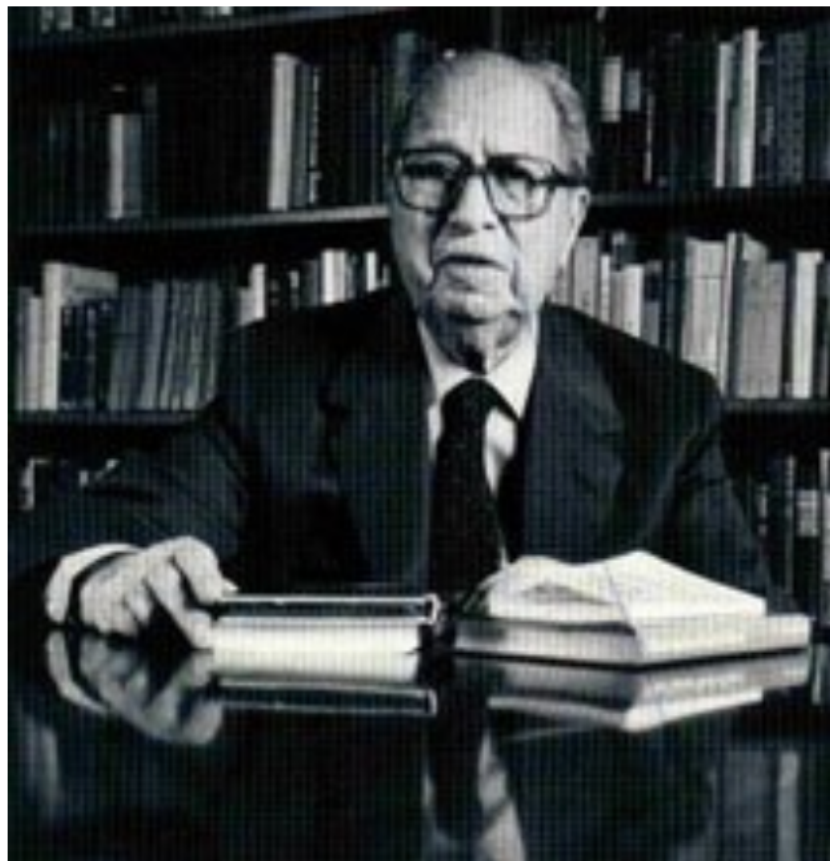


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QUESTIONS ABOUT ECONOMIC INSTITUTIONS

Mortimer Adler

PART 1 OF 2

PROPERTY AND THE PURSUIT OF' HAPPINESS

D*ear Dr. Adler,*

John Locke originated the phrase about man's right to "life, liber-

ty, and estates.” But when Thomas Jefferson wrote the Declaration of Independence, he changed this phrase to read “life, liberty, and the pursuit of happiness.” Did Jefferson mean to convey some significant distinction when he made this change? Or is there some connection between the right to property and the right to the pursuit of happiness?

W. F. H.

Dear W. F. H.,

Your question is excellent. At first glance one sees little connection between the right to property and the right to the pursuit of happiness. Substituting one for the other, therefore, seems like a startling alteration. However, let’s examine the terms and see if we can find out what Jefferson was trying to do.

The word “property” is used by Locke in two senses. First of all, he meant by it everything that is due men by natural right, particularly life, liberty, and estates. For Locke, “protecting property,” in this general sense, describes one all-inclusive purpose of civil government.

The other meaning that Locke gives to “property” is more restricted. In this second sense it is synonymous with “estates” and means primarily ownership of land. Yet this second meaning can easily be extended to cover all forms of proprietorship in productive property and still be kept quite distinct from Locke’s first meaning of the word. The right to estates or, more generally, productive property was changed by Jefferson to the right to the pursuit of happiness.

Please note that Jefferson did not proclaim man’s inalienable right to happiness, but only the right to its pursuit. No government can secure the right to happiness because there is no way on earth that it can guarantee that its citizens will be happy. The most that it can do is to furnish some of the conditions under which they will be able to pursue happiness. These are the conditions which can be directly secured by the actions of government. Other factors in the pursuit of happiness are beyond the power of government to do anything directly about.

