

United Nations in Korea showed the world that it is now run by law and that the "peace-loving legally constituted world community"³⁰ is no longer proposing to engage merely in oratory. Two questions need explaining. First, how can the United Nations show this when the book was written to prove that there is no living law in the world community making positive law possible? And second, how can this statement be reconciled with Professor Northrop's later statement that the United Nations achievement was accomplished "more in spite of the law of the United Nations than because of it?"³¹

Regarding Professor Northrop's proposed solution to the problem of peace—make the protection of the living law of nations the major principle of world law—one need merely express astonishment at the complete neglect with which the realities of international life are treated and wonderment at the absence of any mention of that clause in the United Nations Charter which guarantees to the member states non-intervention in their domestic affairs. This guarantee, it seems, contains the solution to which Professor Northrop leads his readers by such a labored path.

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INCOME STABILIZATION FOR A DEVELOPING DEMOCRACY. Edited by Max F. Millikan. New Haven: Yale University Press, 1953. Pp. xxi, 730. \$5.00.

THERE has been much talk of late, backed up by goodly amounts of cold, hard cash, about the need for a broader approach to the study of social issues. Specialists in the social sciences, particularly economists, have been roundly censured for paying too much attention to their own little patches of knowledge, thereby losing sight of the work going on in related fields. This symposium, published by the National Policy Committee of Yale University, endeavors to break out of the confines of traditional economic analysis by applying an inter-disciplinary method of analysis to full employment policies for a democratic society. The core of the book, a review of government spending, taxation, monetary policies, and other stabilization instruments, is essentially economic in its orientation, but in the first and last sections of the volume a much broader frame of reference is used to consider the social repercussions of full employment programs.

The advantage to be derived from crossing disciplinary lines in undertakings of this kind can easily be exaggerated. The process of trying to reach a common ground between several fields is likely either to lead to conclusions which are so obvious they hardly need defending, or to generalizations which have nothing but the most tenuous relationship to one another. Contrary to the

30. P. 12; see also p. 15.

31. P. 267.

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current fashion, to approach a subject from three or four different points of view does not necessarily mean that new findings of significance will emerge. Success or failure depends on the nature of the problem under examination, the capacity of the participants to draw upon work done in other fields, and the ability of the person directing the undertaking to fuse differing viewpoints into a single conceptual framework. As a pedagogical device, or as a way to summarize and evaluate already known findings, the inter-disciplinary approach has much to recommend it, but, except under most unusual circumstances, its value as a research tool seems to this reviewer to be open to serious question.

This book illustrates both the possibilities and pitfalls of this method of inquiry. A study of economic stabilization policies in a society which seeks to preserve democratic institutions, as well as a decentralized, competitive economic system, involves questions as much political, psychological and philosophical in nature as economic. Limiting the analysis to price-quantity relationships is not only to oversimplify, but to misstate many of the problems involved. Given heroic assumptions about the way producers and consumers behave, it is easy enough to show how certain changes in taxes or government expenditures will affect the level of economic activity. If we disregard effects on institutions of government and the relative importance of public and private activities, it is not too difficult to formulate a program which will yield a specified level of output and employment. The really difficult issues come to light only when we do not take these matters for granted, and stabilization proposals are studied in terms of a broad social environment. This viewpoint underlies the symposium; its appropriateness seems hardly open to question.

The rub comes (as inter-disciplinarians should know!) when this promising idea is put to the test. The difficulty is that when economists, political scientists, law professors and the like—who think best and write best about their own specialties—venture into other fields, the results are likely to be meager. This poses a genuine dilemma: if the contributors stick to their own specialties, the book becomes just a collection of conventional essays arranged in a somewhat unconventional (inter-disciplinary?) way; if they try to write about their own field and others too, the chances of doing very well are small indeed. These difficulties are many times compounded when, as in this case, there is a large number of contributors, each limited to a brief essay. Two or three scholars who can work together over long periods are much more likely to fuse their thinking and to develop new and fruitful concepts than fifteen scholars meeting with one another only occasionally. Methodologically speaking, I think this is the main lesson to be derived from this experiment.

