

Naval War College Review

Volume 13
Number 1 *January*

Article 1

1960

January 1960 Full Issue

The U.S. Naval War College

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Recommended Citation

Naval War College, The U.S. (1960) "January 1960 Full Issue," *Naval War College Review*: Vol. 13 : No. 1 , Article 1.
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NAVAL WAR COLLEGE REVIEW

Vol. XII No. 5

January, 1960

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PRINTER'S CORRECTION

to

NAVAL WAR COLLEGE REVIEW

Vol. XII No. 5

JANUARY 1960

On page 36, line 12 from the top of page,
change "guest" to "quest"

**NAVAL WAR COLLEGE
REVIEW**

**Issued Monthly
U. S. Naval War College
Newport, R. I.**

CONFLICTING POLITICAL AND ECONOMIC SYSTEMS

A lecture delivered
at the Naval War College
on 23 September 1959 by
Professor E. B. Ader

Good morning, gentlemen. The title of the talk this morning, "Conflicting Political and Economic Systems," suggests a survey of such systems from the beginning of recorded history. Obviously, I am going to be unable to do anything of that sort in the time allotted. There is bound to be a certain amount of selectivity, and I will confine my remarks essentially to some of the most significant political and economic systems of the contemporary scene.

In order not to compromise my Dale Carnegie oath, I suppose I should begin this talk with some sort of an anecdote, and I believe there is an antiquated story which will fit the occasion. It relates to the experience of an American who was visiting the Soviet Union some years ago in the pre-Sputnik era. He was being given the grand tour, and he was eventually taken to the Moscow subway, where, as you are all aware, the decor is quite impressive. After having admired the surroundings for some time the American noted that during his presence on the platform no trains had come by. So out of curiosity he asked his guide, "Where are the trains?" The guide, astonished, looked at him and said, "Trains, what about the Negro problem in the south?" This, I think, is the underlying implication in the title of this lecture. There is an undeniable implication that these different systems generate antagonism and that possibly this conflict may become overt. I will have a few remarks to make about that shortly.

I will attempt to give you in the remaining time some analyses of communism, socialism, fascism, and democratic capitalism. In order to examine where the systems conflict, or where they might conflict, it is necessary, I think, to outline first of all the theory and practice of these systems, at least in a superficial manner.

In examining the communist system, and I think you all recognize that communism is essentially an economic system with governmental overtones, the key to understanding is the concept of dialectical materialism. The dialectical as a process of analysis used by Marx postulates that every movement or tendency in history — which Marx called a thesis — in the course of its development produces an opposing tendency or antithesis, and that this antithesis in time modifies or destroys the original thesis, producing what is called a synthesis, or in reality a new thesis. Applying this concept to capitalism as a movement in history, we can see that the analysis which Marx makes is that capitalism, in the course of its evolution, produces an antithesis — the proletariat — which will eventually destroy the system. Note especially that this lends the force of historical imperative to the analysis which Marx makes. The destruction of capitalism is not merely desirable, it is historically inevitable, and this, of course, is fine for morale building if you happen to be a communist.

Against the background and within the framework of this dialectic Marx then proceeds to analyze the forces of history. He sees these forces as stemming from man's attempt to wrest a living from the soil. Man is a being seeking to perpetuate himself. He toils to gain a living for himself and his family, and it is this toil which leads to the relationships among human beings. Social classes, Marx says, develop in relation to the economic status of the individuals in society. In other words, as the society evolves because of man's particular actions to support himself, the economic classes which result shade over into the social arena as well. To put it in another way, according to the Marxist, economics color the entire social structure.

The political organization, says Marx, represents the attitudes and the thinking of the dominant economic class, whatever that happens to be. In the capitalist society the dominant economic class is, of course, the capitalist. The various classes, as exemplified in capitalism, are antagonistic and self-seeking. They are each seeking to obtain for themselves a larger share of the goods and services produced. Since this is the case, and since the political state

represents the attitudes of the dominant economic class, as the struggle for goods and services moves from the economic to the political area there is the inevitable need for the working class to seize power from the dominant class by force, since this class obviously is unwilling to surrender its position of dominance peacefully.

In addition to prescribing this line of procedure for the attainment of desired ends, Marx and his associates also suggest that there are a number of shortcomings within the capitalist system which make the end even more easily achievable — that capitalism's inadequacies will contribute to its downfall. Among these are, first of all, the boom and bust of the business cycle in which over-production and lack of purchasing power on the part of the workers lead to depression despite credit selling, intricate financing, or the search for new markets. Another criticism of capitalism which Marx brings out is that labor is exploited and that surplus value is created to which the worker is entitled, but which is denied him. The theory of surplus value in essence simply means that the value which labor produces by its efforts is greater than the amount received by labor in compensation for its efforts. This surplus value is taken by the capitalists in the form of interest or profits. A third criticism which Marx makes of capitalist society is that competition, which is supposed to be the lifeblood of the system, actually gives way to monopoly with its attendant evils. A fourth criticism is that, eventually, competition for foreign markets among capitalist powers leads to imperialist war in which the capitalists will fight among themselves. In view of all of these shortcomings, says Marx, the capitalist system must tend to fall of its own weight, and the workers are there to give it a helping hand.

Now what happens when this fall occurs? What are the characteristics of the communist or socialist economic structure which will replace it? Again I think you are generally familiar with these characteristics, but let me enumerate them briefly: common ownership of the means of production and distribution, and their operation by representatives of the people; no economic classes —

no exploiters, no exploited — all are to be workers; no surplus value; the economic factors of society will be organized on a planned basis under governmental supervision; work is to be available for all; there is to be no unemployment, society will function on the principle “from each according to his ability — to each according to his needs.”

Turning from the economic to the governmental aspects of this structure, the communists foresee that after the attack upon the dominant economic class and the overthrow of existing government, there must be established a temporary dictatorship of the proletariat to install the new system and to prevent counter-revolution, this despite the fact that their aim in theory is greater democracy and greater freedom for the workers. (You might note in passing that this “temporary” state of affairs has now persisted in the Soviet Union for over forty years). Eventually, say the communists, this temporary dictatorship of the proletariat will vanish, and, more than this, the political state as we know it today will wither away — it will disappear, leaving only some kind of skeletal structure of administrative agencies to carry on the work of the economy. I don’t know if you share with me the difficulty of envisioning Mr. Khrushchev and others withering away.

I might digress for a moment to note Lenin’s concept of the proletarian revolution. Lenin, instead of concurring with Marx that this is to be a spontaneous revolution of the working classes, suggests that really the core of this revolution, the leaders, must be professional revolutionaries. He says that the working classes, if left to themselves, have only a trade union mentality, that this is about as far as they go in thinking of their own improvement. If they are going to be led to revolutionary activity they must have a hard core of professional leaders. Strangely enough, this leadership tends to come, says Lenin, from the bourgeoisie, from the very group which the communists aim to overthrow. It is rather interesting to speculate that if the bourgeoisie is to contribute to the leadership of the hard core of professional revolutionaries, this represents a kind of political opportunism which hardly suggests

complete dedication to the principles of communism. The communist party then becomes a self-selected and self-perpetuating elite.

The actualities of government as represented by the Soviet Union I think you all recognize. Instead of the democratic principles which they advertise, totalitarian dictatorship or oligarchy prevails. Despite whatever relaxation of controls has taken place in recent months, the regime is essentially restrictive and repressive. We are familiar with the propaganda and purges which occur periodically.

Nevertheless, the Soviet Union maintains a facade of democracy which may help to sell communism to the people of many nations throughout the world. The Soviet Union has a constitution; there is a bill of rights; there are, and I use the words loosely, periodic elections.

Another anecdote that I might use here to illustrate this facade of democracy is a story which was circulated about one of the satellite countries in which there was to be an election under a communist regime. On election day one of the older citizens went to the polls hoping perhaps there would be some remnant of the typical democratic process with which he was familiar. He walked up to the election official seeking a ballot, but he was handed instead a sealed envelope. He inquired as to whether he would get a chance to mark the ballot, but was told, "No, you must take this envelope and put it into the box over there." So he shrugged his shoulders and ambled toward the box. On the way he decided to do something a little bit different. He held the envelope up to the light, and, as he did so, one of the soldiers who was guarding the premises said, "What are you doing?" The citizen said, "I am trying to see how I voted." "Never mind," the soldier said, "drop the envelope in the box; here we have secret ballot." This, I think, indicates some of the perversion of good, logical democratic terms which occur under communist society, and which tends to mislead the gullible.

