

THE NEW DECADE: AN INTERIM REPORT

A year ago, as history turned the corner from the Fifties to the Sixties, historian and economist Louis M. Hacker offered Saturday Review readers his preview of the new decade, a period that men everywhere looked forward to as one in which many of mankind's hopes might at last come to fruition. Now that one year of that decade has passed, how well has it lived up to expectations? For an assessment, SR has asked Mr. Hacker to review 1960's balance sheet, weighing both the successes and the setbacks and giving his view of the tasks that remain. This article is his report.

By LOUIS M. HACKER

WHAT HAPPENED to all the high hopes we entertained for 1960, that *annus mirabilis* that was to usher in a decade of stability and progress domestically and a lessening of tensions internationally? On every side the prospect was serene. We had come through a third postwar recession without apparent hurt to our economy, and the long and crippling steel strike, which had been settled without price increases, was leading to an immediate and sensational jump in steel production (to replenish inventories, to start again the upward movement of capital expenditures). Consumer purchases of goods and services were encouragingly high.

The spirit of Camp David hovered benignly over the world. Preparations at last were being made for a summit meeting in Paris in May; the peaceful coexistence of which Khrushchev had constantly been speaking apparently was to lead to a clear understanding for its implementation. The suspension of atomic tests continued; indeed, at Geneva discussions hopefully were going on for the creation of a permanent agreement with machinery for international inspection. The new nations of

Africa—suddenly and irrevocably released from colonial status—were not unfriendly to the United States and accepted our missions and our proffers of technical assistance cordially. Americans regarded as good signs the overthrow of the Batista dictatorship in Cuba and the appearance of a mass movement of liberation; surely constitutional government would soon follow and American rights (and perhaps even counsel) would be respected.

By our own faith and works—our devotion to the principles of equity and justice in economic and civil arrangements at home and abroad—we had the chance of becoming, as I wrote in these pages a year ago, the showcase of the world. As I then said: “For where else will the ordinary citizen—secure in his private life and free to be guided by his own conscience, loyalties, and taste—be as much the center and the purpose of political arrangements and social and economic organization? If we succeed in the Sixties, authoritarianism will have its final and conclusive answer. By our example—and not by our power—we will have a profound influence on all those awakened peoples who are now stirring so restlessly everywhere.”

The broken pieces of these lofty expectations lie all about us. Consider

some of the unhappy failures of 1960:

The American economy—despite its great achievements in raising per capita income and increasingly its more equitable distribution—has been faltering. From 1947 through 1955, the Gross National Product (GNP) in constant prices grew at an annual rate of 4 per cent; from early 1956 through 1960, that rate was halved. The Moscow statement of the assembled Communist parties, at the end of November, declared not inaccurately of the United States: “. . . the rate of growth of production has been declining in the postwar years and has been barely above the growth of population.”

Whatever the exact figures—and they are in dispute—of this there can be no question: the economy of the USSR has been moving ahead at a rate much higher than ours, certainly at least twice ours. If this continues, the end of the decade may very well see the GNP of the USSR closely approaching if not equaling that of the United States.

Unemployment has become a characteristic of the American economy. Despite recoveries after postwar recessions, unemployment continued higher absolutely (in numbers) and relatively (as a percentage of the growing labor force). From 1950 to 1960, unemploy-

ment averaged 4.5 per cent of those seeking work; but by the end of 1960 the proportion had mounted alarmingly to 6.5 per cent. There were more than 4,500,000 jobless by December, 1960.

It was becoming evident that what has been maintaining the economy in the postwar years had been the steady rise in consumer expenditures for non-durable goods and services; on the other hand, in those sectors that really affect sustained growth—that is, expenditures for durables and for construction—advances had been erratic and sluggish.

