

The Permanent International Divide?: Human Abilities and National Development

Seymour W. Itzkoff

Smith College

For a brief period of human history, the 20th century, there was hope that the peoples of the earth would come together in peace and equality. The horrific wars that stretched across the planet became the goad and the symbol of the need for a new order in international relations. Yet, with all the expectations and efforts to create a world system to achieve these goals, the final years of this century may be remembered by the increasingly impotent efforts of the world community to dampen down, let alone reverse, the growing levels of chaos and tragedy.

The human, and thus the historical challenge, to all who are living through what should be seen as a new watershed in the social evolution of the peoples of the world, is to understand what is today happening to this world, in social, biological, and physical terms. To be able to do this, we must shed the misunderstandings that have clouded the vision of the educated leaders of the past. It is they along with their ideological infatuations that have in war and genocide tainted the process of internationalization with the blood of the better part of 100 million human souls.¹

Many serious books, most recently by Robert D. Kaplan and George P. Kennan, have been written that now echo a new and ominous sense of fear and futility that many educated people see for the future of our world.² There is developing a sense of

¹ Rummel, R. J. 1994. *Death by Government*. New Brunswick, New Jersey: Transactions Publishers, pp. 1-28. See also: Mayer, Arno J. 1988. *Why Did the Heavens Not Darken?* New York: Pantheon, p. 4. Mayer argues that between 1914-1918 and 1939-1945, about 100 million lives were lost, 80 million in Europe. Between the two World Wars, and from 1945 until the mid 1980s, another 50 million people were killed through war and genocide.

² Kaplan, R. D. 1996. *The Ends of the Earth, A Journey at the Dawn of the 21st Century*. New York: Random House; Kennan, G. F. 1996. *At a Century's Ending, Reflections, 1982-1995*. New York: W. W. Norton. See also: Wilson, E. O. 1992. *The Diversity of Life*.

irreversibility in the worldwide drift into ecological, economic, demographic, and social disintegration. Much of this sense of impotence derives from the paucity of convincing solutions to trends that now seem almost determined.

Having been disenthralled of the ideological utopias that have caused so much horror in the 20th century, and this after the sober anticipations of hope and possibility that technology and science had opened up for humanity at its beginning, it is no wonder that the most educated classes in the most advanced nations live in a values vacuum, having no persuasive philosophical commitments to shape their lives. Such personal bewilderment has historically been a prescient indicator of deeper apperceptions of loss.

A Developing International Crisis

My argument in this article is that we must turn to a more fundamental stratum of explanation if we are to obtain intellectual and then policy control over the various national and international trends that are today developing. The post-Cold War euphoria having quickly abated, it is clear that, indeed, "history" is still with us, and presenting a number of awesome challenges.

The deeper level of analysis that I propose lies in the bio-social understanding of the dynamics of human nature and human intelligence variability as it spills itself out in the historical impacts of interacting individuals, their ethnicities and nations, now within a rapidly shrinking international context.

The 20th century has truly brought humankind together, in all its variability and diversity of historical experience, as has no other century of the past. This point is axiomatic and noncontroversial. What is controversial is to view this new international context in terms of not merely accidental or incidental geographical and historical diversities of human experience, but of more fundamental bio-social factors that fundamentally determine individual behavior and national destiny.

This analysis unequivocally refutes the by-now threadbare ideological and sociological environmentalism that has heretofore

Cambridge: Harvard University Press; Kennedy, Paul. 1993. *Preparing For the 21st Century*. New York: Random House.

undergirded sociopolitical policy in the liberal democratic West as well as the socialist totalitarian East.

At least one million years ago, ancestral groups of hominids left their African genesis, marking the first large-scale emigration of humans in search of a vision. It has happened many times since, ultimately overlaying the original geographic races. Today, one cannot speak definitively about racial differences. It makes much more sense to focus on the existing ethnicities that, for example, today divide the Igbos from the Hausas, the Chinese from the Japanese, the Bosnian Serbs from their Muslim neighbors, even African-Americans from European-Americans.

