

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW



APRIL

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The articles in FOREIGN AFFAIRS do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries FOREIGN AFFAIRS can do more to guide American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any articles, signed or unsigned, which appear in its pages. What it does accept is the responsibility for giving them a chance to appear there.

SPECIAL NOTE: Beginning with its next issue, FOREIGN AFFAIRS will consider for publication, in a separate Correspondence section, material submitted by readers that deals with the substance of articles that have appeared in current issues of the magazine. The section will be experimental, to determine whether this procedure usefully furthers the basic credo of giving hospitality to divergent ideas.

The Editors.

FOREIGN AFFAIRS

Vol. 51

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ISRAEL IN SEARCH OF LASTING PEACE

By Golda Meir

TWENTY-FIVE years ago the Jewish state proclaimed its independence in a part of Palestine. Six months earlier, the General Assembly of the United Nations had recommended its establishment. This act of historic justice strove to fulfill the earlier pledge of the Balfour Declaration and the League of Nations Mandate which gave recognition not only to an immediate Jewish need but also to the principle of a Jewish right to national self-expression. Zionism, as an aspiration, is as old as the Exile. As a political movement it goes back a hundred years. The vision of a Jewish return to the original homeland is far older than the solemn international commitments of 25 and 55 years ago. An independent Jewish state arose as the culmination of a long process of national liberation, which eventually won formal sanction through the moral sense of the community of nations.

In the twenty-fifth year of independence, Israel has ample cause for satisfaction: she has developed from a community of 600,000 at the close of the British Mandate into a technologically advanced, democratic state of three million. She has fulfilled her mission of homeland and refuge by absorbing over a million Jews from every sector of the globe, including half a million refugees from Arab lands as well as hundreds of thousands of survivors of the Nazi holocaust; and while engaged in her enormous constructive tasks she has managed, though vastly outnumbered, to repel concerted assaults by the Arab states on her very life. She has translated a remote dream into solid reality. In all this Israel has brought to fruition the labor of Jewish pioneers who, since the turn of the century, gave their lives to transform a barren and denuded land into fertile fields, flourishing settlements and new patterns of society. In surveying the burgeoning towns of modern

Israel, it is easy to forget that the land to which the young settlers came was rich only in historic memories and religious associations. It had neither oil nor abundant natural resources. Its wastes offered no temptation except to Zionist pioneers animated by the twin ideals of a new Jewish society and a reconstructed land.

The renewal of Jewish national independence after centuries of dispersion and persecution is one of the great ethical affirmations of our time. An age-old inequity was at last redressed, not at the expense of another people, but with full regard for the rights of others. For we were not alone in securing independence. In a parallel development, many Arab states were established in the same period and in the same region but in a far more generous expanse. In the huge area liberated by the Allies from Turkish domination we had been accorded a "small notch" which we sought to develop in peace and coöperation with our neighbors. The failure of that hope has been costly to both Arab and Jew, and I shall not pretend that the persistent conflict with the Arabs does not weigh heavily upon us.

Decades of struggle have brought much bloodshed to both. Nothing can be more horrifying than parents burying their children, and I know of families who have lost three generations of their sons in this tragic conflict. We would be happier if we could use all our energy in the more rewarding tasks of reclaiming the deserts and bare hills which still constitute so much of Israel. In Israel, as elsewhere, there are problems of economic deprivation and social maladjustment whose solution would be hastened by peace. But peace still remains elusive. Though the Arab peoples suffer grave ills of poverty and disease, their governments concentrate mainly on the sterile goal of destroying Israel's independence. This fixation torments the Middle East and obstructs its creative destiny.

II

Yet this grim course was not inevitable. The heart of the Zionist faith was the conviction that Jewish independence could be achieved in harmony with Arab national aspirations.

From its inception, Zionism, as a political movement, strove to establish an Arab-Jewish understanding. A great number of attempts had been made before the famous Weizmann-Faisal agreement of January 1919 which welcomed the Jews to Pales-

tine. These were followed by attempts in the 1930s and 1940s. All had one aim in view: to reach an agreement with our Arab neighbors. As late as 1947-48, we tried, in vain, to avert the course of events. In November 1947, shortly before the Partition Resolution was adopted at the United Nations, King Abdullah of Jordan promised me that he would never join the Arab states in a war against us and that after the U.N. Resolution was adopted we would meet to work out ways and means of peace and cooperation between our states. As late as May 10, 1948, just five days before the British were to leave Palestine, I crossed into what was already enemy territory—Jordan—and met the King in Amman. As I drove on the road leading to Amman, I could see the Mafraq camp and the Iraqi troops and guns massing there. At that meeting, King Abdullah did not deny the promise given me in November, but he stated that if we declared ourselves a state and insisted on unlimited Jewish immigration, he would have no choice but to join in a war against us. His alternative was to bring the whole area under his domination and curtail Jewish immigration. That was 25 years ago. Since the achievement of our independence and the conclusion of the Armistice Agreements of 1949, we have left no stone unturned in an endless effort to find avenues of dialogue which might lead to agreement.

Nothing could be more false than the Arab script in which Zionist "aggressors" appeared on the scene to dispossess local Palestinians. Since this accusation still constitutes the burden of the Arab case and provides the rationale for Arab enmity, it cannot be ignored even though the answers, like the charges, are familiar. We cannot assume a guilt we do not feel for sufferings of which we were not the cause.

Let me put it in the simplest terms. When I came to Palestine in 1921 my pioneer generation was neither morally obtuse nor uninformed. We knew there were Arabs in Palestine, just as we knew from our own experience that our labor in malaria-ridden kibbutzim transformed uninhabitable swamps into habitable soil. Far from ignoring the local population, we were sustained by the sincere conviction that our toil created more and better living space for both Arab and Jew. In this belief we were proven right. Between 1922 and 1947, the Arab population of Palestine grew from 670,000 to 1,200,000—a spectacular increase paralleled in no neighboring Arab territory. Thanks to the agricultural and industrial development of the country, Palestine changed from a

land of Arab emigration to one of Arab immigration attracted by the higher standards of living and greater opportunities. The supposed Zionist dispossession of Arabs is a myth disproven by every official census.

We were also fully aware of Arab national aspirations in the Middle East. We assumed that these aspirations would find ample satisfaction in the various Arab states set up by the Allies in the vast areas freed from Ottoman domination. By the end of the British Mandate, 99 percent of that area had been allotted to the Arabs, one percent to the Jewish homeland. If there was any inequity in this distribution, surely the Arabs were not its victims. Hence we hoped, sincerely if perhaps naïvely, that Jewish and Arab independence would flourish peacefully side by side to the advantage of the entire Middle East.

Something else should be made clear. Palestinian Arab nationalism was not a visible factor at the time. Until recently, Arab nationalism constantly opposed the designation of one sector of the Middle East as Palestine. It regarded this "particularism" as a violation of the concept of a unitary Arab state. The territory that Jews cherished as historic Palestine the Arabs viewed merely as Southern Syria. As late as 1956, Ahmed Shukairy, at that time Syrian representative to the United Nations and later head of the Palestine Liberation Organization, declared in the Security Council that "it is common knowledge that Palestine is nothing but Southern Syria."

At the time of the rebirth of the Jewish state, the argument was between the Jewish people and the Arab people. Though the nationalist demands of the latter had been richly fulfilled, they refused to honor the equivalent legitimacy of Jewish rights. Their position was that Arabs should be sovereign everywhere, the Jews nowhere.

Thus it was Arab intransigence that led to the compromise of the U.N. Partition Resolution by which the area encompassed by the Balfour Declaration was further cut so that Israel arose in one-fifth of the territory originally allotted for a Jewish homeland. (The first truncation had taken place in 1922 when three-fourths of the original Palestine area was severed for the establishment of Transjordan.) Nevertheless, for the sake of independence, peace and the possibility of freely bringing Jewish survivors to Israel's shores, the Jews accepted this compromise and created Israel in a spirit of joy and hope. Instead of the

Arabs doing likewise and establishing their state in the area assigned to them by the U.N. Resolution, seven Arab states attacked new-born Israel. They refused to accept the existence of the Jewish state and sought to throttle it at birth.

III

This chronology is essential for an understanding of the present impasse. There can be no greater mistake in assessing the current situation in the Middle East than to assume that the conflict continues because of a specific political Arab grievance: the plight of the Arab refugees; the Israeli presence on the West Bank, or in the Sinai; the reunification of Jerusalem. The record bears out the error of this view. In 1947-48, when seven Arab states launched the invasion which resulted in the exodus of 600,000 Arabs, mainly to other parts of Palestine—to the West Bank, Gaza and Jordan—there had been no dispossessed Arabs and no Arab refugees. The Arab refugee problem was the result, not the cause, of the 1948 war. In June 1967, Sinai, Gaza, the West Bank, the Golan Heights and East Jerusalem were all in Arab possession. Nevertheless, the Arabs concentrated their troops in Sinai, established a blockade and announced, in Nasser's words on May 27, 1967, that the object of the war was "the destruction of Israel." It is therefore absurd to contend that the present territorial configuration is the cause of the Middle East tension.

The heart of the problem is what caused the Six Day War, not the territories administered by Israel after the war. Simply put, the root issue is the Arab attitude to Israel's very existence and security. Once the Arab countries accept the legitimacy of Israel as we have always accepted theirs, there is no reason for their intransigence against negotiating the differences between us. In this connection, let me state as firmly as I can that Israel's insistence on negotiations, direct or indirect, is not a maneuver devised to bait our Arab enemies. The vehement refusal of the Arab leaders to discuss with us the terms of a peace settlement must raise the question as to whether they are really prepared to live in peace with us. This is the crux of the conflict.

Israel is sometimes accused of "rigidity" in her stated positions and is exhorted to be more "flexible." These charges deserve careful examination. Since 1967, we have shifted from our original demand for direct bilateral negotiations—which we consider the most effective and promising method—to a proce-

ture similar to that employed at Rhodes in 1948-49, when talks, both direct and indirect, took place. In 1970, in order to meet Arab intransigence, we agreed to the procedure of indirect negotiation in the first stage, hoping that this would pave the road to a peace agreement. An even more fundamental indication of Israel's readiness for compromise may be found in our policy statements. We have said that whereas Israel would not return to the tragically vulnerable pre-June 1967 armistice lines, we do not insist that the present ceasefire lines be final. We thus leave open a very broad area for meaningful negotiation and compromise. The Arab states, on the other hand, continue to reiterate their demand for Israel's "total withdrawal" to the June 4, 1967 lines. By this demand they distort Security Council Resolution 242 which never called for total withdrawal, or withdrawal from all the territories. The language of the Resolution is withdrawal "from territories," acknowledging Israel's right to live within "secure and recognized boundaries." All attempts made to insert in the Resolution the demand for total withdrawal or withdrawal from "the" territories were rejected by the Security Council.

We know that the phrase "secure and recognized boundaries" is not a magic incantation. It is a theme for negotiation. In our insistence on this point, we are motivated by two realistic considerations based on our experience since 1948. We want boundaries whose very character will make aggression less inviting to any would-be invader, and which could be defended with fewer casualties if such aggression nevertheless took place. The enormous advantages in size of population and topography which our adversaries have always enjoyed have tempted them periodically to make assaults upon us. We want to weaken such temptation to the greatest possible degree.

After three wars for survival in the last 25 years, we cannot reasonably be expected to disregard our bitter experience. In 1948, 1956 and 1967, we learned how swiftly Egypt could move her tanks and regiments into Sinai from the south, and how readily our southern maritime approach could be blockaded from Sharm-el-Sheikh. To the south stretched the Gaza Strip, pointing as an aggressive finger into the heart of our territory. From there, fedayeen regularly infiltrated and carried out sabotage and murder, reaching all the way to the outskirts of Tel Aviv. On the eastern border Jordanian guns, pointing at our

dwelling, could be seen by our children playing in the streets of Jerusalem. The city could be bombarded from our very doorstep. Israel herself could be readily cut at her 12-mile waist between the old line with Jordan and the sea near Nethanya. In the north, from the fortified ridge of the Golan Heights, the Syrians shelled our kibbutzim in the valley at will. To the west lay the Mediterranean into which the Arabs regularly promised to drive us. Having escaped from such tight encirclement, we feel justified in our determination not to reënter again a trap composed of vulnerable geography. Even in an age of rockets and missiles, we cannot renounce the added security inherent in more rational boundaries which would keep the potential adversary at a greater distance from our homes. When the new European security system was established after the Second World War, no one in his right mind proposed the precise reconstruction of the map which had spelled vulnerability and disaster for so many nations.

The border changes Israel seeks do not involve loss of territory vital to Arab interests. The Sinai desert has in the past served no Egyptian purpose save to provide a ready staging-ground for attacks on Israel and for the maintenance of blockade. No Egyptians live in Sinai and only a few Bedouin tribes (not Egyptian citizens) roam its sands. Sharm-el-Sheikh, a desolate, uninhabited outpost, was used by the Egyptians only to blockade the Gulf of Aqaba. In any case, Israel, under a peace settlement, would not seek to retain all or most of Sinai. As for the Golan Heights, it constituted primarily a military fortress directed at our agricultural settlements in the valley below. The West Bank presents a more complex problem. I have made it clear several times that in negotiations with the Kingdom of Jordan we will naturally present proposals for a territorial agreement.

My general comment holds good: the border changes sought by Israel will, by reducing the strategic advantage enjoyed by a would-be aggressor, help to deter war. Conversely, reconstructing these advantages would facilitate hostile designs against Israel and renew the prospects of war.

This is not the first time in our history that Israel has been urged to withdraw from Sinai, Sharm-el-Sheikh and Gaza at the close of hostilities: In 1956, in response to the massing of Egyptian armor in Sinai, the blockade of the Straits of Tiran, and the terrorist incursions from Egyptian-held Gaza, Israel acted in the Sinai. We repelled the Egyptian army, freed the Gaza Strip

occupied by Egypt in 1948, removed Egyptian gun-emplacements that for six years had blockaded the Gulf of Aqaba, and restored free access for the movement of ships through a waterway which has the character of a lifeline for Israel.

In response to solemn assurances that the blockade would not be renewed, terrorist infiltration would not be restored, and the Egyptian forces would not reënter Gaza, Israel agreed to withdraw from Sinai, Sharm-el-Sheikh and Gaza. As Foreign Minister, it was my office in March 1957 to announce to the General Assembly Israel's compliance with the U.N. Resolution calling for such withdrawal. Previously (January 1957), I had warned the General Assembly of the consequences of any action that might result "in the restoration of the blockade, and the consequent renewal of regional conflict, and international tension." And I asked, in words painfully relevant today: "Shall Egypt be allowed once more to organize murder and sabotage in this strip [Gaza]? Shall Egypt be allowed to condemn the local population to permanent impoverishment and to block any solution of the refugee problem?"

The world knows what happened. Despite the "assurances" and the "hopes and expectations" on the strength of which Israel withdrew, Egyptian troops promptly reoccupied Gaza. Learning of this betrayal of our good faith as soon as I got back to Israel, I at once returned to the United States to voice my indignation to Secretary of State Dulles and U.N. Secretary-General Hammarskjöld. I shall never forget Secretary Hammarskjöld's blunt question: "It's not worth going to war for again, is it?" In 1967, the remaining elements of the 1957 arrangements were unilaterally violated by Egypt.

The repeated failure of international arrangements to safeguard our country's vital interests has taught us a lesson we do not easily forget. International decisions proved meaningless in each crisis that we faced: in 1948 when the Arab states violated the Partition Resolution; in the long years of lawless blockade and terrorist incursion; and in 1967 when the international community, which had "assured" our territorial integrity and freedom from blockade, proved powerless to stand by its commitments. Hence, we inevitably reflect on this history when urged to take action which could result in diminishing our capacity for self-defense and make us dependent on international guarantees.

History repeats itself in the Middle East. After every war

staged by the Arab states against us, they demand the restoration of the very borders they set out to destroy. When Egypt insists now upon total withdrawal of Israeli forces to the pre-June 4, 1967 lines, the simple question arises: If those borders were so sanctified for Egypt after the war, why were they not honored by Egypt before the war and why launch war to destroy them in the first place? The bitter truth is that the Arab leaders have not changed their attitudes about our very presence in this area. Arab statesmen, from Nasser to Sadat, have made no secret of their proposed strategy. Mohamed Hassanein Heikal, the influential editor of the Egyptian daily, *Al-Ahram*, formulated a notorious "Theory of Two Stages" in an article on February 25, 1971:

There are only two specific Arab goals at present: elimination of the consequences of the 1967 aggression through Israel's withdrawal from all the lands it occupied that year, and elimination of the consequences of the 1948 aggression through the eradication of Israel.

