



The Relationship between European Integration and the End of the Cold War: Lessons for Global Peace and Development

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Abstract

The award of the Nobel Peace Prize to the European Union in 2012 is an appropriate moment to reflect on the significant role of the European experiment in the evolution from war to peace. Europe, which was the epicenter for global conflict for nearly a thousand years, has now become a place where war is unthinkable. The end of the Cold War has been widely attributed to the economic failure of the Soviet State and the communist system it imposed on Eastern Europe. This article explores aspects of the World Academy's program on Revolution in Human Affairs, examining the social dimension of some major political movements of the 20th century. It argues that the changing social perceptions as much as political and economic realities were responsible for both the move toward European Union and the end of the Cold War. The rise of America to world pre-eminence following World War II served as a catalyst for European integration and the electrifying impact and magnetic attraction of economic and political integration in Western Europe constituted a major stimulus for liberalization and reform behind the Iron Curtain leading to the abrupt end of the Cold War. It concludes that economic cooperation among erstwhile enemies can be an effective strategy for building permanent peace in other parts of the world. The article examines measures that can be taken to accelerate similar evolutionary advances elsewhere.

Society is an integrated and live organism and incidents such as wars and social unrest are not confined to any one part of the society. When such incidents break out in any society, they affect the whole of that society. Discrimination in employment against Tamils in Sri Lanka, rigged elections in Kashmir in the 1980s, sudden rise in rice price in Bangladesh and the sudden demise of a tribal leader in an African country are sufficient to destabilize a nation, when the social fabric is not strong enough to absorb such a disturbance. So too, any move that will strengthen such a fabric or provide a safe and constructive outlet for the suppressed energies of the people can defuse social tensions and remove the underlying source of discontent from which it rises. Viewed from a social, rather than merely a political or military perspective, the end of the Cold War offers insights that can be applied to defuse lesser conflicts today, both within and between states.

The Cold War came to an abrupt and unexpected end in the autumn of 1989 bringing with it profound social, economic and political changes across Europe and the world beyond. This was followed by the largest, most complex arms control treaty in history, START I, the founding of the European Union under Maastricht Treaty in 1993, and establishment of WTO

in 1995. Revolutionary *changes followed with the exponential growth of the World Wide Web in the mid-90s, the founding of the European Central Bank in 1998 and the launch of the Euro in 1999.*

In retrospect, it is possible to identify a chain of events and construct a plausible explanation for any historical event. But at the time these events were unfolding, the infallible logic of hindsight was missing and nobody saw what was coming. Arriving in Moscow in August 1989, no one would have imagined that in little more than a month the impassable borders that constituted the Iron Curtain would become porous, letting through the first flood of immigrants from East to West, in three months the Berlin Wall would be a mere pile of stones, in 15 months Germany would be reunified, in 23 months the Warsaw Pact would be dissolved, and in 30 months the invulnerable superpower USSR would cease to exist. We are tempted to regard these events as extraordinary and unique. But, examined more closely, we find that they are expressions of an underlying social process which is universally prevalent and relevant to the peaceful resolution of smaller, more localized conflicts around the world.

As soon as the Soviet Union collapsed, superficial explanations were offered to account for what had happened. Conservative American politicians took credit for running the USSR into the ground economically by driving Soviet military expense to ruinous levels. This however is only partly true. World military spending did reach an all-time-peak of \$1.1 trillion in 1989 before dramatically declining by a quarter just after the end of the Cold War. However, the USSR, with 40,000 nuclear weapons and enormous conventional armed forces, remained very well equipped of defending itself against any military onslaught.* Although the economic deficiencies of the Soviet command economy were increasingly evident by early 80s, there was no serious breakdown of the social order compelling the Soviet Union to transform or dissolve itself. But changes in the global social context did provide compelling reasons for the Soviet Union and other East European countries to radically alter course and a new-generation leader rose in the Soviet Union with the vision and courage to take the initiative.