A government cannot make individuals virtuous, or arrange for them to have good friends or a satisfactory family life. A government may be able to see to it that no one is starved or undernourished, but it cannot make everyone temperate or prevent men from ruining their health by gluttony. Similarly, a government can

provide adequate educational facilities for all, but it cannot make men take advantage of these opportunities.

In short, some of the goods needed for happiness belong to the inner or private life of an individual. Whether a man acquires them or not is up to him. With regard to these goods, government can only abet the pursuit of happiness indirectly through affecting the outer or public conditions of the individual's life in order to provide him with certain political and economic goods.

The political goods are those enumerated in the Preamble to the Constitution. If men live in a society which is just, which enjoys internal and external peace, and which confers the blessings of liberty upon its citizens, they are in possession of the political conditions for the pursuit of happiness. This was the case in the eighteenth century and it still is.

To lead a good life, men also need a reasonable supply of the economic goods which constitute wealth or which wealth provides—such things as the means of subsistence, the comforts and conveniences of life, medical care and health protection, educational opportunities, recreational opportunities, and ample time free from toil. The right to these economic goods is certainly part of the right to the pursuit of happiness.

In the eighteenth century, the man of substantial property possessed or had access to these goods for himself and his family. Hence if government protected his property (i.e., his estate), it secured for him the economic conditions for pursuit of happiness. This may explain what Jefferson had in mind in substituting “the pursuit of happiness” for “estates.” Certainly, the substituted phrase covers that and more: the political as well as the economic conditions needed.

COLLECTIVE OWNERSHIP

Dear Dr. Adler,

The communist spokesmen are always referring to Karl Marx as the ultimate authority for their views. He seems to be a king or Moses to them. But I wonder just how original Marx was. Did he originate the idea of the collective ownership of capital goods? Have any other thinkers propounded the idea of a classless society?

G. P.

Dear G. P.,

The idea of collective ownership of capital goods, by which I assume you mean factories, machinery, and the other means of production, was not at all an invention of Karl Marx, nor is this ever claimed. Collective ownership and controls were advocated as far back as Plato's Republic in the fifth century B.c., Sir Thomas More's Utopia in 1516, and Campanella's The City of God in 1623. The idea of collective ownership is associated by these writers with justice, brotherhood, the equality of men, and the good of the community as opposed to selfish interests. They believe that if the means of life and happiness were in the hands of the community, the community as a whole could profit by them.

The Marxist doctrine that social classes lead inevitably to class struggle is also clearly stated in Plato's Republic:

For indeed any city, however small, is in fact divided into two, one the city of the poor, and the other of the rich: these are at war with one another.

It is to avoid such warfare that Plato insists that the rulers of this ideal state must have no personal property, but live communally, sharing everything, even eating together in public mess halls. If the rulers, or guardians, obtained property, the state, according to Plato, would be faced with ruin. He writes:

But should they ever acquire homes or lands or moneys of their own, they will become housekeepers and husbandmen instead of guardians, enemies and tyrants instead of allies of the other citizens; hating and being hated, plotting and being plotted against, they will pass their whole life in much greater terror of internal than of external enemies, and the hour of ruin, both to themselves and to the rest of the State, will be at hand.

Many ancient and modern authors prior to Marx, such as Aristotle, Plutarch, Rousseau, Montesquieu, and Gibbon, to mention only a few, speak of class conflict as the inevitable consequence of the division of the state into rich and poor.

In the seventeenth and eighteenth centuries, there are isolated thinkers who propose the collectivization of factories, machinery, and other means of production as a solution. But it is not until the end of the eighteenth century that the movement for collectivization begins to snowball. There are two reasons for this: the French Revolution and the manifest evils of the factory system and the

new industrialism. Gracchus Babeuf and other left-wing leaders of the French Revolution demand communism, economic equality, and the abolition of private property. Claude Henry Saint-Simon and Charles Fourier also advocate a collectivist economy, and so does the Englishman Robert Owen, an amazingly successful manufacturer and philanthropist who turned communist. All this was decades before Marx and Engels hammered out their theories.