Leaving communism now and going on to socialism, I would emphasize that socialism, too, is essentially an economic doctrine rather than a governmental one, but it does have, as does communism, certain governmental ramifications. Socialism is a little more

difficult to define than communism. It is a term of varying connotations and any specific definition may be an oversimplification. Its origins are somewhat diverse and its development dissimilar. As an economic system, however, and as the term is generally used today, socialism, like theoretical communism, aims at a more equitable distribution of wealth and avoidance of economic crises in a society. It is critical of capitalism. It envisions nationalization of at least a segment of the economy. To put it in a slightly different way, socialism expresses the belief that economic decisions must be made by the community rather than by individuals, that public ownership must supplant private ownership.

However, despite this similarity to theoretical communism, there are a number of dissimilarities which I think are quite significant. In the first place, socialism seems to be tinged, at least in its origin, with certain religious and moral overtones, whereas communism is rigorously materialistic and scientific. Men like Robert Owen, Saint-Simon, Francois Fourier, and Pierre Proudhon, nineteenth century advocates of socialism, were not so much concerned with governmental ownership and/or direction of the economy as were later socialists. They were concerned with man's relation to society and in some instances they urged the formation of small societal groupings in which a more communal type of existence could be practiced. But these societies did not dedicate themselves to the concept of rigorous materialism which communism represents. Even modern socialism seems to be more honestly concerned with the individual — his dignity, his worth, his freedom.

Socialism is evolutionary and constitutional in character, advocating legitimate methods for the attainment of its purposes, whereas communism is revolutionary. Socialists would advocate the formation of socialist parties and the winning of elections so that socialist policies may be put into effect according to legitimate constitutional processes of the state in which they operate. Socialism emphasizes gradualism and the piecemeal nationalization of certain segments of the economy, based on empirically verified criteria. Communism, on the other hand, insists on a sudden transition and almost complete socialization. For example, the socialist

would argue but those segments of the economy should be nationalized or socialized which are natural monopolies, or which are "sick" industries, or which are critical for national defense. Now, I am not suggesting to you, of course, that this represents a scientific measurement of whether or not a segment of the economy should be socialized. I am simply noting that there is a difference of degree here in terms of gradualism, in terms of the amount of socialization, and in terms of how it is to be accomplished. Socialists also tend to believe in the exercise of the power of eminent domain, and just compensation for property socialized. Communists, of course, favor expropriation without compensation.

Because of the ramifications for American foreign policy today in the existing global atmosphere I think it should be especially noted that socialism as an economic doctrine is not incompatible with political democracy. I call your attention to the situation in Great Britain where a socialistically inclined economy does not prevent the change of those in political power from Conservative to Labor and back, or even the de-nationalization of a nationalized industry.

The point is this. If we are attempting to woo uncommitted nations to our side, it may be an error on our part to urge the adoption of a free enterprise economy when their traditions or their particular economic circumstances at that time may make such a system unacceptable. Rather, we might do well to assist them in their own brand of economic development and help to foster political democracy and the advantages which it provides.

Fascism, as we have viewed it in Italy, in Germany, and in Japan tends to develop in areas of socio-economic dissatisfaction. Fascism typically develops in countries which have had some democratic experience, because it needs, generally speaking, the mass enthusiasm which democracy generates. It also tends to develop in countries with some degree of industrial experience.

Fascist doctrine is characterized, I would say, by the following principles. First, seizure or consolidation of power by force. Second, fascism is irrational and emotional. I think if you examine

the doctrine or read some of the fascist writings, you will be struck quite forcibly with the recognition that the appeals are not to reason. They are to emotion. Unfortunately, there is in each of us this conflict between emotion and reason in reaching decisions, and I am not at all convinced that even at this stage of our development, it is reason which is always dominant. Therefore the fascist in appealing to the emotions of the human being, particularly in a period of socio-economic distress, can well be expected to make converts. Inequality, to the fascist, is an ideal. We in a democratic society talk about the equality of men. The fascists say that inequality is really the best state of affairs, because then the superior types in the population, benefiting from the labor of the masses, can turn their minds to more important things. Fascism prescribes government by the elite and the leadership principle. There tends to develop about the leader an aura of infallibility; he can make no mistakes; he has mystical insights which the normal human being does not possess. Therefore, one can do no better than to hitch one's wagon to his star and be pulled along to Utopia. The individual under fascism is significant only as a cog in that total machine. It is the destiny of the state which must be pursued, and the individual's highest destiny is to serve the state in whatever capacity the leadership thinks is best. Fascism tends to be totalitarian. One party alone is tolerated, and control of the society is total. Lies and violence are the tools of the fascist trade.

Racialism and ultra-nationalism are a major part of the fascist doctrine. We all recall the Hitler emphasis on the Aryan race and I think you can visualize for a moment the Nazi propagandist telling the German people, "You are superior!" Nobody argues with this. If someone confronts you and says, "You know, I am firmly convinced you are the superior type," you don't deny it. You say to yourself, "Well, this fellow has fine insight; he was able to recognize my superior qualities." So the selling of racialism is not nearly as difficult as it might on the surface appear to be. Coupled with this racialism, the ultra-nationalism suggests that if a race is superior why then should it confine itself to the limited territory in which it finds itself. Further, if the fascists convince themselves

they are superior, naturally they would question the legitimacy of adhering to international laws made by those whom they consider inferior. They are a law unto themselves. Their destiny is all significant, therefore they launch an imperialist campaign of the type with which you are all familiar.

Economically, fascism is closer in some respects to our own capitalist society in that private ownership of the means of production and distribution tends to remain. However, as exemplified by the situation in Italy, workers, employers, and the professions are organized into groups or syndicates which are monopolistic in their own fields, and these groups are controlled by the government through an administrative agency.

The chief characteristics of capitalism are: private ownership by the means of production; free enterprise; specialization of labor; and a free market economy. By this we mean that price is a reflection of supply and demand, that there is freedom of production, choice of work, choice of investment, and consumer sovereignty. Actually, we have not had in this country a totally free-market economy. We have not had free enterprise quite to the extent that we sometimes lead ourselves into believing we have. But, nonetheless, on balance and on a comparative basis, I think we would agree that this is part of the philosophy and practice of the system.

Capitalism is further characterized by the profit motive and risk taking. The risk, of course, is the basis for the profits. Capitalism with its element of competition, emphasizes individualism and freedom, initiative, self-reliance, incentive, ingenuity and inventiveness. It also tends to develop a sense of responsibility though this is not always the case.

We have certainly noted in our experience certain shortcomings in the capitalist system — the business cycle, the monopolistic curtailment of competition and the regulation of prices, low wages, long hours, and poor working conditions at certain stages of our history. These shortcomings led to certain developments which I think must also be considered as part of capitalism today;

unionization and political organization — the movement of labor and farmers to protect themselves against the shortcomings; the paternalism of the welfare state which would include government control and planning by indirection; anti-trust laws; minimum wage and maximum hour legislation; interest rate and other financial manipulation by government designed to minimize the likelihood of depression or recession.

Despite this development of paternalism and despite this government control by indirection, my own belief is that the essential characteristics of capitalism which I outlined a moment ago still remain the dominant theme in America today, economically speaking. This, of course, is open to debate.

Going from capitalism's economic system to constitutional democracy I would like first of all to outline what I think are the precepts of constitutional democracy as a way of life, as something broader than simply a political process. You will note as I run very quickly through these, that the characteristics are somewhat opposing, that one, in a sense, seems to contradict another. This to me is the central theme of constitutional democracy. It is a system of balance, a system of moderation, a system of give and take, and I think these characteristics will illustrate that.

First, there is faith in fundamental law, faith in a belief that there are eternal verities — that there are concepts of right and wrong which are applicable in all situations. We express this faith in fundamental law, in part at least, in our written constitutions. This faith in fundamental law has been buttressed in our own evolution by the religious aspects of Calvinistic determinism. A second element is individualism, which immediately appears to contradict faith in fundamental law. Individualism suggests that man is master of his own destiny, that he is not buffeted by the winds of fate, that he is not held in a strait jacket, that he can forward his own well being. Yet paternalism, as I have described it, is, in turn, a check on individualism in the economic sphere.

Another characteristic is optimism on which I will not comment too much except to say that our frontier spirit and our frontier

development in the United States has tended to preserve the spirit of optimism in this country.

