

economy. The present method of setting up a prior U.S. position and an EEC position and a United Kingdom position, etc.—and then bargaining for a compromise—creates public antagonism on a nationalist basis over questions where the real differences are usually between different groups within a country. The proposed approach would involve governments in a joint public process of review in which the various interests were fairly represented and there was an opportunity to understand and weigh. This would bring out the “horizontal” dimension in the interest pattern.

The traditional government identification of the pattern of national economic interest with the pattern of national political jurisdiction would be corrected specifically and meaningfully in public thought and discussion. The stresses and strains incident to the economic process would be seen to crisscross, and therefore offset, the stresses and strains incident to the international political process. The former would be seen as healthy differences reinforcing the life of a dynamic, competitive community. This is what I mean by building peace.

Cordell Hull, you may remember, made a great point of peace as an objective of his trade program. He saw that removing the depression barriers would smooth political relations. This was the high wisdom of his time. A future foreign trade policy, however, must require governments to discuss publicly both the desirable and undesirable effects of any sections complained of by foreigners—and to consider that discussion in its decisions—if we are to grasp the great growth opportunities of our time.

2. *Supplying the Government Component of a Dynamic International Competitive Mixed Economy*

Technological progress is not new. We have had a lot of it in the U.S. over the past century. In our great free-trade area, it formed one economy from the several parts—and we became the leading economy of the world—forging ahead of the separate economies in Europe.

To permit this rapid growth and yet keep it healthily serving the public interest, we evolved a process of private and public relations which I call a “dynamic competitive mixed economy”, taking words and insights from J. M. Clark’s competition study and from John R. Commons, Gunnar Myrdal, Jacob Viner, and others of my teachers. Something like it now prevails within most of the private ownership industrial countries.

There is freedom for initiative and innovation. There is a tendency to try to better, or to join, one’s competitors. Individuals operating in groups often have an advantage. Most advances in technology seem to increase this advantage and make the optimum group size larger. Government exercises a degree of surveillance over conditions of competition on behalf of the public interest—as in agricultural incomes, wages, public utility services, business combination, banking and other fields. But government is only the complicated apex, as it were, of a dynamic combination of heterogeneous units—individuals, firms of all kinds and sizes, associations, combinations, public corporations, labor unions, community action groups, clubs and societies. Any of these may at times influence the economic process, or check and balance the influence of others.

This dynamic mixed politico-economic process has been dramatically successful in the past in bringing technological progress to provide a greater and greater proportion of the people of an industrial country with a decent level of income and welfare, even though the creation of a continually adjusting dynamic balance within a nation to answer to the continually changing and increasing challenge of new growth has sometimes involved almost insuperable strain. (In the end, of course, the extension of increased economic benefits to new groups of participants almost always increases the benefits to the old groups who resisted.)

As technology goes on to make the whole world its community, many parts of the mixed-economy process are extending internationally. More and more firms operate in several countries. Ties and affiliations are developing among labor unions, trade associations, chambers of commerce and all sorts of groups. And, as already noted, governments try to organize and consult as to their role in the world economy.

This is done very largely by the executive branches of the various governments. In the trade field, under the present program, it has been done with great secrecy regarding the effective details of discussion, so that the normal mechanisms of representativeness—the checks and balances of informed com-