Engels once said that most of the leading ideas of socialism are to be found in the great “utopian” socialists—Saint-Simon, Fourier, and Owen. As for Marx, the two discoveries for which he claims originality are “the materialist conception of history and the secret of capitalist production by means of surplus value.” However, Engels shows that Owen anticipates the Marxist theory that workers are exploited under a system of private ownership of the means of production.

Even the materialist theory of history—the theory that economic factors govern history—has many forerunners. Yet it must be said that it is Marx’s development of the theory that first put it on the map. It was what Marx did with ideas which earlier writers had advanced that made the difference.

Marx adopted the theory of the class struggle, the labor theory of value, and other basic supports of his own system from the British economist David Ricardo, but draws very different conclusions from them. Ricardo’s *Principles of Economics and Taxation* (1817), to which Marx owed so much, is a most vigorous analysis and defense of capitalism. Marx’s *Capital*, fifty years later, is an extended exposition of capitalism, which concludes with the prediction that it must inevitably collapse and be superseded by a system of collective ownership and management.

Most important ideas, the philosopher A. N. Whitehead once said, are anticipated by men who do not work out their implications or see their full significance. Marx’s achievement was to weld borrowed ideas with his own and to propose a revolutionary program which, however wrong in principle and practice, still continues to convulse the world.

WHAT ABOUT COMMUNISM?

Dear Dr. Adler,

The Russian leaders make what seem to us wild claims about the perfection of communist society and its inevitable triumph over

capitalism. They often refer to the writings of Karl Marx and Friedrich Engels as affording them the “scientific” and certain basis for these claims. Why did Marx and Engels think that communism was the best system and that it would inevitably win out? Does the Soviet experience confirm or deny their teachings?

H. T. B.

Dear H. T. B.,

Marx and Engels maintain that all history is the history of class conflict. The dominant class invariably employs the machinery of political power to secure its interests and to hold sway over the other classes. In this view, the state is nothing more than an instrument of oppression. Only when the state is done away with and a truly classless society is realized, will humanity enter on an era of freedom and of cooperative living. Then human history as the history of class conflict will come to an end.

The progressive, historical steps toward the realization of the final phase of communism are presented as inevitable. Each step is looked upon as an advance over what preceded it. That is why Marx and Engels hail the advent of capitalism and industrialization as a definite step forward. The overthrow of the aristocrats and the feudal landlords and the rise to power of the commercial middle class, the bourgeoisie, is a necessary prelude to the next stage in the development.

Marx and Engels regard the bourgeois state as a temporary, transitional phase. In it the mass of workers, the proletariat, are alienated from the products of their own labor because productive property is owned by private individuals. The essence of their projected communist revolution is to take this productive property out of private hands and put it under the control of the state.

This aim is stated quite openly in *The Communist Manifesto*. But it remains for Lenin, in a book entitled *The State and Revolution*, to clarify the measures to be taken to achieve the communist revolution.

First of all, Lenin advocates what he calls “the progressive peaceful inroads of socialism.” These amount to a series of legislative measures designed to weaken property rights and make the bourgeois state vulnerable. But to overthrow the existing order once and for all a violent revolution is necessary. It is not the bourgeois

state that is supposed to wither away.

Following this revolution is the projected dictatorship of the proletariat. In this stage, the lower stage of communism, productive property is to be concentrated in the hands of the state, which is to administer economic life according to the rule: From each according to his ability, to each according to his work or contribution. It is this state, the proletariat state, that is supposed eventually to wither away, leading to the higher stage of communism—the truly classless society.

The only clue that Lenin gives us as to when this is supposed to occur is the following:

The state will be able to wither away completely when society has realized this rule: “From each according to his ability; to each according to his needs”; i.e., when people have become accustomed to observe the fundamental rules of social life, and their labor is so productive, that they voluntarily work according to their ability.

Of the many difficulties with this theory, let me call attention to two outstanding ones.