What is, however, critical about these ethnic differences, as I shall argue below, is that ethnicity carries with it not merely cultural variation but, very often, bio-social differences in intellectual capacity and quality. These scientific facts are today clearly explainable through both evolution and history.³

Until the middle of the 20th century, such differences were largely below our consciousness, except for the incubus of African racial slavery, which has over the past several centuries effected an enormous swathe of territory adjacent to its origination in the African continent, now to include large portions of the Western hemisphere. In our own time, the historical separation of the peoples of the human race has become an artifact of memory. There is no escaping the fact that what happens anywhere in the world will rapidly affect lands on the other side of the planet: pollution, ecological degradation, the demographic explosion and its consequent migration upheavals, the pandemic of AIDS, and now tuberculosis.

The new element in this contracting planet is that, by contrast, early in the 21st century it will have become clear that the supposedly temporary membrane that separates the standards of living and civilizational profiles of the so-called developed social classes from the Third World will have become an impermeable barrier. Hopefully, the older conceptualizations will by then finally be seen as bankrupt instrumentalities for national and international policy making.

³ Itzkoff, S. W. 1983-1990. "The Evolution of Human Intelligence." New York: Peter Lang International Publishers. A series of four books in which is presented the scientific evidence for the inevitable conclusions.

Given the continuation of present historical trends, by the middle of the next century the nations of the so-called developed world will have entered into a far more interconnected association of relatively wealthy and democratic societies. Other nations and regions may by that time be descending into the chaos, conflict, and tragedy that increasingly characterize societies with stratified social classes, a majority of the population impoverished. Japan and the Scandinavian nations are examples of the former; India and Brazil represent the latter.

Even more unsettling to the international order, large portions of the world, encompassing numerous stricken peoples, are labeled by the United Nations as *failed nations*. They may well be beyond social and political redemption. In Africa, Bangladesh, Haiti, for example, all having a disproportionate percentage of their populations living in utter impoverization and degradation, often under despotic control, may well be beyond the resuscitating capacity of the developed nations. In fact, such tragedy may soon lie beyond the reforming moral will of humanity, given the extent and the depth of the then-existing international crisis.

21st Century Civilizational Divisions

In attempting to divine the evolving nature of a post-Cold War world, Samuel P. Huntington, sees a separation of the international community into "civilizational" blocs, of which the West is but one, at least temporarily, dominating. The other blocs include an Eastern Orthodox grouping in the former domains of the European Communist world, an Islamic, Latin American, Japanese, indeed, even a coming together of an alliance of Confucian-Koranic heritages:

...Differences between civilizations are real and important; civilization-consciousness increasing; conflict between civilizations will supplant ideological and other forms of conflict as the dominant global form of conflict; international relations, historically a game played out within Western civilization, will be increasingly de-Westernized and become a game in which non-Western civilizations are actors and not simply objects; successful political, security and economic international institutions are more likely to develop within civilizations than across civilizations; conflicts between groups in different civilizations will be more frequent,

more sustained and more violent than conflicts between groups in the same civilization; violent conflicts between groups in different civilizations are the most likely and most dangerous source of escalation that could lead to global wars; the paramount axis of world politics will be the relations between 'the West and the Rest'; the elites in some torn non-Western countries will try to make their countries part of the west, but in most cases face major obstacles to accomplishing this; a central focus of conflict for the immediate future will be between the West and several Islamic-Confucian states.⁴

Huntington is correct in noting the separation of the West from a number of regions of our world. He is also perceptive about the role of minority elites in a number of predominantly non-Western-type nations as attempting to bring these nations into the Western camp. Clearly, Mexico and India are examples of those now-evolving internal struggles.

However, I believe Huntington to be in error about the place of Japan, and then Korea and the various Chinese ethnic nationalities, including those in Mainland China. In the case of Japan, Japan's increasing penetration of Western markets has to have had an impact on the Japanese sense of relatedness. Also increasing is the number of Japanese-Western business partnerships, effectively unifying the Western-Japanese economies.

The penetration of Western culture into Japan has impressed all returning visitors, despite its conscious retention of its cultural heritage. After all, one crosses the Alps from Austria into Italy with a jarring sense of cultural change. Are the lives of Austrians and Italians really less different from the lives lived by the Japanese and American middle classes? Japan is now in the throes of a democratic political revolution, suspiciously Western in character. And, above all, is there no significance to the fact that Japan has effectively subjugated the West, in but 40 years, through its well-learned internalization and mastery of Western science and technology?