The year brought all these tendencies to a head: new capital investments, beginning in March, began to taper off; the same happened in the case of new housing; steel production fell by the end of the year to 40 per cent of capacity (the Russians were making almost as much steel as we were); productivity began to drop at the same time that the general price level mounted, rising by nearly 2 per cent by the end of the year. Even more unsettling was the fact that those continued expenditures of consumers on nondurables and services, which had so quickly brought us out of the postwar recessions in 1949, 1954, and 1958, slowed down during the year. Purchasing power in the hands of consumers remained

high; but it was being withheld. Here was a want of confidence in the economy from an unusual quarter (and a powerful and disturbing commentary on the proposal that tax cuts across the board on personal incomes would release spending).

The loss of gold, in international transactions, and the deficits in our balances of payments, had been going on seriously for three years. The drainage of gold was sharply stepped up in 1960 and, while the balance of payments improved, it still was running against us at the rate of \$4.3 billion in 1960. The reasons for this were well known: in the last fifteen years we had spent more than \$110 billion to finance the Grand Alliance and more particularly to rehabilitate the economies of Western Europe and Japan; we were carrying a disproportionate share of the costs to defend the free world and to aid underdeveloped countries; American banks and investors (and speculators), taking advantage of higher interest rates in European countries, were responsible for as much as \$2 billion annually leaving the United States. Policies were possible (as we shall see) to correct these tendencies; the dollar was not in danger. But the image of the United States as the world's richest and most secure nation had become clouded and distorted; and the sudden trip of Messrs. Anderson and Dillon to Bonn,

seeking aid and receiving small comfort, further shook confidence in America's ability to show others the way and to resolve its own perplexities.

The summit meeting of May was suddenly called off. Khrushchev used the downing of the American U-2 plane on Russian soil as the excuse. Whatever the reason—and Chinese pressure on Russia undoubtedly was an important one—the end result was a renewal of the cold war everywhere.

THERE can be no doubt that the cold war was intensified as a result of the Moscow meeting of the leaders of eighty-one Communist parties from November 10 to December 1. Presumably, Mr. Khrushchev's confidence in peaceful coexistence and economic competition with the West was underwritten. Communism was going to win anyway because of its superior accomplishments: "In conditions of peace," said the Moscow statement tauntingly, "the socialist system increasingly reveals its advantages over the capitalist system in all fields of economy, culture, science, and technology. The near future will bring the forces of peace and socialism new successes. The USSR will become the leading industrial power of the world. China will become a mighty industrial state. The socialist system will be turning out more than half the world industrial product. . . ." At the same



AMONG 1960'S NEWSMAKERS—India's Prime Minister Nehru, Ghana's President Nkrumah, UAR's President Nasser, Indonesia's President Sukarno, and Yugoslavia's President Tito at the United Nations (upper left); Castro and Khrushchev at the U. N. (lower left); Secretary of the Treasury Robert B. Anderson and West German Economics Minister Ludwig Erhard in Bonn (above).

time, the assembled Communist leaders agreed that there was to be no real truce with capitalism, for Communists were to take advantage of "favorable opportunities . . . for the development of the class struggle in the capitalist countries and the national liberation movement of the peoples of the colonial and dependent countries." The Lenin of revolutionary war and subversion was not renounced despite all of Khrushchev's appeals to the Lenin of peace. For, said the statement, "A greater effort is required in explaining the ideas of socialism to the masses, to educate the working class in a revolutionary spirit, to develop their revolutionary class consciousness and to show all working people the superiority of socialist society. . . ." It was plain that the Comintern, as the organ for the leading of the revolutionary forces of the world (founded by Lenin in 1919, terminated by Stalin in 1943), had been revived.

THE consequences of Leninist doctrine, Chinese style, became more and more evident during 1960. The leaders of Indonesia, the United Arab Republic, and Ghana (where their power was secure), and those of Laos, Mali, Guinea, the Congo, Algeria, and Cuba (where their power was not) were probably not Communists or Communist dupes; primarily, they were seeking to consolidate and extend their influence and they were doing so openly or covertly, using the methods of violence, with Russian and Chinese assistance. These leaders had chosen sides, and those of more uncommitted nations, in all likelihood, would follow their example: for the time being, at any rate, Communism and not capitalism seemed to represent for them the wave of the future. If we see the growing unrest everywhere and the spreading of the cold war—in Africa, the Middle East, the Far East, Latin America (for Castro's influence is bound to grow)—not in ideological terms but in political ones, we shall be closer to the realities and, in consequence, shall know what to do. Capitalism and democracy (with their promises of a wider diffusion of well-being as individual rights are preserved) and on the other hand Communism (with its utopian dream of complete equalitarianism as the "expropriators are expropriated") mean relatively little, as choices, to the Nassers, Nkrumahs, Tourés, and Castros; their preoccupations are with the problems of the stability of their regimes, their personal prestige, and a larger role in world affairs for their countries. Capitalism and democracy had accomplished these for Great Britain (as for France, Belgium,