The second goal is not, in fact, specific but abstract, and some of us make the mistake of starting with the second step instead of the first. On the basis of the conditions I have mentioned, it is possible to believe in the possibility of attaining the first goal. As for the second goal, we should learn from the enemy how to move step by step.¹

We find this strategy all too concrete and decline to facilitate its implementation. Israel is a democracy in which various views, minimalist and maximalist, are freely advocated. We have our doves and hawks. Most Israelis are neither, but we do refuse the role of clay pigeon. More than once I have made it clear that we are ready for negotiations on the issue of borders and that we have never said that the ceasefire lines have to be the peace boundaries on all sectors. The borders must be defensible and for that purpose significant changes in the previous lines are necessary, but we are ready for a territorial compromise.

IV

Jerusalem, mourned in Jewish prayers since the fall of the Temple, was never without a community of pious Jews. Furthermore, Jews constituted a majority of the ancient city from the mid-nineteenth century until 1948, when the Jordanian Army seized the eastern half of Jerusalem, including the walled Old City with its religious shrines sacred to Jews, Muslims and Christians, and drove out the Jewish inhabitants.

According to the 1949 Armistice Agreements signed by Jordan

¹ Cairo Radio, February 26, 1971, quoted from BBC Monitoring Service.

and Israel, free access to the Jewish Holy Places, to the Mount of Olives and to the university and hospital on Mount Scopus was agreed to. But instead of honoring this commitment, Jordan divided the city with walls, barbed wire and gun emplacements. For the first time since the Roman conquest, Jews were prevented from praying at their holiest shrine, the Western Wall. During the 19 years of Jordanian occupation, Jews were barred from their religious sites in total violation of the Armistice Agreements. Israel's repeated appeals to the Security Council brought no redress.

In June 1967, Jordan again began shelling Jerusalem despite Israel's message to King Hussein, sent through General Odd Bull, the U.N. representative, that Israel would not attack if Jordan kept out of the conflict. Hussein joined the Egyptian assault with the result that Jordan lost her hold on eastern Jerusalem. Israel reunited the artificially rent city. Our joy in the liberation of Jerusalem was marred by the sight of the sacred ancient Jewish Quarter and the venerable synagogues destroyed by Jordan. The Jewish cemetery on the Mount of Olives had been desecrated and thousands of its tombstones used as paving stones for Jordanian roads. Since 1967, Jews, Christians and Muslims have moved freely in and out of all its sectors.

Perhaps this record will explain why we view fears that are sometimes expressed for the sanctity of Jerusalem under Israeli rule as disingenuous. In 1948 and in 1967 the Arabs shelled Jerusalem with no regard for the safety of churches and holy places, without rousing the vocal apprehension of the world. In 1967, Israeli soldiers, to spare Jerusalem, risked their lives in hand-to-hand fighting, street by narrow street, rather than resort to heavy armor. Jordanian troops, on the other hand, used church roofs and even the minarets of their own mosques for gun emplacements. Journalists covering the Six Day War commented on the reverence with which Israeli soldiers approached Jerusalem.

Since that time, satisfaction has been expressed by Christian dignitaries at the care which Israel has bestowed on the Holy Places of Christendom. We have also shown strict regard for Muslim sanctuaries, though, while rebuilding our ruined synagogues and devastated Jewish Quarter, we have had cause to regret that the Arabs failed to display an equivalent respect for what we hold dear.

Israel has publicly announced her policy that Christian and

Muslim Holy Places be administered by the respective heads of these religions. To this end, Israel wishes to enter into special agreements with the heads of the various denominations for the detailed implementation of this policy. Jerusalem shall remain united and the capital of Israel. Its Arab inhabitants will, of course, continue to enjoy full freedom and equality.

I don't find it necessary to refute Arab propaganda about Israel's alleged ill-treatment of the local population of the West Bank and the Gaza Strip. Such charges are readily disproven by the daily life of the areas, the success of the "open bridges" policy, and the testimony of impartial observers. The manifest material advantages of the Arab inhabitants of the West Bank and Gaza are undisputed. I know that a marked rise in the standard of living, free opportunities for work at the Israeli wage-rate (which is twice as high as Jordan's), and the introduction of modern health and technological services are welcome benefits, but they do not in themselves solve sensitive political and national issues.

Let me therefore return to the overriding question of peace. In his recent article in *Foreign Affairs*,² President Sadat, among other accusations, several times charges that Israel seeks to "dominate" the Middle East. It is hard for me to believe that an Arab statesman seriously believes this evil phantasy. But Voltaire's epigram—as long as men believe absurdities they will commit atrocities—reminds us of the bloody persecutions and wars that have stained the course of human history because men believed absurdities about others. The carnage of the Nazi epoch is only the most terrifying example of the depth to which people sink through the acceptance of imbecilic myths. For this reason I stress the obvious.

We are a small people of some three million among a hundred million Arabs, as our adversaries never tire of reminding us. A glance at the map shows Israel as a mere pinpoint amid huge Arab territories. To suggest that Israel, no matter how able or energetic, seeks to "dominate" this vast expanse is of the stuff of the "Elders of Zion" forgery, according to which the tiny persecuted Jewish minority conspired to rule the world.

Let me review our record in the Middle East. Though the Balfour Declaration promised a Jewish homeland in the area of historic Palestine—an area extending from the Mediterranean

² Anwar el-Sadat, "Where Egypt Stands," *Foreign Affairs*, October 1972.

to the borders of present-day Iraq—we accepted the severance of three-fourths of that territory for the establishment of the Hashemite Kingdom east of the Jordan. We later accepted the further shrinkage of the original pledge through the U.N. Partition Resolution. Still later, in the tense last week of May 1967, when the Arab onslaught was imminent, Prime Minister Eshkol turned to the Arab states with a final plea for peace: “I would like to say again to the Arab countries, particularly Egypt and Syria, that we harbor no aggressive designs. We have no possible interest in violating either their security, their territory or their legitimate rights.” The Arabs responded by proclaiming that the hour of Israel’s annihilation had struck.

We did not seek to “expand” but neither did we dismiss Arab threats of a holocaust as “rhetoric.” We are too aware of the disparity of forces and resources available to Arab states for us to discount promises the Arabs twice before tried to fulfill. Having been driven to defend ourselves, we secured the bridgeheads from which our enemies sought to destroy us, but successful self-defense is hardly evidence of a desire for “domination.” Survival is not aggression.

In his article, President Sadat dwells on the impropriety of keeping “the fruits of victory.” I do not care to speculate on what would have been the fate of Israel had the Arabs enjoyed those fruits. Nor am I aware of any modern country that waged a successful war of self-defense whose peace treaty failed to correct the vulnerable and dangerous positions which had made it an inviting target for aggression. The adjustment of the border between Poland and East Germany provides a contemporary instance of significant border changes involving large areas of populated territory with the aim of offering increased security.

Israel is convinced that Poland was justified in insisting upon this territorial adjustment, and Chancellor Brandt deserves credit for the courage he displayed in carrying out the change. The presentation of the Nobel Prize to Willy Brandt is evidence that this is the sentiment of world opinion generally. Anyone familiar with our region cannot reasonably suggest that our right to insist upon border changes is less than that of Poland.

V

Total peace would be a more constructive slogan than total withdrawal. Since it may not be possible to reach total peace in

a single step, Israel is willing to negotiate the immediate settlement of specific issues, notably that affecting the reopening of the Suez Canal. We have made the following proposal in regard to the Suez Canal: "With a view to facilitating the attainment of durable peace between Israel and the U.A.R., Israel is prepared to consider entering into a Special Agreement with the U.A.R. for the opening of the Suez Canal to international navigation, the observance of a ceasefire without limitation of time and non-resumption of fighting, and the stationing of the Israel Defense Forces [IDF] at some distance east of the Suez Canal."

Among particulars spelled out in this proposal, the suggested agreement calls for the release of all prisoners of war within 15 days of its signing. It also states that the line to which the IDF would withdraw east of the Canal would not be considered final; subsequently the IDF would withdraw to the boundary determined by a peace settlement.

In offering, before a final peace, to forgo the strategic advantage of the water barrier provided by the Suez Canal, Israel took a calculated risk as a step toward the relaxation of tension. Such a decisive concession is hardly evidence of an intractable disposition. Of the countries involved, Israel has the least to gain from the Canal; Egypt the most. Yet Egypt rejected the proposal. Egypt demands an Israeli commitment to withdraw to the June 4, 1967, lines, prior to any process of negotiation. The precondition is related not only to negotiating an overall settlement, but to a partial Suez Canal agreement. Egypt wishes to end the negotiations even before they begin. Thus, the rigidity of this position precludes progress toward peace.

Finally, there is the issue of the Arab refugees. I do not propose to reargue in detail the origins of this problem. That the exodus was instigated by the Arab leadership is readily demonstrated through Arab sources. To cite just one: "The Arab governments told us, 'Go out so that we can get in.' So we got out, but they did not get in."² That the numbers of the authentic refugees have been grossly inflated through duplicate registrations and the accretion of Arabs from Syria, Jordan and Lebanon to the relief rolls has been revealed by every check of the UNRWA records. Nor do I seek to minimize the wretchedness and abnormality of unproductive existence in the camps. But who bears the responsibility for this situation?

² Statement of an Arab refugee, quoted in *Al-Difaa* (Amman), September 6, 1954.

The deliberate exploitation of the refugees for political ends began in 1948 and continues unabated to this day. The Arab governments have repeatedly rejected numerous lavish proposals for the solution of the Arab refugee problem. They make no secret of their motivation. One quotation will suffice: "Any discussion aimed at a solution of the Palestine problem which will not be based on ensuring the refugees' right to annihilate Israel will be regarded as a desecration of the Arab people and an act of treason."⁴ A policy of calculated incitement in the camps, whose dissolution the Arab leadership refuse to permit, has kept the pot boiling. As the role of second-generation refugees begins to wear thin, there has appeared the image of the Palestinian terrorist sworn to "dismantle" Israel.

Israel has an indigenous minority of nearly half a million Arabs, constituting approximately 15 percent of the population. Israeli Arabs are equal citizens whose welfare and integration are our natural concern. But we cannot accept the repatriation of those who originally joined our enemies and in the intervening years have become a hostile army proposing to submerge Israel. And obviously we have no common language with Palestinian irredentists, whose cry is the "liquidation" of Israel, or assassins who pretend to the name of "revolutionaries."

During the few years since the Six Day War, the position of the refugees in the areas administered by Israel has undergone substantial improvement—in employment, in education, in health and in living standards. This human progress indicates what might have been achieved during the 20 years prior to 1967 had Arab governments behaved humanely toward the refugees—their own kith and kin—rather than exploit them as a political weapon against Israel.

So long as the ceasefire remains intact, we shall continue to do all we can to relieve the refugees of the misery of the camps and restore to them their human dignity. A complete solution of the refugee problem, however, will come about only when the Arab states assume their full responsibility within the vast geography that is at their disposal.

Is the conflict then irreconcilable? Let me answer plainly: I do not consider Israel's right to existence a theme for discussion. As long as all Arab designs are predicated on the immediate or eventual destruction of Israel, no progress toward peace is pos-

⁴ Resolution adopted at Refugee Conference, Syria, July 1957.

sible. At the same time, we believe that the differences between us and the Arabs are soluble, and that because of the genuine needs of the peoples of the Middle East reason will finally prevail. International funds, toward which Israel is prepared to contribute her share (we have offered compensation for Arab property in Israel), are available for the resettlement of Arab refugees still living in camps. Between the Mediterranean and Iraq—the original area of Mandatory Palestine—there is room for both a Jewish and an Arab state. The name of the Arab state and its internal constitution and order are its responsibility and concern.

I still hope that, in a world that has just seen the close of the Vietnamese conflict through negotiation and a movement toward coexistence among the great powers, the many sovereign Arab states will come to terms with the idea of Jewish national independence and with the reality of Israel, the one small land in which that independence can flourish. Genuine peace requires more than a signature to an agreement. That signature is a beginning; it is the passage to a bridge of understanding and of cooperation between nations across which will move people, ideas and goods. My vision of peace is regional exchange and coöperation. And who can deny that there is much to be done for the good of this area? We do not make this a condition for signing a peace agreement. We register it as an expression of the quality of relations we would wish to see develop between ourselves and our neighbors in peace.

THE OIL CRISIS: THIS TIME THE WOLF IS HERE

By James E. Akins

OIL experts, economists and government officials who have attempted in recent years to predict future demand and prices for oil have had only marginally better success than those who foretell the advent of earthquakes or the second coming of the Messiah. The recent records of those who have told us we were running out of petroleum and gas are an example. Oil shortages were predicted in the 1920s, again in the late thirties, and after the Second World War. None occurred, and supply forecasters went to the other extreme: past predictions of shortages had been wrong, they reasoned, therefore all such future predictions must be wrong and we could count on an ample supply of oil for as long as we would need it.

It was the popular, almost universal theory of the 1960s—still vigorously defended today by a few of its early proponents—that this abundant supply of oil, whose cost of production was very low, and which was found in all corners of the earth, would soon be sold at its “proper” economic price—apparently \$1.00 per barrel or less—and for some time it was confidently predicted that this price would prevail in the Persian Gulf by 1970.

As late as February 1970, President Nixon’s Task Force on Oil Imports assumed that world price rises would be modest and that the United States could remain essentially self-sufficient in oil. It projected a demand in the United States in 1980 of around 18.5 million barrels per day of oil; of this only five million barrels per day would need to be imported, and most of this could come from the Western Hemisphere. The Task Force did not favor a complete freeing of imports, but thought that the quota system for imports was inefficient and should be replaced by tariffs (a recommendation eventually rejected by the President). Most important, recognizing the danger of importing large quantities of oil from outside the Western Hemisphere, the Task Force recommended that imports from the Eastern Hemisphere should be limited to ten percent of total national oil consumption. If this level should be approached—and the Task Force thought it would not be before the mid-1980s—then barriers should be raised. In fact, as soon as the level of Eastern Hemi-

sphere imports reached *five* percent of total consumption, "the volumetric limits on imports from the Western Hemisphere should be expanded proportionately to forestall such excess imports," i.e. Canadian and Venezuelan oil could largely take the place of Middle East oil above five percent of U.S. consumption.

These projections were spectacularly wrong. Total imports this very year, 1973, will be well over six million barrels per day—substantially above the level the Task Force predicted for 1980. Imports from the Eastern Hemisphere constituted 15 percent of consumption in 1972, and are expected to rise in 1973 to 20 percent of a total consumption that will already be around 17 million barrels.

The errors of the Task Force were not those of isolated academics, as its critics were (and still are) wont to charge. The staff based its projections on information provided by the major oil companies, by the National Petroleum Council and by the Department of the Interior. There were two main reasons for their errors. Perhaps both should have been avoided, but as always, hindsight is clear and uncluttered. The first error was an uncritical acceptance of oil company and well owners' estimates of the capacity of their own domestic producing wells. These were almost always exaggerated. The second was the ignoring, or at least the deëmphasis, of the decline in natural gas supplies and its effect on oil demand. We were, by 1970, already consuming far more gas than we were finding, and demand for gas continued to grow unabated, while domestic gas production leveled off (1973 production will actually be below that of 1972). The unsatisfied demand for gas was, of course, a real demand for energy. It could be covered only by oil—in fact, only by imported oil.

During 1970 the effect of drawing down natural gas reserves became fully apparent, at least to the State Department, which converted the shortfall to oil equivalents and added it to projected oil demand. The resulting estimate was that by 1980 the United States would consume 24 million barrels of oil a day, that domestic production would cover only half of this, and that two-thirds or more of the imports (or about 35 percent of total consumption) would, of necessity, come from the Eastern Hemisphere.

These figures were not immediately accepted as a new insight; they were, in fact, attacked as alarmist or provocative when first

made public. And the Department's sins were compounded by its making public, during 1970, an estimate that oil prices in the Persian Gulf (then somewhat less than \$2.00 per barrel) would rise by 1980 to a level equal to the cost of alternate sources of energy, i.e. to \$4.50 in the Persian Gulf or an even \$5.00 landed in the U.S. Gulf of Mexico.¹ These figures were used in testimony in the House and Senate and in various public speeches, both because they were honestly believed to be reasonable judgments and because it seemed essential to alert the Congress and the public to the impending dimensions of the problem. They were (and still are by some) considered even more provocative than the supply-demand projections.