1. The World's Evolving Center of Gravity

Understanding the real forces behind the momentous events that occurred in Europe in 1980s requires that we really understand what happened during the previous century. Although the central focus of this study is on Europe, the most significant of those forces arose on the other side of the Atlantic. After the American Civil War, the U.S became the largest economy in the world, a fact that was ignored or overlooked in Europe. Till the outbreak of World War II, most Europeans did not think much of Americans and regarded them mostly as uneducated and uncivilized and unfit to move with the sophisticated people of Europe. Europe had been the center of the world from the Roman times and only the impoverished and landless Europeans left for the New World hoping to start a new life there. Their departure was not regretted and indeed people were glad to see them off. Europe did not expect much from the United States which was looked upon as a place where even the man on the streets could run for political office and where even Presidents could grow up as log-cabin boys.

The change in the attitude of the Europeans came in a slow and imperceptible manner as the Americans began to demonstrate the energy, dynamism and creativity of the New World.

* See <http://www.nrdc.org/nuclear/nudb/datab19.asp>

Even as late as 1940s American Universities did not command as much respect in Europe as they do now. Early American scientists were regarded as mere technicians and inventors, unfit to explore the theoretical realms of pure sciences. They began to be noticed only when the majority of Nobel Prizes were awarded to Americans after the 1950s. America's entry into World War I nearly three full years after its onset reflected the sense both in America and Europe that the New World was peripheral to Old World events. Ironically, it was the Great Depression that changed the world's perception of America's role in the world scene. When the Crash affected investors in London, coffee plantations in South America and indigo farmers in South India, the World realized how integral the American economy had become to the health and well-being of the world.

The central role played by America economically, then militarily and politically, made evident what had long been denied or ignored. The U.S emerged as the only major world power from the devastations of the War. American per capita income had risen 40% by the end of the War and the American economy had become more dominant than ever before. By 1948, America controlled 70% of the world's public gold reserves. By 1950 its GDP was 40% higher than the combined GDPs of the original six members of the European Community and its per capita GDP was almost double that of these six European countries. Loans given under Marshall Plan along with private American corporate investment greatly helped European economies to recover. By then it was amply evident that the U.S had indeed become a world leader in economic, political and military terms.

2. Triple Axis of Power: Society, the Individual and the State

“The rise of America marked a significant shift in the social center of gravity, from the collective to the individual.”

Though American achievements were outstanding, Europeans were reluctant to concede its superior achievements and genuinely baffled in their attempt to comprehend the true source and motive power behind its success. Appreciation came only grudgingly. America seemed to lack the tradition, culture, cohesiveness and well-oiled social organization that were prized features of European society when not engaged in destructive wars. For all its defects, the highly stratified and hierarchical European social structure had preserved continuity and stability for many centuries, while gradually evolving into a more egalitarian and participative society. By contrast, America was still an immature democracy, motley heterogeneous nation of immigrants. Her power came not from a stable and stratified social organization, but from unleashing the aspiration and productive energy of the Individual. The rise of America marked a significant shift in the social center of gravity, from the collective to the individual.

America's stupendous energy and dynamism arose from the fact that it had emerged as the evolutionary pioneer of a new phase in human development. This truth was captured by the perceptive French writer Alexis de Tocqueville in his famous treatise *Democracy in America* (1835). A century and a half later, the British historian Paul Johnson reaffirmed with equal enthusiasm in his *History of the American People* that somehow America and Americans were different. They struck outsiders as remarkably self-confident, fond of bold and new initiatives, with a talent for practical organization. In Europe change had always been spurred

by collective initiative that was given shape by Individual leaders. But here in America the Individual himself was the agent of change who acted on, for and by the power of the society, but no longer confined or strictly governed by its conventions, convictions, beliefs, honored limits or cherished values. In the extreme, that value lapsed into an entirely egocentric pursuit of self-interest, just as the collective social ideals of the French Revolution so often lapsed into new forms of social convention and conformity.