the Netherlands, and Germany) in the nineteenth century and for the United States in the first half of the twentieth century; Russia and China now apparently were showing the way to the achievement of power and prestige—for the leaders and for their nations—in the 1960s.

Worst of all, the world continued to tremble on the brink of destruction as the nuclear weapons race remained unchecked. The Geneva discussions had reached a stalemate: no firm agreement on the suspension of nuclear explosions, let alone on step-by-step disarmament, was closer to achievement at the end of 1960 than it had been at the beginning. To start general disarmament, what was necessary first was an international understanding on a cut-off, on inspection, and on the control of the means of nuclear weapons delivery. We had got nowhere; at the same time the whole problem had become almost unbearably complicated by France's nuclear testing, Germany's hints that it wanted too to become a nuclear power, and the undoubtedly continued pressure of China on Russia for large-scale assistance toward the same end. Unless immediate steps were taken by the United States and the USSR—and time rapidly was running out—there was every prospect that the 1960s would see at least half a dozen nations capable of making and delivering bombs, with the danger, as Sir Charles Snow pointed out, of some of these weapons exploding through "accident or folly or madness."

What can be done about these setbacks? The problem on the domestic front in 1960 was no longer the improvement of our housekeeping—to clean up and beautify and make more comfortable our cities, to spend more on public recreation facilities, to start a crash program of billions we did not have on primary and secondary education and the medical and custodial care of the aged. Nor was it, on the international front, the slow erosion of the Grand Alliance and the quite futile efforts to export democracy by technical assistance and small grants to underdeveloped countries. The problem had become the political one of prestige.

To be sure, the causes of the setbacks that occurred in 1960 were not created during that year, any more than were the problems inherited from earlier years. Nevertheless, neither the setbacks nor the problems could be blinked away, for at year's end a troubling question remained.

In the eyes of the outside world of the new nations and those struggling to cast off ancient tyrannies, will the United States survive as a people capable of becoming more powerful—be-

cause power today (perhaps as always) is the hallmark of prestige—and in this way capable of offering a real challenge to Leninism? If we can prove our capacity for large-scale growth economically, not only will the domestic housekeeping take care of itself automatically, as it has done in the past; we shall also have the superior advantage of demonstrating to the new leaders that democratic institutions, based on popular consent, offer more stability to nations and their leaders than do authoritarian ones. For personal power founded on consent (and law) has a much better chance of survival than power linked with struggle and intrigue (and the terror of the secret police) within the small and isolated cadre of the elite.

THE rehabilitation of our prestige as our economic power grows—for that is what the whole world is watching—requires the following:

- An increase in the annual rate of growth of the GNP, so that we shall match that of the Russians and always keep the lead we had up to the middle 1950s.

- The securing of our gold supply and the protection of the dollar so that it will continue to give stability to world currencies.

- The revitalization of the Grand Alliance as a powerful military and economic agency in the defense of the peace of the world.

- The establishment of full civil rights at home—to vote and to hold office, to be housed decently and to buy a home, to be educated and to take part in community affairs, and to be employed and promoted on the basis of ability. It is not stupidity but madness for us to preach the blessings of democracy to the colored peoples of the world—and they are the ones sitting in judgment on us—when we at home tolerate the indecent practices of segregation and inequality that exist not only in the South but also among our middle classes in the North, not only in our business corporations but in many of our trade unions.