It is not my main purpose to defend these and other actions by the Department of State. They can be best judged in a context badly needed for its own sake, that of the best possible assessment of the basic facts of the world oil situation as it affects the United States. Have the startling changes in prediction and experience in the last three years been an aberration? Have the Department and others been crying wolf unnecessarily, or is the "oil crisis" a reality? If it is, what can the United States and other countries do to live bearably with it?

II

The place to start is with world oil reserves, those that are "proven" or sure, those that appear "probable" of early discovery and development at reasonable cost, and those that might be called "secondary"—conceivable or involving special cost or technology.

Figures on proven reserves of oil would be more useful if the companies involved did not generally understate them, usually for tax purposes, and if governments did not use them for political purposes. Those governments with large reserves tend to understate them in order to reduce the envy of their neighbors; those with smaller reserves and large populations tend to greet every new discovery as the cure for all present and future economic ills. Nonetheless, there are a few figures which it is probably safe to accept.

Proven reserves in the non-Communist world today amount

¹ In terms of currency value, all price and tax figures used in this article are in "current dollars," i.e. dollars at their value in the given year. Dollar values after 1972 are projected at an assumed inflation rate of 3.5 percent per year.

roughly to 500 billion barrels.² On present trends, world demand (exclusive of the Soviet Union and China) will rise by 1980 to 85 million barrels per day—compared to an actual 39 million barrels per day in 1970.³ Consumption between now and 1980 would then total 200 billion barrels, and even if no more oil were found—a most unlikely eventuality—the remaining 300 billion barrels would be ten years' supply at the 1980 consumption level, about the ratio of reserves to production that has historically applied to U.S. domestic oil.

Those who feel no concern about oil availability cite this comparison. And indeed it is agreed on all sides that there is no question of a physical shortage of fuel in the world, up to 1980 or 1985, at costs of production comparable to today's. But to sustain the view that physical supply and cost are decisive, one must assume that the world's oil is distributed, if not uniformly, at least so that adequate amounts will always be available to all users, in all circumstances and at reasonable prices. This is an assumption that has never been well founded. To begin with, at least 300 billion of these proven 500 billion barrels are in the Arab countries of the Middle East and North Africa.

Far more important is that the world's probable reserves, those which must still be found to make up for the consumption of the coming decades, will also be in the Middle East on any presently realistic prediction. This is not for want of effort by the major oil companies to find new sources of supply. In fact, 95 percent of their exploration activities (as opposed to development of discoveries already proven) are now outside the Middle East. Bluntly, the companies have little incentive to explore in the Middle East, for they already have all the reserves they can use before the dates presently set for the expiration of their concessions. Instead they are active on a large scale in Indonesia, in Australia, in the Canadian and American Arctic, in the North Sea—wherever there are sedimentary basins. The results have not been encouraging.

² Calculations here and throughout this article omit the U.S.S.R. and China, which appear likely to be roughly self-sufficient at least in this time-frame. Other Communist countries will probably be importing most if not all of their oil from non-Communist sources by the end of this decade.

³ This estimate of 1980 world demand is that of the Department of State. Its principal components are: United States, 24 million barrels per day; Western Europe, 28 million; Japan, 14 million; others, 19 million. Compare the 1971 estimates of Walter J. Levy, "Oil Power," *Foreign Affairs*, July 1971. Mr. Levy estimated world demand at 67 million barrels per day in 1980, with the United States taking 21, Western Europe 23, and Japan 10.

In the first flush of activity in Indonesia, the State Department projected, in its internal working papers, a production of five million barrels per day in 1980 in that country. When oil was found in Prudhoe Bay, in the Arctic, one famed economist stated that the world's oil center had shifted permanently from the Persian Gulf to the north coast of the North American continent. Another economist, in a meeting of oil experts and oil company executives, said in 1970 that the North Sea discoveries would free Europe forever from dependence on the Middle East. All of this was wishful thinking. It would certainly make us more comfortable if true, but alas, all these "facts" have had to be revised. Indonesia, we now hope, will produce two or three million barrels per day by 1980; Alaska, if we are lucky (and if the courts approve the pipeline), will only enable the United States to keep national production levels at those of 1972 (12 million barrels per day). And the North Sea, important as it is, will produce no more than 15 percent of Europe's requirements in 1980; phrased differently, if North Sea production then reaches three million barrels per day this amount will cover two years of Europe's intervening *growth* in demand—leaving Europe still dependent on the Middle East not only for its basic demand but for future growth.

The world's oil reserve picture is even more startling when looked at in detail, for the oil is not distributed uniformly even through the Arab world. Jordan, Lebanon, Tunisia, Morocco and Yemen have virtually none; Egypt has little, Algeria and Libya somewhat more; but the giant reserves are concentrated in the countries of the Persian Gulf: the Federation of Arab Emirates, Kuwait, Iran, Iraq and, by far the most important, Saudi Arabia. The proven reserves of Saudi Arabia are frequently listed as 150 billion barrels, but this is almost certainly too low. One company with extensive experience in that country believes that the present proven reserves are over twice that figure. And the probable reserves could double the figure again.

True, the above picture takes no account of the enormous quantities of shale or coal in the United States, the tar sands of Canada or the heavy oils of Venezuela. The proven and probable reserve figures used above are only those which can be recovered easily by present technology and at costs near today's world prices. Let us come back later to what might be called the "secondary reserves" of shale and heavy oils.

III

That most of the world's proven oil reserves are in Arab hands is now known to the dullest observer. That the probable reserves are concentrated even more heavily in the Middle East must also be the judgment of anyone who is willing to look at the evidence. And that relations between the United States and the Arab countries are not generally cordial should be clear to any newspaper reader. Even King Faisal of Saudi Arabia, who has said repeatedly that he wishes to be a friend of the United States and who believes that communism is a mortal danger to the Arabs, insists to every visitor that U.S. policy in the Middle East, which he characterizes as pro-Israeli, will ultimately drive all Arabs into the Communist camp, and that this policy will bring disaster on all America's remaining Arab friends, as earlier Anglo-American policies did to Nuri Said of Iraq. Others in the Middle East frame their predictions in a different but almost equally menacing vein, in terms of a growth of radical anti-Americanism, manifesting itself in behavior that may at times be irrational.

King Faisal has also said repeatedly that the Arabs should not, and that he himself would not, allow oil to be used as a political weapon. But on this issue it seems all too likely that his is an isolated voice. In 1972, other Arabs in responsible or influential positions made no less than 15 different threats to use oil as a weapon against their "enemies." Almost all of them singled out the United States as the prime enemy.

These threats have been well publicized; the common response among Americans has been: "They need us as much as we need them"; or "They can't drink the oil"; or "Boycotts never work." But before we accept these facile responses, let us examine the facts more carefully. First of all, let us dispose of the straw man of a total cut-off of all oil supplies, which some Arab governments, at least, could not survive. Apart from threats made during the negotiations of December 1970, no Arab has ever taken such a position, and Arab representatives took it at that time, in concert with other governments, for economic bargaining purposes, not for political reasons.

Rather, the usual Arab political threat is to deny oil to the Arabs' enemies, while supplies would continue to their friends. In such a case, the producing countries would still have a considerable income under almost any assumption—unless we could

assume complete Western and Japanese solidarity, including a complete blocking of Arab bank accounts and an effective blocking of deliveries of essential supplies to the Arabs by the Communist countries—in other words, something close to a war embargo. We must recognize that most of the threats are directed against Americans alone. Many of our allies and all others would be allowed to import Arab oil.

In the 1967 Six Day War a boycott was imposed against the United States on the basis of the false accusation that it had participated with Israeli planes in the attack on Cairo. The charge was quickly disproven, although the boycott lasted for over a month. It was then lifted through the efforts of Saudi Arabia, and its effects never became bothersome. We were then importing considerably less than a half-million barrels per day of oil from the Arab countries, and this was easily made up from other sources.

Today the situation would be wholly different, and tomorrow worse still. By 1980 the United States could be importing as much as eight million barrels of oil a day from the Middle East; some oil companies think it will be close to 11 million. Suppose that for some reason, political or economic, a boycott is then imposed—which, if the Middle East problem is not solved by that time, cannot be called a frivolous or unlikely hypothesis. The question we must face now, before we allow ourselves to get into such a position, is what would be our response? The choices would be difficult and limited: we could try to break the boycott through military means, i.e. war; we could accede to the wishes of the oil suppliers; or we could accept what would surely be severe damage to our economy, possibly amounting to collapse. Europe and Japan might conceivably face, or be asked by us to face, the same problems at the same time. Would their responses be in line with ours?

Moreover, a collective Arab boycott is not the only conceivable political threat. Until now the world has enjoyed the luxury of considerable surplus production capacity, relative to total demand. Now that has changed. The United States now has no spare capacity and within the next few years, assuming other producer governments and companies do not invest in huge added capacity, the production of *any one* of seven countries—Saudi Arabia, Iran, Iraq, the Federation of Arab Emirates, Kuwait, Libya or Venezuela—will be larger than the combined spare ca-

capacity of the rest of the world. In other words, the loss of the production of any one of these countries could cause a temporary but significant world oil shortage; the loss of any two could cause a crisis and quite possibly a panic among the consumers.

No, the threat to use oil as a political weapon must be taken seriously. The vulnerability of the advanced countries is too great and too plainly evident—and is about to extend to the United States.

IV

So much for political nightmares. Closer to immediate reality, indeed already upon us, is the question of the economic leverage of the oil-producing countries, 90 percent of whose reserves are now represented in the 11-nation Organization of Petroleum Exporting Countries (OPEC).⁴ Even if there should be no overtly political interference with the flow of oil, the OPEC group now has formidable economic power and has shown itself willing to use it to the full. Will OPEC hold together, to raise prices and conceivably to limit output? Or will it break apart, as producer cartels have historically done where the product is substantially the same from one member and place to another?

The answers require, first, a review of the history of OPEC. In 1958 and 1959, the international oil companies reduced their posted prices and tax payments because of a world surplus of oil. In reaction, Venezuela, Iran and Saudi Arabia took the lead in forming OPEC in 1960 with the avowed purpose of restoring the 1958 price level. They did not succeed, as the world surplus of oil continued and the OPEC countries were unable to agree on a formula for prorationing to limit output. Venezuela, then the largest producer, thought that historical levels of production should be used as the base, Iran favored national population, and Saudi Arabia and Kuwait thought production should be on the basis of proven reserves. Disunity seemed to prevail, and the new organization was belittled by many.

OPEC was not a joke, however. Its pressures did contribute to the fact that the companies never again reduced posted prices, and it was able to achieve new methods of calculating taxes and royalties which added slightly to the revenues of producer gov-

⁴ OPEC currently comprises four non-Arab states—Iran, Venezuela, Indonesia and Nigeria—and seven Arab states: Kuwait, Saudi Arabia, Iraq, Abu Dhabi, Qatar, Libya, and Algeria.

ernments. Its third and perhaps most important success is not generally known. In the early 1960s, most OPEC countries needed more income and pressed their concessionary companies to produce more oil—even at the expense of production in other OPEC countries. The companies responded in each case that they could not increase production unless the government gave tax rebates. So far as I know, the temptation to undercut its partners was not accepted by any major OPEC country—and I doubt by any minor one. In other words, the organization maintained its solidarity in a period of a buyers' market, and at a time when member-countries, save Venezuela, regarded their reserves as infinite and were generally eager for unrestricted growth in production.

Then, in mid-1967, came the closing of the Suez Canal in the Six Day War. The ensuing oil "shortage" was of course one caused by transport, but the effects were the same as an actual shortage of crude oil. Rapid steps were taken to increase tanker capacity, and the consumer noticed only slightly higher oil prices. But the increase in tanker rates put Libya in a special position by reason of its location. Production there was stepped up rapidly to meet European demand. Libya, in the short run, seemed the ideal answer to all the world's oil problems.

The "short run" was shorter than most had assumed. King Idris was overthrown in September 1969 by Colonel Qaddafi, a fanatic anti-Communist, but also a zealous pro-Arab, who considered Israel and the United States, which he characterized as the sole supporter of Israel, as even greater dangers to Arabism than was communism.

Early in 1970 Qaddafi and his colleagues moved to cut back oil production (then at almost four million barrels a day) for conservation reasons. New and extreme strains were also placed on the tanker market by the closing of the pipeline from Iraq, in a dispute over transit fees, and by the cutting of the Trans-Arabian line. Although most of the losses were made up, reserve stocks in Europe were drawn down. In this situation, the Libyan government demanded, in the spring of 1970, a large increase in tax payments on its oil. After an arduous round of discussions the international companies operating in Libya yielded one by one.

It seemed at the time, and still does, that they had little choice. Libya had \$2 billion in currency reserves; its demands were not unreasonable; its officials could not be corrupted or convinced;

and most important, Libyan oil could not be made up elsewhere. The Libyans, it should be noted, did not threaten to cut off oil deliveries to the consumer countries; their only threat was not to allow the *companies* to have the oil unless they paid the higher taxes.

Europeans, at this time, were almost unaware of what was happening and would have been totally unprepared if oil had been cut off. During the negotiations, a top official of a major oil company seriously urged the American government to dare the Libyans to nationalize; if they did, the Europeans would then be told they would have to tighten their belts, while Libya, according to this theory, would be forced to yield soon because it could not dispose of its oil. When it was noted that Libya's currency reserves could keep the government at current expenditure and import levels for four years, the company official stated his assumption that all of this would be blocked by all the European and American central banks. It was an assumption hardly likely to be realized.

But the main reason for not following this course was the fact that the loss of all oil from Libya alone would have meant the drawing down of more than half of the European oil reserves within a year. It seemed unlikely, indeed inconceivable, that France, Germany, Spain or Italy would have allowed that to happen; especially as the goal would apparently have been only to protect the Anglo-Saxon oil monopoly, which they had long sought to break. To have tried to explain to them that they would themselves suffer in the long run, would have been less than futile. We in the State Department had no doubt whatever at that time, and for those particular reasons, that the Europeans would have made their own deals with the Libyans; that they would have paid the higher taxes Libya demanded and that the Anglo-Saxon oil companies' sojourn in Libya would have ended. As for the possibility of using force (actually suggested since by a handful of imperialists *manqués*), suffice it that it was never for a moment considered.

I dwell on the 1970 Libyan demands and their success, primarily because they demonstrated, like a flash of lightning in a summer sky, what the new situation was; to be sure, it was Europe that was extraordinarily vulnerable and extraordinarily oblivious, the United States as a consumer was not yet affected, and the fact that the companies caught in the middle were American

and British made for misunderstanding and some bad feeling in the European consuming countries. But these points were incidental to the fundamental fact, which was that a threat to withhold oil could now be effectively employed to produce higher prices. Hindsight suggestions as to how that threat might have been countered, either by the companies or by the American or other governments, seem to me quite unrealistic, and the charge that the State Department by inaction was to blame for creating a new monster is, in simple terms, nonsense. The Libyans were competent men in a strong position; they played their hand straight, and found it a winning one.

So, in the course of 1970, Persian Gulf taxes were raised toward the new Libyan level, and at the end of 1970 Libya made it a complete spiral by a second wave of demands to "balance" the new Persian Gulf prices. In the course of this eventful year, the Department of State necessarily became deeply involved, consulting constantly with the companies and holding frequent meetings with the Libyans in particular, though never as participants or negotiators. Better informed itself, the Department was soon able to keep European governments abreast of OPEC actions, and in due course to help persuade the companies that they should do so directly—so that since 1971 relations between the companies and the European consuming countries have generally been smooth. We have not heard in the last two years any echo of what was said by one European minister in 1967: "American companies brutally conquered our market; if they do not keep us supplied at all times, they will be expelled."

Toward the end of 1970, the producers consolidated new tax demands through OPEC, and began to act as a single group and more stridently. Every OPEC member, with the exception of Indonesia, either made public statements or (more convincingly) told the companies privately that if their demands were not met, all oil production would be stopped and the companies would then have to face the wrath of the consuming countries. An OPEC resolution in December laid down a 15-day time limit for acceptance and called for "concerted and simultaneous action by all member countries" if the negotiations failed. Meeting with the companies on January 11, 1971, the Libyan Deputy Prime Minister left no doubt that what was meant was a cut-off of all oil production. The same message was conveyed directly and through official channels to the American and British gov-

ernments by two rulers of friendly countries.

