

The Economic Community

THE FUNDAMENTAL geographic fact which bears on the probability of a world community is the shrinkage of space-time by all the means of communication. The fundamental economic fact which has similar bearing is the increasing interdependence of the various industrialized societies.

The economic self-sufficiency of a social group varies with two different sets of circumstances. On the one hand, the size of the group and the extent of territory it occupies tend to increase its economic self-sufficiency, making possible a more efficient division of labor and making likely a greater abundance of natural resources. On the other hand, the technological development of the economy increases its need for a wider variety of natural resources and so makes societies in different localities dependent on trade and commerce with one another for the exchange of materials indigenous to the territories of each.

The ancients observed the first of these factors at work. The larger group of the tribe not only could satisfy the daily needs of its members, but could also accumulate reserves. The city was even more competent to solve the economic problem, it was "nearly self-sufficing." But that it was seldom *quite* self-sufficing should have been apparent from the facts of trade and commerce in such city-states as Athens and Corinth.

In this connection, we should observe the difference between the Athenian and Spartan mode of life. What we would call the "standard of living" was much higher in Athens than in Sparta. Sparta was primarily an agricultural and military society. In Athens, the arts, both useful and fine, had reached a much higher stage of development. The useful arts and crafts had multiplied the conveniences and refinements of life. In consequence, Athens was much more dependent than Sparta on foreign trade. Both

exports and imports were indispensable to the maintenance of its more complicated economy.

In the *Republic*, Plato distinguishes between the "piggish" state and the "luxurious" state. The "piggish" state lives at an economic level which satisfies only the basic biological needs. When men seek the comforts and refinements of life, when their arts enable them to have amenities in addition to the bare necessities, they tend to develop the economy of the "luxurious" state. This involves a greater division of labor, foreign trade, and foreign wars.

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Foreign trade and foreign wars are related aspects of the same fundamental fact of economic interdependence between communities. In the pastoral life of the tribe which subsists by hunting and fishing, the only economic occasion for conflict with other tribes will be a dispute over hunting grounds or fishing preserves.

Commerce between separate communities requires certain conventions to be observed. Commercial practices must be regulated. The rules of trade between independent communities cannot be determined by the separate laws or customs of either. They must consist of customs commonly recognized by the various groups which engage in commerce with one another.

Commercial interchange thus creates an economic community in the absence of a political community. That is why economically interdependent societies, which are at the same time politically independent, make treaties with one another, not only to terminate fighting for a time, but also in order to resume trade, and to regulate it by explicit agreements.

Where two politically independent states do not belong to one economic community, there is as little likelihood of either explicitly contracting a truce with the other as there is of either making overt war on the other. Both "shooting war" and "peace-

ful commerce" signify that the same situation obtains between two groups, a situation which must always be described by the two facts of *economic interdependence* and *political independence*.

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Economic interdependence increases in proportion as technological advances lift the economy above the "piggish" level.

The agricultural, as opposed to the hunting, society requires salt to preserve its food stocks and iron to make its implements. The community which is fortunately situated with respect to these natural resources may trade or hunt for slaves to man its mines. With the development of the arts of weaving and metalwork, manufactured goods become marketable commodities in exchange for agricultural produce and mineral deposits.

In any area of the earth's surface where distinct communities have established communication with one another, the differences in their natural situation with respect to the fertility of the earth, the possession of valuable ores, the availability of water ways and land routes, will determine the various ways in which they are economically counterbalanced.

Each will profit by its natural advantages. Each will suffer from its natural deficiencies. Economic inequality will usually be a many-sided affair, for without some superiority no group is in a trading position.

What is most important of all, the economic level attained by the technologically most advanced society will affect the relation of all the societies which belong to the same economic community. The general tendency to improve the physical conditions of life and to raise the standard of living will cause each society to seek the level reached by the state having the most fortunate natural endowments or the greatest technical skill

Working against this tendency will be two other factors the desire on the part of each state for the nearest approximation to self-sufficiency, and the economic inequalities which determine

the deficiencies as well as the surpluses of each state. As a result of these factors in combination, the degree of economic interdependence will usually tend to increase in proportion as one or a few of the societies in an economic community enjoy the advantages of technological superiority.