Then there is tolerance. I say this despite Little Rock and other incidents to which you can refer. By tolerance I mean tolerance in a broader sense as well as in a specific sense — the tolerance of difference of opinion. Unless you have such a tolerance it seems to me that democracy is impossible. Unless you are willing to let issues be settled by ballots rather than bullets you cannot have a constitutional democratic system.

Nationalism and internationalism are both characteristics of the American constitutional thought today. Nationalism, our allegiance to the country in which we live and our pride in its accomplishment — even to the extent of chauvinism, is balanced today by internationalism, a recognition that we cannot exist alone in a world of this kind. I think our current course of affairs in today's world indicates very clearly our shift from an isolation type nationalism to internationalism.

Finally, there is the idea of political democracy. Political democracy to me means two things: first majority rule or popular sovereignty, and second, limited government and the protection of minority rights. The tenet of majority rule does not give to the majority the right of persecuting the minority, and the precept of protection of minority rights does not give to the minority the right to stymie the decisions of the majority. The process of balancing these two somewhat opposing concepts is written into the constitution and woven into our political practice. I do not have the time to elaborate on that, but I think you are aware of such things as congressional action, the role of political parties, pressure groups, judicial review, the bill of rights, etc., which all play a role in balancing these two opposing themes which make up political democracy.

Having outlined what I consider to be the basic themes of these four ways of life or ideologies, let me turn to the potential areas of conflict between the systems. Mr. Dulles in November of 1959 said, "We oppose international communism for its creed and practices as irreconcilable with the principles of our faith." My con-

cluding comments may raise some question about that statement, and you may subscribe to whichever point of view you wish.

The following points indicate what I think Mr. Dulles was talking about when he made his statement. For the importance of economic factors — the materialism of communism, democratic capitalism avows that economic factors are only part of society's influences; religion, ideals, personal leaders, or other factors may also influence society's development. For communism's class antagonism, American democracy substitutes class cooperation. For the revolutionary tendencies of communism, democratic capitalism prescribes democratic, evolutionary change. For communism's public ownership, private ownership is the opposing capitalist view; for a rigidly planned communist economy, democratic capitalism urges instead a free economy with, perhaps, certain moderate controls. For the totalitarian dictatorship of the communist state, we have political democracy; for the repression and restraint of the communist regime we insist on the preservation of individual liberty.

In comparing democratic capitalism and socialism we might say that the conflict is essentially between the ideas of public and private ownership — between rigid planning on the one hand and control of the economy by indirection on the other. Beyond that we might note that there are certain possible criticisms of socialism from the capitalist viewpoint. These criticisms would include the possible loss of initiative under a socialist society; the potential inefficiency of public operation; bureaucratic domination and despotism if socialism becomes too prevalent; the loss of freedom because of the regimentation necessary to make economic plans effective; the increased taxation necessary to support public enterprise; and the illusory nature of a classless society as advocated by some socialists.

In contrasting democratic capitalism with fascism, we may note the following contradictions. Under fascism there is seizure and maintenance of power by force; under democratic capitalism democratic processes are provided. Irrationalism and emotionalism predominate on the one hand, rationalism and empiricism on the other. Fascist inequality as an ideal is opposed by democracy's be-

lief in equality before the law and equality of opportunity. Under fascism the state is all important; under democracy the state exists for the individual. Fascism's theory of government by a self-constituted elite is opposed by the democratic concept of a republican form of government. Totalitarianism on the part of fascism is opposed by limited government and party competition in the democratic society. Racialism and ultra-nationalism are opposed by tolerance and intelligent nationalism. Imperialism and opposition to international law are opposed by the belief in adherence to law. A corporation in economics is opposed by the idea of the mixed economy — a combination of free enterprise and paternalism.

In concluding this evaluation I would like to suggest a couple of ideas with which you may not totally agree. To my mind the potential and/or actual differences which I have just described do not necessarily make overt conflict or hostilities inevitable between these different systems. Even the communistic theme of world revolution or fascism's imperialistic tendencies may be neutralized or held in check when confronted with strength and determination. It should further be noted that in spite of these differences the United States has not totally shied away from peaceful dealing and relations with communist, fascist, or socialist states. We may disagree with them, but we deal with them out of practical political necessity. My point is that the differences do not lead inevitably to overt conflict. What is really at stake in international relations are matters of national self-interest and national self-preservation, and ideological differences need not affect these directly. But since nations are in a state of anarchy toward one another and each is the other's potential enemy, then ideological differences in the field of economics or politics may increase existing suspicions and animosities and make settlement of differences among states more difficult. Ideology is important in one other respect in the current global situation. In the attempt to appeal to peoples to follow one or another set of leadership, that of the western democracy or the eastern dictatorship, unless we can demonstrate and sell the superiority of our system, not only in theory but in practice, we may well fall behind and lose these people to the other leadership. Thank you.

BIOGRAPHIC SKETCH

Professor Emile B. Ader

Professor Ader received his A.B. and M.A. degrees from Tulane University, and his Ph.D. from the University of California. Following his duty with the U. S. Army in the European Theatre, he was an instructor in political science at Tulane University, and a teaching assistant in political science at the University of California. Since 1948, he has become a Professor of Political Science at the University of Tulsa.

Professor Ader has additionally served as an educational consultant to the Standard Oil and Gas Company, as Secretary of the Tulsa Committee on Foreign Relations, as Chairman of the Tulsa Committee for the United Nations, and as Cultural Affairs Officer to the United States Information Agency. He has also lectured to numerous civic and professional groups throughout the United States on matters concerning foreign affairs.

He is the author of *Students Workbook in American Government*, *American Government — National, State, Local*, and *The American Government Study Guide*. He has written many articles for educational, civic and professional publications.

At present, Professor Ader is on leave of absence from the University of Tulsa while serving as the Consultant in International Relations at the Naval War College.

THE ECONOMIC CAPABILITIES OF THE WESTERN BLOC

A lecture delivered
at the Naval War College
on 2 November 1959 by
Professor Arnold J. Zurcher

Naval historians and strategists are accustomed to appraise the existing and potential economic strength of nations and alliances in terms of its impact upon the military potential of rival power blocs. I am neither an historian nor a strategist, naval or otherwise. I can hardly be expected, therefore, to confine myself within such limits. Even if I could, it would probably be unwise to do so because, if we may believe Premier Khrushchev, our problem in the future will be to relate our economic strength in the West to the policy of peaceful co-existence of East and West. To be sure, I would be a bit careful about using the potential mode of the verb "believe" in his case.

Nevertheless, if he should prove correct as a prophet and the future relations of East and West are to be characterized by coexistence and peaceful competition, then economics assumes an added dimension in our considerations. Besides its role in the strategy of diplomacy and its significance for military preparedness, economic strength may take on purely technical and ideological aspects. It may become important because of its relation to international trade and investment and because of its public relations role in persuading the so-called uncommitted peoples about the potential value of either Communism or freedom.

In undertaking this particular assignment in 1959, there are certain advantages which a speaker enjoys that he did not enjoy a decade ago. These advantages may be summed up in the statement that many prejudicial and preconceived notions about Communist economic power, notions that are enemies of objective analysis, have been received. Today, for example, we do not assume that the Soviets cannot create a tolerable output of commodities and services because they lack free enterprise even though we may

still have faith in the superiority of free enterprise. Today we do not assume that Russian technical skill is entirely due to captured German engineers and scientists who went to Moscow when Hitler committed suicide in his Berlin bunker. Today we do not quite believe that production in Russia depends primarily on forced or slave labor even though we are not convinced that the only slaves in Russia were those Khrushchev exhibited to Nixon on their short sail along the Moscow River. Best of all, we are today fully aware of the fact that the totalitarian system of Communism, derived from Marx and Engels, does not allow ideological Marxist values or Marxist administrative preconceptions to stand in the way of its effective operation. Whatever the ideological rationale, the operation of the Soviet system can be as opportunistic and as undoc-trinaire as any in the world.

As a result of the removal of this prejudicial debris, we are in a position to be somewhat more objective about the West's antagonist and have a better yardstick to measure the potential and the future needs of the Western alliance. In determining what we must do to check, and, if need be, overcome, that antagonist, we are at least not likely to commit the cardinal sin of underestimating our opponent, a sin of which, I suggest, the West has been guilty. Indeed, we are only now beginning to discover how badly we erred as we assay the advantages Communism has gained in certain technological directions which, though much concerned with the moon, also seem to be concerned with weaponry and national security.