The demand for increased revenues, while alarming, had been an economic matter which would not traditionally have engaged the American government. The threats to cut off oil, however, brought the Department of State inevitably into an active and public role. First, Justice Department action was obtained to permit the companies to form a common negotiating front—not be picked off one by one as had happened in Libya. And, in mid-January, following a meeting with the chief executives of the oil companies, Under Secretary John Irwin was dispatched to present American official concerns to the Shah of Iran, the King of Saudi Arabia, and the Ruler of Kuwait. In these talks, Secretary Irwin explained that the United States took very seriously threats to cut off oil deliveries to America or her allies, and that any country which took such action would find its relations with the United States severely and adversely affected. In reply, all three monarchs assured him that the “threats” had been misunderstood, that they were directed solely against the companies, and that the oil would be made available to consumers even if the negotiations with the companies broke down. Later threats by the producing countries were in this sense—a form of pressure on the companies, but not a threat of total nondelivery.⁵

In addition, Secretary Irwin requested an extension of the deadline for negotiations and an assurance that agreements reached with the companies would be honored for their full terms. Both requests were agreed to. The negotiations then continued, and the settlement reached at Tehran in February 1971 provided for tax increases equal to about half the initial OPEC demands: these increases meant a rise of 45 cents per barrel in the Gulf price and of 80 cents in Libya, with a schedule for further increases through 1975.

There was jubilation in OPEC. The triumph and the demon-

⁵ The OPEC position was codified in Resolution XXII. 131 (1971); the American view on threats to cut off deliveries has been reiterated on many occasions since, most recently by the author in September 1972. It has been suggested that American representatives virtually invited the threat of cut-off and thus built up OPEC's bargaining position, specifically through statements at a meeting of OECD in Paris on January 20, 1971. (See M. A. Adelman, *The World Petroleum Market*, Baltimore: John Hopkins University Press, 1972, pp. 254-5; also the same author's "Is the Oil Shortage Real?," *Foreign Policy*, Winter 1972-73, pp. 80-81.) By January 20, however, as the above chronology shows, the threats had already been made; thereafter, on American representations, they were modified. As for the thought that the OPEC countries needed to be told how damaging a withholding could be, this seems to me to belong to a bygone view of the capacity of leaders in less-developed countries.

stration of power seemed complete. But there was also, in the circumstances, some satisfaction in the industrialized countries represented in the Organisation for Economic Co-operation and Development (OECD). None had been in any position to hold out against the threat of even a brief suspension, for despite discussions since the Libyan episode, the level of reserves in Europe was still low. The underlying bargaining position of the European consumers was weak, and they knew it full well. Thus, there was genuine relief that the agreement appeared to promise assured prices for a substantial period, and that the consumer, because of lower tanker rates and increased company efficiency, would still be paying less for his petroleum in constant dollars than he had in 1958. In fact, after the OPEC settlement, prices to the retail consumer in Europe, including taxes levied in the consumer countries, went up only three to five percent, while one country, Italy, actually offset the increase by reducing her excise taxes by the same amount.

There was satisfaction, too, with the American role and with the fact that the major consuming countries had been consulted at all stages. The Italians, however, raised for the first time the suggestion that the consuming countries might in future have to play a greater and more direct role in negotiations; this position has since gained adherents in OECD.

Here it should be noted that, if the industrialized consumers were fairly well pleased with the outcome, it was quite otherwise with the underdeveloped consuming countries, which had counted on declining real fuel prices to sustain their economic growth. This group at once expressed alarm, and at least one key country, India, was unable to absorb the increase and was forced to cut back petroleum purchases proportionately. This possibility had been foreseen in the negotiations, and the question of a lower or differential tax for sales to underdeveloped nations had been broached with various OPEC countries, specifically Iran, Saudi Arabia, Kuwait and Venezuela. The idea was rejected, on the technical ground that it might lead to circumvention and resale, more broadly on the plea that the producing countries themselves were underdeveloped. If Europe, America or Japan were concerned about the welfare of India or Colombia or Tanzania, it was argued, they had the means to assist them. The issue has lain dormant since; it is sometimes still raised by Asian, African and Latin American states—without response.

v

In spite of the upheavals in the oil world of the last two years, the Tehran OPEC agreements have been both successful and stable. I say that with tongue only partially in cheek. The main agreements were on taxes and on the posted prices of oil. These have not been changed. The OPEC countries insist that the agreements only covered these matters. When currency values were changed by the Smithsonian accord of 1971, the Tehran agreements were interpreted, under a supplemental Geneva agreement of 1972, to provide for a proportionate increase in payments to the producers. The same kind of increase will presumably result from the recent 1973 U.S. devaluation.

Yet OPEC dissatisfaction was not long in manifesting itself. Various members, in the next half year, started looking at the figures more harshly. They could see large and growing incomes for their governments and were generally pleased. But they could also see that their income per barrel was still low—especially when compared with the excise taxes which Europe levies on its fuel. Much more important, indeed of overwhelming importance to the changing world oil picture, was that the OPEC countries, for the first time, began to recognize and discuss openly the fact that their reserves were exhaustible and should be conserved.

At the Arab Oil Congress in Algiers in May-June 1972, OPEC was castigated for having been too soft, for having yielded too easily and readily to company and consumer government pressures. The OPEC “triumph” thus lasted in the eyes of many Arab observers a scant 15 months. And the idea began to take root that it was important to maximize present revenues but without exhausting what was now perceived to be a wasting asset.

In this mood, the OPEC countries turned their attention in mid-1972 to the question of participation, i.e. a defined percentage share in the producing operations and assets of the international companies. At once there was a sharp difference of view on whether this issue had been laid aside, at least until 1976, by the Tehran agreements. The producer governments took the position that participation was an old demand in no sense relinquished at Tehran, and indeed that the companies had been told explicitly that it would be raised as soon as the price issue had been settled. The company position was that participation had not been discussed and that the Tehran agreements guaranteed the existing

concessions in their present form for the full five-year period. Possibly the case was one of an ambiguity that neither side had wished to clarify. Undoubtedly there had been mention of participation, but each side preferred to leave the meeting undisturbed by possible conflicting interpretations.

From a careful study of the Tehran agreements, the State Department concluded that the company position was correct. The OPEC argument, that there was an inherent right to renegotiate the concessions whenever circumstances changed, seemed to us contrary to both Western and Islamic jurisprudence.⁶ Accordingly, our ambassadors made representations in Iran, Saudi Arabia and Kuwait, but were met by reiteration that participation was an issue totally outside the Tehran agreements, and that the companies "knew" before those agreements were signed that participation would be next on the agenda of talks.

Participation was also discussed in the OECD, but it was of limited interest, being viewed as an issue between the Anglo-Saxon oil companies and the producing governments. Perhaps the companies were being partially nationalized, but the OPEC countries had given renewed assurances that prices would remain the same. At best, therefore, participation would mean nothing to the consumer countries. At worst, it would mean only a few cents a barrel increased cost.

At any rate, the companies did enter long negotiations on participation. In these the United States played one major role, forcefully noting that it would have to consider compensation based on "book value" as confiscation. In the discussions, it was pointed out that many of the OPEC countries themselves would soon be investing large sums abroad; any principle that meant in practice no compensation might later apply to their own investments. Ultimately, the issue was resolved by a new compensation formula, based on many complex factors. Face was thus saved on all sides.

The agreements reached in Riyadh by the end of 1972 provided for the producing governments to acquire percentage shares starting at 25 percent and working up gradually to 51 percent,

⁶ It may be pointed out here that a surprisingly large number of oil company officials were already examining the possibility of offering a new relationship to the oil producers. The day of traditional concessions, they saw, had clearly ended and a dramatic new offer to the producers might guarantee another generation of tranquility, as ARAMCO's offer of the 50-50 profit split in the early 1950s had done. This view did not prevail, and participation was only discussed when OPEC demanded that it be discussed.

or an assumption of control, by 1982. The companies were far from pleased, although the arrangements did give them and the consuming countries a basis for continuing. Within three years, the producing governments will be permitted to take their full 25 percent of the oil, and it seems likely that if existing market conditions continue the governments will be able to dispose of their rising percentages, including the 51 percent to which they will be entitled in 1982. The effect, of course, will be to further increase the return to the producing governments, at least to the extent of the present margin of profit of the companies' own production operations.

At this writing, there are several developments which could reopen the Riyadh agreements. One is the Iranian demand for total ownership and management of its oil resources now, i.e. for a conversion of the companies into long-term buyers of Iranian oil. Another would be the "success" of the Iraqi nationalization of Kirkuk fields—and by this I mean little or no compensation for the fields and unrestricted freedom in selling the oil; the third would be the yielding of the companies in Libya to government demands for 50 percent participation now. It cannot be said that any one of these would surely result in the reopening of the Riyadh agreements in their present form. But resisting change at this point will not be easy or even desirable.

Regardless of what happens to the current agreements, the companies will continue to play a major role in transporting, refining and distributing oil. And they very likely will also play the major role in oil production for the next ten years. Predictions for longer than ten years in the energy field are daring, but the companies probably have even a much longer life than that. It seems doubtful that the national oil companies of the present OPEC will look for oil in third countries; this action will be left to the Western companies.

In sum, the international companies will probably go on playing an active role in finding, developing and marketing oil for as long as it is used as a fuel or as a raw material. But in this role the companies may increasingly find themselves minority partners of both producer and consumer governments—and they must reconcile themselves to the probability that their role in negotiating with the OPEC countries will in the future be more circumscribed than it has been until now.

The idea was first expressed, I believe, by the Italians, that

the oil companies should be turned into "regulated utilities"; that consumer governments must have the right to set the prices the companies pay for crude and the prices they can charge for products; and that consumer governments will then allow the companies a fair return on their investment. This has long horrified most of the top company management, and I have no doubt that it would be an undesirable method of finding and developing oil. But there is no doubt that this concept too is finding more adherents in the consuming countries. How the companies react to these pressures, and what they offer as alternatives, will to a large extent determine their future form and their future activities.

VI

As can be seen, OPEC has moved hard and fast in the last three years. One result has been to reduce the position of the companies and to make bargaining more and more a political matter between governments. In economic terms, moreover, the series of agreements create a new price situation which is defined through 1975 only, and thereafter subject to renewed demands and changes.

What, then, is the likely picture of Middle East and North African production and revenue, taking into account reasonable projections of demand in Europe, Japan, and other consuming areas, plus the added share of American consumption that cannot be met through domestic U.S. production?

The Tehran and subsequent OPEC agreements raised the average 1970 tax of around \$.80 per barrel in a single jump to around \$1.25 per barrel in 1971, with provisions for further annual increases to around \$1.80 in 1975. There was no noticeable inhibiting effect on consumption: while some less-developed countries reduced their imports, the imports of the industrialized nations, notably the United States, grew more rapidly than expected. Already in this current year 1973, the United States will be importing something over three million barrels per day from the Eastern Hemisphere. The total gross cost of all U.S. oil imports will exceed \$8 billion, although in our balance-of-payments accounts more than half of this will be offset by company remittances and increased exports generated through the purchases.

For 1975, a reasonable estimate of the situation, based on the tax rates flowing from the Tehran agreements and without taking

into account any further increases, would be as follows:

ESTIMATED PRODUCTION AND REVENUE, 1975

(Stated in thousands of barrels per day; billions of dollars annually)

<i>Middle East</i>	<i>Production</i>	<i>Revenue[†]</i>
Iran	7,300	4.7
Saudi Arabia	8,500	5.4
Kuwait	3,500	2.2
Iraq	1,900	1.2
Abu Dhabi	2,300	1.5
Other Persian Gulf	1,800	1.0
Subtotal	25,300	16.0
<i>North Africa</i>		
Libya	2,200	2.0
Algeria	1,200	1.1
Subtotal	3,400	3.1
Total	28,700	19.1

After 1976, of course, any estimate of taxes and prices becomes considerably more speculative. The 1970 State Department projection that prices would rise by 1980 to \$5.00 per barrel may now be on the low side: sources within OPEC are publicly discussing an increase of \$1.50 in taxes in 1976 alone, with "substantial" increases thereafter. If one takes, however, a \$5.00 American production cost as decisive for the delivered import price, and deducts company profits and cost of production and transport, the revenue to the producing countries would come to approximately \$3.50 per barrel in the Persian Gulf and \$4.25 per barrel in North Africa. At these levels, it is generally estimated that consumption would still rise roughly in the same way as had been projected prior to the latest round of price increases; this amounts to saying that a price of \$5.00 for delivered crude oil is still below the level that would cause any significant contraction in the use of oil in Europe, Japan or the United States. The startling fact is that world consumption within the next 12 years is now expected to exceed total world consumption of oil throughout history up to the present time.

On the basis of demand trends and the \$3.50/\$4.25 rates of return per barrel, the picture for 1980 would be as follows:

[†] These figures are based on the taxes and royalties in effect prior to the dollar devaluation of February 1973. If the 1972 Geneva agreements on currency revaluation apply, the income figures should be increased about 8.5 percent.

ESTIMATED PRODUCTION AND REVENUE, 1980

(Stated in thousands of barrels per day; billions of dollars annually)

<i>Middle East</i>	<i>Production</i>	<i>Revenue</i>
Iran	10,000	12.8
Saudi Arabia	20,000	25.6
Kuwait	4,000	5.0
Iraq	5,000	6.4
Abu Dhabi	4,000	5.0
Other Persian Gulf	2,000	3.2
Subtotal	45,000	58.0
<i>North Africa</i>		
Libya	2,000	3.1
Algeria	1,500	2.3
Subtotal	3,500	5.4
Total	48,500	63.4

It must be noted that the estimated production figures are higher than others cited elsewhere in this article. Iran, for example, has said its production will level off at eight million barrels per day; Kuwait has said its will be kept at three million. Iraq will have difficulty in realizing five million unless the Western climate changes, and the others will strain to meet six million. Yet the world with its present habits will need this quantity of oil unless there is a war or a major recession. The only alternative to a shortfall before 1980 will be Saudi Arabia, and its projected production of 20 million barrels per day (set by Minister of Petroleum Ahmad Zaki Yamani as a goal) already seems improbably high.

If production levels fall significantly short of these numbers, there could be a real supply crisis in the world, and competition among the consumers could drive prices even higher. In this and other respects, the projection for 1980 is of course subject to a substantial margin of error. But it does seem likely that the general picture is an accurate projection of current trends, with all that it implies for costs to consuming countries and revenues to the Middle East and North African producers.

VII

With the possible exception of Croesus, the world will never have seen anything quite like the wealth which is flowing and will continue to flow into the Persian Gulf. There have been and still are countries which are richer than any country in OPEC, but there is none which is so small, so inherently weak and which

has gained so much for so little activity of its own.

The cumulative OPEC income is even more startling than the annual figures. Let us ignore the income of Iran—for it will have no trouble absorbing funds in its vast development projects—and concentrate on the Arab countries. Their cumulative income from 1973 through 1980 will probably be over \$210 billion. Even assuming a 20 percent compounded growth in expenditures (and it should be pointed out that all of the main Arab producers except Algeria are not spending all of their present income; in some cases, they are spending less than half), their cumulative expenditures for this period would be well under \$100 billion. Capital accumulations therefore could be the balance—over \$100 billion by 1980. At eight percent, just the income from this enormous sum would be \$8 billion—larger than the current expenditures of Kuwait, Saudi Arabia and the Federation of Arab Emirates combined.

What will be done with this money will be a matter of crucial importance to the world. The first place for its use must certainly be in their own countries; the second must be the Arab world, which will not, as a whole, be capital-rich. At the Algiers Arab Oil Congress in mid-1972, the proposal was made that the Arabs should solve their “problem” in an inter-Arab agreement whereby the main producer nations would limit their income from oil to the 1972 tax structure. That is, as oil production went up, the increased payments at the 1972 rates would go to the producer governments, but all or at least part of any *increases* in payments per barrel over 1972 levels would go into an inter-Arab development bank for projects in the entire Arab world. This additional money would be, in a sense, unearned. Moreover, such action would be in perfect consonance with Islamic law practice, which demands twice as much *zakat* from income derived from lands fed by God-given rain as from lands irrigated by man.

It was interesting to note the enthusiasm with which this suggestion was accepted by the oil have-nots. It was much more gratifying to see the interest shown by some Kuwaitis, Iraqis and Libyans. Although it should be pointed out that interest shown by individuals is a long way from governmental acceptance of an idea, it must also be noted that both Kuwait and Saudi Arabia are already providing very substantial loans and gifts to other Arab countries.

