

# The Economic Necessity of Freedom

WILHELM ROEPKE

*A great humane economist describes the growth of his ideas.*

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BORN IN THE LAST DAYS of 1899 on the Lüneburger Heide, where my father was a country doctor, I had the good luck to pass my childhood and earliest youth in the sunset of the long, rosy European day lasting from the Congress of Vienna to 1914. Those whose lives began in our present Arctic night can have no just conception of those times, and to try to summon up their atmosphere makes one

feel rather like an Adam telling his sons about the life that had existed before they could have been. That figure is not, of course, applicable to the whole world of my youth, which was hardly everywhere a Paradise, but it is true enough of what I knew or could understand of the world before I became a soldier. The beginnings of 1914 were laid long before my birth, but history does not advance by the order-

ly route that the notion of "progress" implies; study and reflection may find the present's furthest source, but through the years the stream from it runs a random way, accepting now one tributary and now another, so that many far uplands remained untouched before the gathering waters burst into flood with the First World War.

A man's own life meanders in a similar way, and I know I shall find it hard to indicate all the currents that, hindering or sustaining me, have brought me to the point at which I presently rest. The names on the way are numerous — Hanover, the neighborhood of Hamburg, the universities of Goettingen, Tuebingen and Marburg, Berlin, Jena, the United States, an Austrian provincial capital, Istanbul, and now Geneva — and the chances that led me to each, though I cannot scrutinize the providence that intended them, seem to me to have some pattern of logic directed toward my own deeper education and understanding of the world in which I have lived. The immeasurably greater flow of history has its logic, too, and my task as an economist has been to explore a delimited portion of it, to decide why it had gone the ways it had, and to apply whatever rules were there discovered to surmising its future course, depending upon whether or not men acknowledged these rules. The smaller region I am now attempting to explore is where my own life and history have been confluent, so I think I can properly begin with the cataclysm by which the next forty years of history were to be determined — the war of 1914.

I belong, then, to the generation of Germans, Englishmen, Frenchmen, and Belgians who in their youth and young manhood went through the horrors of gigantic battles on the plains of France and whose subsequent lives have been shaped by this common experience. At an early and receptive age, there was brutally revealed to me much that in the quiet pre-War dusk had been obscured, and the

sights of these times were ever to remain in my mind's eye, the constantly renewed starting points of the thoughts that confirmed in me a violent hatred of war. War I came to see as the expression of a brutal and stupid national pride that fostered the craving for domination and set its approval on collective immorality. Shortly in the course of this revelation, I vowed that if I were to escape from the hell in which it was given to me, I would make my remaining life meaningful by devoting it to the task of preventing the recurrence of this abomination, and I resolved to extend my hand beyond the confines of my nation to any who might be my collaborators in the task. In this I was only typical of many thousands of my contemporaries, who, facing each other on the battle lines, were determined that no one should again find himself forced into their positions.

My adult life began with a crisis of international society, passed into the stage of revolution we call war. To understand the reasons for the crisis, to learn what brought it to the stage of war, and to find if war indeed resolved anything, I determined to become an economist and a sociologist. Like all who are young, much of my curiosity must have been for its own sake, but since from the first my studies were directed toward the prevention of the thing I studied, a moral imperative lay behind them. Looking back on the third of a century that had passed since then — a third of a century that has taken me through two revolutions, the biggest inflation of any time, the spiritual ferment and social confusion of my country, and my own exile — I see that the determining background of my scientific studies has been far less those quiet halls of learning I have known in the Old and the New Worlds than it has been the battlefields of Picardy. The tendency of my thought, I can see from a later vantage-point, has always been *international*, seeking to examine the larger relationship between countries, for it was in a crisis of this relationship that my thought began.

If I was typical of those who went through the War in my wish to make sure that it should not happen again, I think I was also typical in the analysis I made of it. We who were under a common obligation to kill one another had a great deal more in common too, and, since all of us on either side were roughly trained along the same lines, our revulsion with war brought us pretty much to a single conclusion. Our personal experience told us that a society capable of such monstrous depravity must be thoroughly rotten. We had been educated just enough to call this society "capitalism." Dumping everything into this concept that seemed to us rightly damnable, we became socialists.