Even before the world discovered the value and power of American individuality, the Old World was still in the process of developing to its acme a third axis of power, the power of the State. While Western liberalism cherished the values of law and order and social stability, its history had given it a healthy distrust for the power of the State. The English landed aristocracy had always opposed the centralizing efforts of the monarchy. The French King Louis XIV tried centralizing all power in the State, thus emerging as the most powerful monarch in European history. Napoleon went even further, by trying to form a Pan-European empire with France as the center. In the 19th century, Europe redirected its energies from centralization of political power and conquest of its neighbors to industrialization and economic colonialism on other continents. Germany belatedly began its process of confederation after the Battle of Waterloo and eventually emerged as a nation-state. Further to the East, Czarist Russia was transformed into the preeminent model of the modern autocratic state, the USSR.

These three powers — the power of the liberal, democratic social collective; the power of the all-powerful, centralized state; and the power of evolutionary individualism combined and clashed in unprecedented intensity during the two world wars. These wars could not settle the question of supremacy between these powers for the simple reason that each is an integral aspect of the whole, an essential element in an equation with three variables. Therefore, it was not surprising to find the same three powers emerging again after the Second World War in new combinations and alliances seeking once again to discover the optimal formula for equilibrium and balanced development. What resulted became known as the Cold War.

3. Impact of Communism on the East and West

The origins of the Cold War have their roots in the Communist takeover of Russia which began toward the end of World War I. Ever since the publication of *The Communist Manifesto* in 1848, European leaders had been apprehensive about the rising popularity of the Communist doctrine among the working class. By the beginning of the 20th century, the Industrial Revolution had drawn countless millions away from their rural agrarian livelihoods into sweatshops and proliferating urban slums, while the rise of a new class of wealthy capitalists accentuated the inordinate differences between haves and have-nots. Britain was shocked by two social surveys that revealed that up to 30% of the urban population lived in poverty. Conventional wisdom predicted that Communism would take root in Britain first, as it was the most industrialized country in Europe with the largest and best organized labor movement. Sensing the danger, politicians such as Lloyd George and Winston Churchill enacted socialist measures to alleviate the sufferings of the working class.

But while such palliative measures were being taken, the Russian Revolution sounded an ominous warning which even the complacent European upper class could not ignore. The West felt as threatened by the Russian Revolution as much as the aristocracy of Europe had

been by the popular uprising that had wiped out the French aristocracy. Thus, as soon as the war ended, a half-hearted, failed attempt was made mainly by the British army units on the side of the anti-Bolshevik forces.¹ That failure was forgotten in the West, but became a pretext 30 years later for the Soviets to erect an Iron Curtain to protect the gains of the revolution from further outside interference.

Unable to stem the spreading tide of Communism, the nations of Europe refashioned themselves according to a more benign, enlightened, libertarian and humane image of society. During a period of high unemployment in the 1930s, the British Labor Party came under increasing pressure from its working class members to affiliate itself with the Communist Party. The victory of the Populist front in France and Spain added to the growing alarm. There was a growing fear among British politicians about the spread of Communism in Europe. Chamberlain openly feared that if not for the Nazi Party, Germany too would have succumbed to Communism. The threat was less keenly felt in America, which relied more on economic opportunity than social legislation to combat it. Still the grim impact of the Great Depression forced FDR to come out with the New Deal social legislation that transformed primitive American capitalism from the 1930s onward. When FDR was asked which single book he would put in the hands of a Russian Communist, he unhesitatingly replied, "The Sears Roebuck mail order catalog". It cannot be said that Capitalism had a direct head-on confrontation with Communism and emerged victorious. It would be more apt to say that Capitalism transformed itself into socialism in self-defense, filling the gaping hole in its lower flanks that had left it so vulnerable to popular discontent and violent revolt.