I suggest at the same time, that this new objectivity about the East may eventually also save us from the obverse of the sin of underestimating one's opponent. That is the sin of overestimating him. This, too, can be serious and, despite our new-found realism, we appear to be lapsing into this sin at the moment. Thanks to certain correspondents, publicists, politicians, and, I am sorry to add, certain educators, who base their reputation as analysts and prophets on the fact that they took a 21-day tour of Russia, tilted a pony of vodka in the presence of Khrushchev or Mikoyan, and signed the register at the Metropol, we are beginning to err as much

about the debit side of the Russian ledger as we once did about the credit side. If we persist in this error, the results may not be as dangerous as our former tendency to play down Russian competence; but the error can affect adversely our educational system, the pace and quality of our armament development, and the West's internal and international economic policy.

What we require in the West today, and what we must certainly have in the future, is a balanced and objective view of our antagonist's resources and potential. And despite the current exaggerations such a view is much more within the realm of possibility today than formerly. I trust that these few remarks, whether they deal with economic comparisons and contrasts between East and West or analyze the internal economic position of the Western alliance, will contribute in a modest way to the ideal objective analysis which I have defined.

Possibly the most logical point at which to begin the development of such an analysis is with that most fundamental of all economic phenomena, namely, the rate of economic growth. This, as we are well aware, is the age of statistics and the electronic computer. It is therefore not surprising that, in dealing with the question of economic growth in the East and West, a war of percentages should have developed in which almost everyone, except possibly the economist, is engaging. Indeed, the Cold War seems to have degenerated into statistical boasting and neither side has been conspicuously modest. It is a contest, however, in which the West had better forego at once any hope of victory; for, in this kind of warfare, it is a foregone conclusion that the West cannot succeed in besting Mr. Khrushchev. He, as you know, is now a veteran boaster in two hemispheres. Beside the obvious pitfalls, this is none the less an area of discussion which is relevant to our inquiry about the West's potential; and we might, therefore, tarry a moment or two to consider the subject of comparative growth rates between East and West.

Refinement of the methods of quantitative measurement in the past quarter century and the application of statistical disciplines to national income and growth figures have produced some

results upon which we can rely. About five years ago, the Foundation with which I am connected made a sizable grant to the National Bureau of Economic Research in New York to study growth rates in manufacturing industries in America. The major study in this project, by Dr. John W. Kendrick, is just being published. Other equally significant work has been done on productivity by other Bureau members, and especially by the Bureau's Director of Research, Dr. Solomon Fabricant, and by Professors Long, Rees and Wolman. The results of these studies have produced some solid figures. According to the Bureau's findings, the growth rate in the United States has averaged a little more than 2% since the end of the war and this has been the average rate of increase from the end of the First World War to 1957. The growth rate, thus suggested, relates to output per man-hour in which proper attention has been given to the increase in capital investment and to the growth in population.

As for our allies in Europe, we know that, since 1950, their growth rate has been phenomenal. In some recent articles in *Fortune Magazine*, Gilbert Burck states that the output of OEEC Europe in 1957 was 75% of America's output. A decade earlier, that is, in 1947, these same countries had an output that equaled only 50% of that of the United States. Overall European industrial productivity per man-hour is still only about 40% of that of the United States; but the output rate is currently rising faster than in the United States: about 4% per annum as against (as already indicated) somewhat more than 2% in the United States.

The fact is that, when it comes to growth rates, the world as a whole seems to have experienced a sort of explosion since the end of World War II. I am speaking of both East and West. Western Europe's economic progress since 1950 has been little short of miraculous. We have perhaps been so impressed with the German recovery under Dr. Erhard's free enterprise prescription that we have failed to note that something similar to the German miracle has been happening all over Western Europe except, perhaps, in the Iberian Peninsula. One of the greatest plus entries in the ledger

of the Western alliance is this truly phenomenal recovery and subsequent forward movement of the Western European economy.

As against such progress for America and for free Europe, growth statistics for Russia in recent years have been equally high or even higher. In a recent report on economic growth by the Rockefeller Brothers Fund, it was suggested that the Soviet growth rate is now around five or six per cent per annum. Apparently this is a gross rate for the entire economy. Such figures certainly suggest that the Russians are moving forward at a surprising rate. Combined with other recent evidence of Russian prowess, particularly in certain fields of technology, such growth figures as these have created more than a gleam of apprehension in the eyes of Western leaders who are coping with the challenge this may imply to the future security of the Western bloc. If the figures given for Russia are correct, they suggest that Mr. Khrushchev's reiterated boast that Communism will eventually catch up with the Free World, and even surpass it, may have some scientific validity.

At the same time, in measuring the challenge of such Soviet growth figures for the West, certain considerations should not be forgotten. In the first place, the Soviet figures are relatively recent figures and they are undoubtedly affected by temporary conditions, such as the effort to overcome war damage. At any rate, these figures do not yet suggest a secular rate of growth. It is not a rate which has existed in the past. There is no assurance that it can be kept up. Moreover, the threat for the immediate future is not too serious even if such a rate is maintained for some time because the output base to which this rate is applicable and from which it is derived is still quite low when compared with Western, and particularly American, standards. So, too, is absolute productivity per man hour when compared, for example, with productivity per man hour in the United States. A few minutes ago, I pointed out that Western Europe's current growth rate, which is about that attributed to the Soviet Union, is a rate applicable to an economy where productivity per man hour is still only 40% of productivity per man hour in the United States. I need hardly remind you that Russia's per-man-hour productivity is still lower.

A few weeks ago, Professor Colin Clark, of Australia and Oxford University, one of the world's leading authorities on national wealth and income, called attention in the press to the need of proper interpretation of Russian growth figures. He declared that American economists and political leaders are in serious error when they identify a five or six per cent growth rate in Russia as a normal or secular trend. He charged, indeed, that America and the West are making themselves victims of a Soviet distortion of statistics. What has happened, he explained, is that the West has become the victim of the Soviet extrapolation of an allegedly normal or secular growth trend derived from the rate of recovery from military destruction wrought by the last war in Russia. The recovery rate was abnormally high and an extrapolation would produce a secular rate that is very high, too.

Since 1890, says Professor Clark, the rate of economic growth in the United States has been maintained quite consistently around 2.3% (the National Bureau has said it was around 2.1%). Since 1939, says Professor Clark, the Soviet growth rate, measured in productivity per man hour, has stayed around 1.6%. These, (2.1 and 1.6) in his opinion, are apparently the long-term secular growth rates in the two economies. Hence, the conclusion would be that, in secular terms, the American rate of growth has consistently been higher than the Soviet's and it continues to be higher. Soviet advantages in the Cold War and in the proposed new era of peaceful coexistence are several; but there is no reason for assuming that Communism has an advantage over the Western bloc in this vital area of productivity. Quite the contrary.

In any effort to maintain a proper balance between East and West in the economic area, we are dealing with a problem which is not merely economic but which also affects the question of organization. In other words, we must consider also whether the West can match the East in providing that kind of administrative coordination and direction which can insure the most efficient use and application of resources.

As respects this problem of organization, the Communist world appears to have a distinct advantage. Even though Premier

Khrushchev is perhaps not quite so persuasive at present as he might wish to be in countries like Yugoslavia, Poland, or even China, his control over the vast aggregate of lands and peoples making up the Soviet Union and his headship of the international Communist movement give him and his oligarchical coterie a certain advantage over the Western bloc. They can centralize disposal of resources on a continental scale and can choose what will be produced no matter what the cost. Nor do they have union trouble!

Especially are these advantages of Khrushchev's oligarchs apparent in the case of Western Europe. There the national states of the nineteenth century have, until very recently at least, remained largely unaffected by the integrative political and economic forces of the present century. Indeed, we might say that, after the First World War, Western and Central Europe, in pursuit of the Wilsonian ideal of national self-determination, actually defied the integrative forces of our time, turned the clock back, and introduced a greater degree of Balkanization than ever before, with dire consequences for mankind.

Since World War II, however, the story has changed somewhat in this area of the world. The states of Western Europe, so important to the economic strength of the Western bloc, have, as we all know, demonstrated a certain awareness of the desirability of developing systems of multinational organization. I am not referring now to NATO. That organization, after all, embraces more than the European nations and is essentially strategic rather than economic. Moreover, its form is fundamentally that of a conventional alliance. I am referring rather to the effect of the so-called European Movement upon Western Europe itself, a Movement which has sought to introduce, and, to a certain extent has succeeded in introducing, instrumentalities of integration that approach the supranational in form and that propose to establish multinational policies in the economic field that are essentially irreversible. Such has been the effect and purpose of experiments such as the Schuman Pool and the special Communities, set up in 1956, to develop a six-nation common market and six-nation atomic energy pool.