Some of these misgivings about cross-fertilizing the social sciences were apparently shared by the contributors to this symposium, since few went beyond the traditional boundaries of their fields. Max Millikan's opening chapter, which contains an admirable discussion of the major economic and non-economic values in American society, differs from most of the others in this

regard. He suggests two postulates which he feels underlie modern democracies: the first, that public policy should be designed to help every individual formulate his own set of goals and to satisfy his particular values to the greatest possible degree, so long as nobody else is hindered from doing likewise; the second, that commonly sought values should be shared or dispersed equitably throughout the community and not highly concentrated in a single group or class.

Borrowing from Harold Lasswell's *Power and Personality*, Millikan then develops a set of objectives which give content to these two principles and which are at the same time particularly relevant to economic policy. He considers them under the following eight headings: income, power, respect, enlightenment (or educational advantages), skill, well being (in the sense of both physical and mental welfare), affection, and rectitude. His discussion touches on various aspects of our culture which economists, especially those who see in increases in physical productivity the be-all and end-all of modern existence, have been inclined to slight. Aside from passing references, however, Millikan does not consider whether or not there are any serious conflicts between the economic goal of full employment and the major non-economic goals of our society. He infers that this goal supports, rather than negates, values such as respect, enlightenment and well-being, but he briefly notes some interesting examples of possible conflict with the values of power (*e.g.*, governmental encroachment on the prerogatives of businessmen), and rectitude (*e.g.*, moral indignation over a continually rising public debt).

Millikan insists that other objectives within the economic sphere are as important as minimum unemployment. Equally important are an ideal distribution of jobs, consumer-guided allocation of output, an optimum rate of capital growth and saving, a maximum level of technical efficiency, and an optimum distribution of incomes. He concludes that primary reliance should be placed on the private market mechanism, arguing "that in fact a majority of Americans would agree that a primarily free and private production and market system (in a suitably controlled environment) does the job of allocation and technical advance well enough to justify its preservation."¹ Moreover, he feels that the private market mechanism is for the most part well suited to achieving the non-economic value goals noted above, a consideration which he believes deserves much weight in any appraisal of economic policies.

At the same time, Millikan would not limit government just to the sphere of economic stabilization; he sees an expanding role for direct government action where private transactions have a strong "neighborhood" or third-party effect, where effective competition is clearly unattainable, and where government output (highways, public schools, etc.) seems to be the only sensible alternative. He suggests that public decisions, as well as private de-

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cisions, can be responsive to individual preferences, although he has his doubts about the efficacy of the ballot box as a substitute for consumer dollar votes in this respect. Millikan closes his discussion by asking how a program of economic stabilization can be meshed with a system of private markets on the one hand, and democratic checks and balances on the other.

Francis Coker's chapter is another essay which goes beyond the specialist's usual terms of reference, since he endeavors to discuss the role of government in economic affairs in terms of the total American environment. His emphasis, however, is on traditional attitudes toward government regulation in general, rather than stabilization programs as such. Coker does an effective job of showing that the debate over governmental intervention in business affairs is hardly new. Our intellectual heritage is a mixed one, in which mercantilist notions have always played an important part. Even during the Nineteenth Century, when the dominant mood was certainly non-interventionist, the demand for government regulation, both state and national, was very much alive. During that century and on into the Twentieth Century, public acceptance of government activities increased as large corporations, big national unions, and the other institutions of a complex industrial society emerged; yet opposition to regulation continued and at present seems to be gaining the upper hand.

Coker sees a case against many types of intervention on economic grounds, but he takes a dim view of the notion that government interference violates the American tradition or Christian morality. He argues for a discriminating appraisal of individual government policies, observing that "there does not appear to be much evidence that extensive economic restraints and aids by a government lead, as a matter of course, to suppression of free speech and assembly or to abridgment of rights of fair trials by the courts."² Hence, in judging government stabilization measures, he pleads for a discriminating kind of analysis focused more on individual measures and less on the eternal verities. This is far from saying, Coker points out, that particular stabilization policies are economically sound, much less that a particular proposal is consonant with the non-economic values discussed in Millikan's essay.