The first concerns the dictatorship of the proletariat. Actually the “proletariat state” is just another name for “state capitalism.” Productive power is not destroyed by the communist revolution. Instead, productive property is merely shifted from the hands of some owners into the hands of some others, namely the bureaucrats who run the state. What guarantee is there that these bureaucrats will relinquish their power when the time comes for the state to wither away? Milovan Djilas points out in his recent book, *The New Class*, that communism’s entrenched bureaucrats form a new and dominant class in society, and are just as jealous of their position and prerogatives as any other dominant class has ever been.

Secondly, communist theory is utopian in the extreme. Its assertion that man is perfectible on this earth puts it into basic conflict with Christianity, which denies that the Kingdom of God can be achieved in time. It posits a future condition of mankind which will be a panacea for all of man’s social ills. It pretends to be able to remake man by altering his environment. It supposes that human beings are nothing but plastic material that can be shaped and molded like any other material. This, we know, is not the case.

“CREEPING SOCIALISM”

Dear Dr. Adler,

I have heard the term “creeping socialism” thrown around quite a bit in the past few years. As far as I can see, it is an invidious label applied by people who oppose the social and economic reforms instituted in this country since 1933. I suppose the “creeping” refers to the gradual development of these reforms. But what does the “socialism” refer to? I fail to see what is socialistic about such things as social security and the regulation of industry and labor. Aren’t these all improvements within the capitalistic system? What rational meaning, if any, does this term “creeping socialism” have?

P. G.

Dear P. G.,

During the present century, and especially in the last thirty years, the western democracies have adopted an ambitious program of social and economic legislation. We now take for granted such things as unemployment insurance, old age pensions, minimum wage laws, and the various government commissions regulating economic affairs. These new measures have had a transforming effect on our economy—an effect which is welcomed by some and opposed by others.

Many proponents of the new measures claim that they have reformed and even saved the capitalistic system. The new policies, they say, have eliminated the injustices and inhumanities that prevailed in the capitalism of the nineteenth century. Welfare measures have also made capitalism workable by assuring sufficient purchasing power to buy its products, and by adding economic controls to prevent catastrophic depressions.

Opponents claim that these new policies are leading us down the road to socialism by gradual and almost unnoticed steps—hence the name “creeping socialism.” What we have now, they say, is a “mixed economy”—part capitalist and part socialist. They fear that the ultimate result of this will be a completely socialist economy, with the state owning and operating all means of production.

Moderate, democratic socialists have long advocated such a gradual program of economic welfare and controls as the way to achieve socialism without violent revolution. In Great Britain, this was the

policy of the Fabian Socialists and of the Labor Party. In the United States, the New Deal program of Franklin D. Roosevelt legislated a whole series of welfare measures, which according to the socialist leader Norman Thomas, had been proposed in the Socialist Party Platform of 1932.

Until very recently, those socialists who advocated the gradualist approach thought of “creeping socialism” as eventually creeping all the way to a completely socialist economy, which involves the abolition of private property in the means of production. But in the last year or so, most of the socialist parties in western Europe have abandoned the idea of state ownership of capital as essential to the socialist goal. They have, in effect, accepted the mixed economy which is now operative in the western democracies as a working approximation of their socialist ideals, though they advocate still further economic reforms to bring us closer to the welfare state of their dreams.

On the other hand, many spokesmen for capitalism have also accepted the welfare state. The British Conservative government has approved and extended the welfare measures originated by Liberal and Labor governments. In the United States, the Republican administration has accepted and administered many of the measures put through by the Democratic party between 1932 and 1952. Thus, history appears to have made strange bedfellows, with the socialists accepting the private ownership of capital together with the profits thereof, and the capitalists accepting the welfare measures that constitute substantial inroads on those profits.

We are left with two critical questions: (1) Can the “creeping socialism” of the last thirty years be prevented from creeping the whole way to complete socialism of the Soviet variety, which would destroy democracy and freedom? Some defenders of the mixed economy think that it can, but there are those who greatly fear that the mixed economy will inevitably degenerate into communism.