Yet the sums we are talking about probably could not all be

absorbed in the next eight, ten or 20 years in the Arab world; at least for part of that time they could be more usefully invested in the developed world. And one of the main tasks of the producers will be to find adequate investment opportunities for their funds. This matter was discussed in the spring and summer of 1972 with Arab officials, who seemed interested in investing in the United States. In a Middle East Institute speech of September 29, 1972, I suggested that the enormous capital requirements of the oil and energy industry could be met only by large new infusions from the main capital-rich consuming countries (Germany and Japan), and from the producer countries themselves. I also suggested that Saudi Arabia, Kuwait and Iran might consider investing in the United States in other energy fields and even in non-energy-related industries. Sheikh Zaki Yamani of Saudi Arabia replied the following day that he strongly agreed with the suggestion of Arab investment in the "downstream" oil sector (refining, distribution, etc.), but did not believe Saudi Arabia would be interested in other types of investments.

In a recent meeting in Kuwait it was suggested that Arabs accumulate their money and simply float it from country to country, depending on how each country reacts to Arab problems. The difficulties of such an action are surely underrated, but the fact that it was considered and debated must give us some pause. Frankly, however, it is a problem I am convinced we will never face. I do not believe the Arabs will ever accumulate anything remotely approximating the figure of \$100 billion. Either they will spend the money at home or in the Arab world or they will find adequate investments for it abroad. If they do not, or cannot, they will very likely conclude that the oil had best stay in the ground—and this would cause a problem for the developed world far greater than the floating billions.

If finding a use for the money is of great importance to the Arabs, it is of even greater importance to us. There are many trained and sophisticated Arabs; there are Arab engineers who can run oil fields and there are Arab economists who can calculate the value of investments. There are also, unfortunately, Arabs who are venal, who are susceptible to flattery, who could quite easily be taken in by charlatans, and the sky over Riyadh today is black with vultures with great new get-rich-quicker plans under their wings. Whether an Arab is a Harvard Business

School graduate or an illiterate bedouin he strongly dislikes being cheated. If one grandiose project is sold to Saudi Arabia which fails to produce the ingots or pipes or widgets it is designed for; or if it produces them at costs far above the imported cost; or if the Saudi government buys into one shaky American concern which then fails, I seriously doubt that the reaction would be: "We've been had. Too bad. Let's try harder next time." It much more likely will be: "We're still not trained enough to deal with the Westerners. The oil can always be sold—as a raw material if not as a fuel. Let's not increase production further." Or worse: "Let's restrict production."

VIII

So far we have looked at the world oil reserve situation; at length at the recent history of bargaining by the producer countries through OPEC; at projections for the future; and at the situation of the producer countries in the light of all factors. It is time now to return to the question asked early in this article: Can OPEC hold together? The answer seems to me, if not certain, clear enough so that it would surely be foolhardy to bet on a contrary outcome for the next several years at least.

Repeated suggestions that OPEC would not notice its strength, if only the consumers did not refer to it, represent perhaps the single most pernicious fallacy in our past thinking on world oil. It assumes an unsophistication and ascribes an ignorance to the major producer countries, particularly the Arabs, but also Iran, Venezuela and the others which, for better or worse, has not existed in recent years—if it ever did. OPEC economists are fully as capable of making supply-demand calculations as are Western economists. And they reach the same conclusions.

OPEC cannot usefully be compared to other producer cartels. It controls a product which is irreplaceable in the short run, and is vitally necessary to the economies of every technologically advanced country. The main oil producers are not competing with each other for larger shares of the consumer market—as would be the case in other producer cartels. Probably the most important reason for OPEC solidarity is that the key countries, notably Kuwait, Saudi Arabia and Libya, do not need more income; they are unsure of how they could use it if they had it, and they fear the international consequences of acquiring too much wealth.

Almost as important is the recognition of all OPEC countries that their reserves are finite and must be conserved. These proven reserves are indeed very large. Yet, for example, Kuwait's 66 billion barrels today seem much less impressive to Kuwaitis themselves than they did a decade ago. Hence, Kuwait recently stopped expansion and plans to keep production at three million barrels per day. At this level, Kuwait will have oil for a couple of generations—but even this is a short period for a nation; and Kuwait's prospects of finding more oil are very small. Iran has stated that it will limit production to eight million barrels per day before the end of this decade; production will be held there for eight or ten years and then will decline. Increases in Iranian income from oil will only come from increases in taxes per barrel, and it counts on this. North Africa's reserves are not large enough to play a dominant role in world oil in 1980; and the rest of the world will produce whatever it can. This leaves for consideration two countries: Iraq, whose government does not encourage foreign investment and seems unable, on its own, to produce substantially greater quantities of oil; and Saudi Arabia, by far the most important.

In the last analysis, whether Saudi Arabia or any other OPEC country with large reserves would act to disrupt the market is a question of the behavior of men in control of national governments, affected by political factors as much as by theoretical economics. Thus, it is frequently noted by observers outside the area that from an economic standpoint an increase in present income should be vastly more useful than the discounted value of income deferred for 10–20 years—and that with other energy sources in prospect oil may not even command high prices in such future periods. To Arab countries, such arguments are simply not persuasive. In the personal experience of their leaders, past income has been wasted and even current income is not invested profitably. Moreover, just about every top official in OPEC, starting with Perez Alfonso in Venezuela 20 years ago and including Zaki Yamani of Saudi Arabia today, is convinced that his country can sell its oil profitably in ten or 100 years as a raw material (primarily for petrochemicals) if not as a fuel.

The predictions of Western economists that competition in OPEC for larger shares of the market will soon bring down prices are read not only in the West but in OPEC countries. They merely increase the already firm determination to avoid

such a development. The producers may want to "maximize" their income but they also recognize that, until there are alternatives to oil as a fuel, this can be done most easily by raising prices. No OPEC country, no matter how great its wealth, is interested in "breaking" world oil prices.

It is difficult to see how these elements of self-interest would be changed or how any of the OPEC countries would act differently if they should now move quickly toward complete nationalization of the producing operations and assets of the Western companies. Bargaining directly with the consuming countries, the producing countries would still be just as disinclined as now to drive prices down; and needing no additional income, would not feel under pressure to increase their market shares.

The Kingdom of Saudi Arabia, without doubt, could destroy OPEC. It could produce oil in much greater quantities than it does today; it could drive the price of oil down to the mythical \$1.00 a barrel, and every OPEC country would be ruined. But Saudi Arabia would also ruin itself in the process. Using the economists' expression, Saudi Arabia would not "maximize" its income; it would only "maximize" its production, and even its enormous reserves would soon be exhausted. It is difficult to see what folly could possess Saudi Arabia to take such action; any consumer government that assumed that Saudi Arabia would (or could) do this without an internal revolution would be guilty of an even greater folly.

The "collapse" of OPEC would indeed seem a serious possibility on either of two conditions—if there were discoveries of vast new reserves in areas which could be kept outside OPEC, or if there were an unexpected breakthrough in the development of new energy sources. Both are unlikely to occur; and neither could, even if it occurred tomorrow, operate rapidly enough so that it would necessarily drive down oil prices in the next decade. The world cannot simply wait for or expect such a *deus ex machina* to solve its energy problems.

IX

This article up to now has dwelt almost exclusively on the strengths of the oil producers. The consumers are not without power of their own—or they would not be if they were united. So far they have not been, and they have as yet shown little inclination toward collective action in spite of repeated urgings

by the United States. In the fall 1969 meetings of the OECD oil committee, before the first OPEC crisis, the Department of State first raised with the EEC the possibility of a common approach to the energy problems we would all soon be facing. Assistant Secretary of State Philip Trezise, in the OECD meeting in Paris in May 1970, urged that energy problems be considered in a multilateral context, but got little positive response. The general attitude was that the United States was becoming vaguely hysterical as its import needs grew; the United States, they thought, worried too much about losing Arab oil. This was something they, the Europeans and Japanese, did not need to think about. Israel was a millstone around the neck of the United States; this was the U.S. choice; the Europeans and Japanese could make their accommodations with the Arabs. Restrictions on oil deliveries would apply only to the United States; its allies would have much less to worry about. Not every OECD member took this view; the U.S. position was always supported strongly by the United Kingdom, the Netherlands and a few others; but generally American fear of a cut-off of oil supplies was not widely shared.

In the course of the last two years attitudes have changed. Italy has gone through a rather traumatic experience in Libya; 50 percent of her oil company was nationalized before production began. And the French experience in Iraq went sour. France had taken a markedly pro-Arab position in the Arab-Israeli dispute; she had reached oil accords with Iraq which were the most favorable to the producing government of any agreement theretofore signed, and many Frenchmen looked forward to a new French oil empire in the Middle East. But the agreements with the French national company, ERAP, did not measure up to the new OPEC agreements and the Iraqis demanded renegotiation. This very likely will be achieved, and oil certainly will be produced by France in Iraq; but the French have found that the doctrine of changing circumstances is also applied to outspoken friends of the Arabs.

In the fall of 1971, the United States raised more formally with the Europeans and the Japanese the possibility of a joint approach to the energy problem; apart from a general expression of support for the companies in their dealings, no ideas were forthcoming. The subject of coöperation was raised again in the spring of 1972 with the same lack of response. Finally, in October

1972, in both Brussels and Paris, the Europeans and Japanese were told that the United States would need some indication, at least in principle, of their intentions. Did they prefer a purely autarkic approach, or did they think we should try (as the United States strongly preferred) to tackle our energy problems jointly? The European Community, speaking together for the first time replied that it too favored a coöperative approach. The Japanese reply was ambiguous but seemed to be inclined toward coöperation.

The United States has discussed at various times a two-pronged approach to consumer coöperation. The first would be coöperation among the major consumers to find new sources of hydrocarbons and to develop new forms of energy. This could be as simple as expanded exchanges of information, or could go as far as a supranational authority with power to direct research and allocate funds. We have not put any specific plan on the table but have indicated our willingness to discuss all possible approaches. The second and more difficult part would be the formation of an international authority to avoid cutthroat competition for available energy in times of shortage. Such competition could drive prices far higher than we can presently imagine. The producers, in such a case, would need still less production to maintain their incomes and could restrict production even further.

Such competition for oil, of course, has already begun. Various companies are trying to conclude long-term purchase contracts for oil with various OPEC countries. At least three governments have made overtures to Saudi Arabia with offers of attractive long-term contracts, since the Yamani offer of a special relationship to the United States made in his Middle East Institute speech of September 1972. Japan has recently concluded a deal with Abu Dhabi which went beyond the OPEC agreements; and small American companies are now offering the producers long-term contracts with equity participation in their firms. With OPEC production limitations in the future, or even with normal slow growth, with only Saudi Arabia and perhaps Iraq capable of substantial expansion, bidding for supplies could soon get out of hand, and the projected price of \$5.00 per barrel in 1980, or even a price of \$7.00, could seem conservative.

There was strong agreement in the OECD that a consumer organization (which all agreed should be formed) should not

be considered a challenge to OPEC; it would not be designed to drive prices down and certainly not to ruin the producers; it would only be designed to protect the consumers. It could even be used to bring the OPEC producers into closer ties with the consumers. Producer country investments in Europe (and possibly Japan) as well as in the United States should be encouraged. In September 1972 I stated the American position in these terms:

If consumers band together to search for new energy forms or to ration available energy in periods of shortages, this should cause no surprise or offense. If consumers encourage companies to resist further price increases, this should also cause no surprise. Many consumers already believe that the companies have not been adequately vigorous in resisting producer demands, as they could and usually did pass on to the consumer any tax increases. The producer governments have banded together in a well functioning organization. Their immediate adversaries are only the companies—an unequal contest.

Lastly, there is the possibility of some additional measures to build up reserve stocks for bargaining purposes. These are indeed badly needed for their own sake, in Europe and also in the United States. They could have some importance in future dealings with the OPEC countries, although it must be realized now that the enormous financial resources of the OPEC countries give them a considerable advantage in any endurance contest.

X

Consumer solidarity will be necessary if the present trend toward bidding up prices is to be halted. It will be indispensable if political or economic blackmail is to be successfully countered. There are various interpretations of what this means and how far the consumers could go or would want to go in a confrontation with the oil producers, particularly if the issue were exclusively one of oil prices.

In the long run, though, the only satisfactory position for the United States (and to a lesser extent for its main allies) must be the development of alternative energy sources. The United States is particularly blessed with large reserves of coal which can be converted to hydrocarbons, and of shale oil. The United States shares with all nations the possibility of developing geothermal energy, solar energy, and energy from nuclear fission and fusion. But the lead time is long for the development of all of them and some are still purely hypothetical.

Suggestions a few years ago for a vast program of development

of new energy sources received no support in the Congress or from the public. Yet, had the United States a few years ago been willing to accept the realities which became evident in 1967 or even in 1970, it might have started sooner on the development of Western Hemisphere hydrocarbons and domestic energy sources.

The potential is there. Venezuela probably has close to a trillion barrels of heavy oil in place, with at least ten percent recoverable by present technology; the United States has large reserves of oil tied up in shale, and coal which could be turned into hydrocarbons in almost unlimited quantities. And there are probably over 300 billion barrels of recoverable oil in the Athabaskan tar sands.

Let us not exaggerate all this, however. The shale, the heavy Venezuelan oil, and the tar sands all require capital investment on the scale of \$5-\$7 billion for each million barrels per day of capacity. Above all the lead time is long—perhaps 15 years, certainly eight—before significant production could be achieved from any of these sources.

On the diplomatic front, we have for years discussed an agreement with Canada which will permit free entry of Canadian oil into the United States. This has lost much meaning by now, for Canada is currently sending us all her surplus oil and has imposed export controls. But we still may reach agreement. We have also discussed a treaty with Venezuela which would permit the development of her heavy oils. We have proposed free entry of these oils into the United States in return for investment guarantees to the companies developing these oils.

Within the United States itself, a wide sweep of actions can be taken to increase domestic energy production and to use energy more efficiently. Finally, there is the question of controlling the rise in oil demand, through reasonable conservation actions. Such measures as the spread of effective mass-transit systems could do much to limit our present profligate use of energy for a host of marginal purposes.

No one action will solve our energy problem, much less that of the entire world. But taken together these steps—collaboration with other nations, the development of alternative energy sources, and controlling our consumption reasonably—could allow us to reduce our imports significantly below those projected in this article. This must surely be our immediate goal.

XI

To look simply at the world's oil reserves and conclude that they are sufficient to meet the world's needs can no longer be acceptable. We could allow ourselves such fatuities as long as we had large spare oil production capacity, and while our overseas imports were small. We can do so no longer. Our security and balance-of-payments problems are large and growing. Whether we focus on today, or 1980, or 1985, it is abundantly clear that we must move on a variety of fronts if we are to avoid a situation which could lead to or even force us into highly dangerous action.

Having argued throughout this article that the oil crisis is a reality that compels urgent action, let me end on a note of hope. The current energy problem will not be a long one in human terms. By the end of the century oil will probably lose its predominance as a fuel. The measures we have the capacity to take to protect ourselves by conserving energy and developing alternative sources of energy should enable us, our allies, and the producer nations as well, to get through the next 25 years reasonably smoothly. They might even bring us smiling into the bright new world of nuclear fusion when all energy problems will be solved. This final note would ring less hollow if we did not remember the firm conviction of the late 1940s that the last fossil fuel electricity generating plant would have been built by 1970; and that in this new golden age, the home use of electricity would not even be measured. It would be so cheap, we were told, that the manpower cost of reading meters would be greater than the cost of the energy which the homeowners conceivably could consume. But perhaps in 2000. . . .

THE DEPTH OF ARAB RADICALISM

By Arnold Hottinger

THE Arabs are unhappy with their present condition and want to change it. This is a very general statement, but it expresses the basic fact about the Arab position in the Middle East and in the world today. What exactly are they unhappy about? This is quite difficult to answer. They have specific grievances such as the occupation of Arab territories by Israel since 1967. Underneath, other reasons for Arab discontent can be detected, such as the existence of Israel per se; "colonialist," "Zionist" and "imperialist" pressure and alleged exploitation; internal injustices and divisions which place imposing obstacles in the path of progress toward the ideal of Arab unity; social injustices and lack of progress in reducing them; and economic and social underdevelopment (frequently called by the Arabs themselves *takhalluf*, i.e. "retardation").

Grave as they are, all these difficulties and complaints are probably in themselves insufficient to convey the full measure of Arab *angoisse*. Jacques Berque in a remarkable article published in 1958, in the *Revue des Études Islamiques*, spoke of Arab *inquiétude* in modern times. He used the Arabic term *qalaq* to describe it; it means anguish, shakiness, looseness, *quelque chose qui n'adhère plus à son contour*. He found that just at the moment when the national demand for independence appeared to have been achieved, a whole host of problems suddenly intruded "with the force of a revelation": economic pressures, social realities, the class struggle. But finally, Berque said, the question the Arab intellectuals pose to themselves is about "their own essence."

