

'Big Push' Ahead in the Economic Cold War?

A FOREIGN POLICY FOR AMERICAN BUSINESS. By Thomas Aitken Jr. 159 pp. New York: Harper and Brothers. \$4.

CPYRGHT By Joseph Newman

American businessmen have gone to war. Drawn from an army of 500,000 Americans living overseas, they are standing on the front lines of all battlefields in the cold war between capitalism and communism in the vast underdeveloped regions of the world.

They would like to pass from the defensive to the offensive. But before they can start the "big push" they need two things: A clear-cut policy and a closer alliance with the American government.

Government and business have not been on particularly good terms in the past—one, representing the state, taxing the other, dedicated to private enterprise. Within the continental limits of the United States they had to deal with each other. But it was a different story in the outside world. Subject only to foreign laws, they could devote themselves to their primary interest—making money—regardless of whether their pursuits ran counter to the wishes of the American government and the American public interest.

All this is now changing. National boundaries are giving way to one great boundary—the one between the east and west. The American businessman overseas, whether he is in Latin America, Europe, Africa or Asia, finds himself inevitably being drawn into the political, economic and social contest between the two opposing blocs. He no longer is free to devote himself exclusively to the game of making money because the game itself has become part of a global struggle, and the way he plays will affect the outcome.

That is the basic theme, sometimes stated, frequently implied, in Mr. Aitken's book. In advocating a foreign policy for American business, Mr. Aitken implies that one does not now exist. And in fact it does not, if by foreign policy one means a clearly defined political, economic and social goal for American business abroad and the steps for achieving it. The subject is vast and the book small, yet Mr. Aitken has set down some guidelines for a policy and has developed an area of thinking which merits widespread consideration in this country.

The original economic goal of the United States was to develop foreign sources of cheap raw materials for booming American industry and at the same time to secure overseas markets for the overflow of goods pouring off the assembly lines. The extent to which this goal has been fulfilled would astound those early, hardy Americans who ventured into the four corners of the world in search of markets.

A new and serious threat has now arisen in the form of the towering tariff wall behind which the European Common Market seeks to protect itself from outside competition, notably from the United States. But vast areas of growth are still available in the underdeveloped continents of Africa, Asia and South America—the very regions where we are being challenged by the Communists.

According to figures cited by Mr. Aitken, between 4,000,000 and 5,000,000 are employed in the United States turning out goods for export abroad. Another 15,000,000 are engaged in working on raw materials imported from abroad. These figures alone indicate the extent to which the people of the United States have become involved in foreign markets.

The raising of tariff barriers by underdeveloped countries anxious to industrialize themselves; the lower costs of production abroad; the lower taxes and the higher profits all combined to pull massive chunks of American capital overseas. The size of direct American investment abroad now exceeds \$29,735,000,000, \$8,218,000,000 of it in Latin America.

These investments, together with export sales, have now become a primary source of foreign earnings—earnings required by the American government to help meet the heavy commitments we have assumed in military and economic aid abroad. For example as much as 78 per cent of the profits reported by H. J. Heinz came from foreign operations, according to Mr. Aitken. In the case of Chas. Pfizer, pharmaceuticals, the figure exceeded 50 per cent, and in the case of Caterpillar Tractor it was 35 per cent.

Encouraged by Russia and Communist China, local



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Communist interests are fanning the flames of nationalism and seeking to overthrow the established order on which American business and political relations are based in each and every one of the underdeveloped countries. The poor countries of the world are invited by the Communists to help themselves to fat American investments, just as happened with Fidel Castro in Cuba. And the juicy profits, they are told, instead of going abroad to make rich Americans still richer, would remain in the country to help the miserably poor and illiterate masses.

Seductive propaganda of this kind exposes American businessmen overseas to political and revolutionary tides, and they cannot hope to survive them except by close alliance with their own government and with the more enlightened and progressive elements in the underdeveloped countries. The foreign policy which both American business and government must pursue jointly overseas is one which would demonstrate that backward countries can advance more swiftly and surely along the lines already tried and proven in the United States than along the lines of violence and regimentation offered by the Communists.

Such a policy, Mr. Aitken suggests, would be a projection of what we have in the United States. It would mean practicing abroad what we have been preaching at home. Our failure to do just that may be responsible for many of our present troubles. Until now we have been concerned largely with securing our markets and making our profits, closing our eyes to internal developments in foreign countries.

In projecting our own image of a free democratic society, Mr. Aitken agrees with those who propose that we dissociate ourselves as soon as possible from the thin upper crust, the so-called oligarchy which is regarded as the exploiting class in practically every one of the underdeveloped countries. By working with the oligarchies and their dictatorships, such as those of Trujillo in the Dominican Republic and Batista in Cuba, we became tainted through association with them. Our problem is to recover some of the credit

we have lost by demonstrating support for broadly based popular government.

As for the understandable desire of underdeveloped countries to secure a greater share in the ownership and operation of industrial plants on their territory, Mr. Aitken proposes that we develop "joint-venture" operations. The combination of American and local capital in joint partnership, he points out, "takes the curse" of the capitalistic "invader" from the north and makes us, the foreigner, less vulnerable to vicious attacks by nationalists and Communists. This would appear to be one of the most hopeful courses of development for the future, and the success which the Kaiser automobile interests have had in Argentina is proof of its effectiveness. Mr. Aitken, having been stationed many years in Buenos Aires as head of McCann-Erickson's office there, has been able to witness the success of the Kaiser experiment.

Another promising suggestion would call for turning over an increasing number of executive positions to nationals of the country in which an American company is located. And Mr. Aitken would reduce differentials in pay between American and foreign nationals holding comparable executive positions so as to eliminate the sense of injustice.

To give foreign nationals an opportunity to share in various business enterprises Mr. Aitken points to the success which IBEC, established by the Rockefeller brothers, is having in offering mutual funds in Brazil, Colombia, Chile and Argentina. "Here is the introduction of an American technique," writes Mr. Aitken, "which for the first time is showing the common people of South American countries how to invest in the growth of their domestic economies. . . . Public pride in this stock ownership is great. . . . Here is an extension of American economic democracy."

If some of the ideas advocated by Mr. Aitken and other enlightened Americans are rapidly put into effect in the critical areas of the world the outcome may yet be quite different from what Khrushchev expects.

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CAPTAIN NEWMAN, M. D., by Leo Rosten (Harper)

By turns comic and deeply moving, this novel (or book of related stories) tells of an Air Force psychiatrist and his gallant struggle on behalf of his patients mentally shattered in World War II. The author is the creator of H*Y*M*A*N K*A*P*L*A*N.