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SPECIAL ATTENTION TO THE READER

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THE POWER OF PUBLIC OPINION

A lecture delivered
at the Naval War College
on 24 September 1957 by
The Honorable Chester Bowles

Thank you for your kind introduction. I am always glad to return to this stimulating institution.

You have given me a complex, difficult and vitally important subject. It divides itself, as I see it, into two categories:

1. The power of world public opinion in other countries to shape events and to affect America's interests and attitudes;

2. American public opinion at home and how it influences, for better or for worse, the formation of effective foreign policy.

People and ideas are more important today in the making of foreign policy than ever before in history. Two or three hundred years ago, people's opinions could largely be ignored. Most peasants and shopkeepers were but little concerned with the armies sweeping back and forth across their country unless they burned their villages or their homes, or shot them as innocent bystanders.

The armies were largely professional armies, and their numbers were relatively small. Except during the horrible religious wars, the differences to be settled were largely between the heads of states.

Even during the Age of Pax Britannica the British government was able to brush aside public opinion in its far-flung Asian and African empires. The British Navy, for all practical purposes, kept order throughout the world — and we Americans were among the beneficiaries.

Largely because of the British Navy, we were able to live for 125 years almost without a foreign policy. The British Navy in the Atlantic stood between America and Europe. If it had not been there, we would have been forced to deal with the expanding ambitions of the continental powers long before 1917.

The strength of the British fleet and the determination of British policymakers to prevent any single power from dominating Europe, made it possible for us to build our country and develop our way of life without the hindrance of foreign entanglements. It was only when the British began to lose their preeminent military and political position that we found ourselves faced with the questions of foreign affairs on a global scale.

During the nineteenth century — in the period before world opinion and ideas had become a primary factor — Europe, with its superior military technology, was able to ride rough-hod over much of the world. In the Opium Wars in China, a handful of British ships was able to impose humiliating conditions on the Chinese people. In Africa or the Middle East the showing of the White Ensign, plus a small landing party, usually were enough to preserve a *status quo* satisfactory to the British government.

One of the greatest dangers in our present-day world is our failure to appreciate the extent to which the power considerations which made possible this state of affairs have been changed.

I remember one evening in Washington, with a group of friends concerned with military and foreign policy, when the after-dinner talk revolved around this much misused word "power." Finally, I asked, "Precisely what do you mean by power?"

Everyone was agreed on the answer. "Power," they said, "is a complex of steel mills; of geography; of armed forces; of raw materials; of industrial strength and of communications."

This narrow definition, still so generally accepted, totally ignored people and ideas, and even the most casual examination of events in the last few years reveals its inadequacy.

In China, Chiang Kai-shek's nationalist armies had far more machine guns, far more tanks and far more planes than the Communists. As General Wedemeyer once said before a Congressional Committee, if their armies had had the will to fight, the Nationalists could even have "defended the Yellow River line with broomsticks." The Communists won because they had largely neutralized the modern weapons of their adversaries by capturing the minds of the people with ideas.

They promised land to the Chinese tiller. They promised an end to the old system of moneylending which had borne so heavily on the rural people. They promised a turnover in power in the villages.

Although Mao Tse-tung started with only 10,000 men and 1,000 rifles, his ideas caught the imagination of China's millions and in twenty years he had conquered the most heavily populated nation on earth.

We know, of course, that his promises were not meant to be kept. Today, the Chinese people are being herded into collectives. The age-old dream of each Chinese family for an individual bit of land has been blasted. Nevertheless, Mao's *road* to power lay through his ability to use ideas to win people and thereby to create centers of power.

In the liberation of India from British rule we also see the power of ideas. But this time the ideas were democratic and sincerely offered.

At the end of World War II, the British armed forces were inferior only to those of the Soviet Union and the United States. Yet, in spite of their dominant military power, Gandhi and his nonviolent supporters set India free.

Our British friends are quick to say, "But we left of our own accord." Of course they did — and it is a tribute to their maturity and sophistication that this is true.

But they knew that Ghandi had created an irresistible political force. The cost in British and Indian blood to hold down a people determined to break free would have been stupendous and the British government wisely decided not to pay it.

What were Ghandi's weapons? Not steel mills, flattops or planes, but *ideas*. As people grasped those ideas, a political power was created that even the British, with all their military and industrial superiority, were unable to counteract.

In Indo-China, the French made the mistake which the British avoided: they tried to hang on by old methods of power. As in China, the Communists promised land to the tiller, an end to the old money-lending system, a breaking loose from the *status quo*, plus freedom from the rule of white colonial Westerners. And they won.

Yet, as we study Asia and Africa as a whole, it becomes apparent that Stalin, himself, showed little more understanding of the forces that were shaping events than we did.

In the early 1920's, Sun Yat Sen, the father of the Chinese Revolution, invited the Soviet Union's help. In 1923, Lenin and Stalin responded by sending to Peking the Borodin Mission, which proceeded to make every mistake in the revolutionary book.

This mission demonstrated a profound lack of understanding of Asia and Asians. It assumed that the revolution there could be made only by the city proletariat, by the students, by the workers. It ignored the peasants, who in Asia have always held, and almost certainly will continue to hold, the balance of political power.

It was Mao who understood the power of the peasants, and it was Stalin who ignored them. Because the food and land situations were so different in the Soviet Union, Stalin could ruthlessly ignore the interests and aspirations of the Russian peasants. In Asia, it was a different story.

It was Mao and not Stalin who established the victory of Communism in China with his ideas, with his knowledge of people, and more specifically with his knowledge of *rural* people, who constitute the vast majority. Just so in Indo-China it was Ho Chi Minh and not Stalin who had this essential understanding of the peasants and of the political force that can be generated by ideas.

In 1948, Stalin ordered revolutions throughout Asia. In most countries the local Communist parties responded, and the requested revolutions duly occurred. But in every case, with the exception of China and Indo-China, they failed. Why? Because they were based almost solely on city-oriented violence, with little concept or understanding of people as a whole and the ideas that move them.

The story in India is particularly interesting. In 1948, the Indian Communist Party, taking its orders directly from the Cominform in Moscow, launched a typical Stalinist revolution. Riots were held in the cities; city workers were organized; trolley cars and buses were tipped over; factories were set afire; railroads were sabotaged.

But here again the rural people were ignored. Andhra, in west central India, was the single exception. Here a group of Communist mavericks, emulating the Mao Tse-tung of earlier days, set out to rally the peasants. In so doing they created a revolution of formidable proportions, which very nearly succeeded.

It is interesting that the top people in the Indian Communist Party never did understand why they failed throughout the rest of India. As late as June of 1949, when Mao's control of China had been very nearly fully established, they said, "The only interpreters of Marxism and of Communism that we accept or recognize are Marx, Engels, Stalin and Lenin." They specifically excluded Mao, the man who had achieved by far the greatest Communist success in Asia.

Because the Andhra revolution was largely ignored by the Communist-ruling hierarchy, and because the Indian government was possessed of an able army which it was prepared to use, the Andhra revolution was ultimately crushed.

As we study situation after situation straight across the world, we find over and over again the steel mills, industry, the tanks, planes, naval power, communications and raw materials on the side of the *status quo* being overturned.

More than half of the people of the world changed their form of government drastically in the years between 1945 and 1955. And in almost every case, power, as we have always narrowly defined it, was on the side of the *status quo.*

This is a dramatic and revolutionary face, and one we must take into account if we intend to survive in a world that pays increasing attention to people and to ideas which move them into action.

Where does the United States fit into this fast-changing world? What does the world think of us? What will its attitude be towards us in the future?

When World War II ended we stood throughout the world at a peak of power — in the broadest and most modern sense of the word.

We had military and industrial power and also the power of ideas. The principles of the American Revolution were admired by educated men and women on every continent. Jefferson had said that this revolution was intended for all mankind, and people everywhere had caught up this exciting concept.