A similar argument can be made with regard to the still-evolving Chinese national entities, and, of course, to the Koreans, who are not

⁴ Huntington, Samuel P. 1993. "The Clash of Civilizations?" *Foreign Affairs*, (Summer), 48.

far from having a population majority of Christians, and a highly sophisticated scientific, educational, and economic infrastructure, to boot. There is a society ever more democratic, politically, all part of their enthusiastic integration into the Western civilizational camp. The same will soon be said about Eastern Europe. The war in Bosnia will eventually come to be thought of as a special case of historical retribution, tragic, for the Bosnian Muslims are Western-educated. Their religious heritage would probably have slipped quietly into their historic cultural memory in the same way that Shintoism and Confucianism have quietly disappeared in their respective nationalities.

Similarly, amidst momentary travail, this transformation can be seen among the Central Asian Republics of the former Soviet Union. Throughout this vast area, from the Elbe River to the Pacific, a great shift toward the West is in the making. Indications are that the intention of these peoples is to enter upon the pathway of economic and political liberalization and the continued forging of cultural bonds with the West. And, indeed, as with the Chinese, the bio-social profiles of these peoples strongly suggest that the connection between will and fulfillment is likely to be crowned with much more success than that of the efforts by the Western-oriented elites of other nations for their masses.

This misapprehension as to the nature of future international conflicts, even competition, arises from a misunderstanding of the nature of the dominance of the West in the contemporary world. It is a cultural one, indeed, but one built on a cultural platform of high on-average intelligence and the education that perfects this intelligence. This has produced symbolic structures of knowledge of deep abstraction as well as the resultant instrumental institutional skills to create a living social expression of this intelligence. Call it Civilization: modern, industrial, universal.

The result is a dynamic scientific and technological culture that thrives in an environment of political and economic freedom. What the West shares with its member constituents at the end of the 20th century is a formed cultural order cemented into mutual interdependence by the techno-economic achievement of the middle classes around the world. Some nations such as Japan and most of Western Europe are more or less uniformly classless societies, the fulfillment of the dream of Karl Marx, achieved through a revolution

in the modes of production, theoretically predicted by Marx, but regrettably unforeseen at the beginning of the 20th century's ideological hallucinations.

Indeed, I think it is not fantasy to hypothesize that 99% of the world's populations would abandon much of their home cultural *Weltanschauung* for the entire package of Western institutions, including their democratic secular forms. The caveat is that they would do so if they could personally attain such a life style. The flood of immigration out of these nondeveloping nations for a small piece of the Western action, epitomized in the social welfare subsidies available to all who so arrive on the various Western "shores," constitutes persuasive evidence.

Finally, the spread of "religious" fundamentalism and terrorism. My suggestion is that we examine these worldwide phenomena with less credulous eyes. Could it be that such trends take hold in populations that are frustrated in their natural yearnings for the life style of the West because they cannot muster, in a *macro* sense, the educational and economic accomplishments that naturally flow from more advanced bio-social profiles?

The frustrations and sense of defeat must be sublimated and transferred to other and external social expressions regardless of their instrumental effectiveness. The mindless terrorism, killing, and chaos we see throughout the Third World, as well as the epidemic of criminal violence in the underclass in Western countries, are a sad but ever more common expression of such failures, rather than a real philosophical political trend in our world.

Economic Development: The Visible Barrier

Just as the iceberg shows only a small portion of its enormity in what we see above the surface of the waters, so, too, economic development is the visible manifestation of national, ethnic, and individual capacities precipitated into visibility by the intellectual differences that still divide the human species.

It is axiomatic that this unfolding of humankind's universal drive for modernity is hardly complete. The ideological, religious, and plainly tychistic causes that still keep nations, peoples, and individuals from realizing tangible personal and national fulfillment are tangibly evident.

The Soviet and other socialistic forms of social life, given the

totalitarian and ideologically coercive institutional policies they engendered, destroyed generations of talented and educated humans behind the Iron Curtain. Today, religious fundamentalism and unlimited tyranny impede many other peoples from exercising their natural ambitions to educate themselves and free their talents within their own societies.

