of sales of consumer durable goods has become an important element in influencing the ups and downs of our whole economy. The ability of people to obtain financing for these purchases has clearly been very helpful to our broader economic growth, although some people think that this has also added to the instability of the economy. Information on delinquency and repossession rates in

consumer credit is always included in the Federal Reserve Board's evaluation of current economic conditions.

From this point of view, it could be said that the job of consumer banking is somewhat like that of the Federal Reserve Board in our function of "leaning against the wind." How much we should lean is the continuing question to central bankers. I was amused at a satirical observation on this subject made by septuagenarian Sir Dennis Robertson, Emeritus Professor of Political Economy at the University of Cambridge. He said, "One of the topics which Central Bankers discuss is when leaning into the wind, which is admitted to be a good thing, becomes spitting into the wind, which is unwise." Now, to relate this function to yours, we know that in periods of recession the consumer banker has to keep his sense of proportion and look for opportunities to expand because he knows that the recession won't last forever. In periods of boom and general prosperity he has to avoid the extending of credits that may look good at the time but whose repayment may really depend on the continuance of boom conditions.

Rather than talk further on this, your subject, I also have the possibility of making a presentation on the operation of monetary policy. This is an interesting subject to me and one which I would be more comfortable in discussing, since it is now my full-time job. I would add that it is proving to be very interesting. For one thing, there is always the question as to which direction our economy is tending to move. Federal Reserve authorities must always keep themselves

as fully informed as possible on this subject. Then, there is also the question as to which way the Federal Reserve should exert its influence, always remembering that the main factors determining the state of the economy are factors of demand and supply of various kinds that are outside the control of the Federal Reserve System. Yet, at the same time, we know that the exercise of Federal Reserve influence can have very important and, we hope, beneficial effects. Finally, there is the matter of the particular techniques to be used in carrying out our policies, and this in itself can pose an interesting and challenging set of problems since the circumstances at any given time are never exactly like those of another time. For example, during the last year, the international factors have been quite unusual, and this has led us to alter techniques on occasion.

However, rather than devote my talk to this sort of subject, even though I think it would be interesting to you, I have an urge to discuss what I think is the burning issue of our day. And, since I rely frequently on instinct, I would like to talk a few minutes on Democracy versus Communism.

I do not believe the School of Consumer Banking could have found a more appropriate spot in all of America than Charlottesville, for this was the place of residence of one of our great, if not immortal Americans -- Thomas Jefferson. I am sure you have all visited Jefferson's home, Monticello, during your stay in Charlottesville. Impressions undoubtedly vary as to what the home of this man says to today's American.

To me it says, among other things, that its architect was both practical and idealistic. Jefferson dared to dream ambitious dreams of mankind's future. And while his handiwork shows the influence of practical consideration, he would not allow conventional wisdom to rob his dreams of their basic beauty.

James Allen writes in his essay on "Visions and Ideals," as follows: "The dreamers are the saviors of the world. As the visible world is sustained by the invisible, so men, through all their trials and sins and sordid vocations, are nourished by the beautiful visions of their solitary dreamers. Humanity cannot forget its dreamers; it cannot let their ideals fade and die; it lives in them; it knows them as the realities which it shall one day see and know." But Jefferson did not only dream. He worked steadfastly to make the dream of a better life for Americans a reality. Your work in consumer banking helps to make possible a better life for many Americans. So we can say that you are engaged in a work that complements the dreams of Thomas Jefferson; therefore, you are fortunate to have the opportunity to pursue greater understanding of your chosen work in life in the shadow of Monticello.

As a student of Jefferson, I had always thought that his philosophy was magnificent, but I will confess some skepticism as to the eventual result. It took the reading of a letter written in 1857 by Lord Macauley, the English writer and historian, to an American correspondent, to distill my doubts to a simple observation. In this

letter, Lord Macauley was critical of Thomas Jefferson's philosophy of government and proceeded to list in logical sequence the dire results that such humanitarian ideas would produce. One sentence of this letter reads, "Your constitution is all sail and no anchor." Somehow this seemed to sum up in a few words my uneasiness with Jefferson's philosophy. Actually, I suppose our form of government does not have an "earthly anchor," but instead our anchor is in the sky -- a belief in a Divine Being. The real story of American democracy is that at the heart of the democratic political theory is a faith in the nature and destiny of the individual. Communism believes there is nothing in the world but matter. It excludes a belief in God, in the soul of man, and immortality. It denies absolute moral law and the infinite value of the individual.

It should not be difficult to see that this is the human struggle to end all human struggles and much more than one army against another. Our democratic nation cannot defeat communism by force of arms alone because communism is not a nation. It is not an army. It is a system of ideas, a philosophy of life, an ideology. In fact, it is a religion. And no religion has ever been destroyed by force of arms alone. Always it has been supplanted by a stronger religion. This, then, is the nature of the conflict.