Since 1958—the year of unity between Egypt and Syria, and the year of the revolution against the monarchy and Nuri Said in Iraq—it has become apparent that Arab political "anguish" can lead to an exacerbated kind of radicalism which contains the seeds of its own deterioration. The danger of a circular process has revealed itself: radical discontent with the political situation as it is can lead to a fixation on goals incapable of attainment. And the ensuing frustration due to unfulfilled aims can lead in turn to the establishment of even more "revolutionary" goals, even less susceptible of attainment.

The Arabs themselves have seen, and still see in large measure,

the national demand for independence as the principal goal. It used to be a deeply rooted conviction that the Arabs would be in a radically different position if only all the Arab territories were independent. As nearly all of them achieved independence during the last decades, it became apparent that "economic independence" was also necessary before the Arabs could see themselves as the masters of their fate; on the other hand, their nationalist drive focused obsessively on the unsettled question of Palestine. There is, in their view, an Arab country of Palestine occupied by "Zionism"; it geographically divides the Arab world, and this fact fosters the somewhat simplistic illusion that, if the barrier were removed, Arab unity could be attained with more ease than at present. Or, according to the more "scientific" theory, Israel serves as a strategic foothold for an "imperialism" which is endeavoring to impose its rule on the Arab world and to achieve this by keeping it weak and divided.

Such theories partially conceal the underlying, more emotional factor: as long as Israel exists and proves her strength, the neighboring Arabs feel challenged by this fact and hence insecure. The state of the Jews on their territory has become a symbol of foreign intrusion and domination; its danger is felt as a fact so evident that it requires no further scrutiny. To most Arabs it appears axiomatic that, if it were only possible to remove the Jewish state from their midst, a depressing weight on Arab vitality would be removed, affecting the whole Arab world. They would become more efficient, more modern; their right to live in their own world, as Arabs, would be vindicated and secured; they would be saved for the future.

In the same axiomatic fashion, the reverse thesis is stated even more frequently. "If the Arab world is not capable," Qaddafi of Libya said recently, "of fighting alone against Israel, then Israel will kill all Arabs to the last man." That such sentiments can be accepted unquestioningly in places as far away as Kuwait, Baghdad or Rabat is an indication of the symbolic quality which "Israel" or "Zionism" has acquired in Arab eyes. To the more distant Arabs it has become a name and a symbol for the challenge they feel confronted with and know they have to overcome if they want to survive as a nation. Like any symbol, it represents—and thus partly hides—a reality which cannot be seen and recognized in a more abstract, conceptual, rationally defined and articulated fashion.

A minority of intellectuals have begun to analyze and express the Arab plight through the ideological instruments of Marxist theory. They are not—or not yet?—typical of Arab thought in general, but their way of looking at things is gaining in importance. It is not, however, particularly easy to explain in a Marxist framework the needs and desires of the Arabs or their variations of pre-industrial society. The Russians took that point into consideration around 1964, when they invented the theory of the “direct road to socialism” largely for the use of their Arab friends. This way was said to be open to those nations of the Third World which took a resolutely pro-Soviet stand in foreign affairs, accepted Soviet aid and introduced certain “progressive” measures at home. But to date, that “road” has not proved too successful; most Arab regimes do not seriously intend to follow it, for they suspect that it might lead to dependence on Russia. The recent expulsion of Russian military advisers from Egypt has shown this quite clearly.

Most Arab intellectuals and regimes prefer to work out their own ideology by mixing nationalism with socialism, each in its own way. The classic mixture has been provided by the Ba’th Party. It proclaimed the need for socialism in order to free the Arab masses and, at the same time, to put them under the leadership of the Party. Since the drive toward Arab unity was thought to be inherent in the desires of the masses, and the fulfillment of this desire was considered to have been prevented by the exploiting classes, socialism in all Arab countries would automatically lead to unity. At the same time, progress toward unity would in itself lead to the fall of the exploiting and separatist groups and thus automatically foster socialism. Although the theory has not been verified by political practice so far, it is difficult to disprove, as it is based essentially on an act of faith in the “Arab masses”—always under the leadership of the Ba’th Party.

Nasserism is also a mixture of socialism and pan-Arab nationalism. But it focuses less strictly on the interdependence of the two. In the past it relied more on the appeal of nationalism than on that of socialism in order to gain sympathizers. Recently the movement has split into preponderantly nationalist and preponderantly Socialist groupings in Egypt as well as in the other Arab countries.

The success of nationalism as an ideology and the considerable appeal of nationalism combined with socialism—particularly to

intellectuals and army officers—corroborate the important influence on Arab political thought of what is felt as the dangerous pressure of alien imperialism. And of course the reasons for this become clear if one looks at the historical record.

II

The Arabs had lived to the end of the eighteenth century in a society of their own, profoundly marked, strictly defined and circumscribed by Islam. It was somewhat stagnant in the last few centuries but still harmonious, granting to everyone his place. On the whole, the Muslims had accepted their community as given by God—at least in its laws and its ideal configuration; in theory, if not always in practice, it appeared to them as the best possible one. This state of self-centered partial stagnation was rudely disturbed by the armed intrusion of Europe, beginning with the Russian and Austrian pressure on Turkey and the Napoleonic expedition to Egypt. The intrusion ended with a nearly complete occupation of all Arab lands by Christian Europeans.

In the course of the long and complex encounter with Europe, it became clear that Arab armies capable of defending the Arab countries against outside pressure could only be built up if the Arabs, and generally all Muslim societies, began a process of change and development. This was the case at the time of Napoleon when he defeated the Mamelukes at the Pyramids, and it still is the case today. Virtually all observers agree that the defeat in the Six Day War was really due to the fact that one society was retarded as compared with the other. Moreover, it was a lack of development not only in regard to military techniques, science and technology, and general basic instruction or economics, but also in the more complex political structures such as those responsible for the selection and training of military and political leaders.

I have just written: "Virtually all observers agree." This has to be modified—do the Arabs themselves share this view? Yes and no. They know and speak in general terms of the retardation of their society. Egypt's President Sadat himself calls for a new society to be built on "science and faith." But it is hard to envisage the full range of circumstances and facts, ideas and techniques, mentalities and usages which ought to be different. When it comes to organizing change, only a certain amount can be done at a given time. How much is generally dependent on the quality

of the leadership. Since this is not always the very best, and provisions to obtain high-quality leadership are rather haphazard, real change is generally slow. And since "modernized" societies themselves tend to change and develop in an accelerated way, there is always the danger that the real gap might grow instead of decrease.

There is a kind of semi-awareness of these complex questions in the Arab world, a little more conscious among intellectuals than among the people, but largely subliminal in both groups. Such a situation of suppressed awareness is one most likely to foster the spread of vague fears, suspicions, uneasiness, anxiety; i.e. the feeling of being menaced and oppressed by alien forces over which one has no real control. Parallel to those ill-defined feelings, aggression will grow. There is always a tendency to compensate for inner insecurity by emphasizing the virtues, glories and essence of the society one belongs to and is engaged to defend.

The historical confrontation with Western modernity and its aggressive ways has also had its religious aspects. It began, after all, as a fight of Christian against Muslim. When it became a confrontation of European (and later Western, including the United States) against Arab, many of its old roots remained, especially for the simple people who continued to live in the context of traditional Islam. Even today they do not differentiate sharply between their Arabism and their Islam, and consequently they tend to draw no sharp dividing lines between the (religious) Jewishness or Christianity and the (culturally) alien quality of their antagonists. Overcoming their challenge thus becomes not only a necessity for the survival of the national community but also a kind of religious duty. During the first days of the Six Day War, when a victory was still anticipated by the Arab side, a saying spread in Beirut: "Today is Saturday and tomorrow is Sunday!" The local Christians, nearly all Arabs, took it very seriously indeed. It meant, as they would explain to foreigners: "Now it is the turn of the Jews, tomorrow that of the Christians!" There are always calls of Jihad mixed with the calls for war against Israel.

All these experiences and reactions ought to be apparent in the whole Islamic world if our way of explaining them is correct. In fact they can be seen there, but they are much more violent and outspoken in the Arab territories. Why? The Arabs will answer: Because the Turks, the Persians and the Pakistanis do not

have an Israel to exacerbate their feelings. The Pakistanis have India in a similar function, but for Turkey and Iran there is much truth in the observation. In addition, however, the other Muslim nations have achieved or preserved a much more clear-cut national identity than the complex Arab configuration of states, all belonging to one Arab nation. They also have founding fathers of their modern states—Atatürk, Reza Shah, Jinnah—who impressed their wills on their nations as a whole.

The Arabs have, in some cases, founding fathers of single states: Ibn Saud; Zaghlul; Riyad as-Sulh; Bourguiba; Muhammad V; Sheikh 'Abdullah. In other states there are only "abortive" father figures who were overthrown and disowned by posterity. Nasser appears in a special class of his own: not successful with regard to his pan-Arab aims and policies, but recognized as their greatest leader since Muhammad Ali by the Egyptians and by groups of Arabs all over the Arab world, even though dismissed by other groups of the extreme Right and Left. The Arabs, however, have no heroes accepted throughout their world comparable to the founding figures of modern Turkey, Iran and Pakistan.

These other Muslim nations have their own problems, but on the whole they are less acute. Each one is different. In Turkey the towering figure of Atatürk has given the state its ideals and permanency, but the charisma seems to have worn thin these last years, at least with the students, if not yet with the military. In Iran it is a combination of the old tradition of Shah-dom with the modernizing and nationalist drive of the one-time soldier Reza Shah—aided in recent years by oil revenues which have so far permitted a certain economic success and a still-precarious stability. Pakistan has had the most problematic history, perhaps because the nation was set up essentially on an Islamic basis that proved to be inadequate for a modern state. The permanent pre-occupation with the enemy India and the specific question of Kashmir could be said to have had a distracting effect from the real tasks of building the nation, similar to that of the Arab pre-occupation with the enemy Israel.

III

The problem of unity, however, is peculiar to the Arab world. There is always the double pull of two loyalties, one toward the state and one toward the (pan-Arab) nation. It is significant that

Arab opinion has reacted against this irritating duality by blaming "imperialism" for it. Frequently it is said to have imposed the "artificial" dividing lines between the Arab states and to work desperately in order to preserve them. This is one of the many instances in which "imperialism"—previously "colonialism"—becomes the external surrogate for Arab shortcomings, for it is basically the Arabs themselves, as they recognize in other moments and moods, who have not so far managed to find ways to bring together their countries.

This said, one must of course admit that a country like Jordan could not have existed without foreign financial help for the maintenance of the army. It used to be British, was for a short time (1957) inter-Arab, then became American and has remained so to the present time. Naturally, the Arabs are free either to blame themselves for not having managed the Jordanian issue more efficiently or else to blame "imperialism" for stepping in and providing aid vital to the Jordanian throne. As long as they primarily blame the outsider the issue will remain obscured in their own vision; they will be declaiming against a more or less mythical "imperialism" instead of analyzing the actual factors which led to a certain undeniable dependence of Jordan on the non-Arab outside world.

In similar fashion, the most recent power struggle between the fedayeen and the Jordanian army (1970 and 1971) ought to be analyzed in factual, not mythological, terms if any real lesson is to be drawn from it—and not a mystique leading to further unrealistic and consequently disastrous political plans.

The political career of Nasser shows clearly that the unity question can be used as an issue to distract Arab states from the failings of their regimes. Consciously or instinctively, Nasser used the unity issue in the latter part of his regime, as a kind of "circus" when the "bread" failed or grew scarce. The march through Sinai of the Egyptian army in May 1967 and its pretended readiness for war represented the final and most risky version of those "circuses." If it had succeeded in frightening the Israelis into acceptance, it would have carried Nasser's glory sky-high in the eyes of the Arabs.

Generally speaking, any nationalist policy can be shifted into the "unity track" when there are difficulties in the particular country. The temptation is constantly present to turn away from humdrum domestic tasks and politics into the much more glam-

orous field of pan-Arab politics and surprise coups. So far, these have provided a good deal of diversion, excitement and short-lived enthusiasm, but no tangible permanent result. And there is always the danger that such sensational and sometimes pre-arranged happenings will distract from confronting the real problems.

IV

What are these real problems? Obviously, different regimes will give different answers. Equally, the officially announced priorities are not necessarily the issues which are given priority in fact. A striking example is the priority of the "battle" proclaimed in Egypt nearly every day for several years now; but no battle has taken place to date. In the last resort, probably all Arabs know that the real problems are those of development. Bourguiba said this rather directly to Qaddafi when it came to a public confrontation between them in Tunis in December 1972. Qaddafi had maintained in a public rally that only Arab unity could give "the power, the strength and the means" to the Arabs to defeat "Israel and imperialism." Bourguiba arrived suddenly and replied: "Unity of two underdeveloped states cannot lead to strength." He spoke of the technical insufficiency of the Arab countries, his own included, and criticized empty talk about grandiose plans: "We have better things to do, above all to reach the ranks of the developed countries. . . . While we lose our time in vain reunions, the developed countries progress further every day."

Those "better things" are by no means easy to achieve. It is not only a question of education and organization; underlying these there is a whole new way of life to be worked out. Not even the Tunisians, close to Europe and intimately connected with the Mediterranean as they have always been, want to become Europeans. If this were felt to be a precondition for reaching "the ranks of the developed countries," they would probably never want to get there. Development has to be achieved without loss of their own deeply ingrained personality, without loss of "Arabism," in harmony with the old and great cultural tradition of each of the Arab peoples and of the Arabs in general.

Moreover, the passage cannot be accomplished calmly and in unison—with gradual changes in intellectual outlook, the spontaneous growth and spread of new ideas, and generational evolu-

tion. No, there is always something forced about it. One is driven to act by material, economic and military necessities, by the very need for national survival—although it should be a part of realistic politics to provide a certain shelter against those pressures, in order to provide elbowroom for the complex process of mental and economic evolution. Instead of generating change from the inside, one is often forced to take much of it over from the outside, by imitating an outside world which is felt—not without reason—to be alien and menacing. In short, one must learn from that world, even imitate it, in order to defend oneself against it, with the ultimate aim of remaining oneself.

There may be doubt today whether this kind of process is possible at all. Optimists think that all European, American or, for that matter, Russian or Chinese institutions, ideas and techniques, once they have been taken over by the Arabs, become subtly Arab and begin to function in an inimitably Arab way.¹ Pessimists might object that the Arab aspects of, say, Arab banking or engineering or soldiering or diplomacy are Arab only residually, insofar as they are run “Arab fashion,” i.e. with neither maximum efficiency nor rationality. In other words, their Arab aspect is no more than the coloration, or tinge, that Arab society inevitably bestows on any thought, institution or technique which it adopts—and this tinge will gradually disappear as more rationalized and efficient Arab societies develop.

There is a specifically French way of being contemporary, modern and efficient which distinguishes itself considerably from the American, the Italian or Russian fashion of being the same. Why should there not be an Arab way? The only answer to this can be: although it ought to exist, this has yet to be accomplished. In the last analysis, it is a creative task that can only be achieved by the Arabs themselves. Beginnings have been made, rather ambitious ones in Egypt and Algeria. The Egyptian experiment has clearly run into trouble; for the results of the Algerian “bet” (*le pari algérien*) we still have to wait. There are less ambitious attempts going on in Lebanon, Tunisia and Kuwait. In other countries, controversies and struggles about who is to direct the experiment and what has to be done appear as yet to be using up most of the available time and energy.

Probably it is easier for a European nation or one deriving its civilization from Europe to retain its own essence and to become

¹ Jacques Berque's *Les Arabes de Hier à Demain* is devoted to this thesis.

"modern" at the same time. This is principally because the European nations have been jointly "inventing" modernity, and thus making gradual adjustments ever since the Middle Ages, toward increasing the rational and scientific ingredients of their culture. For a non-European civilization, the task of incorporating such elements has been imposed suddenly from the outside; but Japan is there to show that a successful incorporation has been possible in at least one case.