In referring to these Western European institutions, I have in mind not merely the strength in the economic sphere that is mobilized by mere unity. Neither do I have in mind merely the strategic advantage that derives from the opportunity of disposing of economic resources on a continental basis. These advantages are important; but there are additional advantages implicit in this integration movement which are even more important. Chiefly these additional advantages are derived from the fact that integration permits of the organization of institutions and the development of policies that will maximize and extend the revolution in production and distribution that appears to have set in in Western Europe since the end of World War II. By eliminating artificial limitations on the market, such as tariffs, quotas and exchange controls, and both discriminatory private and public regulations of the market, political leaders and economists hope to make both capital and labor more mobile, increase the efficiency of labor, increase the rate of investment, and generally achieve what are known as "economies of scale." The end result, it is hoped, will not only be that of augmenting the per capita income in Western Europe, but generally of improving the economic position of this area vis-a-vis the competitive system under Communism, that is, of providing more centralized disposal of resources for what approaches the kind of continental area at Russia's command or at our own.

It would be unrealistic to suggest that the Western bloc has realized the potential inherent in this movement toward European integration or even that it is certain the movement will continue. As a matter of fact, integration in Western Europe slowed down perceptibly between 1952 and 1958 and got a new lease of life only this year. At the moment, the best that can be said for this process is that it has really begun and that rather surprising concessions were made, especially by France, at the end of 1958 in order to make such a beginning. I refer to the deflationary policy which France adopted in December in order that she might bring her economy more nearly in line with the economies of her proposed partners in the Community of the Six, or Common Market, to the end that the first steps might be taken, as they were in January, to

reduce tariffs and eliminate quotas. France and her partners in the Six are, moreover, now committed to a policy of gradually realizing a common market. This seems to be an irreversible policy, one which, if finally realized, bids fair to achieve some of the economic advantages which I outlined previously for this region.

Having appraised the possible economic advantages of integration in Western Europe, we must also note briefly some of the current threats to unity in that area. Paradoxically, one of these threats to unity has arisen because of the unification movement itself. I refer to the serious schism in Western Europe brought about mainly by the British antipathy to the kind of supranational community which the Six have created and to the resulting refusal of Britain to join the Economic Community of the Six. During 1958, Britain countered the formation of the Common Market of the Six with a proposed Free-Trade Area. This was to have embraced the Six as a unit and some six or more additional European nations, including Britain — in fact, all OEEC nations. Quotas, tariffs, and other restrictions were to have been eliminated among all nations in the proposed Zone; but, as respects the outside world, the Six would have had a common tariff and each of the remaining states in the zone would have been free to develop its own commercial policy toward such outside states.

As you will recall, long and sometimes acrimonious discussions ensued. Some of the Community states felt that Britain's position was discriminatory toward them. Moreover, the Community states, and especially France, did not wish to undertake the task of mutual adjustment of commercial policies within the Community and take on British and other national competition at the same time. President De Gaulle was especially adamant on this subject. Later on, as you will also recall, following the introduction of the monetary and internal economic reforms in France at the end of December 1958, the initial concessions which the Community states made to one another were extended at the same time to all OEEC states; and these included Britain and other proponents of the enlarged Free Trade Zone (all OEEC nations).

For the time being, therefore, the issue seemed to have been put to rest. But I am sure that this is only a temporary situation. It appears inevitable that in time the Six, if they continue together, will develop an intramural economic policy from which Britain and other West European countries will be excluded and, of course, the Six in the Community will thus become a rival bloc in international commerce, competing as an entity with Britain and other Western European states. It appears inevitable, also, that Britain will want to counter the threat of this kind of bloc competition. Already, in fact, Britain and certain Nordic and other European countries are trying to develop their own looser economic bloc and apparently there is a chance that this new group will come into being. Thus, what was designed to overcome economic disintegration and mitigate economic rivalry among the independent states of Western Europe and what promised much in the way of strengthening the West vis-a-vis Russia and her satellites could easily end up producing regional and national blocs.

A second situation which jeopardizes the strategic and economic advantages which the Western bloc has gained through such efforts in integration as NATO and the European Communities is, of course, the attitude of President de Gaulle. We are familiar with the embarrassments his policy has caused NATO and the United States. de Gaulle's enemies affirm that his present policy is simply an illustration of a tendency on his part to support the concept of French hegemony in Europe associated with the ideas of Louis XIV and Napoleon. For European unity of a cooperative character, say his critics, de Gaulle has no fondness at all; and it must be admitted that many of his past utterances on that subject serve to confirm such a judgment. At best, say his critics, de Gaulle will remain a constant thorn in the flesh of Western policy, economic or otherwise.

It would be indeed a rash observer who would presume to predict where de Gaulle is going. But if his friends and those closest to him can be believed, he is no foe of Atlantic and European unity, but perhaps the most timely friend such unity could have at the moment. de Gaulle's behavior since assuming office, so his

friends insist, has been misinterpreted by his critics. That behavior is motivated exclusively by a desire to lift France out of the decline she suffered on the diplomatic and other fronts during the Fourth Republic and to restore France to a position of strength and dignity. Once that mission has been accomplished, so say the defenders of de Gaulle, we may expect him to forget or forego the peculiar sensitivity he has exhibited in recent months and play his part as a loyal, cooperative European at the head of a country that is confident once more of her own strength and influence.

That de Gaulle's heart is in the right place on this question of unity, say these same apologists, is to be discerned in his rapprochement with Adenauer, in the sacrifices he imposed on France last December in order to make it possible for her to play her part in the Community of the Six, and in his obvious determination to settle the Algerian question even at the expense of losing popularity among those Frenchmen who have supported him in France and Algeria up to now. It remains to be seen who is right.

Let us now turn our attention from the European to the American side of the Western bloc and particularly to the United States. Since the war ended, European spokesmen of the Free Nations have sometimes raised doubts about America's capacity to lead the Free World; but these same critics have never publicly expressed any doubts about America's ability to assume the lion's share of the cost of the Cold War. Somewhat less talk about America's diplomatic capacity and a little more vocal concern about the impact of the huge economic burden thrown upon the United States might have given these critics among America's friends a reputation for greater acumen as statesmen. At any rate, they might have anticipated the really troublesome aspect of America's role in the Free World alliance in 1959. This is not a low diplomatic I. Q. It is fear of America's financial and economic capacity. For the first time since the war the American treasure chest appears to have a bottom. Experts are saying that the American dollar is beginning to look less like the Swiss franc and more like the British pound. Some are pessimistic enough to suggest that the proper comparison should be the French franc or at least the Italian lira.

Undoubtedly there is some exaggeration in all this. A good deal of foreign money is still finding United States Government short-term investments attractive in the New York market; and if foreign investors were afraid of the dollar's stability, they would hardly invest. At the same time it is also perfectly clear that America's past position as the economic leader of the West has been weakened appreciably and that America's capacity to contribute economic bone and muscle to Western policy and organization has declined dangerously. At the moment there are few more important problems for the Free World to solve than that of checking this decline in America's economic capacity and insuring the continued vitality of America as a senior partner in the Western bloc. There are two aspects to this current economic weakness of the United States. The first is an intramural aspect and is the product of our national housekeeping. The word we use to describe this aspect is "inflation." We might describe the condition more graphically if we said it is our insistence on establishing and maintaining more claims by consumers domestic and foreign, on what we produce in the way of goods and services than we are able to fulfill.

Inflation has been with us for a considerable period but especially since the close of the war. It has been most characteristically reflected in the constant expansion of the basic hourly wage in our major national industries. Its principal effect, as we all know to our sorrow, has been the steady decline in the dollar's purchasing power and the growing cost in dollars both of doing business and of making a living.

Some experts argue that if we could forget the welfare of the rentier class in our society, inflation of the kind and degree we have experienced since the war might be a good thing because it produces a more dynamic economy. This may be an arguable point although I doubt it. In any case, what is not arguable is the maleficent effect of the constant inflation upon America's international economic and strategic position. We are constantly increasing the price of our potential exports and exports are therefore declining. We are experiencing increasing competition with the products of less highly paid labor abroad and our imports are

expanding accordingly. A leading automobile manufacturer reminded me the other day that, immediately after the war, his fraternity was able to look to foreign markets for American cars amounting to ten per cent of production. Now, the American auto manufacturer must concede ten per cent of the domestic market to foreign-made cars. At lunch the other day a college president informed me, rather sheepishly, that his institution had just received a generous donation for a new campus building from one of our chief manufacturers of steel. Later, on inspecting the specifications, he found that the steel for his building had been ordered from either England or Germany, I forget which.