Our present concern is not recession (we shall come out of that, as we did in 1949, 1954, and 1958); to this extent all of the direct devices proposed by the Samuelson task force report are well known, have been used, and have worked. The question is: will we come out stronger and more confident and will we start the cycle of large-scale growth as a consequence? There is not a single idea in the Samuelson report that can give us this hope. The following measures are suggested for the rehabilitation of the American economy:

The rate of spending for productive

plant and equipment must be stepped up. This particularly applies to new industries—to automation, atomic energy, electronics, fuel cells, space exploration, oceanic exploration—and not as much to old ones. Growth rates are higher in new industries, and so are improved productivity and the adjustment of market prices to demand.

Spending of this sort can be accomplished only if there are the possibilities of making profits, and profit incentives go hand in hand with tax relief. Our whole tax structure needs overhauling; we must have more generous depreciation allowances to permit quick amortization of new plant and equipment, sizable initial tax forgiveness for new enterprises, the lowering of corporate income rates, and a stop must be put to the suicidal upward extension of personal income tax rates. Progressive taxation has gone too far and there should be cutbacks—if we want to encourage risky enterprises and investments.

THE average age of plant equipment being used has been going up—from eight and a half years in 1955 to nine years today, according to Nelson Rockefeller. One of the ways of getting rid of obsolescent plant and equipment is by the merger movement; this is what happened when the great industrial and railroad mergers took place in the 1890s and early 1900s. In fact, what is needed is a great Doomsday Book survey of our industrial plant and equipment for the purpose of guiding us in the ruthless junking of that part of our capital structure that no longer can function efficiently, vigorously, and competitively.

Productivity must be increased; it will be if fresh investment is encouraged, restraints by business and organized labor upon the full use of innovation eliminated, and wage rates tied to productivity. High real wages should be linked with lower price levels rather than with inflationary price increases. How can this be done in a democracy, short of direct government controls over wages and prices? In recent years real hourly earnings have been going up more rapidly than the rate of increase in productivity, when measured by the inputs of both tangible capital and labor. The slackness in business practice that looks askance at the necessity for constantly maximizing short-run profits, particularly through the route of vigorous competition; the collusion between management and labor to fix prices and shut the door to the entrance of new enterprisers; the acceptance by management of union "work rules" that freeze old jobs and harden the mold of inefficiency; the

willingness of management to grant wage increases over and above productivity rises, as long as prices can be pushed up; here are challenges that we must face if we are not to give up the contest for world leadership.

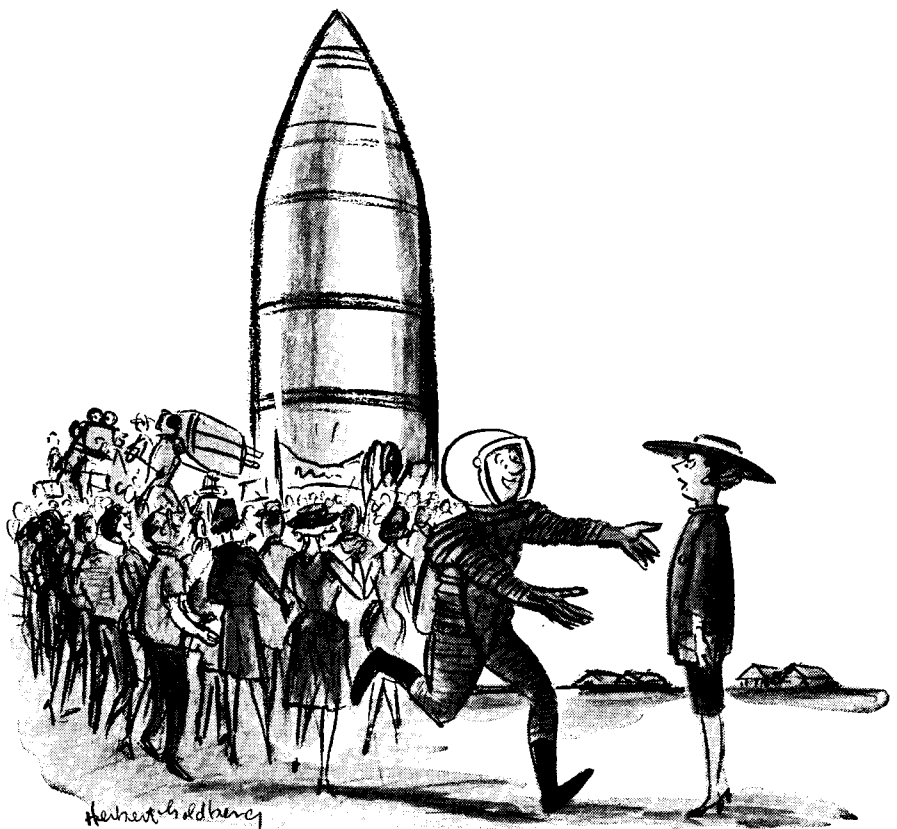
I have said we need a complete and realistic appraisal of our capital plant to eliminate the obsolescent and the inefficient—with proper fiscal help. By the same token, only the most skilled public guidance, constantly and energetically employed, will persuade management and labor to devote themselves voluntarily to the same purpose and eliminate those devices that check innovation and hold back growth.