Particularly for a young German of those days, this seemed the obvious path to take, for the political system of which Prussia was the exponent had been supported by every political group except the socialists. Those who wished to make a radical protest against the Prussian system became socialists almost as a matter of course. No one can understand modern socialism as a mass movement who does not see it as a product of the political development that took place in the nineteenth century in Germany after Bismarck had deprived of all influence the liberal and democratic forces that made their appearance on the surface during the unfortunate Revolution of 1848. To the extent that the German bourgeoisie made its peace with Bismarck and his state, social democracy became the gathering point, and the only one, not alone of social revolutionaries but also of those for whom the social was quite secondary to the political revolution. Very few guessed how much Prussian mentality lay hidden in this same socialism, for so long as it was merely a persecuted opposition, kept away from all responsibility, its leaders managed to conceal its inner contradictions.

So, as I have said, the explanation of things we formed in the trenches of the First World War was quite simple. This

means war, we told ourselves, the bankruptcy of the entire "system." Our protest against imperialism, militarism, and nationalism was a protest against the prevailing economic and political system, which was a feudal and capitalistic one. The protest and its attendant denial made, the affirmation followed of itself: socialism. None of us was quite clear about the concrete content of our affirmation, and those of whom we expected enlightenment seemed, at bottom, no more certain than we; but this, rather than a discouragement, was a challenge to search further.

And, in fact, we searched; I know that I did. And I think that many of us, after years of confusion, arrived at a point we had hardly expected. We learned that we had gone astray with our very point of departure. In my own case the realization came, as it must have with most others, bit by bit through study and experience. Because the starting point had been the protest against war and nationalism, there followed from it a commitment to liberalism in the sphere of international economic relations; in other words, to free trade. This commitment I myself made, and I have not since departed from it. No more than average insight was needed to see that there was an irreconcilable difference between socialism and international economic liberalism, a difference not to be done away with by the lip-service of individual socialists to free trade.

After all, nobody was immediately working for world socialism. But if socialism could only be achieved within a national framework, state boundaries took on a new and primarily economic significance. Did not the simplest logic make it clear that a socialist state, which directed economic life within the nation, could not grant even so much freedom to foreign trade as had the protective tariffs against which we had protested? The deduction was this: there is only one ultimate form of socialism, the national. With that, my generation wanted nothing to do.

Other reflections followed. With a rec-

ognition of the responsibility of one's own government in causing the war, went a great wariness about the powers of the modern state and, along with this, about the powers of the various pressure groups within the nation. That neither state nor pressure group should again attain the evil eminence it had in the War, the power of one would have to be limited and the other would have to be suppressed. At first, these seemed essential points of a socialist program. But in time it became evident that they were liberal notions, expressed by the great liberal thinkers, and they appeared to be socialist only because the socialists, so long as they were not in power, found them useful. Wherever socialism approached power after the War and exerted influence on government, the tendency was all toward acknowledging the omniscience of the state, and, looking at the socialists who held office, what slightest guarantee was there that the proposed tyranny would be a rule of the wisest and the best? What proof was there that the new despotism would be for the general good when "nationalization" and "planned economy," those two vaunted socialist weapons against monopoly and vested interest, in actual practice led to the strengthening of the pressure groups? And where socialism had entire control, as in Russia, and power increasingly gathered in a single hand, wasn't the situation worse for the mere individual's liberty than in those countries where many private groupings of wealth and power continued to compete side by side?