4. From Politics to Economics

After World War II, indigenous Communist parties became increasingly active in Western European Countries where the postwar poverty helped them gain significant electoral success. The Communists became the single largest party in France. An unspoken aim of the Marshall Plan was to contain the growing popularity of Communism in France, Italy and Czechoslovakia. By reducing popular discontent the Marshall Plan helped contain the spread of Communism and enhance political stability in Western Europe. It also created a conducive climate for European integration.

Western Europe embarked on a period of rapid economic growth and standards of living. From 1948 to 1952 these nations recorded the highest growth rates in European history. Agricultural production surpassed pre-war levels and industrial production rose by 35%. The 1950s and 1960s were an exhilarating period for the people of Western Europe, many of whom had survived at least one great world war, if not two, as well as a Great Depression, the destruction of their cities, occupation by foreign invading forces or incarceration in concentration camps, and lived for years during and after the war on short rations or on the brink of starvation. The economic transformation of Europe from scarcity to abundance was a standing miracle, erasing war-time hardships and replacing them with renewed confidence, hope and increasing material abundance. Per capita income in Western European countries more than tripled during the 25 years that followed World War II.

The absence of participation of Eastern European countries in the Marshall Plan was an early sign of the Cold War division that was soon to encompass Europe. Rather than accept

Marshall Plan funds, the Soviets organized the Council for Mutual Economic Assistance (CMEA). Central planning and command economics enabled a backward, agrarian Soviet Union to industrialize itself in record time. Economically, progress on the other side of the Iron Curtain was also remarkable during the following two decades. Starting from average per capita income less than half of that prevailing in Western Europe, growth rates in these countries during the 1950s and 60s actually outpaced those in Western Europe in percentage terms. During this period, competition between the two types of economies was played out on nearly every continent and marked by confrontation and proxy battles and what not. In military terms the Cold War signified a capacity for both the warring camps to inflict devastating injuries on one another. Nevertheless, refraining from doing so meant a dangerous peace that brought no sure security to either contending party.

By the mid-1960s Europeans found themselves living in the midst of two heavily armed camps, caught between two superpowers with irreconcilable philosophies. America was engaged in war with Vietnam. The Soviets had invaded Czechoslovakia to arrest the budding aspiration for freedom there. The all-powerful American dollar began to decline. The surge in Western European prosperity worked to mitigate the lopsided American economic dominance. As a sign of those changing times, the U.S. abandoned the Gold Standard and the Bretton Woods financial agreement collapsed. A new era began.

5. Looking beyond the Nation-State

At times of change, humanity commonly looks to the past for better times or old ideas that can be revived in new forms. Thus, Europe began to look beyond the very brief period of American dominance and leadership, to which they had been awakened so abruptly during and after the war, while never being able to fully embrace the irony of dependence on an erstwhile colonial nation founded by their ancestors. Britain and France may have lost their empires in 1945, but not their sense of pride, political importance or cultural significance. They began to reassert in the form of renewed faith in an old dream, the dream of a United States of Europe.

The reason for reviving that dream is easy to understand. America stood as a living embodiment of what a united Europe could become. Here was a nation nearly three times larger in total area than the combined area of Western Europe, where one could travel 3000 miles from East to West in North America without crossing a border, using a passport, exchanging currency or changing language. It became increasingly apparent to thinking Europeans that the historic division of the European continent into a multitude of sovereign states had been the root cause of the perpetual strife between nations in the past and remained a serious barrier to realizing their economic potential in modern times. The tangible benefits of economic cooperation had amply proven themselves since the establishment of the European Coal and Steel Authority in 1951 and the Treaty of Rome in 1958, by which Belgium, France, Germany, Italy, Luxembourg and the Netherlands established the European Economic Community. In the late 60s plans were also prepared to found a European Monetary Union as a prelude to introduction of a common currency, but the abrupt collapse of the Gold Standard forced a postponement of that initiative. Two years later, Denmark, Ireland and the UK joined the EEC, raising total membership to nine countries.

