

CAN WE AFFORD A WARLESS WORLD?

The two previous articles in Saturday Review's symposium on the possibilities a warless world would present—the first by Arnold Toynbee (SR, May 12) and the second by Walter Millis (SR, September 15)—dealt with the subject of change, how it has taken place in past history and how it might take place within the context of a world order. In this article, the third in the series, Kenneth E. Boulding, professor of economics and co-director of the Center for Research on Conflict Resolution at the University of Michigan, takes up the economic problems that would be ushered in by the establishment of a warless world.

By KENNETH E. BOULDING

WE ARE to assume that the nations of the world have reached an agreement both to disarm and to establish an effective world order. Such an agreement would naturally produce a world-wide sigh of relief. But it would also bring in tow two major economic problems: (1) reducing the impact of disarmament on national economies, and (2) controlling possible economic sources of new tensions.

The dimensions of the first of these problems are easily stated. Together the countries of the world now devote between \$110 billion and \$120 billion a year to preparing for war. Of this amount, a little over one-third can be attributed to the United States, a little under one-third to the Soviet Union, and the remaining third to all other countries. It is an amount roughly equal to the total income of the poorer half of the world's population. Or, to look at it another way, if in the United States, and probably in the Soviet Union, we could wave a magic wand and turn military production into civilian production overnight, the result would be the equivalent of three to four years' growth in the civilian economy, which would jump to where it is now to be in 1965 or 1966.

With such dimensions, the task of beating swords into plow shares, of converting missile factories to production for space exploration and generals into corporation executives, is obviously a

formidable one. But it is far from being an impossible task. In the great disarmament of 1945-46, we converted to civilian uses a total war industry equal to two and one-half times what we have at present. We did this, furthermore, without at any time having more than three per cent unemployment. It must be pointed out, of course, that other conditions in the economy were unusually favorable. Consumers were extraordinarily liquid as a result of methods of war finance, and consumer goods were scarce. Hence there was enough aggregate demand to stimulate industry after war production had ceased. (Indeed, demand was too great, and we had inflation.)

Equivalent conditions could be created again in sufficient measure to take care of any rate of disarmament we are likely to have. This, after all, is no more nor less than the general problem of economic stabilization which is with us all the time. It is true that, in the absence of large government expenditures, it would be more difficult to stabilize the economy. New automatic stabilizers might have to be developed in place of the deductible-at-source income tax which is the major reason for the stability the American economy has enjoyed since the war. Although these would be relatively easy to devise, the political and psychological problems involved in making them acceptable would not be easy to solve. For example, the simplest recipe for achieving a smooth transition from a war to a peace economy would be to combine a

sizable budget deficit with temporary price and wage control. Unfortunately, the political acceptability of this particular recipe is low. It is very hard to convince people that a decline in government expenditures ought to be accompanied by an even larger decline in government receipts, so that we actually run a deficit at a time when expenditures are cut back sharply. If, however, the transition were presented as a crisis to be overcome, and if the political leadership were astute and forthright and able to educate the American people, the political and psychological difficulties to solving the economic problem of conversion could be overcome.

BUT what of the long-range effects of disarmament on the economy? Can the rate of economic growth which the war economy helped create be maintained? Here again, the problem is psychological and political, rather than economic. There are no economic reasons why the Congress of the United States should not appropriate to an effort on behalf of economic growth the same kind of resources which it now appropriates to research and development in the military sector. If it did, we would not have to worry whether disarmament would reduce the rate of economic growth.

The conclusion is, then, that in the capitalist world the economic problem of adjusting to disarmament would be real, but not insoluble. Its solution may require some adjustments in psychological and political attitudes, and per-

haps some minor changes in political and economic institutions; but really major changes in the nature of the system would not be required.

In the Soviet Union, and the Communist world in general, it is possible that the short-run difficulties would be easier to overcome, and the long-run ones more difficult. Because of the control a Communist society has over its own price system, as well as over its monetary system, the problem of combining individual freedom with social control, which is often so severe in the market-oriented society, can be solved simply by eliminating some of the freedom. One wonders, however, about the long-run consequences of disarmament in Communist countries. In the Soviet Union, particularly, the level of affluence would inevitably rise, and the impact on the desire for freedom might prove too much for the system.

In the poor countries, whether capitalist or Communist, the effect of disarmament could hardly help but be favorable. The military establishments of these countries divert resources from desperately needed investments in roads, schools, etc., and there is no doubt that disarmament would increase the probability of a poor country's being able to make the transition to a take-off stage from which its economy could grow steadily upward.