Doubts of this kind were not merely the result of an abstract enthusiasm for liberty. Life in the army had shown what it meant for the individual to exist as part of an apparatus whose every function assumed lack of freedom and unconditional obedience. The immoralities and discomforts of army life were obvious enough; to make war means to kill and be killed, the exaltation of lying and the fostering of hatred for these purposes, and the destruction, filth, thirst, hunger,

and illness that accompanied large-scale killing; but this physical degradation was also accompanied by a spiritual one that worked to the total debasement of human dignity in mass existence, mass feeding, mass sleep — that frightful soldier's life in which a man was never alone and in which he was without resource or appeal against the might (inhuman but wielded by man) that had robbed him of his privacy. Less well organized than the army, civilian life retained a few crevices where privacy could be enjoyed, but there too the notion worked that the fundamental liberties could be abrogated. Looking back on it today, I can see that this life of constraint had its compensations, which lay in the human contacts its very inhumanity enforced; but at the time I saw only its inhumanity and could not have borne it but for the thought of a higher goal — the elimination of this same thing in the future — and the sense of duty in which I had been raised.

I could not then have extolled for you the peculiar virtues of the soldier, for I was profoundly antimilitarist, so longing for civilian life that every leave was a foretaste of paradise. The fact that I and my fellows who were university graduates did not differ in this from our comrades who were proletarians proves that we did not have a sentimental longing for something that the proletariat had long ago forgotten. Leave — the periodic return to the basic freedom of civilian existence — meant as much to the worker as to us of the "professional classes." It is not class prejudice, anxious for outmoded privileges, that speaks out against the lack of freedom in a collectivized, i.e. militarized, system.

The more I looked into it, the more clearly I saw that my indignation over the war was a protest against the unlimited power of the state. The state — this elusive but all-powerful entity that was outside of moral restraints — had led us into the War, and now continued to make us suffer while it intimidated and deceived us. War was simply the rampant essence

of the state, collectivity let loose, so was it not absurd to make one's protest against the dominance of man over man take the form of professing collectivism? Not all the pacifist, antimilitarist, and freedom-demanding statements of even the most honest socialists could obscure the fact that socialism, if it was to mean anything at all, meant accepting the state as Leviathan not only for the emergency of war but also for a long time to come.

Any future increase of state power could only bring about an increase of what was now issuing from the unwarranted, but still limited, power of the state, and only the extremest gullibility could expect deliverance from the evils of militarism by a society that made militarism a permanent institution. Collectivism and war were, in essence, one and the same thing; they both gave endless and irresponsible power to the few and degraded the many. If socialists really were not serious about their collectivism, they were playing a curious and dangerous game in trying to fill their ranks by announcing goals that no one whose final commitment was to freedom could accept.

Thus was marked out a route of inquiry and effort that I continued along for a quarter of a century. The signposts were few and not often clear, and often enough I had to grope my way painstakingly back. Nor was the way itself easy, for at every turn stood the spirit of war, nationalism, Machiavellianism, and international anarchy. As my professional career progressed and I was called to positions of some official importance, I spoke for what reason dictated in the field of political economy, and this meant speaking against most of the groups and policies that prevailed in the field of economics between the wars. It was a struggle against economic nationalism, the groups that supported it, or the particular strategies it employed — a struggle against monopolies, heavy industry, and large-scale farming interests, against the inexcusable inflation, whose engineers obscured what they were

doing with fantastic monetary theories, against the aberrations of the policy of protective tariffs, against the final madness of autarky.

To whatever extent my abilities and my office allowed, and wherever I found those with whom to join cause, I sought to mend the torn threads of international trade and to normalize international money and credit relations, to have German reparations considered in their proper aspect and without regard to "patriotism," to aid the re-integration of the vanquished countries into a democratic and peaceful world, and, when the crisis of 1929 broke out, to have adopted an economy that would not end in the blind alley of deflation and autarky. Those of us who spoke thus were a small company, and the degree of our effectiveness is shown in the history of 1918-1939. Forced out of my position by the Nazi regime, I had to emigrate from Germany, and first from Turkey and then from Switzerland could contemplate the flood of political nihilism that swirled over Europe.

