

THE AGE OF ECONOMICS

It Has Made a Triple Revolution in the World

Harlan Cleveland

The triple revolution in the "underdeveloped areas"—the revolution of rising economic expectations, of rising resentment at inequality, and of rising determination to be free and independent—is plain to see in the words and actions of leaders all through Asia, Africa, and Latin America. These deep desires are all, of course, the product of Western example and Western philosophy. The rationalism of Greece, the Christian idea of the dignity of man, the self-confidence of Europe after the Renaissance, the American demonstration that equality and independence can succeed, and the objective success of the scientific method in producing power and prosperity in industrial nations—these elements in our tradition have converted the world. After uncounted centuries of ignorance and apathy, the ancient societies of Asia and Africa want to participate in the good things that seem to result from these alien ideas.

More rapidly than seemed possible a generation ago, the political claims have been made good. New nations with new leaders stand free of the antique structure of colonial rule throughout Asia, and the same trend is well advanced in Africa as well. The days when progress was bought by shouting in the streets and sitting in colonial jails are nearly finished. Now the rebels turned administrators face, and with desperate urgency, the unfulfilled expectations of their own followers for rapid economic progress.

The age of economics—of "arithmetic"—is upon us, and it is dominated by a central idea, the idea of constant growth. It is a new idea—three hundred years at the outside—violently contagious, shared now by all the Western nations and spreading by the example of what a machine culture can produce for the people that control it.

The facts of rapid economic growth in the past have brought into focus a vision of unlimited possibilities for the future. Indeed, the pessimists are so often confounded these days that the optimism of constant economic growth is in danger of being placed on a pedestal and worshiped like an ancient idol.

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The people who saw our population in a stage of "incipient decline" (and, as in the case of David Riesman, built on that assumption a whole view of society) have lived to see the curve turn upward again—not only in the United States, but in France, which used to be the classic case of population trailing off in a decadent culture. The people who have been wringing their hands as world population went from approximately 1,600,000,000 in 1900 to 2,400,000,000 in 1950 have had to swallow their dire predictions as production outraced man's propagative instinct. The prophets who could not see how the earth could produce enough food have survived to admit that, what with algae and chemurgy and concentrated sunlight, we have not begun to make efficient use of natural sources, let alone scratched the surface of nutritious synthetic combinations. The folk who were sure England was through as a world power because her coal was running out, who saw the world dependent on Arab politics because most of the world's oil reserves are under Arab soil, who saw energy as the limiting factor in the development of every backward area, have had to admit that in a very few decades any people that can dig for granite or trap the sunlight may find energy the easiest part of its growth problem to solve.

The glimpse we already have of future scientific advance seems sufficient to assure us that, in the century to come, we will be working with the problems of growth rather than of status, of too much rather than too little.

The idea of constant economic growth is so new that the invention of human institutions to promote and control an expanding economy lags well behind the fact of expansion. Nearly every articulate political leader in the world is now certain that rapid growth is possible. The uncertainties have to do with the institutions that will guide this progress—and keep it from destroying mankind.

The Asian and African leaders will concede that the building of a global peace, not the economic development of their own countries, is the main issue that faces mankind. They are quite as impressed as

we are with Western success in developing nuclear weapons, and with the Western rivalries that make the testing of these weapons a fact and their use in war at least a possibility. They are sickened, as we are, by the calculus in Cornelis DiKiewiet's eloquent comment—"the ancient vengeance that takes an eye for an eye, a tooth for a tooth, has now been multiplied beyond our ability to endure, till it is now a town for a town, a disaster for a disaster, a generation for a generation."

But the question of peace and war is out of the hands of most Asian and African leaders, and they know it. What they *can* do something about is the development of their own countries—indeed, if they do not do something about it, they may not themselves survive as national leaders. Progress and peace are both essential to their success, but progress is attainable, while peace will be assured—or violated—by others. America in the nineteenth century held to a similar view; behind the British Navy's shield, we went to work on our own continent to make our destiny manifest.

Reasoning thus, the Eastern leaders turn to the West for the ideas and institutions they need to make the vision of economic progress come true. And here is the nub of our problem in relating ourselves to the development of the underdeveloped areas. The trouble from our point of view is that there is room in Western philosophy not only for Locke and Jefferson, for a compromise constitution of checks and balances and a modern industrial democracy. There is room for two other lines of development as well; for Rousseau and over-representative parliaments and the chaotic politics of the French Third Republic; and for Hegel, Marx, Nietzsche, Lenin and the totalitarian Leviathans—the paranoic aberrations like Fascism and the more responsible (and more enduring) dictatorship of the "advanced detachment of the proletariat."

In economics, too, there are clear alternative lines of development. There is the industrial system familiar to us, in which regulated competition and bargaining among corporate organizations makes for high and constantly rising productivity, a constant gain in real income for all, a growing equality in the distribution of the national product, increasing classlessness and full employment, an expanding economy, and the incentive to growth of growth itself.