BUT increased probability is not certainty. The problem of the transition, especially for overpopulated poor countries such as India and China, would be so great that, even with the resources released by disarmament, they might not be able to solve it, mainly because of their inability to cut down their rate of population increase. Since the resources released by disarmament tend to be in industry rather than in agriculture, disarmament by itself does little or nothing to restrain population growth. Indeed, one might expect a reverse effect—for putting part of a society's young manhood into the army presumably reduces the birth rate to at least some degree.

In the poor countries, therefore, population control would become even more urgent in a warless world than it is now, especially since population expansion can actually lead to war in, for example, circumstances where one group of people feels threatened by the population growth of another.

This brings up the second of the two major economic problems of a warless world: dealing with possible economic causes of war.

We may think of war as a situation which arises when one organized threat system is confronted with another organized threat system. An organized

threat system, such as a king and his army, obviously has important economic aspects. One can, indeed, regard ancient civilizations, especially those based on slavery, as primarily organized by threat systems, of which war soon became an intrinsic part: first, because one organized threat, or armed force, raises up a counterforce; second, because threats will not be believed unless they are occasionally carried out.

AS TRUE exchange developed, however, along with societies based on exchange, the role of the threat system became less and less important economically, because exchange is a much more powerful organizer than threats. In the long run, for instance, slave labor does not seem to be able to compete with free labor, in spite of the fact that the free labor usually has to be paid more than its maintenance. This is probably because of the "negative-sum" aspects of threats, which if carried out, make everybody worse off; as compared with the positive-sum aspects of exchange, which if carried out, makes everybody better off.

In developed economies, as Norman Angell pointed out almost fifty years ago, war is a poor investment; the more advanced the economy becomes, the less profitable, relative to other forms of investment, war becomes. If resources are invested wisely, we may get \$100 out of nature for every dollar we can squeeze out of man. Thus the payoffs for internal development are much greater than those for imperialism and military adventure.

The only other case for imperialism, on economic grounds, is the one argued by J. A. Hobson and Lenin: that, for a developed capitalist country, foreign investment is necessary in order to preserve full employment at home. The development of the skills of economic stabilization have undermined whatever validity this argument may once have had. And even in its heyday the argument was not a very good one, if only because, for the most part, foreign investors tended to get as high, or even higher returns from politically independent countries as from their own country's colonies. British investors certainly did as well in Argentina as they did in India, if not better.

Such matters are, of course, too complex for unqualified generalizations; but, on the whole, one comes down on the side of the classical economists, who believed, in effect, that trade was a substitute for war and hoped optimistically that with the universal spread of free trade the causes of war would largely disappear.

Yet, even though war as an investment may be unprofitable, strains arising

out of economic circumstances could still threaten the system of law and order in a warless world. War is not always, or even usually, a rational phenomenon. We do not go to war the way we make an investment. We go to war because we are angry or frustrated or threatened, or because in general the threat system has gotten out of hand. When a group of people perceives a threat, it is strongly tempted to organize a counterthreat, and this frequently ends in war.

We cannot, of course, deal briefly with all the economic situations likely to be perceived as a threat; we can only hope to classify some of them. One, different rates of population expansion among different groups of people, has already been mentioned. Those whose rate of expansion is smaller see themselves as being left with smaller shares of the economic and political pies. We find examples of this in the racial clashes in British Guiana and in the potential difficulties in Trinidad, as a result of the different rates of population growth of the East Indian and Negro groups.

A RELATED situation is that of a minority group or of some heterogeneity in the social structure being perceived as a threat to a desired homogeneity. The most extreme example of this was Hitler's treatment of the Jews in Germany, but we see something of the same thing happening on a smaller and less disastrous scale with the Tamils in Ceylon, the landlords in China, the Kulaks in the Soviet Union, and the Communists in the United States. The degree of threat perception which is involved in heterogeneity is perhaps a psychological, rather than an economic phenomenon. Nevertheless, it may have economic roots. The disaster of Hitler would have been less probable if so many Germans had not perceived the Jews as growing richer more rapidly than themselves, whether this perception had any basis in fact or not.

Differential growth, then, produces strain, but not necessarily in proportion to the degree of difference. We have many examples in history in which differential growth has been absorbed with relative ease by a society. The less mobility there is between groups, however, and the more groups see themselves as fundamentally different and unrelated to others, the more likely is strain to result.