In 1947, Dutch soldiers in Indonesia, fighting to subdue the revolution there, found a slogan familiar to every American schoolboy on the walls of villages and cities. It was "Give me liberty or give me death."

Woodrow Wilson was a powerful force throughout the Middle East, Africa and Asia. His belief in the right of people to rule themselves offered a new promise to millions who had never dared to hope that they would some day live in freedom.

The ideas of Franklin D. Roosevelt also captured the imagination of mankind. The Atlantic Declaration, which he signed with Winston Churchill, allied us with principles that were in tune with the ideas and beliefs of most of mankind. These are important facts about today's world that too many Americans now ignore.

When we consider Europe, we find ourselves on familiar ground with common religions, culture and history. But when we consider Africa and Asia, and even South America, many Americans are deeply mystified. The people there seem "different," and thus remote.

This is a dangerous folly. There are, of course, obvious differences in appearance, religion, culture and background. But when we examine what these people want from life, we find ourselves on reassuringly familiar ground.

One of the most dramatic expressions of this common purpose was at Bandung in 1955, where the nations of Asia and Africa met to discuss their future in this complex and rapidly changing world. On the opening night of the conference a poem was read that is familiar to every American schoolboy: "The Midnight Ride of Paul Revere" by Longfellow, which describes the first skirmish of our own Revolutionary War.

The Bandung Conference had opened on the 19th of April — the 175th anniversary of the beginning of the American War of Independence. This date had been selected deliberately in memory of the "embattled farmers" at Lexington and Concord, the first modern revolution to challenge the might of a colonial power in order to achieve their independence.

Here was this vast audience of Asians and Africans, with such different backgrounds and cultures, reaching out for the very ideas that have been the driving force behind the development of our own America.

The resolutions that emerged from this conference expresses objectives that are familiar to every American. They can be grouped under four headings:

1. "We are dedicated to the freedom of all people from foreign domination."

2. "We believe in the freedom, independence, and human dignity for peoples of all races, regardless of race, creed or color."

3. "We believe in expanding economic opportunities broadly shared."

4. "We believe in peace so that we can build this better world."

These doctrines are as American as Abraham Lincoln, Thomas Jefferson and Woodrow Wilson.

A similar example is the conference held in Colombia, in 1946. The Human Bill of Rights which was signed there by the Latin American powers and by the United States reflects the ideas and concepts set forth at Bandung.

Some Americans may charge that the Asians, Africans and South Americans often ignore these doctrines in practice. But they can just as properly say, "So do you Americans!"

The important thing is that when human beings in Philadelphia, Colombia or Indonesia spell out the ideas they wish to live by, they find themselves sharing the same objectives. This gives us Americans an important advantage in developing common policies with the world's people.

Another advantage is our largely classless American society. People — whether it is in Asia, Africa, Latin America or Europe — like to see our Americans at work because no one can quite tell who is the boss. They all seem to be working together; no one is trying to push anyone else around.

Unhappily, many of our advantages have been dissipated in the last few years. The image of the vitally democratic and traditionally anti-Colonial America is now somewhat tarnished. With some wisdom, boldness and sensitivity on our part, I believe that the stain can be readily removed. But we cannot regain our original luster unless we understand why the tarnish got there in the first place, and how the mistakes we have made and are still making add to the blemish.

Before I discuss our difficulties in winning the respect of people abroad, let me say this: some of these difficulties have been unavoidable. A rich man is usually suspected by those less fortunate. They may fear him or even admire him, but they rarely feel close to him.

As a small boy, I remember a wealthy banker on our street who walked to church every Sunday morning wearing his impressive silk hat. We boys used to hide behind a hedge and try to knock off his hat with snowballs. We had no reason to dislike him. But he was a banker, with a silk hat, standing for higher authority. We wanted to take him down.

Whether we Americans like it or not, our own national wealth often makes us appear to other less fortunate peoples as the banker with the silk hat. A well-placed snowball wins applause.

Unhappily, this concept of a rich and somewhat arrogant America has been strengthened by some of our own efforts to sell ourselves to others. For instance, our *Voice of America* and other agencies have sought to demonstrate to peoples of other continents how the so-called "American way" has produced unparalleled riches for us.

This, of course, it is doing, and we are grateful for it. But when we boast to hungry Asians, Africans, or Latin Americans of our way of life, and they see no conceivable way of achieving this same standard of living, what we create is not admiration, but envy — and, often, prejudices and bitterness as well.

The Soviet Union has used a quite different approach. They say to the less fortunate countries: "Although we have come a long way, we are still poor. Yet, we will share what we have with you."

We, on the other hand, having boasted of our wealth, say that we cannot afford to give aid which the Soviet Union is willing to give. The Soviet Union is probably now spending more money on what we would call "Point Four" programs than is the United States.

An even more fundamental hurdle in the way of our efforts to create closer relations with others is the fact that people in Asia, Africa and Latin America have recently begun to wonder if we have not abandoned such basic American principles as anti-colonialism, the pursuit of economic justice, and opposition to racial discrimination.

This is a disturbing charge which deserves our objective consideration.

When the war ended, America was at heart an "isolationist country." We had reluctantly come to the conclusion that we could not ignore the world, but we had not yet deceded to join the world and work with it. We had developed a sort of jet-nuclear "Maginot Line" philosophy towards world affairs, designed to keep them at a distance.

As a small boy, I remember the great sixteen-inch disappearing guns at Fishers Island, Cape Cod and other places. I once asked my father, "What are those guns for?"

"They are there," he replied, "to keep the British away. If the British fleet comes around here, it will run into a lot of trouble."

Our Maginot Line, then, was the Atlantic Coast. Later, we moved it to the Rhine. Today, we depend on NATO, the Baghdad Pact and SEATO to keep our adversaries at a distance.

Although we talk in international terms, there is still a deeply rooted isolationist streak in most of us — a desire to solve our problems by holding the world at a distance; to shut in the Soviet Union so that it cannot get at us.

Many Americans feel that somehow we can find a way to retreat from world responsibilities. And this left-over American isolationism — this feeling that through alliances and air bases, alone, we can somehow hold the world at arm's length — prevents us from facing up as we must to the full implications of today's interrelated world.

With the outbreak of the Korean War, we saw our primary problem as basically military. When the Soviet tested its first atomic bomb in 1949, the monopoly of deterrence which had served to box in Soviet land power was gone.

We reacted vigorously — and it was a lucky thing for the world that we did. The American people were quickly persuaded to raise our military budgets substantially. This, we knew, was not only for the defense of America, but for other peoples who wanted to remain free.

In our urgent drive to achieve military security we began to compromise some of the principles which had made us most appealing to mankind. A Pentagon friend once justified these compromises to me in the following terms: "We are in an alley fight, and anyone who wants to pick up a brick and throw it in our behalf is our friend. We don't ask, 'What church do you go to? Are you kind to your wife?' We welcome him!"

Some may say that if we had not thought in those terms we could never have built up an adequate defense. They may be right. But they should not ignore or minimize the damage that we did in the process to America's reputation as a force for justice and freedom.

Although we had been the first to fight a war against foreign domination, the people of Asia, Africa and Latin America saw us in the name of national security upholding colonialism (or the remnants of it) in Asia and parts of Africa. In Indo-China they saw us throw two or three billion dollars behind the French, who, in spite of their courage, were doomed to defeat because they lacked ideas and the support of the people.

Asians and Africans see American helicopters used by the French to put down a drive for freedom in Algeria. They see America either abstaining over colonial issues in the U. N. Trusteeship Council, or else voting in disregard of its own traditions to satisfy its NATO allies.

In situation after situation they see us ardently supporting the political *status quo*, and they ask: "Are you Americans really sincere about wanting to help us achieve democracy?"

The thoughtful leaders of the underdeveloped continents do not expect us to foster a reckless and irresponsible effort to free all of colonial Africa tomorrow. But they do expect us to support steady progress there towards freedom — and this, they believe, we have often failed to do.