WE can pull and haul, back and fill, patch and paste about gold and the adverse balance of payments—by calling upon our Western allies and friends to adjust their short-term interest rates to ours, accelerate their debt repayments, impose restraints upon the conversion of their dollar holdings to gold, and by asking for larger contributions for mutual defense and aid to underdeveloped countries. But nothing will restore confidence in the dollar (and prevent hoarders from buying gold, as they are beginning to do) as much and as conclusively as a steady increase in our exports. To sell and buy, two things are necessary, and they are mutually interacting: the most vigorous trade competition with foreigners here and

abroad—and this means a decline in our costs of production, and not perpetual subsidy; and the lowering of tariff barriers and the elimination of quotas and other quantitative restrictions.

The rehabilitation of the Grand Alliance in very real measure is tied to the dollar problem. The Grand Alliance has been shaken by many factors: the growing protest in Britain and in other countries against the presence of American launching sites, the demand of France for independent nuclear power, the perfection of plans in the European Economic Community that knit the countries of Western Europe closer together but exclude the United States, the continued building by the United States of nuclear submarines that may before long free us of dependence upon European land bases. If our allies will not assume their proper share of military defense costs (in Europe and elsewhere), if they persist in disregarding the fact that their economic policies help in imperiling the dollar, and insist upon complete nuclear independence, the United States of course has the choice of pulling out of Europe. It will not do so simply because Western Europe cannot afford to stand alone: it would be overwhelmed as quickly as it was by Germany during 1940, and by conventional forces entirely.

NATO needs strengthening certainly on the basis of our sharing with our
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"You didn't bring back anything for me!"

Fifteen Firsts—Not to Be Taken Lightly

Promise, Rather Than Achievement, Is the Criterion for the Tyro Novelist.

By GRANVILLE HICKS

THE FIRST few weeks of 1961 have brought an extraordinary number of first novels from the presses, and I propose to discuss fifteen of them. I am not one to take first novels lightly. I have given birth myself, and I have served several times as midwife, and I know what writing a first novel involves. I am inclined to agree with John Brooks, who says in "The Living Novel" that "no one who sets any standards to speak of and actually finishes a novel, even a bad or skimpy one, can be a wholly unadmirable person." Several of the novels I am talking about are pretty bad, but there are only one or two that don't deserve to be treated with respect.

From the publisher's point of view, a first novel is a gamble against tough odds. A publisher rarely hopes to make a lot of money from a first novel, and only once in a dog's age does he do it. (However, let us not forget "Gone With the Wind," "From Here to Eternity," and various other spectacular exceptions.) Usually the publisher hopes, but doesn't dare expect, to break even. Sometimes, probably more often than is generally assumed, a publisher accepts a first novel because he believes it has great merit and deserves to be in book form whether it makes money or not. More frequently, however, he sees promise rather than high achievement: in the next book, he convinces himself, or the one after that the author will really find himself and may even show a profit. In the fifteen books I have on hand there is more promise than achievement, and sometimes there isn't too much promise.