It would only be a sort of inverted vanity to say that the Second World War marked the failure of the effort that I had conceived in the trenches of the First World War. I think it more modest to say that in a fashion I succeeded — not, of course, in external accomplishment but in having now learned how the goal may be achieved that my youthful optimism looked toward, though the way there is a far harder one than my youth dreamed. And I think the history of the past thirty-five years proves that my starting-point was a good one. The starting-point was apparently paradoxical: I sided with the socialists in their rejection of capitalism and with the adherents of capitalism in their rejection of socialism. I was to find in time that these two negatives amounted, as two minuses in algebra can be a plus, to a positive. Both rejections were accepted because they were based on certain positive notions about the nature of man and the sort of existence that was fitting to that nature, so that as the inquiry proceeded



it always had something concrete and real to refer to and was protected from the tendency of the over-abstract to result in monstrosities when it is brought into the human realm. The third way I have pursued, beginning on it as it were out of the accident of history, has come with good reason to be called "economic humanism."

The accident of history has also required, as I have said, that I should look on economics largely in their international aspect, and in this aspect the operation of economics has again and again shown itself to be a question of order. Order is something continuous; in its true sense, it is a harmony of parts, not a regularity imposed from without. International order can only be a wider projection of the order prevailing within nations, and if today, as in the immediate past, we find ourselves more engaged with the problems of international order, that is because international relations are a screen upon which the internal phenomena of a disintegrating society are thrown and enlarged, making them visible long before they become evident within the various nations. The disturbance of the international order is not only a symptom of the inner malaise; it is also a sort of quack therapy, as is proved by the case of the totalitarian states, which temporarily avert collapse by aggressively diverting the forces of the destruction to the outside.

The years between the wars saw much mistaking of the symptoms for the disease. The international crisis, looked on in isolation, was taken for a regrettable aberration of an otherwise healthy society of nations. So followed the attempts to mend things by improving the charter of the League of Nations, holding world-economy conferences, revising debts, arranging the co-operation of money-issuing banks, repeating the irrefutable arguments for free trade, and the rest of it. August, 1939, was terrible proof that profounder measures were needed. The lessons of it are lost if we assume the present international crisis is simply one of a healthy West besieged

by forces from without. There remains an internal crisis and the external, the international, one will not be resolved until the two are grasped as a unity and so dealt with.

I think I have demonstrated how I came to see that socialism did not have the cure for our social ills, that indeed socialism was a heresy which aggravated these ills the more men acted on it. The economic "orthodoxy" according to which I adjudged socialism a heresy was historical liberalism, and with this liberalism I am quite willing to take my stand. What such liberalism advocates in the economic realm can be very simply stated. It holds that economic activities are not the proper sphere of any planning, enforcing, and penalizing authority; these activities are better left to the spontaneous co-operation of all individuals through a free market, unregulated prices, and open competition.

But there is more to the matter than the advocacy of a certain economic technique. As an economist, I am supposed to know something about prices, capital interests, costs, and rates of exchange, and all of them supply arguments for free enterprise; but my adherence to free enterprise goes to something deeper than mere technical grounds, and the reason for it lies in those regions where each man's social philosophy is ultimately decided. Socialists and non-socialists are divided by fundamentally different conceptions of life and life's meaning. What we judge man's position in the universe to be will in the end decide whether our highest values are realized in man or in society, and our decision for either the former or the latter will also be the watershed of our political thinking.

Thus my fundamental opposition to socialism is to an ideology that, in spite of all its "liberal" phraseology, gives too little to man, his freedom, and his personality; and too much to society. And my opposition on technical grounds is that socialism, in its enthusiasm for organization, centralization, and efficiency, is committed to means that simply are not compatible with human

freedom. Because I have a very definite concept of man derived from the classic-Christian heritage of Europe in which alone the idea of liberty has anywhere appeared, because that concept makes man the image of God whom it is sinful to use as a means, and because I am convinced that each man is of unique value owing to his relationship to God but is not the god declared by the *hybris* of an atheistic humanism — because of these things, I look on any kind of collectivism with the utmost distrust. And, following from these convictions along the lines of reason, experience, and the testimony of history, I arrive at the conclusion that only a free economy is in accordance with man's freedom and with the political and social structure and the rule of law that safeguard it. Aside from such an economic system (for which I make no claims of automatically perfect functioning), I see no chance of the continued existence of man as he is envisaged in the religious and philosophical traditions of the West. For this reason, I would stand for a free economic order even if it implied material sacrifice and if socialism gave the certain prospect of material increase. It is our undeserved luck that the exact opposite is true.