Little Rock has also raised ugly doubts about our dedication to the Rights of Man. Most foreigners do not know or appreciate the extraordinary progress we have made in racial relations, or the fact that our very upsets are a reflection of that progress.

Few newspapers in Asia or Africa tell the story of what happened in Washington, D. C., Baltimore, St. Louis, and scores

of other American cities where segregation has gone forward effectively and with hardly a protest. The people of other countries do not know about the tremendous progress we are making eliminating segregation in our Armed Forces. They read only of our *failures* and, because two-thirds of the world is colored, the reaction is to our great disadvantage.

In the matter of economic progress broadly shared — another American principle which was underscored as a world objective by the Asia-Africa delegates at Bandung — the world sees us again, in the name of military security, upholding governments that still attempt to justify the old systems of landlords and of moneylenders; governments that fail to tax their people in relation to their ability to pay; governments that refuse to curb luxury imports so that their foreign exchange can be used to hasten progress for all of the people.

And so they say: "You Americans are on the side of the *status quo*. The *status quo* is doomed to fail, and, in spite of your wealth and your great democratic traditions, you are going down with it. You are identified in too many places with the past — not with the future, not even with the present.

"Yet, you Americans are a dynamic, democratic people. Why don't you do in more countries what you did in the Philippines, where you helped create the conditions that made possible Magsaysay and his whole program of reform? Or in Japan, where you helped put through the land reform program under the Military Governor, General MacArthur — a program which has meant so much to the stability of the rural areas of Japan? Why haven't you stood always with the people?"

Since we have seen the world struggle as an alley fight in which the principal standard in judging any nation is its willingness and capacity to throw bricks in our behalf, we have brushed these criticisms aside. We say that they reveal a lack of understanding of the Communist menace. But how well do *we* understand the nature of that menace?

This past winter I visited Afghanistan. We are putting a large sum of money into the Helmand River project there — a river valley project which will eventually irrigate some half-million acres. The material possibilities seem exciting until you start to examine the human factors.

There has been no land reform in Afghanistan, and only the most primitive rural extension services have been developed. When the new agricultural wealth is finally created by the Helmand irrigation water, nine-tenths of it will go to a small group of landlords at the top. Although the peasants will gain a little, the explosive gap between rich and poor will increase.

Unless I miss my guess, this area may become one of the principal targets of the Communists when they try to move south of the Hindu Kush Mountains. In other words, the very area into which we have put our assistance money may prove to be the easiest for the Communists to penetrate.

The factors which are basic to orderly political progress — the need of everyday people to feel a sense of justice, a sense of increasing opportunity and a sense of belonging — have been largely ignored.

We all welcome the recent constructive economic developments in Iraq. The Tigress and Euphrates Rivers are being damned, and great new opportunities are being opened up. Iraq — like Iran and several other countries — is beginning to use its resources well.

But here again we find the same danger: unless there is broadening of land ownership and the introduction of cooperative systems in place of the old moneylending systems, we will find the rich getting richer, and the poor getting only a little less poor, with explosive results.

What causes revolutions is not poverty by itself. It is the gap between the rich and poor, the *showy* gap between those who have

a great deal and those who have very little. If you double, triple, or quadruple the incomes of the few big people at the top but increase the incomes of people at the bottom by only 10% or 15%, you do not create stability. You speed the inevitable political explosion.

Finally, there is the question of peace. Most Asians, most Africans, and I believe most Latin Americans and Europeans, understand that America wants peace. Whatever else you may think or say about Geneva, it served to demonstrate our desire for peace.

Nevertheless, in our failure to balance the military factors with the economic and political factors, we have often made ourselves appear not as the promoters of peace, but as the promoters of pure militarism.

The Pakistan-American Arms Agreement, for instance, had considerable military appeal. But, in setting up this military agreement we largely ignored the deep-seated political and economic forces which are at work in this area. When we started to build up Pakistan's army, the Soviet Union went to neighboring Afghanistan and said, "Wouldn't you like us to help you? Wouldn't you like a $100 million loan? Wouldn't you like some military equipment?"

The Afghans, shut off from the sea by Pakistan — at odds with Pakistan over the Pushtunistan question and fearful of Pakistan's growing military strength — gladly accepted this offer.

In Afghanistan, I saw the very great progress made there by the Soviets. This progress was possible to a large extent because the Afghans were frightened by our efforts to defend this area. Our military alliance with Pakistan was designed to discourage Soviet military expansion. But, because of Afghan fears of Pakistan, it opened the door for Soviet political and economic expansion.

Our arms agreement with Pakistan has also created grave political and economic problems in India, which, with Japan, is the key to a stable, free Asia.

In India last winter I visited the Punjab, near the Pakistan border. In the Sikh villages there are bitter memories of the terrible Muslim-Sikh-Huk riots of a few years ago. Now, there is deep fear that the arms and equipment we have given the Pakistani may be used against India, and that a new wave of bloodshed may come to the villages.

Some Americans say that India is a much bigger country and should, therefore, not be concerned. The Indians answer, "You Americans insist on being the judges of your own security. So must we be the judges of our own security."

Last year, the Indians bought some $200 million worth of modern planes and tanks from Britain and France to balance up the equipment that we gave *gratis* to Pakistan. This ate heavily into their foreign exchange reserves, which are urgently needed to speed India's economic growth and to prove that India's economic gains under democracy can rival China's gains under Communism.

Does our military action in building up Pakistan create more security in this area, or does it create less security?

What has it done to the delicate economic and political balance?

If the Indian people — the most numerous and, next to Japan, the most advance people in Asia — turn against us, even though they are totally wrong in their fears and suspicions, it will be disastrous. It might set in motion a chain of events which could switch the entire global balance of power towards Moscow.

Now what about our capacity to cope with these problems? To what extent, in particular, does American public opinion

limit our ability to deal with the complex emerging world I have tried to describe?

There are many observers who despair of any democracy being able to maintain an effective foreign policy. They say that foreign policy calls for a hard-hitting, imaginative and infinitely flexible approach.

How can we act in line with these requirements, they say, when we live in a democratic goldfish bowl? Everybody is continually examining what we are doing in the press and over television. Congressional Committees are constantly asking difficult, indiscreet questions.

I would like to take polite, but firm, exception to this pessimistic view, although it is held by many people for whom I have great personal respect.

I believe that it reflects an outdated eighteenth-century "realism," and not second-half-of-the-twentieth-century "realism." Today, any policy which fails to take into account people and ideas is totally unrealistic.

Let us consider some examples. Some students of foreign policy sharply criticize our Open Door Policy on China — in which we tried to save China from being carved up some fifty or sixty years ago. Based on empty moralization, it was, they say, "unrealistic."

But the Open Door Policy failed not because it sought to uphold a moral principle, but because no American government in the following fifty years had the slightest understanding of the political and military requirements of carrying out this policy.

It was right to guarantee the integrity of China. It was wrong to underestimate the political and military requirements of that guarantee.

Having made the promise to the Chinese people, we proceeded to scrap one-third of our Navy in the Washington Conference of 1922. This gave the Japanese fleet dominance in the Western Pacific.

I agree that moralization in foreign affairs is dangerous unless we are prepared to back it up with our political prestige and whatever military force that is needed. But this does not mean that morality and principles are not of the most vital and fundamental importance in a world in which ideas are a primary component of power.

The members of this "realist" school are usually deeply critical of Woodrow Wilson. They say that Mr. Wilson was a "do-gooder." He offered all sorts of mistaken promises to the world that aroused people's hopes only to disappoint them.

But why were they disappointed? Because we did not build a security system in Europe and elsewhere that would have made those promises meaningful. Because we turned our back on the world and tried to crawl into our isolationist shell.

There was nothing wrong with what Mr. Wilson said. There is a great deal wrong with the fact that we did not understand the political and military demands that were involved. If we had understood those demands there would have been no Second World War, and I doubt there would be a Soviet Union as we know it today. We would be living in a much more secure world.