The broad kind of questions raised in the Millikan and Coker essays are hardly touched on by the other contributors. Each essayist adheres pretty closely to familiar terrain, presenting a kind of capsule summary of what is known by other specialists about his assigned topic. A reader who wants a competent but brief review of what economists know about forecasting techniques could not turn to a better source than Everett Hagen's discussion of this subject. Similarly, Harold Lasswell presents a useful summary of the methods for finding out what people think about the future, what they may do about it, and, if danger signals are flying, how they might be persuaded into doing otherwise. Other writers who sum up our knowledge about the

2. P. 102.

major instruments of stabilization policy are Gerhard Colm on fiscal policy, Carl Shoup on taxation, Albert Hart on monetary policy, Ralph Brown, Jr. on ways to influence private investment, and Robert Dahl and Charles Lindblom on public expenditures. Of this group of seven essays, only the last can be said to draw on the methods and findings of more than one field, but all are written in a well-balanced, vigorous style coupled with an awareness of the complexities which any stabilization program in our kind of society is sure to entail.

Without discussing each essay in detail, it is possible to indicate the general viewpoint of the contributors and briefly to evaluate their findings.³ The tone of the chapters dealing with the economic aspects of stabilization policies is one of chastened Keynesianism. The essay which provides the analytical basis for this part of the volume is Millikan's chapter on the determinants of changes in national income. As a matter of fact, this is the only chapter which deals explicitly with the causes of economic instability, so one has to read between the lines of the others to determine just where each of the writers begins his discussion. One gets the impression they feel that downswings can be brought under control before anything like mass unemployment occurs, but the authors seem to be less sure about controlling inflationary pressure during upswings by any of the familiar instruments of policy. The longer view is one of cautious optimism, the implicit assumption being that the forces of secular inflation and deflation can be kept in check by the intelligent use of corrective measures. A number of the contributors, particularly Colm, indicate that fiscal-monetary measures cannot be relied on to control long-run forces of economic instability, but nowhere in the book is the reader given a clear idea what the other measures for dealing with such long-run problems are. In general, the contributors seem to subscribe to the view that to maintain short-run and long-run stability available techniques will not have to be pushed so far as to entail drastic changes in existing economic-political institutions. One can subscribe to this point of view, as this reviewer does, and still wish that the contributors had made their reasons for adopting this benign mood somewhat clearer.

While generally optimistic in their social outlook, the contributors to the symposium are inclined to be quite skeptical when dealing with specific instruments of policy. Hagen, for example, concludes that government stabilization policies cannot be based on even the most carefully drawn forecasts, for the margin of error is just too great. His argument seems to leave us with the rather bleak conclusion that we cannot hope to forestall economic disturbances, but only attempt to offset them. The fact is, of course, that we are going to try to anticipate twists in the cycle whether our predictions are reliable or not, and it would seem the wiser part of valor to use the most accurate (or least inaccurate) kind of prediction we can devise.

3. Not discussed because of limitations of space are Victor Jones' essay on the political framework and Thomas Emerson's essay on administration of stabilization policy.

Harold Lasswell's discussion of public reaction-patterns to various economic events and policies also throws cold water on the notion that attitudes can be guessed in advance or that the behavior of consumers and businessmen can be manipulated without resorting to totalitarian techniques. He makes some intriguing proposals for using consumer attitude surveys to determine business trends; certainly the most suggestive is his idea to utilize figures on divorce rates on the grounds that "many women are aggressive in good times who in hard times are afraid to assert themselves against an undesirable husband."⁴

Ralph Brown's essay examines the possibility of checking undesired fluctuations in private investment by means of government tax, loan, and subsidy policies. He eschews any flat conclusions, but his findings are mostly negative, if not downright pessimistic. Brown expresses the rather plaintive wish that public lending agencies in the fields of agriculture, housing, and small business could somehow be coordinated to take into account overall investment levels, since at present these agencies minister primarily to the long-term credit needs (fancied or real) of a miscellany of special groups. Similarly, most proposals to alter taxes which bear on investment have to do with reforms of the tax structure and therefore lack the flexibility necessary for counter-cyclical action. Towards the end of his essay Brown gives considerable attention to stabilizing investment through a system of granting or withholding subsidies, but after his review of all the pitfalls besetting such schemes, this reviewer, at least, concludes that our salvation does not lie along this route.

