

More American Dilemmas

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Challenge to Affluence, by Gunnar Myrdal. New York: Pantheon Books, 1963. viii & 172pp. \$3.95.

WHAT PROFESSOR MYRDAL, our special Job's comforter from Sweden, challenges here is not the desirability of affluence as an end in itself—indeed, as an economist, he is in favor of affluence for everybody—but rather the complacent notion that we in America now enjoy an affluent society. The reality is quite opposite he tells us, although it pains him to do so, for notwithstanding our sociological backwardness and political ineptitude, it seems that the Professor is really quite fond of us. Still, it is written that “affliction cometh not forth of the dust, neither doth trouble spring out of the ground,” which is a way of saying that we have mainly ourselves to blame for the fact that ours is a stagnating economy and not likely to improve until we rid ourselves of a great many traditional attitudes and prejudices.

It is our very sluggish rate of economic growth—hardly better, according to the Professor's calculation, than that of India—which accounts for our rapidly diminishing

influence in the affairs of the world. And this, Dr. Myrdal thinks, is a great pity, because whenever we have been strong enough to have our own way in international affairs, our policies have been broad-minded, generous and humane; but when we find ourselves opposed and thwarted we are prone to rash and intemperate actions that are likely to make serious trouble for ourselves and others. We are, in the Professor's words, remarkably magnanimous in victory, but unconscionable soreheads in defeat. “I shudder to think,” he says, “of all the serious and dangerous mistakes an America, frustrated by a sense of losing out in the economic race, may commit. I am inclined to look upon most of what I consider to be wrong in American policies in the international field in recent years as caused by a frustrating feeling of weakness, not the releasing one of strength.”

That we are losing out in the economic race, the Professor has not the slightest doubt. Take, as one tell-tale symptom, the flight of gold and the grievous deterioration of our position in relation to foreign exchange. Where there was once an acute shortage of American dollars abroad, there is now an excess of them, and the United

States must depend upon its export surplus and the outflow of investment capital to meet its vast and far-flung military and other commitments overseas. This in turn has a depressing effect on business at home, for a too great expansion of the domestic markets might have the effect of reducing the export surplus and thereby of further damaging our position in foreign exchange.

Even when we were uniquely rich in the midst of a war-impooverished world our benevolences were sometimes myopic. One egregious example, in Dr. Myrdal's opinion, was the Marshall Plan. The mistake was not in aiding the prostrate economies of Western Europe but the manner in which the aid was extended. Most of it, amounting to tens of billions of dollars, was in the form of outright gifts. Not only that, but the American administrators of the Marshall Plan encouraged the Europeans to take discriminatory measures against American exporters and to establish a kind of European *autarky*. How much wiser, observes our Professor, if the aid had been given in the form of long-term, low-interest loans, which could now be called back to strengthen our exchange position and replenish our sadly depleted gold reserves. Alas, the brutal fact is that

countries such as Germany, France and now Italy, that a few years ago received billions of dollars as gifts from the United States, have now reached a capacity to produce and export that makes it possible for them to stack up the excessive gold holdings and liquid dollar assets which are the real core of the present exchange difficulties of the United States.

Nothing of course is more unlikely than a Marshall Plan in reverse—a return of benefactions from Europe to America to help us out of our present economic difficulties—and the Professor does not even bother to suggest it. Gratitude, as a cynical European observed some centuries ago, is

merely the secret anticipation of still greater benefactions, and the aphorism is doubtless even more applicable to relations between governments than to those between individuals. The United States is no longer able to dispense such grandiose charities as the Marshall Plan; and besides Europe at this stage of events has no longer great need of them.

Meanwhile the weakened economic position of the United States has made it difficult for our politicians and diplomats to persuade the now rich European nations to share some of the expense of helping the "underdeveloped" countries of Africa, Asia, Oceania and Latin America along the road to mass-production industry, supermarkets, charge accounts, parking meters, television commercials, sleeping tablets, psychoanalysis, obesity cures and the affluent life in general. Until recently it was accepted as "normal and right" by all concerned, including the American taxpayers, "that the United States should take on itself practically the whole financial burden of providing international aid in any part of the world where it was required." Now some other nations have recognized in principle an obligation to accept some of the burden, although, as the Professor points out, a good deal of what passes for "aid" on their part consists of shrewdly calculated business arrangements—for example short term credits at high interest and related to particular commodities.

Another of our follies, after supporting the economic integration of continental Europe and the erection of traffic barriers against outside products, including of course our own, was the ill-advised effort to force the admission of Great Britain into the Common Market. This was bad not only because American as well as British interests would have been better served by encouraging the European Free Trade Association rather than the Common Market, but also because the effort ended in defeat for the United States and a consequent damage to "face." As Dr. Myrdal puts it:

Influence is an expendible capital, and every time the United States goes in strongly for a policy without having the strength to see it through, its influence will become . . . even smaller than it need be. Influence, to be preserved, needs to be husbanded with utmost prudence.

Still, none of these errors would be calamitous if we had a really dynamic economy and a rapid rate of economic growth. In that case we should not need to worry about the dollar surpluses abroad or the dwindling gold reserves at home, since the gold, or enough of it, would eventually come back to us. More importantly, from Professor Myrdal's point of view, we would again be able to exercise a benevolent leadership in world affairs. Unhappily for this prospect, the Professor finds that the American economy has always tended to be sluggish in peacetime. Despite all the "pump-priming" and other Keynesian remedies, it took nothing less than a second world war to lift us out of the Great Depression of the 1930's into a situation of unexampled but, as we now perceive, short-lived prosperity.