A major question here is the compatibility of Islam itself with the "modern" outlook. Attempts to harmonize the two were made at the beginning of this century (in the Arab world principally by Egypt's Muhammad Abduh, 1849-1905), and these were partly successful. But after Abduh all such efforts appear to have been surprisingly superficial. The essential problem remains: how much can traditional religion and Islamic law be disregarded for the sake of rationality, modernity and scientific thought without the religion of Islam losing its essence? The attempts to gloss over verbally the very real divergences between the traditional religious and the modern scientific outlook do not resolve the difficulty but rather obscure it. Very few are the Arab intellectuals, however, who face the problem squarely. If they do, society is still quite liable to take revenge, as happened recently in the trial of Sadiq Jalal al-Azm, a Marxist philosopher who did try to "attack" Islam frontally by denouncing its influence and mood as contrary to the cultivation of a "scientific mentality." The problem is central; it will have to be faced squarely and dealt with creatively before an essential change in Arab thought and mentality, outlook and life-style can become possible.

V

From all this it becomes clear that the Arabs today are faced with much more than a political question. Their problems reach far deeper into the realms of philosophy on the one hand, and economic and social life on the other; they can be called "existential" problems of their whole culture.

There is a tendency which has been growing in the past two decades to attack those problems solely by political means, even to insist that they can only be treated in this way. The illusion exists that things "would sort themselves out" if only political and military solutions to problems such as Arab unity and Israeli military superiority could be found. This tendency has perhaps

been fostered by the political outlook of Islam, for Islam is a "political" religion, seeking to establish the God-given order of things in this world. This very fact might conceivably draw attention in Islamic societies toward politics as the principal means of achieving a "new order," despite Islam's failure to do so during many centuries.

If politics is taken in a very wide sense, such attention to it might be justified. But, in that case, it ought to embrace the whole collective life of the community. The danger consists in taking politics in a narrow and dogmatic sense, e.g. concentrating attention exclusively on "the battle against Israel" or "resistance against imperialism" or achieving unity, while neglecting the deeper causes of present difficulties and the really much more urgent tasks of coping with them.

There is the theory of the "two hands." The Arabs have to fight with one, it is said, while they build with the other. But so far, results have been disappointing. There has been no fighting and no real building either, mostly just muddling along. The two-hands policy is only a continuation and intensification of the previous policy of Nasser, which attempted to build a new Egypt and to bring about Arab unity at the same time. This has come to grief. But there has been no change in direction, rather exasperation and dogged persistence in the previous line. "It must work because it has not worked so far" appears to be the standard reaction.

This reaction is praised by the official propaganda as a "manifestation of the will of the people," or even of "the revolutionary will of the people." It is frequently seen as a guarantee of the allegedly inevitable final victory. But this may be just another mystique. There is no factual reason why persistence in a policy which has so far proved unsuccessful should lead anywhere but to further disaster and frustration.

The task of responsible politicians would be to harness the "revolutionary will of the people" to those constructive tasks which are necessary to transform Arab societies. Only the Arabs themselves can do this. No outsider can impose a solution on them. But to the outsider it would seem that there are two principal ways by which a solution could be approached. One would be by peaceful means and at a comparatively low human cost; it would probably in the end be speedier than the second. It would have to consist of permitting Arab societies at least a

minimum amount of freedom of thought, expression and action, which would allow individuals to discuss, analyze, diagnose and experiment with their own problems and to evolve methods of solving them. The creativity of the Arabs would have to be fostered by allowing them sufficient freedom to build productive societies of their own in the economic field as well as in their scientific, artistic, political, philosophic and religious life.

The second way, of course, would be "revolutionary." It would consist of the destruction, as far as possible, of all the existing patterns of society, with new ones to be created, somewhere in the far future. The process would inevitably be undertaken at high human cost and probably lead through a long period with much suffering. It would be hoped that it might ultimately bring efficiency and modernity.

VI

Which way is likely to be taken? As of now, one would have to say that the revolutionary way is the more likely.

For one thing, the peaceful evolutionary way smacks of liberalism, and "liberalism" is considered bankrupt by the Arab ideologues of the Left. It generally has a bad name because it is associated with the inner squabbles, inefficiency and corruption of the first independence period. It is not fashionable. It is even considered asocial, because there was indeed a kind of liberalism in those early years which worked in the interest of the rich and against the poor.

But most of all it is the failure to resolve the "war" against Israel that militates against the gradual way. There would have to be some kind of settlement with Israel before it could be undertaken.

On this issue, developments in the past year have given rise in moderate Arab circles to a small amount of hope, centered on the United States. Moderate intellectuals and statesmen in places like Egypt, Jordan, Lebanon and Tunisia ask whether there may not now be a new opportunity for America to use her influence with Israel. They refer to the removal of Russian technicians from Egypt and wonder whether President Nixon in his second term may be more free to act in terms of his place in history and less in terms of (as they see it) immediate popularity. They discern a general world pattern of eased tensions into which peace in the Middle East would fit, and they are aware of growing recog-

dition that not only Japan and Europe but also the United States will become in the next decade increasingly dependent on the oil reserves of the Persian Gulf. With enormous financial transactions between that part of the Arab world and the United States, these moderates see Arab goodwill becoming more important to Americans; true, it is as vital for the Arabs to sell their oil as for the West to have it, but, on balance, they believe the Arabs will find themselves in a sellers' market, which they can manipulate to a considerable degree according to their political preferences. If the present tensions and frustrations remain and build up, such manipulation could result in considerable (financial) punishment for the United States and other declared friends of Israel. Thus, these Arabs reason, the oil situation has become a strong additional incentive for Washington to act.

At the same time, the Arabs who hope for a political solution with American help are adamant that it must include the full implementation of the 1967 U.N. Resolution. This they read to require Israeli withdrawal from all the territories taken by her armies at that time—"the territories" rather than simply "territories"—and also the postulated "just solution of the refugee problem." Since the Israelis are just as adamant that they will not give back all these territories, it would seem that a settlement is not in view.

If this continues to be the case, then the second or revolutionary way becomes nearly inevitable. Today, these moderate Arabs regard their own radicals with considerable anguish. University professors, themselves Arab nationalists, tell of their students becoming more and more dogmatic and locking themselves up in their own thinking—in class terms and Manichean slogans of imperialism and anti-imperialism. One hears frequently: "Each term it becomes more difficult even to talk to them"—and "them" is truly the next generation of Arab leaders. Under these circumstances the question of whether a solution to the Israeli confrontation can be achieved could easily become a decisive junction on the road to the future.

What would a revolutionary path look like? The vicious circle described earlier in this article—of high hopes, frustration, and more radical aims leading to new frustrations—would probably be its beginning, and might continue for a long time. The answer to each new defeat would be more radicalism, more hatred of Israel and her Western friends, more desperate attempts to find

"one's own" way, radically different from the European or American experiences and their path toward modernity.

The oil question would very probably become a major issue among the Arabs themselves in the early stages of such a possible "revolutionary" path. It can be assumed that the oil-rich desert states would attempt to maintain commercial relations with their chief market countries in the West, among them, in an increasing way, the United States. But the highly populated and comparatively sophisticated states of the "front line" toward Israel would turn the issue of the use of Arab oil—"just for money, making the rich even richer; or for the sake of an Arab revolution against Israel and the West?"—into one of their main propaganda platforms directed against the conservative oil producers. They would certainly attempt to overthrow those regimes by subversion, and in the long run they would probably be successful. After that they would attempt to evolve an oil policy designed to punish the friends of Israel and to benefit the friends of the Arabs, who in that case would almost certainly include most or all of the Communist world.

Progressively, the consequences to the Arabs themselves would be even more serious. They would become decisively involved in "Marxist-Leninist" ways of conceptualization and organization. Their model of modernity, which today is still a preponderantly Western one, would be switched over to Communist patterns. Communist in this context would probably not mean Russian; rather Chinese. This is because the Russians have already marked out the limits in their aid to the Arabs, and consequently have been rejected, at least as military partners, by the Egyptians last summer. The "Chinese way"—for Arab radicals equivalent to the "Vietnamese way"—is not identified with any given regime. It remains open for the revolutionaries and radicals who criticize bitterly all existing regimes and are looking out for something radically new.

Confused as the thinking and slogans of Arab radicals currently are, there is little doubt that they will eventually come to power in many Arab states if the present deadlock continues long enough. If their slogans should be converted into policies, this could in the short run lead rather to chaos in the Arab states than to any acute danger for Israel. But in the long run a new Arab society might crystallize from the process. And it might well resemble present-day China more than any other society now known to us.

THE CASE FOR STRATEGIC DISENGAGEMENT

By Earl C. Ravenal

CHARACTERISTIC of American foreign policy since World War II has been the quest for a certain minimum of world order and a practical maximum of American control. Successive schemes for the regulation of power—collective security, bipolar confrontation, and now perhaps the balance of power—have differed in their objects and style. But interventionism—structuring the external political-military environment and determining the behavior of other nations, whether in collaboration, conflict or contention with them—has been the main underlying dimension of our policy. There has been no serious substantive challenge to this premise since the eve of our entry into World War II. The last “great debate,” in 1951, over the dispatch of American troops to Europe, was about implementation and constitutional procedure.

How the world might look now had the United States not exercised itself for these 30 years, and how it might look 30 years from now if we were to cease exercising ourselves, are open to conjecture. More certain are the failures of deterrence and the costs of war and readiness. These speculations and reflections are materials for a larger debate about the critical objects and operational style of our foreign policy.

It is time for such a debate. We are at a turning point in our conception of the shape of the international system and our perception of the necessities and responsibilities it imposes on our foreign policy. This is more than the feeling that any year of crisis is a turning point, and more than the hope that after the tunnel of a long and obscure war we must be emerging into a new valley. Rather, longer historical perspective and larger categories of analysis indicate that the second of the major structural systems that followed World War II—bipolar confrontation—has been played out, and a new, but severely limited, set of alternative international systems is pending as both object and determinant of American foreign policy.

The alternatives are: (1) A limited constellation of powerful nations or blocs, all fully engaged and all with a stake in preserving the system, even at the cost of occasional forcible exercises;

differing politically and contending economically, but observing certain "mutual restraints" or rules of engagement—in short, a balance of power. And (2) a more extensive and less-ordered dispersion of nation-states, great, large and medium in size and "weight," with relative power a less-critical factor in assessing and constructing relationships; agnostic about maintaining the shape and tone of the system as a whole, and not bound to restrain other—especially distant—nations for the sake of their own security or the integrity of the system. The latter system has no conventional verbal handle. We might call it "general unalignment," or "a pluralism of unaligned states." It is the baseline condition, the limiting case, of the international system—actually a quasi-anarchy, the situation that is reached if the major nations stop striving to impose external order. This system—or perhaps non-system—is the only present alternative to the balance of power (objective conditions not favoring the imposition of universal domination, the achievement of collective security, or the restoration of alliance leadership and bipolar confrontation); and it may well be its historical successor.

This analysis might seem abstract and impractical, were it not for the fact that the present Administration itself is sensitive to these large-scale alternatives and convinced of the importance of establishing a version of the balance of power. Moreover, this Administration seems to be aware of the restricted palette of present foreign policy choice, which it characterizes prejudicially as "engagement" (the rhetorical concomitant of the balance of power) or "isolationism" (the presumed counterpart of international anarchy). But to describe the choice in such flat terms is to efface the moral dimension of a foreign policy. For example, the balance of power—seen as a policy rather than a system—should be defined not simply by its main dimension of interventionism (or its euphemism, "engagement"), but also by another dimension: that of amorality.

Similarly, the alternative policy orientation of nonintervention should be defined two-dimensionally: it can be either amoral or moral. Amoral noninterventionism is "isolationism." It connotes Fortress America, narrow prejudice and active xenophobia. It is hard to subscribe to this isolationism; but it may be fair to abstain from its further condemnation, if only because this condemnation has become a mindless litany, and because the diametrically opposite course of national action—moralistic interven-

tionism—has often led beyond the point of general damage to the brink of universal disaster.

The other, moral, style of noninterventionism is not isolationism at all. Rather, it reflects (a) a strict and consistent principle of nonintervention in the political-military order, and (b) a concern for constructive contact with the world. Such a foreign policy orientation might be called "strategic disengagement."

Thus, the balance of power, as system or policy, is neither an inevitable development nor a unique response. The "other" major international system, general unalignment, is a possible world—even a probable world, in time. And the "other" major foreign policy orientation, strategic disengagement, is a viable mode of behavior for the United States, indeed an appropriate mode if the international system continues to evolve toward a more diffused condition.

Unfortunately, the rhetoric of disengagement, unless it is presented meretriciously as a "new internationalism," is not appealing. Particularly in a season of peace and reconciliation, it may seem ungenerous to project skepticism about the future of world order, and to prescribe the curtailment of international ambition and the pursuit of national immunity. And it is bound to be diminishing for Americans—who are used to hearing that their identity depends on a special responsibility for world order—to be told that they ought to give up their honorable pretensions and to live modestly, like other nations.

But international politics is full of ironies, and not the least of them is that the desire to do good often leads to objective harm. Private virtues are often public vices; national virtues are often international vices. Even the most attractive motives, caring and helping, can be a source of danger and destruction. Conversely, even the private vice of indifference to disorder might, in this imperfect world of fragmented sovereignties, translate into the public virtues of preserving internal integrity and respecting external reality. If we can recognize these ironies of international politics, why should we resist their codification in a coherent scheme of national conduct?

II

Strategic disengagement is both a policy and the end-state of a policy. It can be defined, first, by exclusion—by differentiating it from other positions that are critical or limitationist. It is not the

"old isolationism"; it has no xenophobic animus and does not entail autarky. It is not "neoisolationism" or "new isolationism"; these doctrines seem too eclectic in their criteria—sometimes evasively circumstantial, sometimes unabashedly geographical (merely a cover for a Europe-first policy), and sometimes vaguely sentimental. It is not the "new internationalism"; this misleading verbal straddle usually ends in moralistic interventionism, relying half-seriously on the resurrection of a potent United Nations. It is not "benign neglect"—simply because it is neither necessarily benign nor deliberately negligent. It is not just "never again," a narrowly based and intellectually confused reaction to the trauma of Vietnam, which could have only limited instrumental lessons for weapons, tactics, strategy or military organization. It is not a "spheres-of-influence" doctrine, either naïve or "mature";¹ it implies no collusion in others' spheres and claims none of its own.

Neither is it a "national-interest" policy; this perennial realist calculus lends itself as much to the extension as to the limitation of objects of intervention, and can lead, in a sort of perversion, to inconsistent, case-by-case, cost-benefit decisions, on the least-principled grounds. Nor has it much to do with arbitrary criteria, such as the limitation of troops abroad;² this is a technical indicator that may express tactical decision or budgetary restriction, not absence of commitment. And it should go without saying that it is not the equivalent of the Nixon Doctrine, which is a program of force substitution, not substantive disengagement.

Strategic disengagement should also not be implicated with the so-called "isolationist personality"—a pathological condition combining limited intellect and defective character that is much analyzed in meticulous but misdirected social science. Even if such social-psychologizing correctly identified the clinical syndrome, it would still not settle the policy debate. For one thing, the "behavior" of nations is not equivalent to the aggregate behavior of their citizens, or even the modal behavior of their leaders; the policies of nations are not crude analogues of the intentions of individuals, but are the structured responses of systems to complex goals and complex constraints. And furthermore, whatever else foreign policy may be, it is also strategic, in the sense that it is deliberate, objective and rational choice, and

¹ See Ronald Steel, "A Spheres of Influence Policy," *Foreign Policy*, Winter 1971-72.

² See Michael Roskin, "What 'New Isolationism'?" *Foreign Policy*, Spring 1972.

is determined—and must be judged—more by its consequences than its impulses.

And finally, strategic disengagement is not to be equated with “appeasement.” The salient aspect of Munich—apart from the fact that the United States did not even participate—is that the powers that did conceive that short-lived solution *imposed* it on Czechoslovakia in an extension of *active* diplomatic meddling—the very opposite of disengagement. Similarly, the recent proposal of unilateral withdrawal from Indochina—now buried by the actual Vietnam settlement—was falsely characterized by its opponents: they likened it to “conniving at the overthrow of our South Vietnamese ally” in order to negotiate our exit from the war. The latter was a highly *conditional* alternative, which *would* have constituted appeasement. In absolute contrast, unilateral withdrawal was a completely *unconditional* position—though it would have had extensive implications.

A second way to define strategic disengagement is by its connotations. Its keynote is large-scale adjustment to the international system, rather than detailed control of it. It is a prescription for an orderly withdrawal from our political-military commitments to other nations and from our military positions overseas, in a deliberate and measured fashion, with the timetable determined by our unilateral judgment but responsive to opportune circumstances and to the sensibilities of our allies and the conduct of our adversaries. Above all, it would be paced, not precipitate. To reach the end-state of the disengaged posture might take one or even two decades of initiatives and diplomacy.