From 1970 to 1990, growth rates in the West were three times higher than in Eastern Europe. By the end of the Cold War the average per capita income in Western Europe was double the average in the East and still widening, while the difference between Western Europe and USA remained significant.[†] Greece joined the EEC in 1981, followed by Spain and Portugal five years later. Mikhail Gorbachev's initiatives to open up the USSR and defuse the tensions of the Cold War provided the opportunity for the nations of Western Europe to hasten their efforts to economic and political union. In 1986 they signed the Single European Act, the first attempt to amend the treaty of Rome and set a deadline for creation of a single market by 1992 with complete freedom of movement for goods, services, people and money. The European Union came into being in 1993. Two years later, Austria, Sweden and Finland joined the EU, raising total membership to fifteen.

6. The East Leans Westward

Behind the Iron Curtain, younger leaders grew increasingly conscious and their people increasingly intolerant of the inherent weaknesses in a centrally-controlled, planned and coercive approach to rapid national development. So long as Western Europe was in shambles or only a few steps ahead, the poorer relative performance of the East, where employment was guaranteed and minimum social security was assured, left much to be proud and grateful for. But by the 1980s the contrast between the achievements of free-market and centrally planned economies was too visible to ignore. Increasing international travel and tourism, television coverage and telecommunications coupled with Gorbachev's conscious policy, *glasnost*, brought these differences into stark relief. As Western Europe pressed ahead with efforts to unify itself in quest for parity with America, the nations of the Eastern bloc saw a new opportunity they had not previously glimpsed and did not want to miss—an opportunity to jump ship from CMEA and link their fortunes to the rise of a single, unified European market. A major expansion of trade between the Soviet Union, its East European allies, and the Western industrial countries in the 1970s was an early indication of what was to come.

Earlier Soviet leaders had refused to take the movement toward European integration seriously. But with ratification of the Single Europe Act in 1986, Gorbachev called for closer relations with the European Community (EC) and began to openly speak of making the USSR a “legitimate component and partner in building the common European house”.² In June 1988, the EC and CMEA signed a declaration formalizing their mutual recognition and opened the possibility for concluding bilateral agreements between the EC and individual states within the Soviet bloc. Declining living standards led to an increasingly popular clamor for democratization and economic reform in Poland. By September 1989, Hungary, Czechoslovakia and Poland had signed bilateral agreements with the EC. During the same period the EC began negotiations on economic assistance to these countries, including \$295 million in emergency food aid to Poland, which was suffering a severe financial crisis involving a 40% per month rate of inflation. These events culminated in the establishment of the European Bank for Reconstruction and Development (EBRD) in 1991.^{3,4} The special support extended to these three countries became an example and a powerful stimulus for other Soviet bloc nations to lean westward. The movement toward democratization that spread through

[†] See Penn World Tables.

these countries like wildfire was the overt occasion and instrument for ending the Cold War stalemate, but a principal driving force behind the clamor for political freedom was the economic aspiration of the people for democracy in the marketplace. The fall of the Berlin Wall and the reunification of Germany closed the door on a violent and tumultuous past filled with memories that many were eager to forget. The signing of the Maastricht Treaty opened the door on an unbounded future that most people in Europe, both East and West, were anxious to explore or eager to embrace, and which the whole world watched with a various mixture

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of skepticism, cynicism and unbridled hope. For the first time in history, a significant group of mature nation-states stepped up to the sacred line of national sovereignty and crossed over into the unknown territory of supra-national governance. The whole world has a vital stake in the outcome. Despite temporary disappointments and numerous obstacles, fifteen years later it is evident that the European Union is not merely an experiment. It is a viable model and forerunner of what must eventually become, in the near or distant future, a system of global governance that unifies and integrates the three sources of social power within the framework of liberal democracy.