There is nothing wrong with "morals," and there is nothing wrong with "principles." I agree that everything is wrong with the empty moralization that some leaders offer in ringing terms on the Fourth of July and forget on the Fifth of July. We must give political, economic and military meaning to our foreign policy principles.

Those who scorn principles and say that a democratic government cannot function effectively in the foreign field often suggest that we entrust the making of foreign policy to an élite. To

illustrate their point they usually refer to the nineteenth-century British government élite. This British élite is said to have wisely guided the British through a hundred years of peace.

The accomplishment was great, to be sure, but if we look below the surface we will see that it was not due to the free-wheeling efforts of a small group of experts working in a political vacuum. British policy in those years was deeply rooted in principles that were clearly understood and supported by a solid majority of the British people.

Today, those principles have a colonial ring. But they were in the interest of the British people as they saw it *then*, and they were firmly held.

If you asked a British stevedore on the docks of Liverpool in 1900 what Britain would fight for, he would have had no difficulty in telling you.

First, Britain would fight for the freedom of the seas for British shipping.

Second, Britain would fight to preserve the lifeline of the empire, the Suez Canal.

Third, Britain would oppose any power, or combination of powers, that attempted to dominate Europe.

Suppose the British foreign policy élite in 1900, in opposition to these strongly-held beliefs, had suddenly announced, "We are going to cut the British Navy in half." It would not have lasted long.

What would have happened to a British government that was prepared to allow Constantinople to be turned over to the Russians and the Czar?

What would have happened to a British government that had said, "It matters little to us whether the Kaiser invades the Low Countries or France."

The British élite were not operating with the political freedom that has been suggested to *originate* policy. Instead, it was *administering* a foreign policy that had deep roots in British public opinion — a policy which reflected what the British people believed to be in their interest.

Our objective must be to create a similar set of principles that will be accepted by the great majority of American people, Democrats and Republicans alike. Then, within that framework, our own able foreign policy élite can proceed to act with confidence.

I believe that this urgently needed, public-supported policy framework is now in a rapid stage of development. I believe that the leaders of both political parties today vastly underestimate the extent to which the American people have been doing their foreign policy homework in these last years — and the extent to which they are prepared to accept bolder leadership along the lines which are beginning to emerge in their minds as guideposts.

I expressed this view to President Tito of Yugoslavia, in a visit with him last spring, when he challenged me to tell him what American foreign policy was all about.

I reminded Tito that we have lived for more than a century as isolationists. We are now called upon to abandon our nostalgic, but no longer tenable, efforts to cut ourselves off from world responsibilities. We have been forced to develop new methods, new ideas, new habits of thinking — and we have made a lot of progress.

I would like to set down for your consideration, in descending order of acceptance, the five principles which I told President Tito I believe the American people are well on their way to accepting as a basis for the conduct of its national affairs. If we get the leadership that these critical times require, an American stevedore in two or three years may be just as articulate in ex-

plaining America's interests as his British counterpart was in 1900.

First, we now know that no one can gain by war. War is to be avoided — not at all costs, because to say "at all costs" means that one would be blackmailed and pressured into an impossible situation, but anything short of that.

I have traveled in 40 different states in the last four years and spoken before some 400 different groups, with discussions following long into the night. I know that the American people want peace, and value it as highly as any on earth.

Second, the American people have learned that you cannot secure peace by lying down in the face of aggression. We must be prepared to stand up before any aggressively expanding force.

The British failed to understand this at Munich. Similar failures have occurred many times in history, and always they have produced the very trouble people have sought to escape.

The prompt affirmative public reaction to our stand in Korea demonstrates that the American people have accepted this principle. A year ago, at the height of an election, the American people backed the administration in its opposition to the attack on Suez against two of our closest allies, the British and French.

A substantial majority of Americans now know that we must have the strength, the power — *and the will to use it* — against aggression anywhere.

Third, Americans have a traditional, deep-seated feeling against colonialism. Our NATO friends urge us to move slowly on such questions as Algeria — and this is what we have done, much to the confusion of the public.

An American policy that includes opposition to colonialism will, without doubt, have the support of most Americans. Our

problem is to strike a responsible balance, which, however, should leave no doubt of where our heart lies.

Fourth, Americans now know that the world is economically interrelated; that we need the raw materials, the markets and the contacts with other people; that we need to let other people sell us things; that we need to sell things to other people.

There may be vigorous protests about this individual tariff or that, but, generally speaking, the American people know that we must establish close economic relations with other continents.

Many political leaders believe that the American people are opposed to foreign aid. This is not borne out by the facts. Polls show that 70% to 80% of Americans accept the Point Four Foreign Aid Program.

The fifth and final point is that we must seek to work with other nations, even though we do not always agree with them. What we are opposed to is aggression.

We do not *like* Communism, which violates our concepts of the dignity of man. But, if Yugoslavia is prepared to break loose from Soviet domination, then we are prepared to see that Yugoslavia is given a helping hand. The same applies to Poland, or to any country that breaks free.

This, I may say, is the least acceptable of the five principles. Yet, already polls indicate it is accepted by more than a majority.

So here we have the beginnings of a set of principles that can ultimately form the basis for a foreign policy that is meaningful in today's world. If administered with skill and boldness, such a policy would be intelligible to the world. Equally important, it would be intelligible to the American people and generally supported by them.

Let me repeat, if I may, these five simple principles:

First, our desire for peace — of which there is no question. Second, our determination to deter any aggressor. Third, our belief in the economic interrelation of the world. Fourth, our opposition to colonialism. Fifth, our acceptance of different kinds of governments, provided they are not aggressive — even though we do not always agree with them.

Leadership in either party that begins to develop our policies along these lines will, I believe, find a ready public response. People will see that the five principles on which it is based are related to our heritage, to the present-day world, and to the future.

America has progressed enormously and excitingly during these last 100 years. This progress, however, has not been in a straight, upward line, but in a series of surges.

Under good leadership and in response to a new dilemma or crisis the American people have responded, over and over again, with vigor and imagination. As they solve the current problem, however, they become apathetic and indifferent. Weary with partisanship and wrangling, they welcome a period of conformity and compromise.

We Americans faced grave difficulties during the 1930's. As we struggled to find answers, we developed bitter differences. As agreement was reached, we welcomed an opportunity to catch our breath.

Today, we are facing new problems, and I believe that again the American people will respond. I believe that we will succeed in forging effective new tools for dealing with our complex, dangerous — but infinitely promising — new world, and that we will again move forward successfully, as we have done in the past.

BIOGRAPHIC SKETCH

The Honorable Chester Bowles

Mr. Bowles attended Choate School, and was graduated from Yale University in 1924. Immediately after Pearl Harbor, he left a successful business career to enter public service. In 1943, President Roosevelt appointed him Administrator of the Office of Price Administration. From then until 1946, he served as a member of the War Production Board and the Petroleum Council for War. President Truman appointed him Director of Economic Stabilization in 1946.

Mr. Bowles was an American delegate to the first United Nations Economic, Scientific and Cultural Organization Conference in Paris during the next year, and in 1947 served as a Special Consultant to Mr. Trygve Lie, Secretary General of the United Nations. He made official UN visits to England, France, Italy, Austria, Hungary, Czechslovakia and Poland during 1948.

After serving a term as Governor of Connecticut, Mr. Bowles was appointed Ambassador to India and Nepal. Subsequent to his two-year mission in Asia, he devoted the next two years to writing an account of his experiences in Asia in *Ambassador's Report*. In 1955, however, before completing his book, Mr. Bowles undertook an extensive tour of Central, West and East Africa, and again visited Europe after several weeks in Pakistan, India, and Burma.