We are also suffering from a constant expansion of the cost of arming our forces and of maintaining them abroad. Our defense dollar buys less and less. We are getting less for our aid dollar than ever before in foreign markets.

We know, of course, what the remedy is but we refuse to take it — or we have refused up to now. We know from what are virtually irrefutable statistical sources that our per capita productivity is somewhere between two and three per cent per annum, as we have already noted. Anything in the way of a wage settlement in fundamental industry like steel, other metals, autos and the like which ignores the maximum limit of this productivity factor is simply inflationary to the extent that wages exceed productivity. We know, too, that this condition would not be remedied even if the affected industry should unexpectedly try to discourage inflation by maintaining its price level. Such a policy would strike a death-blow at the income necessary for industry to maintain a high rate of investment both by ploughing back income and through the dividends it pays. This, in turn, would soon have us and the West playing second fiddle to Khrushchev. Moreover, no policy of maintaining prices in a single industry, however large, can overcome effectively the inflationary effect on the rest of the economy of an inflationary wage rise in that particular industry.

The phenomenon of inflation is an elementary one, so obvious that it scarcely justifies the time required to explain it. The effects of a serious inflation, as we know, can be catastrophic for military

and economic power. The remedy is also quite obvious. But however obvious, it is apparently politically impossible to apply it in contemporary democratic states. Let us hope that history will not record that inflation in America was Khrushchev's secret weapon of victory against the Western bloc.

The other or second aspect of this problem of growing weakness in America's international position is intimately related to the one we have just discussed. It is really a corollary. This second aspect is America's growing deficit position in her international account. Even the experts and the well-informed were shocked last September when Secretary Anderson referred to America's $3\frac{1}{2}$ billion dollar deficit on her international account during the previous fiscal year. This year it is 4 billion dollars. At any rate laymen were shocked to learn about the growing erosion of our gold reserves and the piling up of creditor balances abroad, the latter a constant threat to our gold and other reserves. It was an unusual sensation for laymen to learn of this situation. We had become so accustomed to having the dollar regarded as the equivalent of gold in international transactions and the hardest of hard currencies that it was a bit difficult to adjust to the implications of what was being said about the dollar in September 1959. Apparently our thinking will have to undergo some adjusting. Apparently we shall at least have to consider the possibility that the time may come in the not-too-distant future when America will have to scrimp to overcome a threat to her reserves and counter what would amount to a foreign "run on the dollar."

What to do immediately to counter this threat is a question that is agitating our Treasury specialists. Some observers have noted that last year's international payments deficit for the United States was about equal to all of America's aid to foreign countries. Hence the suggestion that we quit giving aid. But this would be impossible. At any rate the jettisoning of that part of our aid program that goes for arms would be a practical impossibility for many reasons. I doubt, moreover, we would want to jettison the rest although the press says President Eisenhower will recommend a deep cut in January 1960. Others, including certain labor unions

long given to a generous trade policy for the United States, say we should start raising tariffs again and extending them. But such a policy would be disastrous. It would virtually break up the Western alliance and reverse the whole trade trend of the Free World since the early 1930's. Still others recommend that Europeans liberalize their trade policies eliminating restrictions on dollar purchases, and permitting American producers to export directly instead of having to set up plants abroad and then being compelled to reinvest a substantial part of earnings because they cannot take out earnings.

Recently economists have been emphasizing the fact that capital expenditures flow out of the United States in heavy volume both on private and public account. This, of course, aggravates our deficit balance. They are accordingly suggesting that European and other nations in the Western bloc, now recovered and in a surplus position internationally, take on a larger share of the burden of investment abroad, particularly in the undeveloped countries. This latter suggestion is apparently receiving an affirmative reply. Indeed it is likely to receive an affirmative response without formal urging on our part at least as respects hard loans. Only the other day, in reading Mr. Black's latest report on the World Bank, I was struck by the relative magnitude of the credits which have been extended the Bank by the Swiss, later by the Germans and, during the past year, for the first time, by the Belgians.

There is some hope also that our allies will make affirmative responses to this need for broader sharing of credits in the case of "soft" loans. Only recently that most imaginative of Frenchmen and Europeans, M. Jean Monnet, announced that his Committee for the United States of Europe was going to urge the nations in the European Economic Community to adopt a three-point program for assisting the undeveloped nations. One of these three points was an increase of investment funds. Calling this plan a "European Marshall Plan," he indicated that the aim of the program would be to raise living standards in the less developed nations by 25% in ten years.

Another development is a proposed new world lending agency for "soft" loans. Following about a year of discussion among officials of the World Bank and others, it appears likely that a special affiliate of the Bank, to be known as the International Development Association, will be set up to make loans to less advanced states. The purpose of the IDA will be to make long-term loans for development repayable in local currency. The United States is anxious to obtain such a unit not only because it can take care of non-commercial credit but also, and especially, because it will offer European nations for the first time an effective instrument through which they may cooperate with the United States in making "soft" loans.

Assumption by our partners in the Western bloc of a more generous share of the world financial responsibility which the United States has been discharging in the past fifteen years will undoubtedly help to alleviate the present deficit position of the United States in international economics. To that extent it may help solve one of the graver threats to the economic soundness of the Western bloc. But the true remedy for America's difficulties lies here at home. It is simply better financial and economic house-keeping. It is, in short, keeping down inflation.

In discussing America's current international economic plight I necessarily touched upon the problem of economic aid to the undeveloped and erstwhile colonial areas of the world. This subject is important enough to warrant somewhat more extensive treatment.

As already suggested, the strain of "soft" loans and gifts of various sorts constitutes an appreciable drain upon the economy of even the strongest state in the Western bloc. Moreover, the abuse to which such loans and gifts are sometimes subjected by the recipients can well occasion despair and a sense of frustration on the part of the giver. Far too often the proceeds are used to overcome deficit balance-of-payments position on the part of the recipient countries, thus helping to rescue the recipient from the consequences of having lived beyond its income.

But whether we like it or not, there is really no alternative for the Western bloc of nations than to take seriously their respon-

sibility towards the undeveloped lands. This they must do in their own interest. Those lands and peoples are essential to tipping the balance in favor of the Western cause in the great contest with the East. They are essential for perfectly good economic and strategic reasons. One need not develop those reasons on this rostrum.

How to approach this problem of helping the undeveloped lands move forward technologically and economically is, of course, the \$64,000 question, or perhaps, considering the current newspaper headlines, we had better get another figure of speech. We cannot very well make a greater effort in favor of some countries than in favor of others; for all areas are important. However, as respects America, we probably have a primary duty toward the nations to the south of us; and there, up to now, we seem to have fallen down rather badly.

Since Vice President Nixon's trip, we have become a bit more realistic about our Latin American policy. I expect we shall now pay some heed to the perennial demand that we help stabilize their raw materials on the world market. To aid their development programs, we are likely to expand the lending facilities of the Export-Import Bank — indeed, we have already done so, — and, despite the policy of Mr. Waugh and his colleagues who are good firm bankers, make our loans somewhat "softer" than heretofore. In April of this year, moreover, we agreed to a charter for a new Inter-American Development Bank which is also expected to carry some of the future lending load which Export-Import and the World Bank have refused to carry because they properly insist upon commercial credit.

In bringing this discussion to an end, I think we should remind ourselves that the contest which will decide the issue between East and West does not lie wholly, or even mainly, in the economic domain. It lies rather in the moral and ideological domain. Especially is this the case if we can assume that the contest is to stretch over time and not approach the character of a hot war. If that assumption is correct, the doctrine of coexistence, so persuasively developed by Khrushchev, can become an ideological

Trojan Horse if we are not too careful. Out of the doctrine of co-existence, unless we are careful and unless we effectively discipline Western public opinion, there can develop a virtual paralysis of Western efforts to maintain defensive equilibrium with the Communist world, thus assuring the Soviet Union and its satellites superiority over the West and bringing about the condition against which we have struggled so manfully and, so far, so successfully, namely, the decline and, eventually, the world defeat of the Western bloc. Already the insidious influence of this potentially dangerous gospel of coexistence has produced that pall of neutralism that has spread like a dense fog over the African and Asian lands and is now descending upon Latin America and even upon Europe. Out of the atmosphere of compromise and the general relaxation of the Western guard which coexistence inspires comes the Russian suggestion that we write off the unification of Germany, give up Berlin, accept a kind of unilateral disarmament, write off the captive nations in Eastern Europe, and accept the kind of discriminatory, non-economic trade policy which only the Soviets, like Hitler before them, know how to apply for national strategic non-commercial purposes.

