

A Million Paths to Peace

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Something extraordinary is happening in global development circles. For the first time since the 19th century, progressive activists are embracing trade as positive tool for change. The global NGO Oxfam is the latest progressive interest group to change its tune. It has launched a campaign to end agricultural subsidies in the developed world.

This could represent a fundamental turning of the tide from a world based on nationalism and violence to a world based on commerce and peace.

Oxfam has a new section on its website devoted to "the private sector's role in development," where they acknowledge that "Oxfam GB believes that the private sector plays a central role in development, impacting on or contributing to poverty reduction in many different ways." The awkward "impacting on," rather than simply "contributing to," poverty reduction rings of compromise language, perhaps included to satisfy lingering "old Left" market resentments among certain Oxfam stakeholders, but we should be strictly grateful for the core thesis: "The private sector plays a central role in development."

In a recent paper, Columbia University political science professor Erik Gartzke shows that economic freedom (as measured by the Fraser Economic Freedom Index) is about fifty times more effective than democracy in diminishing violent conflict.¹ Although it is not literally true that two nations with McDonald's do not go to war with each other, nations with high levels of economic freedom are far less likely to be engaged in violent conflict than are nations without economic freedom. The democratic peace turns out to be the free market peace.

Consider by contrast the fate of Ghana, the first post-colonial African nation, with Kwame Nkrumah's ringing words in 1957: "Today, from now on, there is a new African in the world" at the celebration of Ghanaian independence.² Nkrumah summarized what became the principal approach to economic development across newly-liberated Africa:

"Ghana inherited a colonial economy . . . We cannot rest until we have demolished this miserable structure and raised in its place an edifice of economic stability, thus creating for ourselves a veritable paradise of abundance and satisfaction . . . We must go forward with our preparations for planned economic growth to supplant the poverty, ignorance, disease, and

¹ James Gwartney and Robert Lawson, Economic Freedom of the World 2005, Fraser Institute.

² Martin Meredith, The Fate of Africa, pg. 27.

illiteracy left in the wake of discredited colonialism and decaying imperialism . . . Socialism is the only pattern that can within the shortest possible time bring the good life to the people."³

Quite tragically, the most idealistic leaders of the newly liberated African nations believed the lies about economic development put out by the Soviet Union. They were supported by western economic experts who not only believed the Soviet lies, but who therefore also believed that socialism, rather than capitalism, was the best system to implement in newly liberated African nations.

The journalist and historian Martin Meredith's summary of the economic consequences of Nkrumah's policies is not surprising now that we have acknowledged the truth about socialism:

"The overall result of Nkrumah's handling of the economy was calamitous. From being one of the most prosperous countries in the tropical world at the time of independence in 1957, Ghana by 1965 had become virtually bankrupt . . . A spending spree of 430 million pounds between 1959 and 1964 had left it encumbered with scores of loss-making industries and a fast-shrinking agricultural sector. Gross national product between 1960 and 1966, despite government spending, actually remained stagnant; over the same period the real value of the minimum wage was halved. An official survey in 1963 showed that the standard of living for unskilled workers in towns had fallen in real terms to the levels of 1939. At a cabinet meeting on 11 February 1963, when the finance minister announced that Ghana's reserves stood at less than 500,000 pounds, Nkrumah was so shocked that he sat in silence for fifteen minutes, then broke down and wept."⁴

Nkrumah had destroyed his country's private industries and private agriculture systems based on socialist ideals and the advice of western economic advisors. Just as his idealistic leadership in liberating Ghana was a precursor to colonial liberation across the continent, his tragic destruction of his beloved country was just the first of a long series of horribly misguided economic disasters.

The economic collapse of one African nation after another led to the rise of one African dictator after another. These strong men, in turn, led their nations in dozens of wars leading to millions of deaths that were often barely noticed in the developed world. Harvard economist Benjamin Friedman, in *The Moral Consequences of Economic Growth*, cites page after page of empirical evidence for the correlation between economic growth and political stability:

Political scientist Adam Przeworski examined the experience of 139 countries over four decades . . . the probability that any individual democracy would be overthrown by a dictatorial regime was nearly four times as great if the country's per capita income was falling than if its income was rising. . . . One classic study found that each doubling of per capita income reduces the probability of a country's experiencing a successful coup by between 40 and 70 percent . . .

³ Meredith, op. cit., pgs. 144-145.

⁴ Pg. 187

the authors suggest that countries may fall into a 'coup trap,' in which poverty fosters political coups, which in turn foster more poverty, and hence more coups.⁵

Instead of Nkrumah's dream of "a veritable paradise of abundance and satisfaction," Africa descended to the land of coup traps and wars. Nkrumah himself was overthrown in a military coup in 1966, the first of five successive military coups in fifteen years.⁶

In the eighteenth and nineteenth centuries, during the heydays of classical liberalism, commerce was widely celebrated as the foundation for peace, prosperity, and happiness. During the 20th century, those intellectuals who counseled us regarding government, law, and economic development developed an essentially antagonistic attitude towards private enterprise along with a positive enthusiasm for government direction of economic systems. John Dewey, our leading public intellectual in the first half of the 20th century, compared the ethos prevailing in the Soviet Union to "the moving spirit and force of primitive Christianity" even while Stalin was murdering more people than Hitler and launching the most destructive global enterprise in history.⁷

If intellectuals, journalists, professors, and teachers had promoted trade as the foundation of peace continuously from the 19th century to today the 20th century would have been far more peaceful. What if there had been pro-globalization marches when Congress was debating the tariffs that became Smoot-Hawley? There might have been no crash, no Great Depression, Hitler might not have come into power, and WWII and the Holocaust would then not have taken place. If intellectuals had been pro-market in the 30s, Walter Duranty would not have won a Pulitzer for lying about Stalin's crimes. A "roaring 30s" of increasingly globalized trade, in a world without Hitler and WWII, would have insinuated economic freedom and peace in dozens of nations around the world that instead became enslaved by the Soviets for fifty years.

We don't know how effective activists could have been at promoting global economic integration, nor do we know exactly how much western intellectuals' support strengthened communism. But it is certainly plausible that if the chattering classes had believed in "peace through economic freedom" as passionately as they believed in communism and socialism the 20th century would have been profoundly different. Instead of a fifty-year long Cold War that was largely fought as hot wars in the developing world, we might have had a discredited and shrinking communist movement far earlier than 1990. It is likely that hundreds of millions of people would be alive, and billions of people would be better off today, had the chattering classes remained classical liberals throughout the 20th century.

Because Oxfam has widespread credibility among the activist community, even their tentative support for the benefits of free enterprise may be a more important turning point for global peace than the hard work of those isolated classical liberals who continued to work for peace while

⁵ Benjamin Friedman, *The Moral Consequences of Economic Growth*, pgs. 323-324.

⁶ Friedman, pg. 301.

⁷ Paul Hollander, "Judgments and Misjudgments," in Lee Edwards, ed., *The End of Communism*.

being ignored or insulted for the past hundred years. The next step for Oxfam and other progressive activists, if they are serious about creating a peaceful world and alleviating global poverty, is to work more comprehensively towards economic freedom. Just as those who opposed economic freedom in the 20th century should rightly be held responsible for creating the conditions leading to war and mass starvations, so too those who oppose economic freedom in the 21st century should be held responsible for creating conditions leading to war and mass starvation. If a global activist movement that pressured nations to increase their Fraser Index ranking was effective, we might well achieve global peace in our lifetimes.