The world order has assumed the responsibility for actions that would give these millions, if not billions, of humans a chance, whether they live in Haiti, Saudi Arabia, Syria, North Korea, or Liberia. Yet there is enough evidence in the 40 or so years since the dissolution of the traditional colonialisms that, for large portions of the world's population, where there was real hope for liberation and prosperity, things have not gone in the direction that was expected in that initial euphoria. In fact, the burdens that the colonialist West supposedly inflicted on these peoples are seen now as gifts that were squandered. The responsibility of national development, as it has been for millennia, is internal. It has to happen from within, from the natural human thrust toward self-actualization, limited only by each people's vision of what is possible.

In the developed and developing world, peoples and nations are advancing at a galactic rate beyond that of large portions of the Third World. The mainland Chinese, now in process of throwing off the Maoist madness, are growing economically at a rate of 15% per year. Theirs is now rated as the third largest economy in the world. Estimates are that 80% of its city dwellers now own color T.V.s.⁵ In the villages, ultra-sound equipment is now widely available. It is widely used to predict the gender of the unborn, leading to a 118 to 100 predominance of males born over females. We may not approve of the morality of such a response to the Draconian birth restrictions of the government. Yet the present number of children to be expected of every female in the birthing cohort is down to 1.7, well within the European rate.

The rapidity with which the Han Chinese ethnicity is responding to the opportunities for entering the world of Western standards of living mirrors its high I.Q. scores, 110 in some Singapore and Hong

⁵ See *The Economist* (5/15/93, 83; 5/22/93, 39; 5/29/93, 13) on the tremendous surge of this society through domestic and foreign investment. Taiwan alone is estimated to have invested between \$15-25 billion in Mainland China in the past 10 years.

Kong tests, high educational achievement levels in international testing surveys, and overall in its disciplined family and social profile.⁶

How has this exuberant burst of productive energies come about so as to lift, in a blink of time, the standard of living of average Chinese citizens, 1.14 billion of them, above the poverty line? Certainly, the wage rates are low, but no lower than in many parts of the developing and Third World. In terms of current massive international investment, it is clear that the developed world views China, and thus the intellectual and educational skills of its people, as a wave of the future.

Here is an ancient literate civilization whose potential was held in political and ideological bondage for too many centuries. Its people are now prepared for this exhilarating release into social and economic freedom. That this new and evolving Western cultural tradition has not been externally imposed upon this people, but has grown indigenously out of its own genius, is exemplified in Mainland Chinese international educational performance.

A 1991 comparison of the math abilities of 13-year-old students throughout the world (published in 1992) demonstrates the relationship of cultural readiness for participation in the Western system. This age level is considered to be the earliest reliably predictive age for future educational and vocational achievement. Because so many Chinese were either not in school or else in grades lower than 7th, the cohort test included only a subset of 425 million people out of the total population, thus denying the achievements in math the highest measure of reliability.

But they were the highest scorers of all the 13-year-olds who were tested, 80. Taiwanese and Korean students scored at the 72-73 level. No Japanese or German students were included. Other West and East European 13-year-olds scored in the 67-70 range, the latter then in the midst of great revolutionary turmoil. United States 13-year-old Junior High School math students scored 55, somewhat higher than Third World students.⁷

⁶ Seligman, Daniel. 1992. *A Question of Intelligence*. New York: Birch Lane, p. 122.

⁷ Lapointe, A. E., et al.. 1992. *Learning Mathematics*. Princeton, New Jersey: The International Assessment of Educational Progress, Education Testing Service (Feb.).

The implications as to what is occurring in China from the standpoint of the theory of modern economic development is crucial to understanding the shape of the next century. Attested to by economists of all political stripes, including Lester Thurow of MIT, Robert Reich, formerly of Harvard, now in the Clinton administration, the educability of a national workforce stands preeminent in predicting the future of any nation having pretensions for achieving a modern Western classless society.

International economic and political discourse is today constructed from the life-style demands of the educated Western middle classes, whether the demands be autos, VCRs, designer clothing, country homes, foreign vacations in desirable locations, modern medical care, or cultural institutions: the opera, libraries, parks, higher education for their children. These are not merely the desires of Japanese, Americans, or Germans. All humanity aspires to these amenities in the context of a peaceful social and democratic political setting.

To obtain them, a nation or an individual must produce those items or services that the middle classes of the world desire. This is why statesmanlike leadership emphasizes free trade. In the give and take of market competition, the best and most efficient will presumably win out, and the consumers and producers of the world will mutually benefit.