No Western strategist or politician, aware of the terrible danger to civilization of releasing hydrogen warfare upon it, can do otherwise than view with sympathy every sincere and earnest effort to bring about a peaceful equilibrium between East and West even if such a sympathetic attitude means lodging Khrushchev in Blair House. But, by the same token, aware as he must be of the history of the Soviets during the past forty years and the threat that system holds for the national and social integrity of the states of the West, he has the duty of seeing to it that equilibrium with the East is a real equilibrium. It must be an equilibrium that does not sacrifice the economic prowess and technological dynamism of the West.

At this precise moment in history, it is especially incumbent upon Western leadership and experts of all sorts to take stock of this new doctrine of coexistence and of its first cousin, neutralism,

and counter those doctrines in such fashion that the overall security of the West is not impaired. We need to make sure that we make no concessions, economic or otherwise, or in the realm of disarmament, that might change the existing balance of power. We need to take steps to overcome the prevailing threats to unity among the Western bloc which stem largely from coexistence. Such steps would include a reaffirmation and strengthening of NATO, encouragement of the United States of Western Europe, and discouragement of the kind of neo-nationalism which seems to be reasserting itself in Western Europe and a reappraisal of the economic role of the United States. Above all, such a policy would mean reaffirmation of the values of Western freedom and democracy. If we can do these things and, at the same time, preserve our economic strength, we may win the war without a battle.

BIOGRAPHIC SKETCH

Professor Arnold J. Zurcher

Professor Zurcher received his B.S. degree from Amherst College, his A.B. degree from Oberlin College, his A.M. degree from Cornell University, and his Ph.D. degree from Princeton University. He served as an instructor in history and government at Emory University in 1928, and since that year he has been at New York University in the Department of Political Science.

Since 1928 Professor Zurcher has been a lecturer in politics at Princeton University, a visiting professor of government at Yale University, a lecturer for the War Department School of Military Government, Director of the Institute of Postwar Reconstruction at New York University, and a lecturer at the Naval War College.

He is the author of *Experiment with Democracy in Central Europe, Propaganda and Dictatorship* (with H. L. Childs and others), *The Governments of Continental Europe* (with J. T. Shotwell et al), *Postwar European Federation* (with Count R. N. Coudenhove-Kalergi et al), *Dictionary of Economics* (with H. S. Sloan), and *The Struggle to Unite Europe*. In addition, he has been a co-editor and contributor to *Postwar Goals and Economic Reconstruction, The Dictionary of American Politics, Postwar Economic Society, and America's Place in the World Economy*. He has also written numerous articles for educational and professional publications.

At the present, Professor Zurcher is a professor of Political Science and the Co-ordinator of the Area Studies Program, Department of Government, New York University.

RECOMMENDED READING

The evaluation of books listed below include those recommended to resident students of the Naval War College. Officers in the fleet and elsewhere may find them of interest.

The inclusion of a book or article in this list does not necessarily constitute an endorsement by the Naval War College of the facts, opinions or concepts contained therein. They are indicated only on the basis of interesting, timely, and possibly useful reading matter.

Many of these publications may be found in ship and station libraries. Certain of the books on the list which are not available from these sources may be available from one of the Navy's Auxiliary Library Service Collections. These collections of books are obtainable on loan. Requests from individual officers to borrow books from an Auxiliary Library Service Collection should be addressed to the nearest of the following special loan collections:

Chief of Naval Personnel,
(G14)
Department of the Navy
Washington 25, D. C.

Commandant ELEVENTH Naval
District (Code 154)
937 North Harbor Drive
San Diego, California

Commandant FOURTEENTH
Naval District (Code 141)
Navy No. 128
Fleet Post Office
San Francisco, California

Commander Naval Forces,
Marianas
Nimitz Hill Library, Box 17
Fleet Post Office
San Francisco, California

U. S. Naval Station Library
Attn: Auxiliary Service Collection
Building C-9
U. S. Naval Base
Norfolk 11, Virginia

BOOKS

Ways, Max. *Beyond Survival*. New York, Harper, 1959. 250 p.

Beyond Survival comes to grips with an issue that is rarely discussed at the Naval War College — except, ironically in occasional Global Strategy Discussions committees or in some student committees as their members back and fill during the process of getting oriented to produce a group paper entitled “U. S. (or USSR) National Security Interests, Objectives, and Basic Undertakings.” The book was written as a result of a charter received from publisher Henry Luce, who asked Max Ways, a senior editor of *Time* to survey the United States’ postwar foreign policy. In his guest, Mr. Ways quite evidently came up against the hard fact that there is apparently a philosophical void beyond the stated aims of our foreign policy. He suggests that what is needed is statement of national purpose based on moral, ethical and legal tenets, that would transcend our presently stated purposes such as survival, national interest and even, surprisingly, peace. He analyzes his position against a background of the several important aspects of United States foreign policy — military, political, economic and psycho-sociological — giving thoughtful consideration to the effect that the philosophical vacuum he has identified has had on each. To support his thesis, he explores the difference between the public philosophy that is Communism’s basis as compared to the lack of one behind our democracy. In this exploration, he gives considered thought to the role of the citizens of our democracy in the distillation of policy and in the maintenance of a two-way channel of communications between themselves and their political leaders. He feels that the Western world is currently at a low point in history in this regard, and as a result, the top political leaders are not always able to focus on central issues. Instead they find themselves lost in continuing, unreasonable discussions relative to means to be employed in attaining ends not solidly rooted in an unwavering national moral purpose. If public philosophy based on legal and moral purpose is clear and can be iterated

in broad principles, he feels, the people can then determine, criticize and manage policy properly for themselves.

One doesn't have to agree with all Mr. Ways' detailed premises to find this book exciting and thought-provoking. It is, moreover, a thoughtful attempt to explore what the author considers to be an ideological vacuum behind our national aims and objectives, the political results of it that are operative today, and some suggestions as to how constructively to fill this vacuum so that our nation will have a working public philosophy. Henry Luce contributes an interesting foreword which outlines the background for this work and takes gentle exception to some of Mr. Ways' overly pessimistic observations and positions. All in all, a worthwhile volume for every War College officer, and one which is particularly timely in the light of the task assigned to the students of creating a National Security paper in the Strategy Studies curriculum item of the course in Naval Warfare.

Nicholas, Jack D. et al. *The Joint and Combined Staff Officer's Manual*. Harrisburg, Pa., Stackpole, 1959. 272 p.

This is a timely and much needed manual for all staff officers of all services. Designed primarily as a guide for officers assigned to U. S. joint and allied combined commands, it applies equally well to all officers, and is recommended as required reading for many service schools and senior officers. This book fills a definite gap in the professional reading and reference book library of military officers. It contains a compilation of joint principles and procedures, and describes the operational planning underlying joint and combined action. It includes excellent analyses of the new unified command concept; what is involved in joint and combined planning; and the relationship between national strategy and military strategy. It defines, and places in their proper relationship to the whole, the rather elusive terms: the national interest, national interests, national objectives, national policies, national commitments, national principles, national strategy and military strategy. Of

particular value to all military officers are the answers to questions such as: How does a staff officer write and how does he speak? What are the qualities of a good staff officer? Also provided are guides for preparing staff studies, estimates, plans and orders, and finally an appendix with eighteen complete formats and a glossary of selected military terms. The book is complete and the authors, three military members of the faculty of the Armed Forces Staff College, have dealt objectively and thoroughly with their material. An invaluable addition to a professional library.

Greenfield, Kent Roberts, ed. *Command Decisions*. New York, Harcourt, Brace, 1959. 482 p.