Today we see communism and the growing might of the Soviet Union as the real and immediate threat to our peaceful progress. Although we do not welcome this threat, it does present us with at least

one advantage -- it forces us to examine our own weaknesses more closely than might otherwise be the case. But we must not forget that these weaknesses would be just as real and just as deadly in the long run if the Soviet revolution had never occurred and the Russian bear were still slumbering in isolation from the Western world. Apathy, self indulgence, lack of purpose and principle can destroy the country we know and love as surely in the end as could any bomb or fifth column agent. Thus, we must intensify our efforts to invade men's minds with the principles of democracy and freedom -- not just because militant communism has indoctrinated and captured the imagination of many, many people, but because our own health and strength as a nation require that we understand and believe in the principles on which our society is based. We must invade men's minds with the principles of democracy, but much more important, we must instill in men's minds the religious and spiritual bases of democracy.

Obviously, the responsibility for such education falls primarily on teachers, ministers, and statesmen. Perhaps the greatest contribution that many of us can make is to give true laborers for freedom our unwavering support in their efforts. But we can also help in our everyday lives -- in the conversations that we engage in with our children, our customers, and our colleagues. One of the places where it seems to me we have fallen behind in the 20th century is in the discussion of our basic philosophy. One of the reasons we are so inarticulate about the aspirations of a democratic society is that we do not talk about them enough among ourselves --

with our friends and in our families. It appears to have become socially incorrect to introduce basic questions into the conversation at luncheon or dinner, or in the evening over a good cigar. If our talk on these occasions were in fact confined to fresh, witty banter, there might be some excuse, for there is certainly little enough fun in the world. But often we stick to innocuous topics to avoid exposing our own thoughts on vital issues. We cannot escape the fact that the world in which we live is controversial and becoming more so every day. If we cannot mature enough to learn to discuss controversial subjects in an unemotional manner, then we are much like a man who tries to drive an automobile while blindfolded -- or wearing ear plugs. The road our government follows is determined by the settlement of controversy through discussion. If we voluntarily impose censorship on ourselves, then we are striking at one of the fundamentals of democracy as surely as if someone imposed it on us. I believe we should spend more time exposing our philosophy of the American way of life in everyday conversation and listening carefully to our fellow Americans' thoughts on the subject, and we would thereby come closer to developing a rationale for democracy which would be a powerful force in every household and would radiate its spirit to other freedom-loving peoples.

Many describe the present conflict as an economic war. To me this is dabbling at the surface of the problem because underneath it all is a basic argument over the nature of man. All communist effort is directed from a belief that free men cannot pursue their own best

interests without damaging the rights of others. If we are not united in believing that we can and, in fact, do accomplish this difficult feat, then we are obviously fighting at part strength.

Unless we start winning the conflict, the result could be surprising. America may find herself in a peculiar and tragic position; namely, where her ideology is no different from that of communism -- where materialism will be our Master rather than our Servant. Perhaps this is what Khrushchev meant when he said our grandchildren would live under communism. If the day does come when we no longer have an ideology which is different from the communists, then we have lost the struggle. For the only way in which one religion can be defeated is to supplant it with a stronger religion.

I am sure you must have wondered, as I have, in reading the history of the American revolution, how it was possible for the very disorganized and loosely-knit colonies to achieve independence with limited arms and almost no industry. Part of the answer must lie in the fact that our forefathers believed deeply and sincerely in their cause. As heirs to the American dream of freedom and dignity, we are face to face with our greatest challenge to date. You and I, along with 183 million other Americans, have a part in the drama that is unfolding. Our willingness to shoulder the individual responsibility that goes with American citizenship is the key to victory. Unless we use this key, future historians will not write favorably of us. We will have betrayed the greatest trust mankind has ever devised. If we believe we have an obligation to our forebears and our early patriots, then we are not

communists because communists do not honor commitments. Lie, deceive, and cheat is their "modus operandi" -- reduced to brevity. To the extent that we indulge ourselves in such methods, we accept communism whether consciously or not.

I have read that Jefferson was not considered a devoutly religious man, but that is merely a judgment of some men. No man knows the inner thoughts and deeper beliefs of another man, and to judge in such a manner is but human folly. Our "anchor in the sky" might appear to be the weakness of Jefferson's democratic ideal, but today it must be our greatest strength if freedom is to survive. Apparently Jefferson had more faith in all mankind than many of us have in ourselves. America's performance in the future will serve as testimony that his faith was well-founded -- or misplaced. This, I believe, is the message and the challenge that Jefferson and Monticello offer Americans today.