This raises the question of whether or not free migration and free trade might be one of the conditions of warlessness in the world as a whole. The experience of the United States, as well as of other countries, with civil war indicates that the absence of barriers

to migration and trade is not, by itself, a sufficient condition of warlessness. In fact, it may well be that a certain amount of restriction of migration and trade assists the maintenance of stable peace. The relations between Canada and the United States for the last 150 years demonstrate that warlessness in a real sense can exist between two states even if there are substantial barriers to both trade and migration—provided that these barriers are not felt to be a threat great enough to initiate military countermeasures.

THE problem is one of great difficulty. Free migration, for instance, may lead to some part of the world continuously exporting poverty along with its population. If one country refuses to control its population growth while the rest of the world achieves such control, it has no right to insist on free migration, even though any sudden cutting off of migration will certainly be regarded as a threat and will create strains. In general, changes in restrictions on migration and trade are much more likely to create strain than the mere existence of the restrictions, and a world order may have to include some institution for moderating these changes.

Eventually, of course, there must be a reasonably stable world population, or any institutions will break down. A world order, therefore, must include institutions for world population control, whatever these are going to be. It is fortunate that we have time to create such institutions; certainly we do not know at present what form they might take.

Strains may be placed upon peace not only because a group of people perceives differences between itself and another group, but because a group perceives a worsening of its economic condition *per se*. This situation it will see as a generalized threat to its continued welfare and existence. A generalized threat, however, has a constant tendency to become particularized, that is, the group which feels itself threatened looks for a scapegoat: within the society, another group (witches, Jews, Kulaks, Communists, etc.); outside the society, other nations.

Under these circumstances, any worsening of conditions, from whatever cause, is likely to produce an increase in tensions and an increased probability of war. The maintenance of stable peace, therefore, requires that all societies and subgroups within the world society have a sufficiently real image of their own social systems to be able to identify the true causes of the worsening of conditions.

Implicit in this statement, of course, is the assumption that there would be

different systems, i.e., a world divided into capitalist and socialist societies. This is an assumption that might not set well with some readers. It is a deep strand in the national mythology of the United States that a nation cannot survive half slave and half free, or that, more generally, two diverse social systems cannot coexist within the same political framework. It is but a step from this argument to say that a stable peace is impossible if the world is half socialist and half capitalist; that these two social systems are so incompatible that either one must destroy the other or some new synthesis must be found which is capable of encompassing them both.

If this is true, the outlook is dark indeed, for there seems to be no way in which one system can conquer the other except by a disastrous nuclear war, and at the moment, at least, any synthesis seems to be far off, though there is some hope that each system is moving in a direction which will bring the two closer together.

If the only solution to the problem of a stable peace is a world federal government along the lines of the federal government of the United States, the above consideration might well be a fatal obstacle, for it is indeed hard to conceive a true federal government

which would encompass systems as diverse as we now have in the world. If, however, we can devise a model of stable peace which is somewhere short of federal government, which will involve, as it were, functional world political institutions but not in any true sense world sovereignty, then the problem looks more soluble.

THERE certainly seems to be no economic reasons why diverse systems cannot coexist, provided that each of them is in itself workable. It seems reasonable to suppose in the light of the history of the last forty years that both socialist and capitalist economic systems are workable, in the sense that each can produce enough internal modification of its own system to overcome its major difficulties.

There is, however, no real *necessity* that either of these systems be workable. We already have some examples of unsuccessful capitalist development, and it will be very surprising if in another fifty years we do not have some spectacular examples of unsuccessful socialist development.

It is possible for any society, no matter what its constitution and economic system, to fail to solve its internal problems. But the ability to solve internal problems is not closely correlated



Fortunately, I had the foresight to plan ahead. They cut my department budget too, but not so much as I had overestimated it.

with the division into socialist and capitalist societies. Neither socialism nor capitalism are in themselves solutions to economic problems. They merely represent different sets of conditions within which the problems must be solved. Our personal preference is, of course, for a capitalist society, that is, a free-market economy which is capable of solving its problems. However, a socialist society that can solve its problems is preferable to a capitalist society that cannot. The whole argument between socialism and capitalism has, therefore, a certain nineteenth-century flavor which is not necessarily relevant to the real problems of the twentieth century.