This volume was prepared by the Office of the Chief of Military History, Department of the Army, to satisfy the needs of the Army's Command and General Staff School. It is a complete and interesting examination of the twenty most crucial and controversial decisions of World War II. It is not a comprehensive history of the war; it reflects only the highlights. Sixteen authors contributed the twenty articles which comprise the book. Each of these authors presents an unbiased, factual and well-documented account of his particular subject. The writings contain little interpretation and no opinion except that brought out by the factual account. Some of the articles (or chapters) have been published elsewhere, e.g., "Japan's Decision for War," by Louis Morton appeared in the *U. S. Naval Institute Proceedings*, December 1954, and "The Anvil Decision: Crossroads of Strategy," by Maurice Matloff appeared in the same publication in July 1958. Hanson Baldwin has written a perceptive introduction to this book. In it he quotes Voltaire as saying that history can only be well written in a free country. The book bears out the authenticity of this statement, as each article is painstakingly and comprehensively documented. Only in free countries could historians have access to such a volume of information and the freedom to write the unbiased facts. *Command Decisions* is recommended

as worthwhile and fascinating reading for anyone interested in military history.

Mau, Hermann and Krausnick, Helmut. *German History, 1933-45.* London, Oswald Wolff (Publishers) Ltd., 1959. 157 p.

In less than 150 pages the authors have given one of the best recent accounts of the Nazi period in Germany. The book contains little that is really new, but it carries a special interest as being the work of contemporary German historians. They write with feeling, yet with such detachment that the reader never is made aware of their nationality until he reaches a chapter called "The Enemy Strikes Back," and finds that the enemy is the United States. However faithful the translation may be to the original, the English style is excellent, and it makes for easy as well as profitable reading. The chapters are clear and succinct to the point that each paragraph is full of significance. The authors seek neither to excuse Hitler nor to absolve the German people of all responsibility by putting all blame upon him. "Rarely had a people followed the banners of a revolution more willingly," they write, and the critical point in their acquiescence was the collapse of the German monarchy in 1918. Catapulted to power in times of economic crisis, "Nazism surrounded itself with an atmosphere of anti-rational fervour, the unique climate of a 'movement,' the stimulant of a dynamism without goal or purpose." More and more, Nazism is shown to be not a struggle for an idea, but a struggle for power. In foreign policy, the authors point out, the public repeatedly gave personal credit to Hitler for what really had resulted from long effort on the part of his predecessors; and then his early triumphs in adopting a belligerent attitude toward the West secured him in his further risks. "Many a doubt in Germany as to the honesty of Nazi ends and means was silenced by the feeble attitude . . . of the outside world." The strict Neutrality Acts of the United States encouraged both this attitude and Hitler's aggressiveness. Demand for unconditional surrender, the authors believe, did significantly

prolong the war. The writers discuss the horrors of the gas chambers and mass executions with frankness, and they remark on the pangs of conscience which a number of people felt sufficiently to cause them to risk their lives in opposing the regime, and even if in a disorganized way, to lend themselves to the project of assassination as the only way to free their country from the prospect of total physical destruction by the war or of complete spiritual destruction by the Nazi tyranny. It should be mentioned in passing that attempts to draw lessons from the German experience during this period respecting the unified command of the armed forces fail to recognize the political significance of the incongruous arrangement whereby the High Command of the Armed Forces (OKW) really was not superior, but was the equal of the high commands of the Army, Navy and Air Force. This is a digest of history well worth the short time it takes for anyone to read it.

Goutard, Adolphe. *The Battle of France, 1940*. New York, Ives Washburn, 1959. 280 p.

The defeat of France in 1940 was a devastating and demoralizing shock to the free world. The speed and decisiveness of the victory cut like a Turkish scimitar through the veil of complacency. Since that time many theories have been propounded as to the cause of defeat. The most popular and perhaps most generous of these theories holds that the French of 1940 were decadent, pleasure-loving, timid, weakened by infiltration and subversion, and defeatist. The same theorists hold that the Germans of 1940 were supermen of overwhelming numbers armed with tanks, aircraft and guns of extraordinary capability and incredible lethality and led by military geniuses of clairvoyant perception. This is perhaps the common view. But a courageous Frenchman, Colonel Adolphe Goutard, in *The Battle of France, 1940*, shatters this view with a cold-blooded analysis of the reasons for his country's defeat. He examines the affair from both sides, and, with the advantage

of hindsight, is able to reconstruct the events leading up to the defeat of the French, He concludes that, while France may have been lethargic, defeatist and decadent, the main culprits in her defeat were the military — and not the soldiers, who fought ungallantly in only one sector and then only because they were untrained and located in the wrong place by a miscalculation in strategy. Goutard's analysis points out that defeat came because of a succession of failures to take advantage of opportunities — of not attacking the gap between Panzers and infantry, for example; by reliance on doctrine of the past — of not understanding the value of massed armor and the use of aircraft in modern war — of being suprised tactically — by feeling that the enemy could not and therefore would not make their main thrust into France through the Ardennes — which is what they did; of being surprised strategically — by massing their best forces in the north where they fell into the trap laid for them by the German Manstein Plan. But most of all Goutard puts the blame on the French high command for failing in leadership — both before the war and during the battle. The book goes into some detail to prove that the French could have won the war many times and in many places. It discusses intelligently what might have been had the French taken advantage of their opportunities. The maps to illustrate the maneuvers of the Germans are well done — neither too detailed nor too sketchy. And in the chapter on the miracle of Dunkirk, the author points out a curious and provocative idea which may have been a reason why the Fuehrer halted his Panzer Divisions when they could have cut off the British: the Fuehrer didn't want to embarrass the British because he admired them and wanted to ally with them! This is not the first time that this enigmatic logic of the Fuehrer's has been exposed. Altogether, this is a readable, interesting book for the student of warfare — mostly ground, admittedly — which goes step by step like a geometry theorem to prove the author's point. Thus the logic is hardly refutable.

PERIODICALS

Campbell, Ernest, Capt., USN "Amphibious Warfare is Twenty-Three Centuries Old." *Navy*, October 1959, p. 14-21.

An interesting and informative history of the development of amphibious warfare.

"Industry Tackles ASW Problem." *Naval Aviation News*, October 1959, p. 14-18.

Outlines what industry contributes to the antisubmarine strength of the country, its variety and significance.

"One Continent Where Reds Are Busier Than Ever." *U. S. News & World Report*, November 2, 1959, p. 58-60.

Russians are speeding a build-up of Communist subversion and sabotage throughout the whole of South America.

Miller, Donald I. "Soviet World Strategy." *Vital Speeches of the Day*, November 1, 1959, p. 39-41.

With geopolitics as the starting point, the speaker considers four other rules of strategy being followed by the Soviet Union, and evaluates how we stand in the world power struggle with Russia.

"Mr. K's Greatest Gamble?" *Foreign Report*, October 15, 1959, p. 1-4.

Mr. Khrushchev's disarmament proposals are arousing misgivings among Russia's satellites, stemming from the dangers inherent in the division of Germany and the fear that it may be impossible to preserve the existing East European regimes without protection from Soviet weapons.

Hudson, G. F. "Khrushchev's Visit: The German Problem Remains." *Commentary*, October 1959, p. 277-285.

Gives background of Russian efforts to dislodge Americans from occupation of Germany, and suggests four possible solutions of the German question. Touches briefly on the disarmament proposition.

Carrison, Capt. D. J., USN "The Soviet Drive for Sea Power."

U. S. Naval Institute Proceedings, October 1959, p. 67-71.

A consideration and analysis of the many aspects of the Soviet drive for sea power in the post-Stalinist era and a discussion of its significance to Allied sea power.

Tsou, Tang. "Mao's Limited War in the Taiwan Strait." *Orbis*, Fall 1959, p. 332-350.

An analysis of Mao's strategy in the Taiwan Strait, stating that China can be expected to employ her military power in accordance with Mao's principles to achieve limited objectives and score limited victories, and within the framework of a political strategy to force the United States to recognize her position.

"Admiral Burke Raps Proposal to Give AF Polaris Missile." *Navy Times*. October 24, 1959, p. 1, 20.

The Chief of Naval Operations stresses that it is vital that Polaris submarines be under the control of the Navy, which is close to the entire tactical situation and can coordinate the submarines with other naval forces.

Bjelajac, Slavko, N. "Soviet Unconventional Warfare Capabilities." *Military Review*, November 1959, p. 30-37.

Review of political and military importance which Soviets attribute to Unconventional Warfare as a weapon of war, and the soundness and extent of UW concepts and doctrines in the USSR.

Sutherland, John P. "The Story Gen. Marshall Told Me." *U. S. News & World Report*, November 2, 1959, p. 50-56.

Hitherto unpublished views on fateful decisions, key events and personalities of World War II.

"Greatest and Last Battle of a Naval Era." *Time*, October 26, 1959, p. 16-18.

Five color maps add greatly to the interest of this brief review of the Battle for Leyte Gulf vividly remembered on its fiftieth anniversary.