(2) Can a truly democratic capitalism supplant the mixed economy with its socialist tendencies? I think that this can be done if we restore the rights of property and diffuse the private ownership of capital as widely as possible. We can achieve economic justice and welfare for all, while still preserving our democratic liberties, if all the citizens own enough capital to give them economic power and independence. This is the view advocated by Louis Kelso and myself in our book *The Capitalist Manifesto*.

COMMUNISTIC AND DEMOCRATIC SOCIALISM

Dear Dr. Adler,

I am often confused by the indiscriminate use of the terms “communism” and “socialism.” They are often used as if they meant the same thing. But there seems to be a significant difference between democratic socialism in the countries of Western Europe and Marxian communism in the Soviet bloc. The democratic socialists apparently share the same humanistic and political values that we do, while espousing a different kind of economic system. Does this mean that there are two types of socialism—communistic and democratic? Or is only one of these political movements truly “socialistic”?

V. F.

Dear V. F.,

Advocates of socialism differ widely as to what socialism consists of, how it is to be achieved, and, once established, how it is to be administered politically.

On all three counts, the position taken by Marx and Engels in the Communist Manifesto and other writings remains the orthodox socialist doctrine. Let us briefly consider the main tenets of orthodox socialism before examining the deviations from it.

On the economic side, the Marxists hold that socialism consists in the public or state ownership of all the means of production. In their view, the private ownership of the means of production leads to the exploitation of the laboring classes. They regard the profit made by the private owners of capital as an “unearned increment,” which amounts to calling it theft. With all capital owned by the state, there can be no private profit in the socialist economy—no “property-derived income.” All personal income takes the form of wages paid for labor done or for services rendered to the state.

On the political side, the Communist Manifesto recommends a series of measures to make progressive inroads on private property. These, say the Marxists, can be accomplished peacefully through democratic legislative action. However, in their view, the complete socialist revolution can be achieved only by a violent and forceful overthrow of the capitalist economy. When that is accomplished, as it was in Russia in 1917, the socialist state comes into existence.

By the “socialist state,” the Marxists understand a totalitarian state and a dictatorial form of government, which they refer to as “the dictatorship of the proletariat.” They do not regard this as the ideal form of communism. That belongs to the future, when the state will have withered away and men will live together peacefully, without oppressive government of any kind.

A major deviation from orthodox Marxism, on the political side, is democratic socialism. American and English socialists, such as Norman Thomas and John Strachey, believe that socialism can be achieved entirely by peaceful means. In their view, much of it has already been achieved by the welfare measures enacted in England and the United States during the last fifty years. They also believe that a complete socialist economy is quite compatible with political democracy and need not be accompanied by totalitarianism or dictatorship. Hence, they see no need for the withering away of the state, since democratic socialism will provide men with ample freedom.

A second major deviation has been proposed recently by most of the socialist parties in Western Europe. They have redefined the basic economic tenets of socialism. Instead of calling for the abolition of private ownership and of private profit, they would permit these things to exist alongside a publicly owned and managed sector of the economy. According to this point of view, the present mixed economy of the welfare state—partly private and partly public—is democratic socialism. It achieves the end of socialism—the general economic welfare—through a combination of socialist and capitalist means.

I am opposed to both orthodox Marxist socialism and the theories of democratic socialism. I hold that the general economic welfare is best attained through a capitalist economy, using the system of private ownership and profit. Given certain restraints to prevent the concentration of wealth and power in a few hands, capitalism is the system best fitted to provide economic abundance while at the same time guaranteeing justice and freedom for all.

THE WELFARE STATE

Dear Dr. Adler,

Conservative and rightist orators and writers are constantly decrying what they call “the welfare state.” This is supposed to say something derogatory about the way our country is run nowadays. But what is so derogatory about “welfare”? Isn’t the public wel-

fare supposed to be the end of every well-run state? Do these critics propose an "illfare state" as the alternative? Or is it that they object to the way in which the public welfare is being pursued?

J. A

Dear J. A.,

The Preamble of our Constitution lists the promotion of "the general welfare" as one of the main objectives of our government. But, as the Federalist Papers and other commentaries on the Constitution indicate, our Founding Fathers did not conceive the general welfare in economic terms, nor did they think that government should attempt to see that all men are economically well off.