The problem of the coexistence of capitalism and socialism is, then, no more intrinsically difficult than the problem, say, of the coexistence of Protestantism and Catholicism. The solution to the problem of the organization of religion in society has been achieved not by the conquest by one of these forms of religious life and organization by the other, but by the creation of a social milieu in which the threat of each to the other has been removed, or at least diminished to the point where it no longer causes violence.

Men go to war literally because they see no alternative. The development of institutions to provide for a stable peace must, therefore, take two lines of approach: to make the alternative of war less favorable, and to make other alternatives more favorable. In the former category, we put such things as world law, world government, and world courts; in the latter category, such things as disseminating knowledge of alternatives to threat situations besides war.

This last is something that is often overlooked, especially by those whose attention is concentrated, quite legitimately one may add, on the institutions of law. But the better the alternatives to threat situations, and the more vividly they are perceived, then the easier the problem that law has to solve.

To stop violence we must raise its expected costs and lower its expected rewards. Here is where the growth of knowledge regarding the solution of economic problems is most important. There is clearly some level of inability to solve economic problems at which violence becomes almost inevitable. It is by no means clear that the world at present is below this threshold, and it is consequently of the utmost importance to raise the level of economic knowledge and economic literacy to the point where a significant number of people can see that nonviolent solutions to economic problems are clearly preferable to attempts at violent solutions.

LITERARY HORIZONS

Too Much and Not Enough

By GRANVILLE HICKS

JOHN BRAINE's reputation as one of England's Angry Young Men rests primarily on his first novel, "Room at the Top," which was published in 1957 and was made into what I have been told is an excellent moving picture. The novel's hero, Joe Lampton, is a young proletarian who hates his working-class background and is determined to lay hold of the good things of this life. The desire to get ahead economically and socially is a common ambition and is in many quarters regarded as a worthy one. More than half a century ago, for instance, Horatio Alger made a fortune by exploiting the theme. Braine's treatment, moreover, is a little like Alger's in that Joe achieves his ambition not by hard work nor even by ruthlessness, but by being lucky enough to attract the attention of a rich man. But whereas the typical Alger hero does this by saving the rich man's daughter from runaway horses or some other menace, Joe does it by getting the rich man's daughter pregnant.

There is another difference: Alger leaves us with the assurance that his hero is going to live happily ever after, but at the end of "Room at the Top" we know very well that Joe is bound to have a miserable time. "Life at the Top" (Houghton Mifflin, \$4.50) describes his miseries. Ten years after the end of the earlier book, Joe has what looks like a good job, a large house in the best part of the city, two cars, and many of the other luxuries he had dreamed of. But his father-in-law dominates not only his economic life but also his political life and to a great extent his domestic life, and his mother-in-law never leaves him unaware of his vulgar origins. His wife, Susan, is beautiful, and often they find one another desirable; but they bicker constantly, and sometimes there are serious quarrels. His son has been sent, on the grandparents' insistence, to the right kind of preparatory school, and Joe feels that Harry has been completely alienated from him. He has only one solace, his four-year-old daughter, Barbara, whom he adores in a fashion verging on the maudlin.

If this summary reminds readers of stories they have encountered in the

women's magazines, they are not so far wrong as I could wish. The man—or woman—who is handsomely endowed with material possessions and yet is unhappy is one of the stock characters of contemporary popular fiction. Of course, this cliché, like all clichés, bears a certain relation to reality; there are, as we say, people like that, lots of them. But the popular fiction writer achieves only a superficial verisimilitude, never tells us anything more about such people than we already know, never comes anywhere near to the heart of the matter. And I am afraid that much the same can be said of Braine.

Joe tells the story himself, as he did in "Room at the Top," and he lets us know what he is feeling. Often he indulges in self-reproach. When he delivers a lecture on local politics, he tells himself that it was "a shoddy performance, smooth and coherent and delivered in a loud clear voice but without one scrap of originality." He condemns himself as a conformist: "I'd grown too accustomed to taking into account the consequences of every action, I'd grown too accustomed to weighing the pros and cons." When



he is about to give in to his father-in-law, he bewails his cowardice: "I had never had the guts to do anything that I wanted to; I had sold myself to the first bidder, I would never be any more than a sound reliable man obeying orders without question."

Self-reproach yields easily to self-pity. At the outset he tells us: "I felt weighed down by things, all the material possessions which had accumulated during ten years of marriage." At the end he says: "Looking back, I saw nothing but struggle: struggle to reach Dufton Grammar School, struggle to pass my matriculation, struggle to become a clerk in the Treasurer's at Dufton, struggle to marry Susan and the long struggle, which only since summer