There is a deep moral reason for the fact that an economy of free enterprise brings about social health and a plenitude of goods, while a socialist economy ends in social disorder and poverty. The "liberal" economic system delivers to useful ends the extraordinary force inherent in individual self-assertion, whereas the socialist economy suppresses this force and wears itself out in the struggle against it. Is the system unethical that permits the individual to strive to advance himself and his neighbor through his own productive achievement? Is the ethical system the one that is organized to suppress this striving? I have very little patience with the moralizing of intellectuals who preach the virtues of the second system, inspired by their ambition to hold commanding places in the vast supervisory machinery such a system entails but

too uncritical of themselves to suspect their own *libido dominandi*. It makes virtue appear irrational and places an extravagant demand upon human nature when men in serving virtue in a collectivist economy must act against their own proper interests in ways that, as even the simplest of them can see, do nothing to increase the total wealth. The collectivist state that, in peacetime, supports itself with the patent dishonesties of foreign-exchange control, price ceilings, and confiscatory taxes acts with greater immorality than the individual who violates these regulations to preserve the fruits of his own labor. I cannot believe that it is moral and will make for a better world to muzzle the ox that treadeth out the corn.

The great error of socialism is its steadfast denial that man's desire to advance himself and his family, and to earn and retain what will provide his family's well-being far beyond the span of his own life, is as much in the natural order as the desire to be identified with the community and serve its further ends. They are both in the natural order, both are intrinsic to humanity, and balanced against each other they prevent the excesses that destroy a fit human existence. To deny the elementary force of self-interest in society is an unrealism that eventually leads to a kind of brutal internal *Realpolitik*. The eccentric morality that confuses the eternal teachings of Christianity with the communism of early Christians expecting the imminent end of all things, and calls private property unChristian and immoral, ends by approving a society in which highly immoral means — lying, propaganda, economic coercion, and naked force — are necessities. An economic order which has to rely on propaganda in the press, in moral tracts, and over the radio and on decorations and threats to make people work and save, and which cannot rely on them to see, as peasants do, the self-evident need for work and saving, is basically unsound and contrary to the natural order. An economic system that presupposes saints and

heroes cannot endure. As Gustav Thibon says: "Every social system that makes it necessary for the majority of men, in the ordinary conduct of their lives, to display aristocratic virtues reveals itself to be unhealthy." The welfare state, in its rage for egalitarianism, gives its citizens the status and opportunities of slaves, but calls on them to act like heroes.

In speaking of a balance between the elementary drive of self-interest and the urge of the communal sense, I am of course admitting that the former needs taming and channeling. At the very outset, self-interest becomes family interest, and the "civilizing" restraints this sets upon it are too obvious to need mention. Beyond this, a free market operating within a framework of firm legislation seems about as much as is required in the way of economic organization to confine the acquisitive instinct to socially tolerable forms. But this in itself is not enough. The defender of a "liberal" economy must make plain that the realm of economy in which self-interest develops, constrained by legislation and competition, is not set against but enclosed within the realm in which is developed man's capacity for devotion, his ability to serve ends that do not look to his own immediate betterment. Society as a whole cannot be based on the law of supply and demand, and it is a good conservative conviction that the state is more than a joint-stock company. Men who measure their strengths in the competition of the open market have to be united by a common ethic; otherwise competition degenerates into an internecine struggle. Market economy is not in itself a sufficient basis of society. It must, instead, be lodged in an over-all order that not only allows, and is in some measure determined by, supply and demand, free markets, and competition, but that also allows the imperfections and hardships of economic freedom to be corrected and helps man to attain an existence in which he is more than the mere economic animal. For such an existence, man must voluntarily accept the

community's prior rights as against certain short-term satisfactions of his own, and he must feel that in serving the community he ennobles his own life with the *philia* by which, according to Aristotle, men are united in political societies. Without this, he leads a miserable existence, and he knows it.