Mr. Bowles also wrote in 1955 *The New Dimensions of Peace* (Harper & Brothers). This was followed, in 1956, by *Africa's Challenge to America* (University of California Press), and in April of that same year he delivered the Godkin Lectures at Harvard University, which were later published by the Harvard Press as *American Politics in a Revolutionary World.*

INTERNATIONAL TRADE AND ECONOMIC RELATIONS

A lecture delivered
at the Naval War College
on 28 October 1957 by
Professor James R. Schlesinger

The theory of international trade was developed in the nineteenth century — an era of relative tranquility, surprisingly lacking in national rivalries, which accepted as axiomatic the view that the primary economic goal was to enhance the material well-being of the individual consumer. The essence of the theory was that free trade would contribute to that end, since all nations would benefit if each specialized in that type of production in which it had a comparative advantage and traded with others for the additional supplies that were needed. It can be demonstrated that even a nation that has an absolute advantage in the production of several commodities would benefit by concentrating upon that commodity in which its relative advantage was greatest, and would obtain more of those commodities in which its relative advantage was less, through indirect production — that is, by trading with other nations, sending to them the product which it could produce most efficiently and obtaining in return those products which it could produce less efficiently.

It should be emphasized that the theory was based upon an assumption of natural harmony among nations and peoples which was tenable, perhaps, until the breakdown of the balance of power at the time of the First World War. There can be little doubt that — from the cosmopolitan view, and aside from the relative benefits to be enjoyed by the several nations — an absence of restrictions on trade would provide the greatest availability of goods at the lowest prices to the world's population, and thus provide for maximum material welfare and maximum consumer satisfaction.

Even in the nineteenth century, however, objections were framed to the idea of free trade in the name of: (a) national interest; (b) producer interest; and (c) non-economic interest. Traditionally, the only restriction upon trade came in the form of the tariff. The arguments in behalf of tariffs, as opposed to free trade, are worthy of note. Many of these arguments are wholly erroneous and were designed for propagandistic purposes, but there were several that had validity: the defense argument; the infant industry argument; the vested-interest argument; and the argument in favor of the tariff as a weapon of retaliation or to improve the terms of trade. With respect to the American economy at the present time, the only relevant issues are the defense and vested-interest arguments. Certain industries have long been recognized as contributing to national security. Adam Smith, himself, mentioned the merchant marine. Even if it were cheaper to use the services of foreign states, it may be argued that it is necessary to protect from foreign competition an industry which contributes to national strength. "Defense," said Adam Smith, "is more important than opulence." It certainly may be argued that in the modern world many industries are vital to national security and ought to be protected. The vested-interest argument would hold that we ought to protect certain industries and regions against unemployment of men and of capital equipment, with the consequent drain on the nation's resources in the form of unemployment compensation and psychological *malaise.* It poses a difficult question, to which I will turn back later.

It would seem to me that in the light of the strength and dominant position of the American economy we need no longer concern ourselves with the use of tariffs to extract concessions through the threat of retaliation; or, need we attempt to improve our terms of trade. The infant industry argument no longer applies, since American industry consists of brawling giants rather than squalling infants — although the giants do occasionally squall like infants for protection.

Nineteenth-century commercial policy in the United States was protectionist in design — based largely upon infant industry arguments. Protectionism was in harmony with a strategic position based upon continental isolation and a desire to avoid entangling alliances. Trade is one of the entanglements which has from time to time threatened our continental security. It is notable that the chief menace of foreign intervention in American affairs — that of British intervention in behalf of the Confederacy during the Civil War — arose in no inconsiderable degree from the fact of raw material starvation in the Lancashire cotton mills, a consequence of the snapping of the normal ties of trade. From time to time, the United States has been drawn into wars originating in Europe due to the ties of commerce and the interference with seaborne trade. American involvement in both the War of 1812 and the First World War may be in large part explained in this way. Obviously, international commerce is fraught with power implications. During the era of continental isolation, the typical American response to the power implications of trade was to avoid them. The answer came in the form of embargo acts to prevent American involvement —— and even, indirectly, in foreign quarrels. We thus had Jefferson's Embargo Act of 1807 and the neutrality legislation of 1935-1937. The latter reflected the disillusionment with American entry into World War I. It was the lure of trade accompanied by the machinations of the 'merchants of death' that brought about American involvement. This attitude suffuses the writings of the distinguished historian, Charles Beard.

In the nineteenth century, we, the American people, were willing to forego many of the advantages of international trade. We were willing to hide behind tariff walls and, down to the change in our international financial position — which occurred during the First World War — the only cost of this policy was the loss of the benefits of trade. Since 1920, our commercial policy has been irrational. With respect to its strategic implications, a policy of continental isolation would seem to be defensible down to the

fall of France in 1940. Conceivably, it could be defended until the advent of the nuclear age. It is clearly out-of-date today.

II The Strategic Implications of Trade

International trade is fraught with strategic implications. The central issue with respect to trade *in the present era* is how it affects the relative power positions of the several national states. Some nations have been provided with the sinews of war through trade. At the same time, a nation dependent on foreign supplies is at a disadvantage if its normal trading channels can be interrupted. The existence of a significant volume of trade provides one state with a weapon for influencing the policies of another state.

The power influences of trade may be divided into two parts, which we call the supply effect and the influence effect. The supply effect itself has two aspects. In the first place, international trade is the route by which certain nations, rich in some resources but poor in others, have achieved affluence — and affluence, as Bentham observed in opposition to Adam Smith, is necessary to defense. By participating in trade, a nation may sharply raise its total and per capita income and thus may provide that margin of resources which is essential to national power. Unless there is a disposable margin, a nation is unable to allocate sufficient resources to provide itself with the instruments of security. In modern terms, trade adds to a nation's economic potential for war by enlarging its national product. But, the supply effect may add more directly to a nation's power by providing directly the sinews of war. Through trade, then, a nation's relative power may be sharply increased; yet, it opens it to the risk of interdiction during war. Britain's control of trade routes, for example, long posed a threat to any potential rival.

The second strategic facet to trade is the influence effect. A state may use trade as a weapon of economic penetration. By bringing about a condition of mutual dependence through trade,

a state may have an instrument to influence the foreign policies of other states. From the national point of view, it is desirable to bring about a condition in which the severance of the trading connection would be more damaging to the trading partner than to oneself. It will be seen that this asymmetrical dependence may most easily be achieved by great industrial nations in dealing with small primary producers of raw materials dependent upon the sale of one crop. Trade thus may bind together national policies through ties of mutual interest and the fear of dislocation. It can be seen that the supply effect may, to some extent, conflict with the influence effect. The harder the bargain is driven to obtain needed supplies, the less likely is it that the particular market involved will be viewed by the supplying nation with the mixture of affection and fear which maximizes the influence effect.

A type of trade that is particularly potent in terms of the application of power is transit trade. In this case, both the buyer and the seller are threatened by a loss of trade; yet, the nation that severs the trade is likely to have relatively little at stake. I need not point out to you how important an issue this is at the present time in the Middle East. Syria and Egypt are astride the oil transit routes and are in a position to threaten both the oil-producing countries of the Middle East and the oil-consuming nations of Western Europe at relatively little cost to themselves.

It was an illusion of those nineteenth-century thinkers who developed the theory of international trade that the power implications of trade could be overriden. They assumed that a harmony of interest existed among nations, and that this harmony might be fostered by trade. John Stuart Mill observed in a famous quotation that "it is commerce which is rapidly rendering war obsolete by strengthening and multiplying the personal interests which are natural opposition to it." The hopes of the nineteenth century have been crushed by the realities of the twentieth: It may also be added that, instead of always assuaging frictions,

trade has been one of the great causes of international friction. Power implications are inherent in trade. They may be ignored but, nevertheless, they exist. The development of political controls over trade in the twentieth century simply makes overt what had hitherto been tacit. The harmony assumption had merely glossed over the inherent power possibilities.

