

**ADDRESS BY THE PRESIDENT
OF THE UNITED STATES OF AMERICA¹**

Dwight D. Eisenhower

It is a great personal privilege to welcome to our country and to our capital city the Governors of the International Bank, the International Monetary Fund, and the International Finance Corporation. We are honored by the presence of such distinguished company in our midst. I think that in these days and times it would not be amiss for me to say that the welcome I assure you is not perfunctory. We are delighted you are here. We are more than pleased that you have again assembled to tackle problems through your daily meetings that are important to the whole world. So I assure you that the welcome, both officially and personally, is a very warm and sincere one.

As the chief financial officers of your own countries and as the Governors of your great financial institutions, you must deal with some of the most vital and perplexing problems facing our generation. After a quarter century marked by general wars and by depression, the nations of the world are now engaged in a great effort to win for their peoples sustained prosperity in peacetime.—I might remark here that when I told someone I was going to appear before this body they suggested to me that I make this observation: The world through this quarter of a century of tribulation proved that it could live with and survive adversity. He said now their problem is to show us and teach us how to live with prosperity.—In all our lands there is a surging confidence that steady economic growth can be reality, and that the good things of life can be made available in a growing stream to all our peoples.

In recent years, the world has experienced unprecedented economic growth. Investment, productivity and trade have expanded on a scale and at rates not previously known. The results are evident all over the globe in higher living standards. In our age, for the first time in history, dreams of a better material life have be-

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come everyday hopes among millions accustomed to poverty. And, for the first time in history, the aim of fostering higher living standards has become a central concern of governments everywhere and of the international community. This is an aim we all wish to advance.

Our economies can help generate an ever-better lot for our people if we are both forward-looking and prudent in our private and public policies. The task ahead, it seems to me, is to strengthen those policies that foster healthy economic growth. We must have growth that does not endanger stability. We must have stability that does not throttle growth.

During your sessions here you will doubtless be concerned with this whole range of problems. For my part, disclaiming—and perhaps needlessly—any idea that I am either a trained economist or financial expert, I shall not make the mistake of attempting to counsel you on these technical issues. I leave their probing in your competent hands. But may I say this? Among the basic problems on your agenda, none is currently more pressing than inflation—the tendency to rising prices. While this tendency is stronger at some times than others and in some places more than others, it is a world-wide phenomenon today.

Particular aspects may differ among countries, but thoughtful men everywhere recognize inflation as a threat to sound economic growth. Wise and courageous leaders in every land are sounding a call to their fellow citizens to join in the defense of their currencies. It is a call that must be heeded, for inflation not only destroys the savings, pensions, and insurance policies of the frugal, its aftermath can be a depression which saps the strength and vigor of government, of industry, and of people.

Aside from the many technical phases of inflation, there seem to me to be certain common-sense aspects of the matter which we must squarely face.

First, how many of our personal and governmental demands and desires can we safely expect our economies to satisfy at one time? Inflation may appear to some as the easy way to avoid this question. At times the world may try, through financial and monetary

devices, to obtain more from its economic resources than can be produced, whether for current purposes or for capital investment. The history of recent times reaffirms that in reality this cannot be done. We cannot successfully put a continued overload on our resources. Rising prices have confirmed this axiom.

Demands on our economies come from both public and private sectors. In dealing with inflation, a country's policies must relate to excessive demands from both these sectors. For those of us charged with public responsibilities, this means conscientious efforts to limit government demands on the economy—a difficult task in this day of heavy defense outlays.

To central bankers we must look for conscientious efforts to maintain credit policies that are consistent with sound economic growth. To fail to do these things is to ask the economy to carry more than it can. It will react to this pressure in rising prices. If unchecked, this leads to reaction and downturn and all the evil consequences we know so well. It may be well occasionally to recall the old story about the dog that jumped off the bridge to get the bone he thought he saw in the water, thereby losing the one he had in his mouth.

Aside from this first question of the impetus to inflation from overloading the economy with excessive demands, there is, second, how much do we as individual nations pay ourselves for what we produce. If our efficiency in production and the payments which we make for productive efforts of all sorts rise in step, in coordination, there is no impetus to rising prices. But if our efficiency does not increase, if our productivity does not rise, we as nations will tend to fall into the costly error of overpaying ourselves for the work we do. Along that road, as so many countries are again discovering, lies the spur to further inflation.

We all recognize that sound domestic policies are the essential keystone to the avoidance of inflation. In the developing of such policies, the international financial institutions which are meeting here this week have been playing a significant role by giving valuable advice and by extending financial assistance to their members.

The less well-developed countries of the world are often faced with special economic problems. We all recognize that basically the

impulse for meeting these problems and for building up a country's production must come from within. Economic development is a homespun product, the result of a people's work and determination. It is not a product that can be imported from some other country. However, a helping hand from abroad can often be of the greatest significance in furthering economic development by providing technical or financial assistance. In this great effort, the resources and experience of private investment should be mobilized to the maximum extent. We look, moreover, to the organizations represented here to give encouragement and assistance to the efforts of their member countries to achieve a better life for their peoples.

I have mentioned the vital importance of promoting a sound economic base for better living for all our peoples. I am sure you realize that there is another reason for maintaining strong economies. This is the need to be certain of our security in this troubled world.

Sound economies are the backbone of successful defense. They are essential not only to the maintenance of our military establishments but also to the creation of those conditions of well being which are in a very real sense a primary line of defense for the entire free world.

It is important that we remember that what each of us decides in his own country affects the fortunes of the rest of us. Each country can render a great service to every other country by keeping its own economic house in order. The world has shrunk and our sense of interdependence is keen. So, too, must be our sense of cooperation. That nations choose to act cooperatively through these great international organizations is ground for confidence that your decisions here and at home will be wise and sound.

And so, I salute the great accomplishments you and your organizations have achieved. I trust your days in Washington will be most pleasant and productive of increased understanding and cooperation in the years ahead. Your labors can hasten that day when all men can live and work in what we may describe as a neighborhood of the nations.