7. Implications and Conclusions

This concise social history of 20th century Western civilization contains valid lessons applicable for addressing the practical problems of peace and development in other parts of the world. For while the histories of every nation and continent are necessarily different and while the values and attributes which each country is in the process of developing as its contribution to the total gene pool of human development are unique, certain underlying principles apply commonly to people and nations everywhere and at all times. As part of a wider effort to codify and explicate these principles as components of a comprehensive theory of social evolution, we conclude by examining their relevance to some of the most intransigent problems of peace and development currently confronting humanity.

7.1. Military Problems can be Solved Politically; Political Problems can be Solved Economically

Society is not merely a combination of military, political, economic, social, cultural and psychological dimensions. These dimensions exist in a graded hierarchy, similar in nature to the hierarchy of human needs identified by psychologist Abraham Maslow. Indeed, the history of human civilization describes a movement along an ascending curve that begins with physical security achieved by military prowess and the capacity for self-defense. Political union partially solves the problem of warfare between heterogeneous groups by incorporating them within a common framework in which differences of opinion can be settled by negotiation rather than physical force. The modern concept of the nation-state eventually

emerged as an ultimate consequence of this shift from military to political means of self-governance.

The great European colonial empires of the 17th to 19th centuries marked a new phase in which countries recognized that economic advantage was more valuable and durable than political or military domination. Indeed, the British Empire arose almost inadvertently as English commercial interests spread around the world searching for economic opportunity. Had Britain possessed the foresight and generosity to share the economic benefits of its empire more equitably with its overseas subjects, the British Commonwealth might have emerged as a viable intermediate step toward global governance a century before the founding of the EU.

The power of economy to resolve political and military disputes has been dramatically illustrated by the permanent cessation of violence in North Ireland, where underlying political, religious and social differences remain still unresolved. Five years ago it was as difficult to foresee the end of violence in North Ireland as it is today to see beyond the decades of reciprocal terrorism in Palestine. In spite of repeated efforts for a peaceful settlement by Britain and the Irish Republic, the IRA's announcement of a permanent ceasefire in 2005 was not the result of political negotiations. The primary reason for this unexpected development was the remarkable economic progress of the Irish Republic, which altered social attitudes among Irish Catholics and opened up unprecedented economic opportunities south of the border. Economy, not polity, defused a conflict that has festered for centuries.

7.2. Liberal Democracy is not merely a System of Governance; it is a Way of Life

More than 200 years ago, Immanuel Kant postulated that a world of democracies would create perpetual peace. A study by Dean Babst of 116 major wars that occurred between 1789 and 1941 revealed that not a single one had been fought between independent states with elected governments.⁵ Since then the relationship between peace and democracy has been frequently cited both as a strategy for eliminating inter-state and intra-state conflict, as well as a justification for imposing democratic regimes. The basis for this observed relationship is not difficult to comprehend. Democracies have no inherent dynamism for war. Democracy is based on mental ideals that cannot release energy for physical conflict or war. Production is the basis for social peace. Democracy organizes production to support abundance. War is the antithesis of democratic production.

But the validity of this relationship does not justify attempts to impose democratic systems by force or coercion. Imposition of any kind is inimical to the spirit of democracy. Experience has shown that such attempts are most often disappointing or counter-productive. The reason can be traced back to the fact that Kant's original thesis and subsequent research failed to make a vital distinction between liberalism and democracy, as Fareed Zakaria has pointed out in *The Future of Freedom*. Liberalism is a set of idealistic human values and social attitudes that evolved in Western Europe over the past five hundred years, affirming the importance of individual freedom and social equality. Liberty is democracy of the individual. Democracy is liberty for the collective.