Conflict and competition in the world of the early-21st century will probably center on these issues of economic production and distribution. Which nations of the world will be able to obtain leadership positions in producing those artifacts and services that are most desirable to this new international middle class? Which nations will be able to produce that which is unique and desirable? Which nations will thereby be enabled to obtain the highest markups, sufficient to pay for the goods and services that their own people desire, to maintain the domestic infrastructure, even to save enough as a reserve for unexpected national emergencies?

Lower down on the international scale will be those producer nations today exemplified by Mexico and Malaysia, that can produce those machines, gadgets, products, that require lower level skills, along with cheap wages and national cost structures: taxes, environmental controls, health costs, legal and bureaucratic overhead – always in comparison with the First World nations.

Lester Thurow has emphasized that the key to economic leadership among the nations of the world has shifted from natural resources, financial investment wherewithal, large labor forces, even the invention of new technologies and services. In his view, the so-called process technologies, quickly developing new inventions and ideas that are rapidly disseminated throughout the developed world, have become critical to a nation's place in the hierarchy of national power and wealth.

Of course, such a situation could change were international agreement on intellectual property, patent and copyright protections enforced. In those crucial existing process technologies – semiconductors and computers; commercial aircraft; machine tools; textiles; materials and chemicals; motor vehicles; consumer electronics, chips and microprocessors; machine tools – Thurow feels that a historic shift has occurred in both labor and productivity:

If the route to success is inventing new products, the education of the smartest 25% of the labor force is critical...If the route to success is being the cheapest and best producer of products, new or old, the education of the bottom 50% of the population moves to center stage...If the bottom 50% cannot learn what must be learned, new high tech processes cannot be employed."⁸

The argument is that creative ideas are now readily available and communicable in a flash of a satellite computer message across the oceans. However, the ability of a nation or a people to bring to bear the design, engineering, production, quality control, marketing skills so as to beat out the other nations in quickly bringing such products into the international marketplace requires a work force, down to the lowliest shipping clerk, that is uniformly skilled and efficient beyond the reach of the competition.

This the Japanese and the Germans have been able to achieve in a wide variety of productive technologies in the post-World War II era. We need not elaborate on the wealth that has poured into these nations. Today, both Japan and Germany have used this surplus wealth to established new forms of commercial suzerainty over their neighbors. There is no doubt today that Japan has

⁸ Thurow, Lester. 1992. *Head to Head*. New York: Wm. Morrow, p. 52.

achieved its almost century-old plan to create an Asian "co-prosperity zone," now far outspanning its thwarted imperialistic program of the 1930s. This expansionism eventually led to their ill-fated attack on Pearl Harbor.

Japanese businessmen now pride themselves on having shifted the assembly stage in the manufacturing process to a wide variety of satellite outsource facilities in Mainland China, Thailand, the Philippines, even the United States, where cheap, relatively unskilled labor keeps costs down. The design, engineering, and marketing stay at home. These remain high-skill, high-value services that are not duplicable in the less skilled nations. The wealth continues to pour in.

It will be interesting to discover the extent of the impact of a very expensive yen, in relation to the dollar and other currencies, on the Japanese economy. The view of this writer is that, considering the extent of the fabricating costs now delegated to cheap labor and currency nations, the impact will be relatively minute.

National Power and the New Hierarchy

The international era that we have entered is similar to the post-Alexandrian Hellenistic as it was unified politically under Roman hegemony. From north England to the Euphrates River, from North Africa, including Egypt and North Arabia, to France, the Rhine and Danube rivers, the Black Sea, one culture dominated for almost a thousand years.

Burial caches of sixth century B.C. Hellenic Greek jewelry and other craft artifacts have been found from the Volga plains to the foothills of the Alps, testimony to the interests and sense of value of ostensibly primitive hunter-gatherer peoples. The lure of civilization is perennial, then as today.

This ancient international civilization was a product of the European-West Asian mind, literally of the same people who 30,000 years earlier had, under glacial tundra conditions of hunting and gathering, from what is today Spain to the Ural Mountains, carved out the first civilization of *Homo sapiens sapiens*.