The economist, too, has his occupational disease: restricted vision. I speak from experience when I say that it is not easy for him to look beyond his field and modestly admit that the market is not the whole of the world but only a segment of it, important enough, to be sure, but still merely a part of the larger order for which the theologian and the philosopher, not the economist as such, are competent. Here one could quote a variation on the words of Georg Christoph Lichtenberg, the eighteenth-century physicist: "Whoever understands economics only, understands not even them." My own effort has always been to look beyond the fence enclosing the narrow field of my science, for I have learned that it is not to be worked fruitfully without allowing for the highly complex world in which even the simplest economic law must, in the end, operate. In my own passion for synthesis, I do not think I have forgotten that these laws must be allowed to function according to their own nature; but the more I have inquired into their logic and the effects of ignoring it, the more I have seen that their operating toward humanly good ends presupposes an equivalent function of human goodness. Economic laws will not work to our benefit unless they work within a society that admits of the human virtues which issue in true service (not just "service to the customer"), devotion, charity, hospitality, and in the sacrifices which genuine communities demand.

Two things are absolutely fatal for such a society: mass and centralization. Community, fraternity, charity — they are all possible only in the small, easily comprehended circles that are the original patterns of human society, the village com-



munity, the community of small and medium-sized towns, etc. These small circles of human warmth and mutual responsibility increasingly give way to mass and centralization, the amorphous agglutination of the big cities and industrial centers with their deracination, mass organization, and anonymous bureaucracy that end in the monster state by which, with the help of police and tax officials, our crumbling society is now actually held together. This society, paradoxically fragmented and amorphous, at the same time crowned with a vast monolithic superstructure whose irrational weight continues the pulverization that must in time bring the whole thing to collapse, I have tried to describe in *The Social Crisis of Our Time* in *Civitas Humana*, and in *Beyond Supply and Demand*.

The measures needed to avert this collapse immediately suggest themselves—we must decentralize, put down roots again, extract men out of the mass and allow them to live in forms of life and work appropriate to men. To some this seems a romantic and unworldly program, but I know of no alternative to it that does not threaten to aggravate fatally the disease. Because a suggested treatment is distasteful to the very lethargy induced by the illness it is intended to cure, it does not mean it is impractical. In the gravity of our present situation, there are no easy measures that are going to save man, no gently homeopathic doses that will enable him to shake off his symptoms without effort. If man is to be restored to the possibility of simple, natural happiness, it can only be done by putting him once more in a humanly tolerable existence, where, placed in the true community that begins with the family and living in harmony with nature, he can support himself with labor made purposeful by the institution of private property. The almost desperate character of this effort does not testify against its necessity if we wish to save our civilization. In measure as we see how slight are its chances of acceptance

and how serious the present situation is, we can see how badly it is needed.

Here, too, lies one of the basic reasons for the crisis of modern democracy, which has gradually degenerated into a centralized mass democracy of Jacobin complexion and stands more urgently in need of those counterweights of which I spoke in my book *Civitas Humana*. Thus we are led to a political view whose conservative ingredients are plainly recognizable in our predilection for natural law, tradition, *Corps intermédiaires*, federalism and other defenses against the flood of modern mass democracy. We should harbor no illusions about the fateful road which leads from the Jacobinism of the French Revolution to modern totalitarianism.

If I find some tendencies of liberal thinking compatible with this conservatism, I think I do so in a manner learned from Lord Acton and Jacob Burckhardt, and without being deceived that certain individual and hard-to-define currents of thought which are commonly thrown together under the heading of “liberalism” are not free of elements of moral and spiritual disintegration. They are the currents of modern “progressivism,” the type of rationalism and intellectualism that I have identified with “sinistrismo.”