In discussing monetary policy, Albert Hart is able to muster some enthusiasm for using central bank-Treasury instruments to maintain stability, but his main point turns out to be that bank credit should no longer be permitted to act as a destabilizing influence! He accepts, quite uncritically, the argument that "capital rationing" rules of the banks greatly enhance the importance of monetary policy, and he comes out strongly for a system of secondary reserve requirements which would virtually remove credit creation powers from the commercial banks. Unfortunately, Hart apparently observed the first deadline set by the editor of the symposium, finishing his paper in early 1949, with the result that he does not give adequate attention to developments in the monetary field since 1950.

Judging from these essays, success or failure of a stabilization program depends in the last analysis on government tax and expenditure policies. Yet the three chapters dealing with fiscal policy leave anything but an optimistic impression. Gerhard Colm's broad review of fiscal policy over the past twenty years almost becomes an enumeration of the obstacles besetting such measures—unwieldy budget-making procedures, balky legislators, the impact of huge defense expenditures, the one-way pressures of powerful producer interests. Carl Shoup carries the same theme forward in his analysis of the effects of

4. P. 639.

various tax measures, as do Robert Dahl and Charles Lindblom in their essay on public expenditures. All of this makes rather sober reading for anyone who thinks of fiscal policy as capitalism's key to the stabilization riddle.

One of the main sources of the general mood of foreboding in this part of the volume is the threat of wage-inflation induced by union pressures. It is interesting to note, therefore, that Charles Lindblom who wrote a hair-raising account of union activities a few years ago—*Unions and Capitalism*—adopts a good deal milder tone here. In fact, he comes up with the thickly-hedged conclusion that there are no grounds for either accepting or rejecting the view that unions will jeopardize income and employment stability. Nonetheless, he still feels steps should be taken to keep the unions within economic bounds. Lindblom would have no truck either with those who want to atomize collective bargaining (“unionism performs many useful functions”)⁵ or those who want to unify union power at the top (“may simply aggravate the already existing problems of ‘groupism’”).⁶ To his mind, the chief hope in winning the unions over to a broader view of their responsibilities lies in a variety of government strategies including earnest efforts to protect the value of the dollar, subsidy programs for low income groups (to deflect workers from expecting too much from collective bargaining agreements!), “experiments” in compulsory arbitration in railroads and other public utilities, the elimination of the “ill-considered and unnecessary restraints on unionism which characterize much of the Taft-Hartley Act,”⁷ and a continual barrage of government pronouncements directed at union leaders, emphasizing the public welfare aspect of their wage decisions. If these measures are unsuccessful, he sees no alternative but to establish government regulation over wage changes and probably over price changes too.

In light of the pessimistic tone pervading the main part of the book, the sunny view reflected in Eugene Rostow's spirited evaluation of the competitive market mechanism and Paul Samuelson's sparkling essay on the relation between full employment and other economic goals comes as something of a surprise. Rostow sees the road ahead straight and clear; he smites out mightily, first at those who would rely on price-wage flexibility as a means for ending a major decline in business activity, then at those who argue that monopolistic pricing is a constructive factor in a downswing. Nor does he see any grounds for putting our trust in the private market mechanism in periods of boom or overfull employment. In any case, aggregate spending is so far out of line that the private market mechanism cannot be expected to right itself, and our fiscal-monetary artillery has to be wheeled into action. It is during the in-between periods of recovery and “stable prosperity” that Rostow believes main reliance can once again be placed on the competitive

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6. P. 536.

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market mechanism. Indeed, in line with the other contributors to the volume, Rostow argues that competitive pricing is essential to growth and to keeping our economy adaptable to changing needs. At no point, however, does he suggest that there may be difficulties in moving from a government-slanted to a business-slanted economy and back again, a feat which in the light of recent experience may be counted on to take some doing.