At the time of Alexander's Macedonian Greek conquests, another people carrying East an ancient Indo-European cultural tradition as well as a Central Asian Altaic linguistic heritage, crossed from Korea to the islands of today's Japan. They overran and

acculturated the indigenous peoples, and today, roughly 2,300 years later, in Tokyo you will find more fully professional symphony orchestras than in New York City. A goodly amount of European music may be easily encountered in Seoul, Shanghai, Hong Kong, and Taipei. At the Juilliard School, in New York City, almost 50% of the students are from these three northeast Asiatic ethnicities. They are studying piano, violin, classical "Russian" ballet, Italian operatic technique. Think of the evolving industrial civilization as being an international club. It is open to all, no matter the race, ethnicity, nationality, gender. The entrance dues, however, are high. One must earn one's way in. All the philanthropic handouts by the West to the so-called underdeveloped peoples have turned to dross. The dues have not been met.

London School of Economics studies conclude that the tens of billions of dollars poured into the Third World from the developed nations in recent years have only served to perpetuate the exploitive bureaucracies that prosper while their nations disintegrate. Those who think that they can one day appropriate the entry fee do it the "Japanese" way.

Start out with the low-wage, low-skilled assembly tasks. Take what is left over from the \$.50- to \$2.00-per-hour jobs and invest it in education and infrastructure. Prepare for the next stage of higher-valued productivities and services by building up the skills of the people both on the job and through the schools. Above all, build a first class, high standard secondary school system. Eventually, in the future create the conditions for a research-oriented university system. In the long run, it will be the creativity of the finest national minds that will develop the new technologies, industries, and services that could catapult a nation from the mass toward the pinnacle, where one no longer has to worry about Japanese or German interest rates, the value of the yen or the mark.

Mexico will be a test case for this scenario, in terms of its ability as a nation and a people to move through the stages implied by the above model. It is already involved in second-stage productivities in the automobile and consumer electronics industries, even while its low wages and low costs are putting U.S. semi-skilled workers into the unemployment benefit lines.

Each year, Mexico graduates approximately 145,000 literate and technologically sophisticated young people from its specialized

secondary schools, technical institutes, colleges and universities. Time will tell about the fundamental intellectual potential of these 90 million people. It will be revealed in their broader social and organizational skills as well as their ultimate educational levels of achievement. Economic development has as its precondition not merely certificates, diplomas, and degrees, but truly high intellectual attainments.⁹

That is why Taiwanese Chinese students who in the last several decades have appeared at the top of international math and science comparisons have in a literal blink of an eye catapulted this resource-barren refugee island into a national center of advanced technology. In barely twelve years, Taiwanese manufacturers have moved from producing \$8.5 million worth of computer equipment in 1980 to \$7.6 billion in 1992. They now are third in the entire world in terms of the value of these products.¹⁰ In 1996, they are a full democracy.

We should expect to see the continued expansion of bilateral and multilateral trade agreements, NAFTA, the G-7, EC-Maastricht trade and ERM currency agreements. Where nations need each other to thrive, to continue to maintain the *world class* standard of living that their citizenry demands, open markets and a measure of national self-discipline will be *de rigueur* for policy makers. However, the tacit international understanding will be: we agree not to go for the jugular as long as we need you and your national productivities. If you for any reason fall behind in the international competitive race do not expect us to bail you out except for minimal amounts of conscience money, as with the Third World.

We see this attitude developing in recent German and Japanese behavior. The Germans consider their own national interests first when their neighbor's interest rates soar and/or their currencies plummet. The European Community indeed! First comes our own nation, our own ethnicity.

⁹ see Harley Shaiken. 1993. "Two Myths About Mexico," *New York Times*, 22 Aug.; also an extensive report on Mexican industrialization in *New York Times*, 3/21/93.

¹⁰ The Taiwanese lead the world in the production of systems boards and monitors, components for the international computer corporations. They have followed the Japanese lead and invested the vast proportion of their profits overseas, now Mainland China. Thus, the difficulty they are having financing their \$300 billion bond issues, intended for Taiwanese infrastructure modernization.

The Japanese are increasingly obstinate in submitting to the importunings of the United States to open its markets. The truth is that the Japanese individual consumes or uses about the same value in American products and services as the individual American purchases of Japanese products. Of course, there are twice as many Americans as Japanese.