III American Commercial Policy

I have already commented on the tariff barriers that were erected by the United States in the nineteenth century and culminated in the Smoot-Hawley tariff of 1930. Various arguments were contrived to defend tariffs — some were tenable; most were grossly fallacious. By and large, we were willing to forego the material advantages that might be obtained by an international division of labor in which we concentrated on the production of those commodities in which we had the greatest comparative advantage. The price we paid was the wastage of scarce resources on the production of commodities that we could have imported more cheaply. We were rich, however; we had a continent's resources to exploit, and so we could afford it. I have emphasized that the policy of tariff protection was in harmony with the strategic doctrine of isolation.

In impeding the flow of trade, our tariff barriers gave rise to a legacy of vulnerable domestic industries that cannot survive without tariff protection, thereby creating a legacy of problem industries which haunt us in the formulation of commercial policy at the present time. Since the passage of the Trade Agreements Act in 1934, there has been a steady pressure toward the reduction of tariff walls. The nation has come to recognize some essential truths of commercial policy. One is that unless you are willing to buy from foreign nations, you will not be able to sell goods to them. Another truth is that certain foreign countries are dependent upon trade for survival. Unless they trade with us, they may be tempted to trade with somebody else — and that somebody else might well be the Soviet bloc, thereby leading

to *excessive* dependence upon our rivals. A third truth that has increasingly come to be recognized is that there is little point in wasting scarce resources to produce a commodity when you can import it more cheaply; international specialization provides lower prices for consumers and higher real income for all citizens. The newer attitudes may be subsumed under the polemical slogan of "trade not aid."

Under the circumstances, those branches of industry that have been seeking protection have been faced with the need for a new propaganda argument. The older protectionist arguments — building domestic industries, the scientific tariff (so-called), the pauper labor argument, and so on — have lost their appeal. The chief argument against trade liberalization today that is widely accepted is the defense argument; to a lesser extent the vested-interest argument in the form of "men being thrown out of work" excites some sympathy. It is quite natural, therefore, for an industry presenting its arguments before the Tariff Commission to attempt to come in under the national security umbrella.

Now, the defense argument on behalf of tariff protection is essentially this: that if a certain industry is vital to national security, and even if the nation lacks a comparative advantage in that type of production, it is desirable to ensure a market by granting protection. Obviously the commodity or service must be a vital one; the stronger the danger of interruption of supply during wartime, the greater the force of the argument. Some industries immediately spring to mind as possible recipients of tariff support: synthetic rubber, the merchant marine, chemicals, perhaps aluminum and watch manufacturing. But some of the contentions, as Raymond Vernon has observed, are close to absurd:

> In the name of defense, the dairy lobby succeeded in restricting imports of foreign cheese. The lace manufacturers claimed defense status because

> they manufactured soldier's gloves; the cutlery producers because they manufactured machetes; and the lead-pencil producers simply because pencils were 'indispensable.'[1]

To illustrate the popularity of the defense argument among industries seeking protection, let me cite the testimony of a spokesman for the Schiffli Lace and Embroidery Manufacturing Association before the House Ways and Means Committee:

> . . . It is important to remember, however, that in a time of national insecurity and peril, it was the one and only industry the United States military forces could turn to for the manufacture of all the shoulder patches and insignia . . . considered vitally necessary for the morale of our soldiers and sailors . . . no industry capable of producing such a valuable military commodity should be allowed . . . to wither and become extinct because of the lowering of tariff rates . . .[2]

I think that this little excerpt gives you some idea as to how widespread in American industry is the altruistic concern for national security and the well-being of the members of the armed forces. It may be that it also illustrates the strong tendency for vested interest to wrap themselves in the flag and to present private concerns as a part of the national interest. It tends, furthermore, to corroborate an original supposition: we must scrutinize carefully any claim that tariff protection is necessary for defense.

In its place, the defense argument for protection has a certain validity; its applicability to American policy at the present time is more in dispute (and to this point I will return later).

1Raymond Vernon, "Foreign Trade and National Defense," *Foreign Affairs*, October, 1955, pp. 77-78.

2Quoted by Berhman and Schmidt, *International Economics* 1957, p. 53.

For the present, we must content ourselves with the following observations: (1) The chief purpose of tariff protection in the case of defense-sensitive industries is to add to what we called last time the "mobilization base" of the economy. (2) The reason for adding to the "domestic mobilization base" is fear that foreign sources of supply may be interrupted in wartime. We desire to decrease our dependence on trade over which we have little control. But it must be remembered that severance of trading links reduces the dependence of others, as well as ourselves, on trade; therefore, it may add little to our relative strength. (3) Certain of our industries are export-oriented and, at the same time, contribute to our mobilization base. Among them are automobiles and agricultural implements, chemicals and machinery of all descriptions. By building up an export market, we bring about the expansion of such industries and thereby add to our "mobilization base." Since it is necessary to purchase in order to export, foreign trade may in fact add more to our mobilization base than the impeding of trade.

Now that I have perhaps instilled in you some skepticism with respect to the ease of applicability of the defense argument, let us turn to the examination of some specific examples of the application of the doctrine. Under the present law, as amended in 1955, the Director of the Office of Defense Mobilization, "whenever he has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts." If the investigation demonstrates that there is a threat, the President is free to take whatever action he deems necessary. In 1954, the government acted to increase the duty on watches in the interest of national defense. The case for protection of the watch industry is quite complex, and I will not bother you with the details. There has been domestic protest over the decision; in Switzerland, there has been anger; in Europe, there

was alarm, probably unjustified, that the United States was reverting to outright protectionism.

An even more complex case occurred this summer. A special Cabinet Committee, organized after notification by the Director of the ODM, reported that crude oil imports, then running at almost a million barrels a day in the affected area west of the Rockies, threatened to impair national security. The President then requested the major oil companies who do the importing to "voluntarily" reduce imports to 755,700 barrels per day — a cut of a little more than 20% — and to set as an importation limit 12% of U. S. petroleum output outside the Pacific Coast area. U. S. petroleum output has been running at the rate of about 2.4 billion barrels a year — almost 50% of world output, outside of the Soviet bloc. Simultaneously, we have been consuming about 55% of the Free World's output. At the present rate of domestic production, our proved oil reserves — almost 30 billion barrels — would last just over eleven years. At the present rate of consumption, our domestic oil reserves could supply us for just over ten years. Our domestic reserves constitute only about 20% of the world's total.

As a matter of simple arithmetic, it would seem that if the United States were to consume 55% of the world's oil production, and rely primarily on its own reserves, that our reserves would soon be depleted. Why, then, did the President take the action? It was his desire to build up a "thriving oil industry." The Cabinet Committee was concerned about the gap between exploration and production. Oil reserves are not static. It was hoped that the assurance of a domestic market would give a stimulus to the industry to go out and discover additional reserves. That was the rationale behind the decision; its wisdom has been questioned.

The rationale for limiting imports is to add to the industrial mobilization base, and the reasoning is clearly applicable in the case of the development of manufacturing facilities. But, oil is a *wasting asset*: the more that is taken out of the ground, the less

there will be left to exploit. It becomes increasingly more expensive to discover and to produce additional oil as the more accessible deposits are drained off. Clearly, under these circumstances, the applicability of the "mobilization base" concept is questionable. Oil brought here from the Middle East can be sold 10% to 15% more cheaply than can domestically produced oil, despite tariffs.

Manifestly, in the event of war, we would not find all of our present consumption to be essential. Much of it is "luxury consumption," and it raises the question as to whether it is wise policy to go to the trouble of proving up expensive and vital oil reserves merely to see it go through the engines of America's fifty-odd million automobiles. If oil is vital, we ought to conserve our reserves rather than waste them. The implication of the President's argument is that it is a menace to our security if our rate of production slips to a mere 40% of the world's total. Maximum protection now is achieved at the cost of greater risk in the future. The present system is not well suited to our needs. Surely the problem of conserving oil is not too deep for the ingenuity of an administration that devised the soil bank. We might well develop an Oil Bank — paying bounties for discovery, and impounding the oil by capping the wells until it is needed. Subsidies can be paid to maintain the production of so-called "stripper wells."