When *machinofacturing* replaces *manufacturing*, the multiplication of goods and services creates the conditions for an economy of abundance. The industrial revolution changes agriculture and mining, and the transport facilities for foreign trade, as much as it changes the number and variety of the tools and consumables available for exchange.

The industrial economy of the modern world increases many times the interdependence of separate communities. The fact that all parts of the world are not yet industrialized is offset by the fact that, under modern conditions of transport and communication, no part of the world remains unaffected by the industrialism of the rest.

Furthermore, we can expect industrialization to spread from the economically more advanced to the economically more backward peoples. When this happens, the unalterable inequalities with respect to natural resources will tend to increase rather than diminish the interdependence. It seems unlikely that synthetic substitutes will ever make any industrial nation truly self-sufficient.

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There are those who deplore industrialism. Committing the fallacy of identifying the old days with good days, they try to argue that the agrarian, and less commercial, economy enables a society to develop a more truly human culture, and puts fewer obstacles in the way of leading the good life. They see in the expanding economy of industrial production manifold temptations to vice, a debasement of the arts, and a dehumanization of both society and civilization.

Their fundamental error consists in failing to separate the use

of machines from the abuse of men, for which men, not machines, are responsible. They fail to see that the machine can liberate as well as enslave, and that men can master machines as well as make them.

The virtues of the simple life are not more, but less, admirable precisely because they represent the solution of simpler problems. Leisure, freedom from degrading poverty and brutal labor, are indispensable to a good life, a characteristically human life, and these things become possible for more men in an industrial economy than ever before.

The injustices and exploitations which have not yet been corrected do not alter this fact. Culture and civilization can reach a much higher level when machines work for men than when men must do the work of machines. Historians of the future will regard the emancipation and enlightenment of the Russian masses as an inevitable consequence of the industrialization of Russia. The Communist revolution will be credited with initiating that process and with bringing it to its socially desirable fruition with less hardship and misery than accompanied the industrial revolution in England, and in less time than England took to accomplish the social and political reforms which industrialism makes possible.

All moral judgments aside, no one can doubt that the machine is here to stay. Whether or not anyone advocates it, we can no more go back to the preindustrial economy than we can return to the political structure of the city-state or feudalism. And as industrialism intensifies and spreads in the future, the economic interdependence of all the world's peoples will increase.

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All the peoples of the earth now belong to a single economic community. That *present* reality, like the shrinkage of space-time, is a physical factor determining the probability of world peace. On the physical side, the probability will grow as these

two factors come to exert a deeper influence on both war and peace *

The very notion of the politically independent state carries with it the idea of economic self-sufficiency

The individual human being cannot be a sovereign precisely because of his individual insufficiency. Under extremely primitive conditions, the family can retain the external sovereignty of an independent group, but it surrenders its sovereignty for the sake of joining a larger and more self-sufficient society.

Every stage of political expansion is accompanied by a new level of economic organization, aiming to combine political sovereignty with economic adequacy. When modern nationalism became politically self-conscious, it also favored the economic theory that a nation should try to subsist in independence of its neighbors, in order to exercise its sovereign right to act independently of them. But even under the brilliant administration of Colbert, the mercantilist system could not render France economically autonomous.