It is only in our century that it has become an almost indisputable principle of public policy, that the state should do everything it can to provide for the economic well-being of its people. In a sense, this principle was anticipated in the Declaration of Independence, which proclaims that all men have a natural right to "life, liberty, and the pursuit of happiness," and that governments are instituted "to secure these rights." Since economic goods are necessary for the pursuit of happiness, as well as for life and liberty, a government must promote the economic welfare of all its people in order to secure their basic rights. Governments which try to do this create what have been called in our day "welfare states."

Broadly speaking, there are two ways in which economic welfare for all can be promoted in a society: (1) through the widest possible diffusion of the ownership of income-producing property; (2) through the widest possible diffusion of the economic equivalents of income-producing property. These "equivalents" include wages, pensions, insurance of all sorts, medical care, educational opportunities, recreational facilities and, above all, ample free time for leisure activities.

To promote the general economic welfare in the first way is the capitalist ideal. The second way, however, prevails in the affluent and technologically advanced industrial countries of the world today—all of which are "welfare states," as Gunnar Myrdal, the Swedish economist and sociologist has pointed out in his recent book, *Beyond the Welfare State*.

In the Soviet Union, which is rapidly becoming affluent, the economic welfare of the people is secured by the state's distribution of

the wealth it controls through its ownership and management of all the means of production. In the United States, England and other democratic countries, which have mixed economies, it is secured through the state's regulation of the economy in such a way that economic goods are widely diffused.

In both the completely socialist and the mixed economies, the people have increasingly acquired the economic equivalents of income-producing property. But they have not attained—and perhaps never can attain in such economies—the personal independence that is one of the chief boons of private property. In these economies, the wage-earner is guaranteed a decent supply of economic goods, but he is utterly dependent on the state, unions or corporations for these benefits.

Furthermore, in the communist welfare states, the ordinary individual is deprived of any effective voice in his own government. He may enjoy economic well-being, but he is deprived of political liberty. Only through the capitalist ideal of widely diffused ownership of income-producing property, can the blessings of liberty be combined with the enjoyment of economic welfare—for all. While both the socialist and the capitalist economies may be called “welfare states,” in the sense that they are both concerned with promoting the general economic welfare, only capitalism enables a welfare state to preserve democratic institutions.

AUTOMATION—BOON OR BANE?

Dear Dr. Adler,

At a time of high productivity, when our economy is turning out far more goods than ever before, we hear from our Bureau of Labor Statistics that “disemployment by automation” is removing 200,000 jobs per year from our manufacturing industries. Is this so-called “disemployment” something temporary that will be compensated for by increased productivity and new kinds of jobs, so that automation will ultimately raise, rather than lower, the number of jobs? Or does “disemployment by automation” mean a permanent decrease in employment in an increasingly productive economy? If so, what will the “disemployed” do then?

K. F.

Dear K. F.,

The philosopher Aristotle noted twenty-five centuries ago that human labor would become unnecessary if there were fully automatic instruments of production. "If every tool could perform its own work when ordered, or by seeing what to do in advance . . . if the shuttle wove and the plectrum played the lyre without a hand to guide them, chief workmen would not want servants and master slaves." This state of perfect automation is now a real possibility and even an actuality in some plants. However, the prospect of push-button production which once appeared so desirable, is rather frightening to us today.

The reason for this sense of foreboding is the painful problem of what to do with the human beings who will be "disemployed" by the automation of production. Similar problems have come up recurrently ever since the Industrial Revolution began in the middle of the eighteenth century. The new inventions in the textile industry and the introduction of steam power initiated the revolutionary changes in man's way of life, which made possible our present urbanized, industrialized, highly productive and intensely populous civilization. However, the handicraftsmen, who were put out of work by the new inventions, felt no joy at the prospect of this brave new world. They retaliated by trying to burn and wreck the machines and do violence to their inventors.