In formulating his conclusions, Kant assumed that liberalism and democracy were either synonymous or inevitably went hand-in-hand. Today we know that this is not necessarily the case. Democracy is a system of social institutions. Liberalism is a mindset and a cultural

endowment. The past century is replete with examples of countries that introduced or were compelled to adopt democratic systems in the absence of liberal values. In many instances a freely elected populous government utilized the powers legally vested in them by a democratic constitution to exercise what Sri Aurobindo termed a 'tyranny of the majority', depriving substantial minorities of the essential rights associated with liberalism, namely freedom of speech, worship, property, equal treatment under the law, etc. Hitler was democratically elected as Chancellor of Germany. In developing countries with low level standards of living, low levels of education and heterogeneous populations, the dangers of illiberal democracy are very real. The on-going struggle in Iraq to establish democratic institutions in a country divided by strong religious animosities, wracked by internal strife and pulled by centrifugal forces, is only the most recent reminder of the stark difference between building political institutions and developing a liberal social culture.

On the other hand, the fact that democracy arose in Europe as a natural expression of Western civilization and culture has been cited as evidence that democracy is merely a form of cultural imperialism foisted on the world by European civilization. But the concept of social and individual rights and the underlying human values associated with liberal democracy predate the rise of Western civilization and are the common heritage of all humanity. A democratic tradition based on the rights of citizens and participative governance existed in ancient India centuries before it first appeared in ancient Athens and democracy is fully in accord with the spiritual values of Indian culture. Indeed, this may be one of the reasons why democracy has been relatively successful in India, despite its poverty and low levels of general education. As Zakaria points out, the world's most populous religion, Islam, is also founded on values of egalitarianism. The values of freedom and equality are universal human values, not the property of any one civilization. The high failure rate and abuses associated with nascent democracies should not discourage us from promoting forms of government that protect human rights and encourage public participation. But it should remind us that such efforts are likely to fail and can even lead to social unrest, communal conflicts and civil war, unless or until the necessary social climate and attitudes have been engendered among the population. In instances where a population is clearly not prepared for effective self-governance, it will be more humane for the international community to assume responsibility and protective control, until the appropriate social conditions can be brought about. The US imposed its own control over autocratic Germany and Japan following the Second World War, resulting in the emergence of two of the most stable and successful democracies in the world today. They succeeded because democratic freedoms were founded on a secure economic base.

7.3. Foreign Aid as an Instrument of Peace

The Marshall Plan has been widely credited for contributing to the stunning recovery of Western Europe after World War II. In the late 1950s this led to the facile assumption that foreign aid could be utilized as a primary mechanism for eradicating poverty and spurring development of countries around the world. Global experience over the following three decades did not support this conclusion. The reason is not difficult to understand. During the war, European governments had exhausted their gold reserves to procure food and war material from abroad, leaving national treasuries empty, precisely at a time when foreign currency

was needed to support peacetime transition. The primary objective of the Marshall Plan was to provide urgently needed financial assistance to war-ravaged countries for importation of food and industrial equipment in order to minimize human suffering during an initial five year period required to restore normal economic functioning and rebuild an industrial base. And by the time the program ended, food shortages had been eliminated, industrial production had returned to prewar levels, and living standards were on the rise.

This remarkable achievement was possible because the nations of Western Europe had already achieved a high level of industrialization before the war. They possessed educated and highly skilled workers and technicians, knowledge of industrial processes and organization, modern work cultures and administrative systems. They needed only to reconstruct the physical infrastructure required for industrial economies to function efficiently, and they accomplished that in record time. Foreign aid did not develop them. Indeed, Japan virtually duplicated the European accomplishment without the support of Marshall Plan funds for reconstruction. After struggling in the early post-war years, Japan's real GNP grew at a phenomenal average annual rate of 9.6% between 1952 and 1971.⁶