I cannot here draw the portrait of the progress-minded modern who, in my reckoning, accounts for so much that is wrong in our world, but I can list a few of the things that attend him: the dissecting intellect, lacking wisdom and even common sense; the radicalism going in short relays from humanitarianism to bestiality; the nihilism of intellectuals who have lost hold of ultimate convictions and values and ceased to be true *clerics*; the relativism tolerating everything, including the most brutal intolerance; the egalitarianism that, presupposing an omnipotent state machinery, leads to extreme inequality in the most important respect, the distribution of power, and unleashes the soul-corroding forces of envy and jealousy; the grimace of an art called modern whose one achieve-

ment is to mirror our society's inner disintegration. Who has seen these things needs no extraordinary illumination to know toward what they tend, for the past twenty years have given us enough examples of its ruin and misery; and no one, seeing all that has been the work of men and not of blind forces, can come to any other conclusion than that men must take council with themselves and set their faces toward another way.

Here my thought comes to its deepest layer, resting on the point from which, in the logical order, all men's thinking must proceed, though in actual life they may be years gaining it. The point is one of religious conviction; I will say it in all candor: the nidus of the malady from which our civilization suffers lies in the individual soul and is only to be overcome within the individual soul. For more than a century, we have made the hopeless effort, more and more baldly proclaimed, to get along without God and vaingloriously to put man, his science, his art, his political contrivances, in God's place. I am convinced that the insane futility of this effort, now evident only to a few, will one day break on most men like a tidal wave, and that they will see that self-idolatry has created a situation in which a moral and spiritual creature cannot exist, a situation in which, despite television, pleasure cruises, and air-conditioned modern architecture, man

cannot exist at all. It is as though we had wanted to add to the already existing proofs of God's existence, a new and finally convincing one: the universal destruction that follows on assuming God's non-existence.

For the Catholic, secured in his faith, this poses enviably few personal problems. It is a very different matter for those Protestants who consider the Reformation, or, if you wish, the situation it created, one of the greatest calamities in history, but one that, neither in whole nor in part, can be undone. Such a Protestant has difficulties in finding his religious home either in contemporary Protestantism, which in its disruption and lack of orientation is worse than ever before, or in contemporary, post-Reformation Catholicism. For his own part, he can only try, with whatever grace is allowed him, to re-assemble in himself the essential elements of pre-Reformation, undivided Christianity, and in this I think I am one of a company of men whose good will at least is beyond dispute. But it is a most difficult course and so far a lonely one, since there seems little present hope of establishing thus a religious community that goes much beyond a mutual respect for outward forms. If we have to content ourselves with this for the time being, it is more than ever our duty to work untiringly for our own recollection and to stir others from their indifference.

*Is much of the foreign aid program injurious to America and her allies?*

## *Foreign Aid Seen by a Foreigner*

M. A. THURN-VALSASSINA

DOES GOVERNMENT-TO-GOVERNMENT economic-development aid give the average citizen of the recipient countries a better life?

Does this kind of aid make the world more stable and safe for the donor countries?

These are the questions we should ask ourselves whenever economic needs and aspirations from distant areas and people are brought to our attention. The general opinion in America seems to be that government-to-government aid is the answer. How — we are asked — can a big development loan fail to raise the standard of living of the masses in the recipient country? How can the improvement in the material conditions of life — more food, better housing and clothing — fail to influence the national character, to make people more peaceful and law-abiding? This is a reasoning easy to follow and to understand. To many the conclusions are clear. Others — and their number is growing — have serious doubts. Here I attempt

to subject the whole foreign aid theory to a critical analysis.

The term “foreign aid” is broad. Foreign aid can mean governmental guarantees to private investors, defense support, postwar reconstruction, flood and famine relief, grants for balancing national budgets, and many other things. For the purpose of this examination the use of the term is limited to continuous government-to-government contributions to economic development programs. No distinction will be made between grants, loans, and operations incorporating grant as well as loan features.

It is easier to understand the implication and repercussions of this type of foreign aid if one familiarizes oneself with the concept of *economic order*. Two basic forms of economic order may be distinguished: the “controlled” (or centrally administered) and the “free market” (or free enterprise) order. In the first form, what and how much is to be produced and imported is determined by central au-