Of our fifteen novelists, eleven are American and four British. (One of the four currently resides in the United States.) Four are women. The oldest is fifty-four, the youngest twenty-two. Most of them are in their thirties. (It should be remembered that more often than not the first novel published is not the first novel written.) Four of the novelists are teachers, and some of the others have had academic connections. The longest of the novels has 558 large pages, the shortest 188 small ones. Only one has a historical theme. Only one aims at being slickly commercial. Only

one, I am sorry to say, is a work of notable distinction.

It is possible to arrange the books in order of merit, but to discuss them in that sequence would be tiresome, for one would either begin or end with some tedious or trivial books. I shall discuss them in the order in which I happen to have read them, taking the good and the bad as they came to me.

WE begin with Robert Glynn Kelly's "A Lament for Barney Stone" (Holt, Rinehart & Winston, \$3.95), the story of a timid academician who manages to advance in his profession through good luck and a determination to keep on the right side of the right people. His good luck consists largely in the favor of an eminent professor, who sees him as a promising young scholar, though in fact Barney has neither liking nor aptitude for scholarship. (That the shrewd Nat Spiller would be so egregiously mistaken is not easy to believe.) Thus Barney is committed to a life that gives him little satisfaction but does seem to have its rewards, for at the end of eighteen years he is considered for a deanship. What happens is the theme of the novel.

Mr. Kelly shows Barney as ridiculous, but at the same time he tries to make him a reasonably sympathetic character, and the result is that he doesn't come through clearly. His weaknesses are abysmal, but then he turns out to have unexpected virtues. He is, we are told, a highly successful teacher, although, given his character, this seems unlikely. He is stupid in his self-seeking, as in everything else, but he nevertheless gets ahead. I have encountered most of Barney's qualities in members of the teaching profession, but I have never seen them combined in any one person, and I do not expect to.

Herbert Lobsenz's "Vangel Griffin" (Harper, \$4.50) is the Harper Prize Novel for 1961. Vangel is presented in the first brisk paragraph as a perfect example of the standardized American, but he does have an uncharacteristic capacity for self-examination, and this leads him, at the age of twenty-nine, to the conclusion that life is not worth living. He decides to give himself one more year and then, if he hasn't found reason to change his mind, to commit

suicide. He goes to Spain, where he meets a young idealist named Alonso and his sister, Satry. Alonso is not merely an idealist; he is a veritable Don Quixote, complete with Sancho Panza and assorted windmills. As for Satry, she is both seductive and uninhibited. Between them they change Vangel's attitude towards life.

Mr. Lobsenz, it seems to me, could not make up his mind as to how he wanted to tell this story. At the beginning he goes further in the direction of the ridiculous than Cervantes ever went, and this makes difficulties for him when he wants to turn Alonso into a true hero. The grim and gory climax seems inappropriate after the farcical episodes that are scattered through the book. The tone is uncertain, and there is a lot of talk that accomplishes nothing. If it is not altogether easy to believe in Vangel, it is quite impossible to take him seriously, especially in his ultimate role of idealistic philosopher.

IN Robert de Maria's "Carnival of Angels" (Macmillan, \$3.95) we meet another young man who has nothing to live for. His name is Mario, and he is a student at Columbia. His story is paralleled by that of a middle-aged professor named Gordon. Unlike Mario, Gordon conceals his emptiness from himself, but he is as incapable as Mario of a responsible relationship with another person. Mario descends from Morningside Heights into Harlem, and for a time he finds oblivion, but eventually he is confronted with the necessity of taking responsibility, and he flees. After an interval he returns to Harlem at the risk of his life, and Gordon, against all his habits and inclinations, goes in search of him. Both the young man and the older one, we gather, are in the way of being saved.

Mr. de Maria tells his story with considerable skill. The parallel between Gordon and Mario is emphasized by an ingenious counterpoint that juxtaposes the words and action of one with those of the other. Scenes are carefully constructed, and the writing tries for and sometimes achieves distinction. At times Mr. de Maria is too much concerned with the devices he employs, and the novel comes to seem contrived, but a degree of artificiality may be a virtue