ELEMENTS OF A WORLD MIXED-ECONOMY STRUCTURE ARE IMPROVISED TO MEET THE NEEDS OF THE MECHANISM

But there is another way of looking at it—a larger one—which can serve as a better intuitive guide in serving our national purposes. The growth and integration of the world's production mechanism is making an economic community of its beneficiaries. They have a common interest in the dynamic operation of the world mechanism, whatever their country.

Now, as has been pointed out, the social-political structure evolved for operating such a production mechanism within an industrial country is the mixed economy; it is an underlying free market system constrained by a variety of individual and organizational forms of "intervention," of which government action is probably the most important component, to operate within the bounds of the public interest of the national community. A modern production system, when associated with this kind of a social-political structure, comes to give to a greater and greater proportion of the people of the community substantial economic benefit in the form of increased income and welfare; moreover, the more the system extends benefits to new groups of participants, the more it increases those of the old.

A comparable structure is needed for the evolving world industrial community; there, too, such a mixed economy offers promise of transcending national bickering and beggaring over undesirable alternatives. It should express in action the essential unity of economic interest among the different countries just as the mixed-economy structure within a country reflects in action the essential unity of interest of labor and management, farm and city, rich and poor.[2]

The need for such a structure is slowly, unevenly, but increasingly being met. Not only is cooperation developing among firms such as shipowners, traders, and underwriters, whose operations are naturally international, but more and more originally domestic firms are extending their operations over a number of countries. Ties and affiliations are being developed among labor unions, trade associations, chambers of commerce, and all sorts of groups whose roles in the national economies must be played in the larger economic community too.

In a world of sovereign democratic nation-states, however, operating across national boundaries creates difficulty beyond the obvious technical and physical problems There is public distrust of the untried, the unfamiliar, the foreign. Many individuals and groups oppose a wider area of both competition and cooperation. They may fear it will imperil the balance achieved, not without difficulty, on the more limited national scale—the balance which made possible the dynamic national mixed economy. There is more than the usual difficulty of reaching agreement as to where national interest lies.

The difficulty is greatest where cooperation among governments is concerned. Their electorates are accustomed to look to them more for national unity in an emergency than for steps toward the human unity essential for economic peace and survival. Yet, governments must improvise at least quasi-world measures to meet pressing world trade problems if they are not to stand marked as failures. They must analyze the substance behind the conflicting drives for their intervention,

[2] For the insights out of which this and related paragraphs were written, a particular debt is due to Prof. Gunnar Myrdal. (See especially his "Beyond the Welfare State," Yale University Press, 1960.)