Samuelson's essay assumes at the outset that cyclical stability is somehow achieved by conventional stabilization techniques; his optimism is thus built into his analysis. Because of adverse effects on labor, management and resource efficiency, he sees some net loss in physical productivity if we stabilize unemployment too close to zero; yet on balance he believes full employment will make it easier to reach such goals as national security, optimum allocation of resources, and a more equitable distribution of income. He argues eloquently, if somewhat superficially, that government decisions to spend, loan, produce or control can be highly responsive to peoples' preferences much as are decisions reached under competitive conditions in private markets. This implies that our administrative-legislative machinery is a good deal more selective and adaptable to varying needs than most observers would be willing to concede.

In the latter part of his essay Samuelson considers whether or not the maintenance of full employment will lead to general resistance to change and thus cut off long-term economic growth. He is rather skeptical about the notion that technological growth can only occur in an environment of cyclical instability. Rather, he leans to the position that venture capital would be encouraged if "businessmen could look forward to a steadily growing market not prone to sudden epidemics of general bankruptcy and insecurity."⁸ In any event, he argues, growth of technological knowledge, not mere accumulation of capital, is the chief factor in economic progress. Samuelson then proceeds to demolish the view that we are fated to have either too much or too little capital growth. He says:

"High employment can be achieved, theoretically, with almost any pattern of investment and consumption. If individuals are trying to save so much that their efforts threaten to become abortive through a fall in employment, this can be offset by policy and high employment can be maintained. If the resulting pattern of employment involves too little capital formation according to some prescribed standards, there exist other combinations of policy measures that will result in a more rapidly growing stock of capital. As an example, we could have full employment with money so cheap and plentiful as to be conducive to private capital formation, but with a federal budget strongly overbalanced to curb inflation; or, if we wish it, present consumption standards may be higher, with private investment expenditure being limited by a tight money market that rations out capital funds sparingly. Or we might have anything in between."⁹

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9. P. 579.

This is a heartening view which, one hopes, is not just a pipe dream. Its validity depends on whether or not the forces producing instability are amenable to the instruments of stabilization policy discussed elsewhere in the volume. If these forces prove to be as deep-seated as they appear to have been in the past, there is little in this symposium which would lend credence to Samuelson's rosy view of the future.

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THE SECRETARY-GENERAL OF THE UNITED NATIONS: HIS POLITICAL POWERS AND PRACTICE. By Stephen M. Schwebel. Cambridge: Harvard University Press, 1952. Pp. xii, 299. \$4.75.

MR. SCHWEBEL'S study, *The Secretary-General of the United Nations*, is a concise reminder of the close association between an institution and a man molding it. The juxtaposition of the Secretary-General's powers under Article 99 of the Charter with their practical implementation reveals the considerable growth of his actual powers. Mr. Lie's unmistakable imprint on this growth is well established by the author's exhaustive analysis of the Secretary-General's relationship with, and participation in, the main United Nations bodies. The Secretary-General has rarely failed to bring the weight of his office to bear upon the policy formulation of the United Nations. This influence is evidenced in the Secretary-General's annual report to the General Assembly, a report required by Article 98 and gradually seized upon by Mr. Lie as a convenient instrument for outlining a rational United Nations' policy. It is also seen in proposals submitted on the Secretary-General's own initiative, or his participation in drafting resolutions or preparing the Secretariat's working papers or legal memoranda. The Secretary-General's political power is most evident in Article 99, which authorizes him to "bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security." On the occasion of the North Korean aggression, the Secretary-General virtually invoked this authority in his introductory statement before the emergency session of the Security Council.

It would be the blindest folly to consider the Secretary-General as a mere administrator. "This is a political job," asserted Mr. Hammarskjöld recently; "I am a political servant. Administration is just a tool put at my command."¹ The Secretary-General's political importance was reflected in the protracted debates on Mr. Lie's successor and is fully elaborated and documented by Mr. Schwebel's present study.

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1. N.Y. Times Magazine, Aug. 16, 1953, p. 45, col. 1.