But industrial capitalism in Europe has often meant a closed system, its arteries hardened by cartels and restrictive labor practices, its industry dominated by family enterprises, its society racked by class struggle within, its internal pressures siphoned

off into colonial adventures outside, its politics punctuated by "reform" movements that glorify equal shares rather than larger pies. And there is all too much room in Western thinking, if not for the tortured and inaccurate predictions of Marx, at least for the brilliant adaptations of Lenin and Mao Tse-tung, for an economy of squeezed peasant income and force-fed scientific invention, plentiful engineering talent, and productive heavy industry.

The Asians and Africans must, therefore, choose among several Western roads to the "progress" they covet. For better or worse, they discern only two main alternatives. The Western Europeans, who might have provided a third, lack the resources, the economic vigor, the military power, and above all the political credit to make good their bid for leadership in this new kind of game.

All but one of the European colonial powers have managed to hang on for so long to the ways of colonialism that they have lost the chance to build with their dependencies a new relationship of trust among equals.

The Dutch resisted the inevitable to the point that an enduring economic union with Indonesia became politically impossible for Indonesian nationalist leaders. The Belgians maintain their policy of conferring economic benefits but not political participation on the colonial peoples they rule. The Portuguese have not yet joined the twentieth century, and only the utter backwardness of their colonies prevents the blowup from being sooner rather than later.

Even the French, who have shown much greater awareness of the inevitability of independence, worried for too long about the position of Frenchmen in Indochina and North Africa, and have probably made it impossible to make a working concept out of that noble idea, the French Union. Moreover, they have tried for too long to persuade themselves that the juridical status of Algeria was the overriding fact in the situation. They saw themselves as choosing between the alternatives of repression or rapid economic development in Algeria—and failed to see that in their weakened economic condition they could not support either a total mobilization for war if things went badly or the massive transfer of resources from France to Overseas France that would be necessary if things went well.

Only the British have managed to build new institutions that serve as a bridge to their former dependencies—the Commonwealth, the Colombo Plan, and the progressive inclusion of the British Dominions and colonies in Britain's free-trade and currency clearing arrangements with the other members of the

Organization for European Economic Cooperation. But Britain's sluggish economic growth and adverse terms of trade are serious obstacles to any net aid from Britain to the less-developed areas with which she is politically associated. Britain's contribution of technical assistance, through the Colombo Plan and the U.N. technical aid program, is a big effort in relation to her capabilities; but investment aid has had largely to take the form of releasing sterling balances—that is, letting the Indians and other Commonwealth nations have access to bank accounts that belong to them anyway.

This process of elimination leaves two prime molders of Asian and African opinion. The new nationalist leaders can see that in America we have successfully maintained a rapid rate of economic growth, spurred by incentives that are usually described in the language of old-fashioned price competition but which seem to include a great many governmental controls and subsidies as well. In the Soviet Union the Communists have likewise maintained over a quarter of a century an impressive rate of economic achievement.

Applying what they see to their own situations, the Asian and African leaders are beginning to see the true choice in these terms; they can pursue their economic development by maintaining considerable freedom of economic choices by their own people and importing a significant part of their investment capital from the outside, or they can adopt the Soviet idea of autarchic development by rigid state control of economic choices, which makes it possible for a nation to squeeze its needed industrial capital out of its own domestic production, especially out of its farmers. One formula makes it possible to maintain and develop a degree of freedom in political and economic choices by individuals. The other makes necessary the overt use by the state of so large a measure of its latent power as to preclude the development of free political institutions.

The primary issue, then, is economic progress and the nature of the political and social institutions required to get it going and keep it in hand. The choice in the East is what adaptations to make, for their own purposes, in the two most successful lines of Western institution-building, each backed by military and economic power that must look overwhelming to the leader of any Asian or African nation. As that wise Easterner, Charles Malik, puts it, "The cultural line of battle today lies between the Greek-Roman-Hebraic-Christian-European civilization and the unholy alliance of its internal rebels with those outside."

Historians, looking back on our time, may be struck by how long it took the United States to translate into action its national decision to participate in the future of the newly developing societies of Asia and Africa. For ten years before 1949, we were preoccupied first with the rise of Hitler, then with his defeat and the defeat of Japan, and then with the recovery of Europe. Then, when we were about to turn to the next massive task of the American century, we seemed to falter. The Russians, unleashing a diversionary attack in Korea in 1950, managed somehow to jar us loose from the line of highly successful and immensely popular policy represented by the Marshall Plan and the Truman suggestion that we share with the less developed countries, in a conscious plan, the benefits of our science and technology.

It has now taken us six years, and may take us several more, to shake off the hypnotic effect of Soviet aggression. During this period, we put our chips on military strength and military alliances in all parts of the world, we fell into the elementary trap of believing that he who was not for us was against us, and we buried the least expensive and most appealing element in our foreign policy under the unpopular billions for "mutual security."