Other issues may be raised with respect to the decision: (1) Is it implied that all oil imports are a similar threat to national security — that oil shipped from Tampico is sharply distinguished from that shipped from Galveston and is, instead, the strategic equivalent of that shipped from the Middle East? (2) Is it not desirable to develop Western Hemisphere oil resources? (3) Is this not a reversal of the administration's "trade not aid" doctrine — and how does it affect our relations with the oil-producing Middle Eastern countries whom we are simultaneously attempting to aid and to cultivate?

In a democracy, decisions result from an alignment of pressure groups. Behind public policy we may observe the operations

of interest groups. The domestic oil producers in the United States are one of the most powerful of domestic interest groups — so powerful, in fact, that they are rarely used as a political target. They are deeply entrenched in both major political parties; they have enormous power in the Congress; and they are not without influence, as you can imagine, in dealing with congressional leadership. It is the height of folly to assert that it costs six times as much to discover oil at home as to discover it abroad, and then to burn up our valuable wasting assets in gasoline. It is ironical to observe glaring protectionism operating under the aegis of national security procedures. There is an element of farce in taking this action in the name of national defense. Perhaps, in the end, it will do little harm. As yet, voluntary restraint has been ineffective, but it is a warning to be ever alert to the role of pressure groups in the formulation of public policy. This is not to say that the decision-makers are consciously biased; yet, the issues are so many-sided — diversion of resources as opposed to dependence on foreign sources — that decisions do ultimately reflect the pattern of pressures.

IV The Role of Trade in American Foreign Policy

George Kennan has observed that "the problem of dealing with international Communism . . . is largely a matter of what we do in our relations with the non-Communist world."[3]

In those relations, trade has a distinct — perhaps an indispensable — role to play. In the nineteenth century, our national strategy was based upon continental isolation — and, under those circumstances, the impeding of trade through the protective tariff was consistent with our national purposes. In the mid-twentieth century, our national purpose is to prevent the further expansion of Communism; our role, as leader, is to hold together a coalition of non-Communist powers, greatly differing in aspirations and in strength. In holding together this coalition, trade

[3]George F. Kennan, "Realities of American Foreign Policy," Princeton, 1954, p.31

has a vital role to play. *The Counterpart of global defense is global trade.* Ideological bonds with foreign powers are potent, but they are even more potent when the nations concerned are linked together by mutual interests. Yet, our foreign economic policy seems to be based partly on autarkic concepts: the idea that we must produce all that we need at home. We state that we must prevent the expansion of Communism; yet, our policy seems to be based on the supposition that in the event of war the rest of the world will be lost to us as a source of supply. This is clearly untrue in the case of limited war. If, however, we refuse to trade with other nations, we may encourage the drift toward Communism. We must recognize that autarkic policies are consistent with a strategic doctrine based upon 'fortress America.' They are not consistent with the goal of maintaining a world-wide coalition of non-Communist powers. Now, some schizoid tendencies in our policies may be unavoidable. In this particular case of trade they may even be desirable, to some extent. But if we wish to maintain our coalition, we must do what we can to strengthen it — and not act as if foreign supplies are unacceptable because they are likely to be lost in wartime.

We must bind others to us through trade. As an influence, trade is an ideal instrument since it generally contributes to an all-round increase in real income. It is an instrument that should be uniquely accessible to the West. The Soviet Union tends to be autarkic; their external economic linkage is essentially limited to the Communist bloc. Either because they fear for their security or because they refuse, on ideological grounds, to rely upon regions not subject to their political suzerainty, they refrain from extensive trade with other countries aside from their satellites. Their total trade is small. When they do trade with countries outside of their own orbit, it is likely to be smaller states, like Egypt or Burma, where they can sow discord. The flow of goods *per se* is secondary. The Soviet Union does not seek trade with powerful partners, such as unsovietized Germany or Japan. Yet, it is a myth that prevails in the Western-oriented industrial countries

that to the east lie markets (or, in the case of Japan, to the west, in Communist China). The Soviet bloc is, however, anxious to build up its own industry. If it desires to import, it is to import capital goods and not consumer goods. The Chinese have little intent to provide the Japanese with a market similar to the one which existed when Japan was the dominant power in the region. Despite the hopes of the Japanese, and others, trade with the Communist bloc ultimately offers relatively little in terms of total volume.

Some of the smaller nations have learned that the lure of a Soviet market is not quite as appealing as it may appear at first blush. The Soviets are not anxious to become dependent upon foreign sources, especially those that surely would be interrupted in the event of war. Relations with the smaller countries have had political, rather than economic, objectives. Egyptian cotton sent to Russia has been dropped upon the West German markets at low prices, thus damaging the local markets for Egyptian cotton. The same is true of Burmese rice. Soviet trade, up to the present time, at least, has been more of a come-on device to cause dissension in the non-Soviet world than has it been a device to create firm associations through the exchange of goods. Thus, in certain circumstances it may be desirable to permit members of the Western coalition to see for themselves the limits of the market in the Soviet camp.

That this is not always wise, particularly when dealing with the smaller countries, may be illustrated by the following Icelandic saga. Under present legislation, the Tariff Commission is obliged to conduct "an escape clause" investigation upon the request of a domestic industry. If the Commission discovers that imports are occurring in such volume as "to cause or threaten serious injury to domestic producers," it is to so report to the President, who may then accept, reject or modify its findings. In 1956, the Tariff Commission, upon investigation, discovered that the domestic ground-fish industry was suffering grievous

injury from imports. Some hardship was occurring in fishing ports. Some of the people of New England were disturbed; their representatives in Congress were definitely disturbed. It was a clear-cut case for tariff protection on the basis of a threatened vested interest. President Eisenhower, in December 1956, however, rejected the findings of the Tariff Commission and decided against raising the tariff on imported ground-fish fillets. In the previous week, the Icelandic government had decided to permit American forces to remain in Iceland. The earlier decision was based upon a promise of the forthcoming action. Iceland must export in order to live. In 1955, the British began to exclude Icelandic fish as a result of a misunderstanding over the extent of Icelandic coastal waters. The Russians began to buy fish. By the end of 1956, they were buying 35% of Iceland's fish, which is almost the only Icelandic export. Their influence rose, and there came the threats about American bases. Then came the President's decision and the Hungarian episode, which helped persuade the Icelandic government (a coalition which included Communists) to permit us to stay on. It does, however, afford an excellent illustration of the importance of fish to American security, of the role of trade in achieving a world-wide defensive coalition, and of the problems which arise when it is necessary to sacrifice a domestic interest group to security considerations.

Foreign trade may be an excellent device for winning friends and influencing people. Though it may be desirable to keep essential production out of the reach of the Soviets, the supply effect today is less important than the influence effect. For those states that must export, we may provide them with a non-Soviet source of a livelihood and at the same time increase their dependence upon us. Trade may be more vital than ideology. In this respect, we have an important advantage over the Soviets, who wish to remain autarkic and are willing to enter into only the most limited trading arrangements with nations that they do not dominate.

We must be sure to use this advantage to its fullest. We must realize the inherent power potentialities of trade, which stand in stark contrast to the harmony assumptions of nineteenth-century theory. We must understand that a policy of economic autarky on our part is not consistent with a policy of world coalition. The economic counterpart of global defense, as I have previously observed, is global trade. There exists a continual danger that security be perverted to protectionist aims; we must resist such tendencies. Internationai trade has been referred to as "a peaceful means of economic penetration" and also as "a bloodless revolution." We must see to it that this power works in our own behalf by cementing together the Free World coalition, and, at the same time, we must look to our defenses and attempt to deny to the Soviet the opportunity for "bloodiess revolution."

BIOGRAPHIC SKETCH

Professor James R. Schlesinger

Professor Schlesinger received his B.A. degree in Economics from Harvard University in 1949, and his Ph.D. in Economics from there in 1955, and has since advised many governmental agencies on economic matters.

He was on leave from his position as Assistant Professor of Economics at the University of Virginia to act as Economic Consultant on the staff of the Naval War College for the 1957 fall term.