As we were all taught in school, this was a short-sighted reaction, for "ultimately" many times more new jobs were created by the introduction of machine production than were taken away from the hand-workers. Somewhat the same process has taken place during the subsequent advances in industrial technology in the nineteenth and twentieth centuries. The number of workers displaced by the new methods was more than balanced "in the long run" by the number of workers employed in new jobs in a growing economy and in various "service" occupations created by the new inventions.

None of these advances, however, did away with the need for human attention to insure that the machines performed their allotted tasks properly. Indeed, operators were so essential for the new machines that the term "operator" or "operative" became synonymous with "worker." Human beings had become machine-tenders instead of hand-workers.

Automation, on the other hand, does away with the need for machine-tenders since it controls and corrects machine processes

through electronic computers. The only essential human operation in a fully automatic plant is the brain work of the specialists who service the computer controls and feed them their information and directives.

If the present trend to automation continues, it is difficult to see where the jobs will come from to replace the jobs that have been permanently abolished. Increased productivity will be accomplished with less labor. Automation in clerical and service jobs will make it less possible to shift “disemployed” workers to other occupations. The numerals and perforations on our checkbooks and payment notices indicate how human hand and brain are being increasingly displaced from key clerical tasks.

Assuming permanent “disemployment,” how are the increasing horde of non-workers to keep on being consumers? Carl F. Stover recently suggested that an increasingly jobless society may need a new system of distribution, such as giving to everyone a certain number of green stamps per month with which to purchase what they need. Another suggestion is to shorten the work-week and divide the remaining man-hours of labor among the available working-force. This assumes however, that quite a bit of work will remain to be done by human hands and that the economy will be only partially automated.

THE RIGHT USE OF MONEY

Dear Dr. Adler,

Money is decried in all kinds of sayings that have come down to us. “The love of money is the root of all evil,” the Bible tells us. “You can’t buy happiness with money,” is a more modern way of putting it. But though we nod and tend to agree from habit with such “wisdom,” isn’t this a lot of sentimental guff? Isn’t money a necessary element of happiness for any normal life in the everyday world? All the great thinkers have not rejected money and material wealth as evil, have they?

D. R.

Dear D. R.,

Early in our tradition, Aristotle made the fundamental distinction between “natural” and “artificial” wealth. Natural wealth, in his view, includes consumable goods—food, clothing, housing, etc.—and the means of producing them. Money, in contrast, is artificial

wealth. Its utility is merely instrumental—as a means of exchange and as a measure of value of real wealth. Our estimation of “real” wages in terms of purchasing power is a present day application of this basic distinction.

Aristotle also stressed the notion of limited material needs. The proper aim of economic activity, he said, is to attain enough real wealth to take care of the material needs of the family or state. Such needs are limited and can be fulfilled by a limited amount of wealth. The pursuit of wealth merely for the sake of possessing wealth, on the other hand, has no limits. It usually takes the form of accumulating a lot of money, which is more convenient to accumulate than real wealth.

The basic economic distinction between natural and artificial wealth involves certain ethical principles. It assumes that a means derives its value from the end it serves. Money is useful as a means of exchange or measure of value, and material wealth is useful as a means to the good life, since it serves to maintain life itself. Hence, the pursuit of wealth for its own sake, which amounts to the chase after money, disorders the individual and the community since it takes the means for the end.

Our traditional moral philosophy inveighs against the pursuit of money as a basic cause of evil in human society. Some writers, however, have espoused the opposite position. Christopher Columbus, for instance, said: “Gold is a wonderful thing. Whoever possesses it is the lord of all he wants. By means of gold one can even get souls into Paradise.” And Dr. Johnson insisted that “he who is rich in a civilized society must be happier than he who is poor,” and that it is luxury which is good and poverty which is evil.

The criterion of economic welfare and progress nowadays seems to be the “gross national product” and not merely gross income in capital earnings and wages. This is reminiscent of Adam Smith’s idea that a nation’s wealth consists in “the whole annual produce of its land and labor,” an amount which may increase, decrease or stay the same from year to year. The idea of a gross national product is usually accompanied by the judgment that it is good for the national welfare for the gross product to increase.