It is tempting now to infer from the sudden rush of rhetoric about foreign aid that the hypnosis has worn off, that we are now on the verge of inventing ways to carry out Point Four, which Arnold Toynbee has called "the greatest single idea in foreign policy to emerge from the twentieth century." We have announced our intentions, not just in President Truman's speech but in the Act for International Development, the Mutual Security legislation, and in a number of statements by President Eisenhower. Yet we still have qualms, not unlike the qualms which beset a man just after he has proposed and just before he has really decided to get married and settle down. The major uncertainty in the world today is whether the United States will overcome its qualms about its "bold new program."

Fortunately we have some basis for decision; we have, after all, been living with the lady for some years. In the process we have learned a good many lessons which should be helpful in answering the how-to-do-it questions which Secretary Dulles posed for the Fairless Commission. But there are more basic uncertainties, about our national purposes and our national attitudes, which will determine whether foreign aid and investment are in fact the peace-building tools we keep saying they are. As Macauley asked: "When will people learn that it is the spirit we are

of, and not the machinery we employ, that binds us to others?"

The annual debate about foreign aid in this country has featured two protagonists. On one side have been the "humanitarians," the loose coalition spearheaded by church and women's organizations, a few labor unions, and a miscellany of groups normally identified with liberal causes in the 1930's and 1940's. On the other side the solvent word is "realist," and under a realist banner are to be found a good many business, military and political leaders who are united in the belief that foreign aid should be related to our national security, hence should be mostly military in character and mostly given to countries which have unmistakably ranged themselves on our side. (A third group, of those who believe with Congressman Gwinn of New York, that foreign aid is not only unwise but unconstitutional, is now a rapidly dwindling minority.)

It is hard to judge which of these groups has been the more responsible for retarding the development of foreign aid as a recognized tool of our foreign policy. Both groups failed to perceive the danger of crying "Emergency!" in order to get the next appropriation through. Both have been willing at times to offer futures in isolationism in return for Congressional support on the next crucial vote.

Those who thought in terms of military security must be charged with the error of trying to stuff all our foreign relations into a series of regional military alliances. But the humanitarians were guilty of narrowing their sights, too—building their foreign policy around a social welfare program, with food, clothing, and advice as its main ingredients. On the "security" side were most of those professionally and politically concerned with balancing the Federal budget; yet it remained for Dr. Henry Garland Bennett, the first administrator of the Point Four program, to try to make technical assistance popular by claiming it would be cheap—a tactic that backfired badly when substantial support to India's Five Year Plan had to be pushed through a reluctant Congress a couple of years later.

It was the "security boys" who succeeded, finally, in combining the economic and technical aid with the military aid programs under one symbolic roof, and changing the name of our foreign missions from "Technical Cooperation" or "Economic Cooperation" to "Foreign Operations" and later (as if that solved the problem) to "U.S. Operations Missions," which is what they are called today. On the other hand it was the "do-gooders" who sometimes promoted technical aid at the expense of economic aid.

Between the two groups, one justifying the program as a response to the threat of Communism, and the other implying that the Communist threat could be ignored if the proper things were done at the village level, a realistic national policy on foreign aid has developed only very slowly. And yet in the programs themselves, the growing army of government and private American representatives abroad has been finding a new rationale for the aid programs, which is neither straight anti-Communism nor straight humanitarianism.

The new rationale starts with this proposition: it is in the U.S. national interest that the new societies of Asia and Africa succeed in meeting the challenge ahead of them, the challenge of the "triple revolution," without coming under the domination of any outside power and without adopting a repressive system of internal regimentation.

To promote this interest requires the maintenance of a military shield, and we will have to be reconciled to bearing a disproportionate share of the cost (in personnel as well as in money) of erecting and maintaining this shield—just as the British did, partly in behalf of our own newly developing nation, during the eighteenth and nineteenth centuries. To promote this national interest of ours will also undoubtedly require the effective use of our great economic strength through trade, aid and investment. But these are tools, not aims; the aim is a successful India, a successful Indonesia, a successful Egypt, a successful Israel, a successful Gold Coast, and so on around the globe—successful in the sense that the constituted authorities are governing effectively and by consent, and are anxious to live with other free nations in freedom and cooperation.

This kind of rationale requires that every aid program be examined from a rather special standpoint—one that differs markedly from the criteria with which a missionary might judge a religious mission, a businessman a business, or a Congressman a domestic government program. If you look back on the ten years of experience we have now had with the postwar aid programs, two lessons about "the spirit we are of" seem to stand out. One is the central importance in every "underdeveloped" nation of the kinds of political and social institutions that are built to spur and guide the process of economic growth. The other lesson is the priority that must be given "felt needs."

If these two lessons are thoroughly learned, the answers to all the standard questions about political attitudes, about financial tools, and about administration can readily be derived from them.