The root cause of our economic stagnation, Dr. Myrdal explains, is unemployment and the existence of a large "underclass" of persons who are for all practical purposes unemployable and thereby condemned to chronic poverty and deprived of the comforts and advantages that the generality of Americans takes for granted. They are unemployable because there is no longer any demand for the sort of labor they are capable of performing. They are lacking in the complex skills needed in modern industry, and they lack them because they also lack the education that is needed to acquire them, and they lack education because the urban or rural slum conditions under which they must subsist deprive them of all incentive and ambition to attain it, but encourage them instead to crime, prostitution, gangsterism, and other socially deleterious pursuits. These people, it ap-

pears, are beyond effective reach of the various social welfare programs upon which so large a proportion of local and national tax moneys is expended.

To the late Calvin Coolidge is credited the discovery that unemployment results from being out of work. With a similar perspicacity Dr. Myrdal finds that the only cure for unemployment is employment, and this will require something in the nature of a domestic Marshall Plan.

The first condition for bringing down unemployment and for gradually reaching a full employment situation in America is certainly an expansion of production. Policy measures to induce an expansion of production imply an expansion of aggregate demand. . . . Nothing is technically simpler than to start a boom. It could be done by spreading dollar notes as fertilizer from aeroplanes. . . . As the main thing is to get the economy going at full speed, it might seem that it should not be of great importance what particular policy measures are chosen. . . .

But a mere boom of course is not enough, for economic growth must be not only rapid but steady. Therefore, if the artificially induced boom is not to be followed, as in the past, by a recession, it must be accompanied by a vast program of social engineering directed toward the equalization of incomes and living conditions and making sure that everybody gets enough education to make an impressive showing when it comes to filling out the job-application forms in the personnel offices. Of course the Government, meaning in this case the Executive Power, must take the lead in launching the social engineering program, and a recalcitrant Congress must not be allowed to obstruct it. It will require no doubt "direct measures of a surgical nature," but then the surgery can be performed under anaesthesia "if the economy is progressing." The real obstacle lies in the curiously ambivalent psychology of the

American taxpayer, who delights in emptying his pockets for the benefit of unfortunate foreigners but who is apt to turn "hard-hearted and stingy" when it comes to "redistributing incomes and organizing collective consumption through public measures" for the benefit of his unprivileged compatriots.

The Professor promises us that if his recipe is followed America will not only be able to conduct its foreign policies without

frustration in "a calm and rational atmosphere," but will have transformed itself into a large-scale replica of his native Sweden, where unemployment and hopeless poverty are now unknown, but where the suicide rate remains nevertheless unaccountably large. And when one remembers the high respect in which the Professor's doctrines are held in the high places of our Government, this must be considered an important and perhaps ominous book.

History as Nightmare

The Rise of the West: A History of the Human Community, by William H. McNeill. Chicago: The University of Chicago Press, 1963. 829 pp. \$12.50.

AT THE UNIVERSITY OF CHICAGO things are never quite what they seem. We are told there is a new University of Chicago rising like a proud phoenix from the ashes of urban decay, curricular experimentation and Midway-Thomism. The muted tones of Chicago's academic public relations men may bear some resemblance to the truth but occasionally it seems that nothing ever really changes at Chicago, where Dr. Pangloss and the Angelic Doctor resemble each other in striking ways and neither says anything in a book of less than 800 synthetic pages.

William H. McNeill's *The Rise of the West: A History of the Human Community* is a case in point. It is doubtful that a history with the scope and daring of this volume could have been written anywhere but Chicago. It is broadly synthetic. It bears the proud badge of "interdisciplinary thought" on every page. Chicago scholars, particularly those of the Oriental Institute, and Chicago insights have contributed enormously to such success as it achieves. Yet, like much that is most characteristic of Chicago, its imperfections are as large and as important as its achievements.

Those achievements are of a very high order. Mr. McNeill has written the first genuine world history. There is, however, an element of strangeness in the perspective and one's vision is apt to grow quite squinted attempting, over a span of 800 pages, to glimpse the fate of the world from the vantage point of the steppes of Central Asia and the great Near Eastern and Asian river valleys. But then, a bit of a squint may be a healthy corrective to our hopeless provinciality. The perspectives

are not those of the retrospective twentieth century historian, but rather those of the events themselves. It is a major breakthrough to discover a history which has disengaged itself from the preoccupations and the viewpoints of the present.

The periodization is as bold as the scope and perspective of this history. Mr. McNeill has retained (is it totally empirical or accidental?) the customary tripartite division of history. This tripartite division of ancient, medieval and modern is related completely to the Western historical experience. The tripartite division which Mr. McNeill proposes is derived from a world-historical context. These three major divisions are: "the era of Middle Eastern dominance to 500 B.C.", "Eurasian cultural balance, 500 B. C. to 1500 A. D.", and the "era of Western dominance, 1500 A. D. to the present." The chronology thus reveals the focus of the work; the shifting impact of innovating cultures and their capacities for influencing and dominating their neighbors, barbarian and civilized.

World history, with the notable exception of H. G. Wells' *Outline of History*, has for the past century been dominated by Romantic cultural pessimism. Derived largely from a combination of cyclical theory, biological analogy, Romantic preoccupation with the processes of decay and dissolution and the analogy of the decline of classical civilization, cultural pessimism, best represented recently by Spengler and Toynbee, condemned the "West" to stagnation, decay, a rebirth of spirituality in some new mystic creed or death at the hands of some new barbarian horde. Mr. McNeill's history is refreshingly free of all these exciting and lurid presuppositions—and who will complain that because of this it is vastly duller? The author's view is dispassionate and empirical. Neither his style nor his insights are those of a poet. Spengler's sensitivities and his *fin de siècle* philosophy and style has something of the vision, the insight and the command of Wagner. Mr. McNeill writes in the electronic mode.

The theme of world history as seen from