RECOMMENDED READING

The evaluation of books listed below include those recommended to resident students of the Naval War College. Officers in the fleet and elsewhere may find them of interest.

The listing herein should not be construed as an endorsement by the Naval War College; they are indicated only on the basis of interesting, timely, and possibly useful reading matter.

Many of these publications may be found in ship and station libraries. Books on the list which are not available from these sources may be obtained from one of the Navy's Auxiliary Library Service Collections. These collections of books available for loan to individual officers are maintained in the Bureau of Naval Personnel; Headquarters ELEVENTH, FOURTEENTH, FIFTEENTH Naval Districts; and Commander Naval Forces, Marianas, Guam. Requests for the loan of these books should be made by the individual to the nearest Auxiliary Library Service Collection (See Article C9604, Bureau of Naval Personnel Manual, 1948).

Title: *Problems of Power in American Democracy.* 239 p.

Author: Kornhauser, Arthur. Detroit, Wayne State University Press, 1957.

Evaluation: This work embraces five lectures and resulting discussion dealing with the problems of power in American democracy. Lecturers are prominent scholars in the fields of political and social sciences and psychology. Two participants from the Detroit community, with extensive backgrounds in the field covered by the lecturer, present their particular ideas in discussion periods. The lectures provide a superficial (due to available time), but nevertheless valuable, insight into the problems faced in realization of democratic relations at a time of unprecedented world power politics and in the light of conflicting interests and inequalities of power among individuals and organizations. Rather than attempt to arrive at solutions, the lecturers examine the problems from various vantage points in order to clarify issues.

Title: *The Unquiet Germans.* 275 p.

Author: Thayer, C. W. New York, Harper & Bros., 1957.

Evaluation: A diagnosis of the Germans from the rise of Hitler until today, and predictions of their future behavior. The author's views combine affection, presupposition and skepticism, and are presented with a captivating—though sometimes disconcerting—nonchalance. Based in part on the author's experience as a diplomat during both the Nazi and tho postwar periods, they also include assorted conversations with political personages, average citizens, and a random sampling of youth. Although these opinions are well worth discussing, the author does not give himself a real chance to do so. There are pages from what might be his autobiography, concerned with episodes which, while not earth-shaking, lack neither interest nor a measure of candor. Sketches, more or less diverting, contrast business men and farmers, students and villagers, former Nazis and survivors of the Resistance, old and new exponents of the art of diplomacy. The remarks on the breakdown of the traditional social order, and the discussion of the problem of German youth as a means of illustrating it, will help the average American understand the confusion of attitudes that characterizes post-war Germany.

Title: *The Heretic.* 436 p.

Author: MacLean, Fitzroy. New York, Harper & Bros., 1957.

Evaluation: A comprehensive biography of Tito is tightly coupled with the history of the establishment of the communist government in Yugoslavia, followed by its development to the present time. Fitzroy Maclean has impartially recorded the circumstances leading to Tito's development as a communist and how Tito succeeded in organizing, establishing, and maintaining the present Yugoslav government. The reasons underlying Tito's foreign policy with respect to both the U. S. S. R. and the Western Powers are carefully and reasonably explained. Maclean has also recorded, with considerable documentation, the facts concerning the internal political struggles between Tito and such prominent Yugoslavs as Draza Mihajlovic, Cardinal Archbishop Stepinac and Milovan Djilas.

Title: *The United States and the Arab World*, 1945-1952 184 p.

Author: Agwani, Mohammed Shafi. Aligarh, Institute of Islamic Studies, 1955.

Evaluation: An outline of the role of the Arab countries of the Middle East in the struggle between the nations of the Western world as viewed by an Indian (Hindu) The book reviews the historical importance of the Middle East, first, as a gateway of trade to Asia and Africa, to its present position as the principal source of petroleum in the world. Agwani traces the development of United States influence in the Arab world: initiated by missionaries, followed by oil companies, and, finally, by the world Zionists. The author indicates that the United States failed to exploit the favorable conditions of continued friendship and goodwill by reverting to an isolationist policy, followed by the recognition and support of the independence of Israel. Similarly, the private exploitation of Middle East oil has not resulted in the economic betterment of the great majority of the native Arab population. Only since the establishment of the Point Four Program has the Arab held out hope for improvement in his economic status.

Title: *On Communism*. 306 p.

Author: Nagy, Imre. New York, Praeger, 1957.

Evaluation: An extremely interesting dissertation, dealing with the internal political problems of a satellite state under the domination of the Russian Bear. Mr. Nagy presents primarily a defense of his actions and ideas during the period leading up to the Hungarian revolt of 1956 by borrowing heavily from his previous writings and speeches, as well as those of other Communists. He repeatedly reiterates his position as a staunch Party man while he ignores completely his deviations and contradictions to communist dogma.

Title: *Islam Inflamed*. 326 p.

Author: Morris, James. New York, Pantheon Books, 1957.

Evaluation: This book is a description of the author's impression of the Muslim Middle East as it was in November, 1956. It is more of a travelogue than an analysis of the Middle East region and its troubles. But, inasmuch as the author appears to be a well-trained observer and well

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Annotation: A report on the Navy's long-range missiles and the steps being taken to put them in operational use.

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versed in the history of the area, the narrative of his travels imparts to the reader a feeling of the atmosphere and flavor of the various countries. The similarities and differences of political, economic, and religious practices and beliefs between countries, and between groups within the same country, are highlighted. The successes and failures of both Western and Russian attempts to exert influence in the area are described. The book is both interesting and easy to read, and the average reader will gain a better understanding of the geography of the Middle East as well as an insight as to the reasons why the Middle East is in such turmoil today.

PERIODICALS

Title: *The Law of Space.*

Author: Aaronson, Michael.

Publication: FLIGHT, December 6, 1957, p. 889-890.

Annotation: Discusses the legal questions of territorial air space sovereignty, of rules of navigation in space, and of the discovery of planetary bodies.

Title: *Communists China's Foreign Policy.*

Publication: CURRENT HISTORY, December, 1957.

Annotation: This issue is devoted to a study of communist China's relations with the rest of the world. Among the topics covered are: the partnership with Russia; United States' dilemma; the Formosa question; and relations with Japan.

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Title: *The Significance of Latin America in the Free World.*

Author: Rubottom, Roy R., Jr.

Publication: THE DEPARTMENT OF STATE BULLETIN, December 9, 1957, p. 923-929.

Annotation: Presents facts showing Latin America's increasing importance in world affairs and reports on recent developments and trends in this area.

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Publication: BUSINESS WEEK, December 21, 1957, p. 15-18.

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Title: *United States Strategy and Policy.*

Author: Sarnoff, David.

Publication: VITAL SPEECHES OF THE DAY, December 1, 1957, p. 104-107.

Annotation: Stresses the importance of allies in U. S. strategy and discusses the need for a policy for waging a long Cold War.

Title: *Let's Build This New Deterrence Force Now.*

Author: Barbey, Daniel E., Vice Admiral, U. S. Navy.

Publication: READER'S DIGEST, January, 1958, p. 35-40.

Annotation: Describes how missile-firing submarines can be the most effective deterrent force and explains how this force can become operational, now, with present equipment, such as Regulus II and the remodeling of our present submarines to missiles launchers.

Title: *Where We Went Wrong — A Plan for the Future.*

Author: Spaatz, Carl, General, U. S. Army.

Publication: NEWSWEEK, December 30, 1957, p. 19.

Annotation: Calls for a revision of the Department of Defense. Suggests: abolishing the service secretaries; setting up a military staff for the Secretary of Defense; and putting each service under a military officer not on this staff.

Title: *Negotiations with Russia: Good or Bad?*

Publication: FOREIGN POLICY BULLETIN, December 15, 1957, p. 52-54.

Annotation: Two views on the value of negotiations with Russia; the positive view is expressed by Cyrus S. Eaton, the negative by Eugene S. Duffield.

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