Let the American government try to coerce the Chinese into not abusing human rights or pirating CDs and computer software. They will simply buy their civilian passenger airfleet from Airbus, not Boeing.

And thus, the Japanese and East Asian advantage grows. Smiling the while, the Japanese shuffle their feet and weep dry tears about their current "recession," even while the hundreds of billions of dollars flow in from their colonial economic empire. The Germans likewise worry little about the fate of the British pound or the French franc as they strive to absorb the eastern provinces, eventually to unify economically with those parts of Eastern Europe that have broken free from Soviet control and which the Germans were not able to retain during the Second World War.

This hierarchical bi-polar world-in-the-making will not be a matter of all or nothing. The fact is that below the dominating nations – those that, as presently with western Europe, can provide all their citizens with something approaching first-class living standards – there will be many nations attempting to maintain at the least a symbiotic economic and political connection with the dominant powers.

We see this today in the so-called developing nations, such as Thailand and Malaysia, Mexico and Venezuela, that have substantial middle classes. India constitutes a different sort of problem, with a middle class of between 85-120 million people. But these constitute only 10-15% of a total population of close to 900 million souls, culturally divided, and deeply impoverished.

As Edward Gargan reported in February, 1994, in *The New York Times*, after almost three years as head of their New Delhi Bureau, India is rapidly dividing itself into a new caste system of the educated

and the impoverished.¹¹

The lure of westernization, the dissolution of redistributionist ideological dreams, may for a time decrease the volatility of political and social unrest in all such nations, but only if the current demographic explosion, and the consequent potential ecological catastrophe, is somehow reversed.

Conclusion

The bi-polar world of technologically advanced middle-class societies versus ever deepening poverty and social disintegration in those nations unable to muster the intellectual, educational, and thus the economic dues to join the international system, constitutes only one cross-sectional perspective on the future. There are other nations that are deeply divided within themselves in terms of their prospects for social and economic development.

The United States is seen as a potential member of this latter group of nations, *class-riven*, and at risk. They are at risk because large and/or growing proportions of these populations cannot master the intellectual, educational, and thus the vocational requirements for full participation in the Western compact for social equality.¹² Such nations constitute perhaps the most incendiary dimension of 21st-century national dynamics and survival. They also constitute an as yet limited, but potentially violent, check on all plans for the pacification of international relations. These are the only, if significant, limitations on the ultimate universalization of modern, technologically advanced society.

¹¹ Gargan, E. 1994. "Shackled by Past, Racked by Unrest, India Lurches Toward Uncertain Future," *The New York Times*, February 18.

¹² Itzkoff, S. W. 1994. *The Decline of Intelligence in America, a strategy for national renewal*. Westport, CT: Praeger Publishers. The economic, educational, and social evidence.

**Recruitment of American Presidential
Nominees and Appointees:
Divestiture and Deferred Taxation of Gain**

Robert N. Roberts & Marion T. Doss, Jr.

James Madison University

It is the thesis of this article that the deferred taxation of gain provision of the Ethics Reform Act of 1989,¹ has become an extremely important tool for easing the transition of individuals from the private sector into positions as presidential nominees and appointees. The success of the deferred taxation of gain provision has ended the search for an effective remedy for the financial conflict-of-interest problems of presidential nominees and other political appointees.

A president, prior to the Second World War, could pick up the phone and ask an individual to serve in his administration and announce the nomination in less than twenty-four hours. Today, the process of selecting a presidential nominee for a high-level administration position can take weeks. Ethics officials working in the White House Counsel's Office, the Office of Government Ethics, the Department of Justice, and the nominee's designated agency ethics official must spend hours carefully reviewing the financial affairs of the prospective nominee, the nominee's spouse, and minor children to see whether they present conflict-of-interest problems. If conflict-of-interest problems appear, additional time must be spent to resolve these problems prior to any announcement of a nomination.

The passage of the deferred-taxation-of-gain provision of the Ethics Reform Act has greatly simplified the process of working with presidential nominees and other political appointees to resolve financial conflict-of-interest problems.

Mandated Divestiture and Deferred Taxation of Gain

The 1992 election of Bill Clinton as President of the United

¹. Pub. L. No. 101-194, 103 Stat. 1755 (1989).