The shift from mercantilist principles to those of the physiocrats was favored by colonial expansion, the rise of new manufactures, and, with that, the competition for raw materials as well as foreign markets. According to the physiocratic theory, as adopted and modified by Adam Smith, the wealth of nations in an expanding world economy depends upon free trade—both within countries and between them. An industrial expansion

* We must observe that the world-wide economic community is still in the process of growth, and that it is still too recent a development for most men to recognize its existence or to understand its implications. In his essay "Toward World Order" (in *A Basis for the Peace to Come*), Mr. John Foster Dulles points out that "interrelation and interdependence, while often existing on a world-wide scale, fall far short of being universal. There is, to be sure, a world-wide stratum of interdependent activities. But it is a thin stratum when measured in terms of the activities of humanity as a whole. Even to the extent that interdependence in fact exists, there is no such general awareness of it as to lead people generally to accept world government in replacement of their national governments. People are still largely uneducated as to interdependence which they cannot see with their own eyes." Because of these facts, Mr. Dulles believes that we cannot yet "wholly supplant national government by world government."

Adam Smith could not foresee has given new meaning, as well as greater force, to his strictures against monopolies and tariffs.

Under industrialism nations have long ceased to be capable of an isolated economic life. Without economic autonomy, their retention of political sovereignty is all the more anomalous. As Mr. J. A. Hobson remarked,

If nations were in point of fact self-contained, materially and morally, living in splendid or even in brutish isolation, the doctrine of [sovereign] States or Governments might be tenable. But they are not. On the contrary, their intercourse and interdependence for every kind of purpose, economic, social, scientific, recreational, spiritual, grows continually closer. Hence the doctrine of State sovereignty and independence grows continually falser.

For nations to try to remain politically independent when they belong to one economic community runs counter to natural tendencies, as much as for individual men to try to live anarchically while participating in a division of labor.

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That the whole world now forms a single economic community can be amply evidenced. By listing the principal exports of forty nations, Harry Scherman, in his striking essay, *The Last Best Hope of Earth*, showed "the incontestable truth that there is a clear planetary indivisibility of production and employment." Another significant fact is that

Since 1750, about the beginning of the Age of Steam, the human population of the earth has more than tripled. It was then about 660,000,000, it is now well over 2,100,000,000 . . . The true import of this great fact is plain: 1,500,000,000 more human beings can remain alive on the earth's surface, can support themselves by working for others who in turn work for them. . . This extraordinary tripling of human population in six short generations finds its

final explanation in the rapid progress toward earthwide economic unification which took place during the same period. . . . If it were conceived that tomorrow the infinite variety of goods that men produce had to be confined within the national boundaries where they were produced, tens of millions of men, women, and children would swiftly die of starvation; hundreds of millions more would be in the last extremes of destitution and misery.

These facts point to the political development which must take place. They stimulate its occurrence. They almost demand it. As Mr Scherman says, this economic unification "must be matched by a world political organization which, by some general limitation of sovereignty, will allow that union to function and progress without the deep conflicts of interests that end in war."

Despite the lag of centuries, we can expect the political expansion to reach the stage where it fits the economic realities. Until it does, foreign wars and foreign trade will give us rapidly alternating periods of shooting and truce. The degree of interdependence has become so great that all foreign wars will henceforth tend to become world wars, as foreign trade has become world trade. What happened during the First World War will happen again: commerce will continue between the combatants in order that they may have the wherewithal for their arsenals.

Physical conditions, both geographic and economic, have unified mankind. The world's physical oneness is a forerunner of the political community it demands, as that in turn will be the forerunner of the cultural unity to which the diversity of races will be assimilated when they all share in a common civil life. But until political institutions match the economic realities, and conform to the true dimensions of social space, the physical conditions we have been considering will exert their influence in the direction of war.

As Mr Emery Reves has recently pointed out in his *Democratic Manifesto*, the technical developments which render the world smaller and its parts more interdependent can have two conse-

quences: "(1) a political and economic rapprochement, or (2) fights and quarrels more devastating than ever, precisely because of the proximity of men to each other. Which one of these two possibilities will occur depends on matters essentially non-technical."

Both will occur within the next great historic epoch, but the second before the first

If world peace depended only on essentially technical matters, it could be brought to pass within our lifetime. That event is highly improbable because of the obstacles to peace, all of which are moral or spiritual

The next phase of progress toward peace must be devoted to overcoming these impediments. We must shift from physics to psychology, from technology to education.