The basic assumption here seems to be “the more, the better.” The expansion of gross national product is apparently viewed as a good in itself, which is to be pursued indefinitely, without limit. It is production and consumption that are emphasized now, and not ac-

cumulation of money. But we are still faced with the ethical question of whether it is right to take material wealth as an end in itself and the main sign of well-being.

THE JUSTIFICATION OF FOREIGN AID EXPENDITURES

Dear Dr. Adler,

Ever since World War II we have been deluged with programs to aid in the rehabilitation or development of foreign countries. Many of these programs involve direct grants rather than loans which will be repaid some day. Are there any sound economic reasons why we should engage in such unusual acts of charity? Or is there some transcendent moral ground which supersedes economic considerations and compels us to do this, even when it goes counter to our own material interests?

C. P.

Dear C. P.,

The great writings of the past provide us with no specific directives for granting aid to foreign nations out of unselfish motives. Nevertheless, this kind of foreign aid is based on the ancient precepts of our religious tradition enjoining mutual aid and sharing among individuals. According to the Old Testament code, the poor man, by right—and not simply by “charity” in the modern patronizing sense—may pick enough food for his family’s needs from the rich man’s fields. Justice requires this of the rich man, who possesses all he has from God and is bound to share it with his less fortunate brothers.

This code, however, applied only to individuals living in the same community. Then, as later, the relations between nations consisted of trade, alliances and armed conflict. When the great modern states arose, funds were often handed out to other nations, but always for hard strategic or economic considerations, not out of brotherly love. While the ancient code enjoined the forgiveness of debts among individuals in each sabbatical year of “jubilee,” the standard attitude among nations was best summed up by Calvin Coolidge, who remarked about the repayment of the debts owed to us by our World War I allies, “They hired the money, didn’t they?”

Modern advocates of the policy of each for himself and the devil take the hindmost, among individuals and among nations, sometime appeal to the ideas of Adam Smith or Charles Darwin for jus-


tification. Smith believed that the pursuit of individual self-interest in a free market would ultimately work for the welfare of the whole community. However, he also saw that the nations were involved in a worldwide economy, in which the actions and reactions of individuals affect the wealth of nations.

Similarly, Darwin stressed the struggle for existence and the survival of the fittest as explaining the origin and development of biological species. However, he also emphasized the elements of mutual aid and sympathy as vital for the survival of animal and human groups, as well as the mutual co-operation involved among those species which survive in an environment. The “social Darwinists” neglected these factors when they applied Darwin’s theory to the economic relations between men.

Since World War II, the United States has granted foreign aid both to bolster its strategic position in the Cold War and also to provide economic assistance and relief where needed, apart from strategic considerations. The Marshall Plan was a program to aid economic recovery in Europe, and could in principle have been extended to any European country that needed it and applied for it. It is “the Marshall spirit” that the British liberal economist Barbara Ward asks the free world to return to in her new book *The Rich Nations and the Poor Nations*.

Miss Ward believes that to be rich and at the same time indifferent to the desires and aspirations of the poor, leads to a deadening of the heart and a blindness of spirit—among nations as well as among individuals. She also holds that if the rich nations aid the poor nations to share in the more abundant life, they will not only be doing the morally right thing but they will also be advancing their own well-being—for the nations, too, are members of one another. She calls on the West to build a world family of nations, based on the principles of political and economic freedom, to counter the Communist vision of world brotherhood.

That capitalism and brotherhood may go together is indicated by the case of Eugene Black, a conservative investment banker from Atlanta, Georgia, who has been one of the key figures in developing and implementing an international social conscience through his position as President of the World Bank. James Reston of *The New York Times* recently noted that Black long ago recognized that “extreme differences of wealth and poverty were intolerable among nations,” and that the rich nations had to assume the responsibility for “exporting the industrial revolution” to the underdeveloped countries. Thus, the social conscience awakened by the

ancient prophets has coalesced with the instruments of international banking in a way that the 19th century opponents of capitalism could never have foreseen. 

We welcome your comments, questions, or suggestions.

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