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Misunderstanding the nature of European recovery, nations and international organizations have unsuccessfully attempted to replicate that experience in countries with no prior basis of industrial development, and the results have been largely disappointing. No doubt, many of these nations, especially those in East Asia, have made astonishing progress over the past few decades, but it is doubtful that much of this progress can be directly attributed to foreign aid. Foreign aid is a valuable and, indeed, essential instrument for humanitarian relief and temporary alleviation of the ravages of war and natural catastrophes. But, in most instances, money itself is not an effective instrument for promoting social development. Experience confirms that large portions of foreign aid are often expended wastefully or stolen by corrupt officials. Foreign aid is counter-productive as an instrument of development, because it undermines the self-respect of the recipients and fosters an attitude of dependence, which is the very antithesis of human development. This is true even when the source of those funds is domestic rather than international. The extension of free electricity to farmers in India was originally conceived as a means to spur agricultural development. In practice it has encouraged an unconscionable squandering of India's precious water resources, 95% of which are consumed in agriculture. The benefit having once been bestowed, popularly elected governments dependent on rural voters have found it impossible to withdraw.

The underlying thesis of this article is that human development is an evolutionary social process, not a condition that can be constructed, imposed or gifted to a society from outside. It derives its energy from the awakening of human aspirations and the release of human initiative for self-improvement and self-advancement. No government or aid program can develop a nation. On the other hand, where the essential conditions for social development are in place, where the aspirations of the population have been awakened and the people are

actively taking initiative for their own upliftment, financial support in the form of aid, but more preferably in the form of loans and investment, can play a constructive and beneficial role in supporting and accelerating the development process, especially when those funds are employed for acquisition of appropriate technologies, education, training and institution-building.

7.4. Society is an Integral Whole

From the outset this narrative attempted to view the political, military and economic events surrounding the end of the Cold War from a wider integrated social perspective in which all three are perceived as inseparable aspects of a single indivisible whole, which we term 'society'. The causes of war and sources of peace are never strictly or entirely political, no matter how ambitious a nation's ruler or aggressive its foreign policy may be. Napoleon's thrust to build a pan-European empire would neither have been possible, nor as successful as it was, had it not been for the stupendous social energy released by the French Revolution. That energy had not been harnessed effectively, until he gave the budding nation a glorious vision and erected an administrative structure capable of channeling it. Hitler's rapid ascent and remarkable capacity to win the allegiance of the German people was founded upon the economic chaos wrought by the war, severely aggravated by reparations, and converted into desperation and despair by the ripple effects of the Great Depression. So too, the problem of civil war in Sri Lanka can be traced back to the inferior social status originally accorded to Tamil migrant workers brought from South India to work on the island's tea estates under colonial rule and the attempt of the Sinhalese majority in post-independent Sri Lanka to retain a socially and economically privileged position. Without addressing the underlying problem at its social and economic roots, any attempt at a purely political or military settlement is bound to fail or remain inadequate.

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7.5. Peace is a Stage of Development, not merely a Social Condition

“War among the nations of Europe has become unthinkable,” said Dutch NATO defense expert Rob de Wijk, who startled the participants at an international conference in New Delhi with this statement in 2004. On reflection, the truth of this observation is self-evident. The continent that was the battlefield for countless wars over the past millennium, the flash point and center of two world wars and the principal ground of the Cold War during the 20th century has suddenly emerged as the safest, most peaceful place on the entire earth. How did Europe arrive at this remarkable condition? No single event or chain of events, strategy or strategic paradigm is adequate to explain this accomplishment. It is the cumulative product of a long evolutionary advance. The answer can be found in the social changes that occurred on the continent, some of which have been briefly highlighted in this article.

This does not mean that every society must undergo the long process of trial and error development which Europe has undergone before it can achieve a status of permanent peace. The world possesses a knowledge today that was lacking even in the recent past and

the more positive international climate created by the European accomplishment provides a conducive atmosphere from which other nations can draw immense benefit. But it does not mean that partial, facile, make-shift arrangements are unlikely to achieve and sustain comprehensive and permanent peace. Understanding the process of social evolution and the laws of development which govern its course and speed, society today has the opportunity to vastly accelerate that process, avoiding countless pitfalls and blind cul de sacs along the way. Peter Drucker once observed that there is nothing so practical as a good theory. Social science has generated several theories to explain war, but it has yet to produce a comprehensive theory of peace.

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