Strategic disengagement comprises two syndromes: The first centers on the dissolution of alliances and includes rehabilitation of the civilized concept of neutrality, respect for international law (even if often its observance is asymmetrical and its sanctions only symbolic), and relations with any effective government regardless of its complexion. The second centers on a strict but limited definition of national security and includes acceptance of revolutionary change in the world, acquiescence even in the forcible rearrangement of other countries, and adoption of second-chance military strategies.

A third definition of strategic disengagement is by its geographical extension—where we would draw our security perimeter on the map. But this should be only illustratively sketched, rather than rigidly drawn. The reason for this reservation has to

do with the meaning of "policy." Policy is not a set of instant declaratory propositions; rather, it is the total, but future, orientation of a system to contingencies, including some now unknown in their most relevant features. Thus we can talk competently about general policy orientations, but only tentatively about specific policy objects.

However, a quick, and thus more than otherwise provocative, tour of the world would yield these ultimate implications. Asia might be the earliest theater for the implementation of disengagement. The United States would withdraw to a mid-Pacific position and observe—but not necessarily count on or promote—the probable emergence of an East Asian regional configuration of China, Japan and Russia. We would seek no positions in the Indian Ocean; in South Asia a lesser regional array might emerge, consisting of India, supported by Russia and countered by China and the rump of Pakistan.

In the Middle East, the United States would not attempt to impose a settlement on the contending local states. We would enjoy as long as possible the flow of oil on reasonable commercial terms, and would yield with decent grace and little brandishing of force if seriously challenged by local irresponsibility or outside intervention.

In Western Europe, America would witness the continuing devolution of military power and fragmentation of political will, without making intricate efforts to control the Alliance or its deployment of forces—aspects that are obviously related. In fact, we would initiate the thinning out of our troops and continue a measured and irreversible redeployment to the continental United States, removing most of the redeployed units from our active structure and dispensing with most of the airlift and sea-lift and sea-control forces that are justified solely for reinforcement and resupply in an extended ground war in Europe.

III

Why do it? Why adopt a policy of strategic disengagement? In doing anything, one either initiates, hoping to achieve some gain or improvement, or responds, adjusting to a situation. Strategic disengagement has elements of both, but more of the latter. It is an anticipatory adjustment—a long, major adaptation to an evolutionary process in the international system and a basic social situation in the United States.

Nevertheless, there are some benefits, though these are not so much reasons for doing it as reasons for being glad to have done it. First, this posture does have tangible consequences for defense preparations—force structures, weapons systems and budgets. Though cost saving might not be the main determinant of this policy, it is not a contemptible by-product. In fact, the only way honestly to achieve meaningful defense budget cuts—of the magnitude mentioned in the 1972 presidential campaign, for example, on the order of \$35 billion a year—is to execute a far-reaching program of strategic disengagement. The Asian portion alone, which could be accomplished in the earlier years, could save as much as \$14 billion a year from the baseline allocations for this region under the Nixon Doctrine.³

Another positive reason for strategic disengagement is to avoid the possible moral “costs” of conflict. These costs are not negligible and carry their own constraints in the form of international diplomatic reactions and domestic social pressures, which might limit our ability to persevere in a conflict. Moral costs can attach either to indecisive conflicts protracted by self-limitation or, conversely, to decisive measures to end conflict.

But the principal reason for strategic disengagement is to make an adjustment that will have sufficient coherence to weather a future of perplexing variations in the pressure of circumstances and the incidence of accidental events.

What, then, is this expected future to which we are adjusting? We can identify six critical conditions in the future international system: The first is the high probability of troubles, such as embargoes, expropriations, coups, revolutions, externally supported subversions, thrusts by impatient irredentist states, and calculated probes of defense perimeters. These will be neither resolved nor constructively equilibrated by some benign balance-of-power mechanism. All of these situations could have consequences that would be unfavorable to U.S. interests. But they would threaten the central security of the United States only to the extent that we “adopted” them in ways that made them security issues, through

³ Instead of the Administration's planned Asia-oriented force of five to six land divisions and 15 to 17 tactical air wing equivalents, including eight navy wings on nine attack carriers, a disengaged posture would require only minimal reinsurance against some unimaginable Pacific catastrophe: perhaps two land divisions and six tactical air wings, including two navy wings on three attack carriers, of which only one would normally operate forward. After a half-decade of adjustment to this, there would be no U.S. troops west of Guam. And no military assistance would be going to any East Asian client state.

such instruments as alliances, guarantees, collective security arrangements, and unilateral commitments by declaration or implicit orientation. In that case, any of these situations could begin an escalatory antiphony of deterrent threats, challenges and credibility-maintaining countermoves.

The second tendency is increasing interdependence—but this has a different implication from the one which proponents of interdependence recognize. Interdependence, in these terms, is a set of functional linkages of nations: resources—raw materials, energy and food; access routes—commercial and strategic; economic activities—trade, monetary and investment, and their patterns and organizations; populations—with their movements and impacts; and the physical environment. These areas harbor problems that could be aggravated to the point where they became threats to the security of nations, demanding, not suggesting, solutions.

The third element of the future international system is the probable absence of an ultimate adjustment mechanism in the form of a supranational institution that can authoritatively dispense justice and grant relief, especially in those extreme cases that threaten to unhinge the system—though in lesser cases of international disorder, mediation and peacekeeping might be effective, and in other functional areas some organized coöperation will exist. Even the tacit “rules” of the balance of power will break down precisely when they are most needed. These rules are not positive restraints, or even reliable predictions of the behavior of nations in the pursuit of their interests, but, rather, mere system-maintenance conditions—descriptions of ideal conduct that derive from the very definition of a balance of power.

The fourth factor is an interim conclusion of the first three—that stabilization, the long-range action of states to bring about conditions in the external system that enhance their security, will take the form of unilateral intervention rather than collaborative world order.

The fifth future condition is the unmanageable diffusion of power beyond some ideal geometry of powerful but responsible states. Instead, this process is likely to proceed to a kaleidoscopic interaction of multiple political entities. By any measure of power—military (nuclear or conventional, actual or potential), economic (total wealth or commercial weight) or political (the will to autonomy and achievement)—there may be 15 or 20

salient states, not necessarily equal and not necessarily armed with nuclear weapons, but potent to the point of enjoying the possibility of independent action. This would be a "Gaullist world."

The diffusion of power will have several aspects: One is that limits will become evident in existing unions, and cracks will appear in existing military alliances. Europe, for example, may agglomerate further, but it will not integrate politically. The Atlantic Alliance also will suffer from a continuing divergence of interests and allegiances. There will be the traditional cultural tug of Europe as an entity, and the blandishment of commercial deals with Eastern Europe, reinforcing the desire of individual allies for political maneuverability and military autonomy. Allies will increasingly, despite occasional contributions toward specific infrastructural items, fail to bear their "fair share" of the burdens of the Alliance and will demand a disproportionate share—or, bad enough, a proportionate share—of command authority. And there will be, within the Atlantic Alliance (and our Asian alliances as well), dissonance over the suitability of foreign policies, strategies and weapons systems. The result is that alliances and multinational groupings will become the least-efficient instruments for bargaining among the principal antagonists in the international system. Individual nations are already seeking out their adversaries directly, in order to make general political arrangements and specific deals on economic, environmental and resource issues.

Another aspect of diffusion is the impracticality of military power, whether nuclear, conventional or subconventional. Nuclear force, used or threatened, could be a trigger to uncontrollable or unpredictable violence, immediately or in the longer run because of adverse precedents. Conventional military power is increasingly ineffective in relative terms, because of the rising cost of its application and the diminishing value of its effects in politically unfocused, or geographically intractable, or great-power-stalemated situations. And subconventional force is vitiated by its unreliable by-products: it creates embarrassing clients, diminishes diplomatic maneuverability and invites escalation once a minimal stake is established.

The sixth condition that will complicate the enforcement of international order is the lack of consensus in domestic support—not when our system is free from external pressure, but pre-

cisely when it most needs steady support. Few societies—especially one such as the United States—will hold together in foreign exercises that are ill-defined or, conversely, dedicated to the maintenance of a balance of power. Indeed, this Administration does not cultivate active, fervent public support. Acquiescence would be entirely sufficient, and more appropriate, for a subtle, flexible balance-of-power policy—as long as it was limited to the faint demonstration of force. But where escalation is required to validate an earlier countermeasure that was indecisive, support would be lacking and the intervention might fail before it had achieved its effect. The lack of public support might not prevent intervention, but it might critically inhibit its prosecution.

Let us return for a moment to draw some conclusions about interdependence. The typical argument for interdependence recites the material or spiritual facts that *push* and *throw* nations together and concludes with the “ethical necessity” of *binding* nations together in world order. It urgently, humanely, reminds us that we are living in One World. But it fails to recognize a paradox that is embedded in the situation:

(1) Interdependence *creates* the need for more world order—the authority to restrain and dispose—without creating order itself. Indeed, it diminishes the effectiveness of the existing degree of world order, which might be barely viable only because it is relatively unstressed. In short, interdependence, which is widely mistaken for part of the solution, is actually part of the problem.

(2) The diffusion of power—in the form of the persistence and increasing authority of the nation-state, and the increasing impotence of constructive coercion—*prevents* the more perfect world order required by the conditions of interdependence.

(3) But, paradoxically, *both* interdependence and diffusion are simultaneously increasing in the world. And since diffusion *causes* disorder, while interdependence merely *requires* order, the prognosis is more disorder in the international system.

Now, if the foreign policy of an individual state could be logically “ideal,” it would either cut down on interdependence in order to be freer from the uncontrollable effects of the system, or would reverse the diffusion of power by gaining more control over the system. But neither of these logically ideal courses is within the scope of a single nation’s policy. Interdependencies cannot be avoided at will, since they are primarily created not by the policy of the nation but by factors that are outside the frame

of choice at the national level. And, conversely, the attempt to increase or manipulate power—even constructively—would be resisted by jealous and defensive nation-states.

So nations will have to live with greater interdependence, but in the face of less world order. Thus, a general policy prescription, confronting these contradictory tendencies, would have to be formulated in a “split level.”

The face of the policy would be hopeful and constructive, selectively accommodating interdependence—stressing practical coöperation in specific areas, encouraging the universal observance of an international law of self-restraint, and joining in the mediation of disputes and some limited but noncommittal peace-keeping.

But the residual level of the policy would be skeptical and defensive, hedging and insulating against disorder. Where other nations could expropriate our investments or interdict our access to raw materials or energy resources, we would hedge—the only alternatives being deprivation or gunboat diplomacy. And where trading patterns might become adverse, we would adjust our expectations toward import substitution; this does not imply instant autarky, but gearing the mind and the system to deal with incipient mercantilism by means other than irrelevant bluster. This policy also favors an international monetary system that depends on the implicit flexibility of exchange rates, rather than the necessity of explicit initiatives and bargaining.

In political-military arrangements, we would insulate. Security frontiers would be retracted to defensible lines that corresponded generally to national boundaries and related ocean areas. Force structures and base locations would change accordingly. Military strategies would not be absolutely frozen, but would be capable of second-chance reactions, in case major calculations were upset by events or impending events. Strategic nuclear sufficiency would be maintained. But commitments would be gradually dissolved. We might hope that affected nations would adopt compensatory measures that were sensible and stable, but there would be little way to enforce our preferences. And we should not contribute to their compensatory measures to the point where we were recommitted.

IV

Is strategic disengagement feasible for the United States? Part

of the answer lies in the way the question is posed. It is often posed in a falsely static form: Can the United States even think of opting out of the international system, *as it is*? And in any circumstances that seem to be a dereliction of responsibility or a breach of the rules of the system?

Rather, the question should be put in dynamic form: Can the United States adjust to the system *as it would be changed* by its own behavior? For one quality of a great power is that its major choices define the structure of the international system, not simply influence its process.

Of course, the malleability of the international system is not unlimited. By its defection, a great power can defeat any existent scheme of world order; but it cannot necessarily create new ones by its own intention and means. Thus, in present circumstances, single-nation hegemony is obviously an impossibility. And various forms of collective security, including a condominium of superpowers, seem beyond attainment. The bipolar order is passing and defies restoration, though certain of its features persist—notably, the formal alliances and the habits of zero-sum strategic thinking. But recalcitrant allies, third forces and crosscutting institutions are too prevalent. So there remain the practical alternatives of a multipolar balance of power or a pluralism of unaligned states.

We are asking, then, whether the United States can live in a situation of general unalignment which its own conduct would materially help to establish. This question has its tangible and its intangible components.

The tangible questions are: Would such a situation be minimally supportive of the political and economic life of the state? Can the nation live with the consequences of its failure to intervene readily with sufficient force to preserve its real interests, principally its access as a key to further benefits from the external system? Can it even defend what it must unavoidably defend—its own existence and integrity—if it allows certain ancillary strategic assets to go by the board? Can it credibly deter the central threats to its existence if it declines to deter lesser threats to lesser objects? To what extent is it implicitly dependent on the self-restraint of other nations, or the simple hope that they will fail in the attainment of their objectives?

The intangible questions are: Could our system adjust to the probable “loss” of some previously valued objects—no less real,

though intangible and indirect in their impact on our security—the slippage of allegiances, the lapse of comfortable relationships, the extension of hostile control? The adjustment to intangible loss may be the most critical condition for the viability of a policy of strategic disengagement.

A posture of strategic disengagement is favored by several factors, some peculiar to the American situation and some generic. The first is a condition which we have mentioned in another context as a *reason* for disengagement: the increasing diffusion of usable power among nations. This is not the same as an assertion of “no threat.” It is to say that the same condition that frustrates the exercise of American control also frustrates the efforts of competitive states to profit directly and proportionally from our withdrawal, and would mitigate the consequences for us even if they were to succeed.

The second factor has impressed observers as a reason, and a condition, for disengagement since the time of George Washington: the peculiar geographic position of the United States (“Our detached and distant situation invites us to a different course and enables us to pursue it. . .”). Even—perhaps especially—in the nuclear age, geography still confers military advantage and allows political-military detachment,⁴ as long as it is complemented by a third factor—adequate conventional military forces.

A fourth factor that permits a disengaged political-military stance is nuclear weapons. This factor has two dimensions. On the one hand, for the individual nation, nuclear weapons are like certain other military and situational resources writ large. For example, a secure nuclear retaliatory capability is, for the United States in the twentieth century, the equivalent of the protection of the British fleet in the halcyon era of American isolation, the nineteenth century.

On the other hand, for the international system, nuclear weapons have extraordinary consequences. The distribution of nuclear

⁴ A contrary case is made by Albert Wohlstetter (“Illusions of Distance,” *Foreign Affairs*, January 1968) on the basis of logistical and technological factors, which overcome raw distance. But logistics and technology are not the whole point, nor is raw distance, without the help of other dimensions of geography. Every tactical commander realizes the obstructive value of an earthwork, or a fifty-yard ditch such as the Suez Canal. A fortiori, the Pacific Ocean remains a formidable barrier, cheap for transport no doubt, but forbidding for conventional invasion. (Central nuclear protection, of course, is a separate problem and a discontinuous calculus.) Barriers force the enemy to stop and mass, and—perhaps most important—put upon him the onus of unmistakable initiative. We are reminded again that arguments deriving from a “shrinking world” must always be qualified.

force ushers in a distinctive variant of the international system of general unalignment—a “veto” system, in which the competent nations pursue independent foreign policies and protect their autonomy with the power to maim an attacker. Even threshold nuclear powers, such as Japan, partake indirectly of this quality, just as analogously in a balance-of-power system nations can wield power by allying and threatening, though limited war is the residual arbiter of that system.

In fact, nuclear weapons precipitate a gradual and inexorable movement toward unalignment—beyond a balance of power—once they are held by more than one potential major antagonist. It is wrong to attribute this effect to the general proliferation of nuclear weapons among third, fourth or fifth states, including lesser alliance partners. The point of no return occurs when two “polar” powers have attained them. The rest is an inevitable disintegration and an eventual transformation—the logical progression to a “Gaullist world.”

The French did not create this condition; nor did they merely react to it. They anticipated it, even before de Gaulle’s return to power in 1958, and began to draw the correct (though not the only possible) policy conclusions, however unpalatable these might have been for the United States. The standard American characterizations of national nuclear forces as completely useless because militarily useless, and at best (or at worst) a “trigger” for the American deterrent, are wide of the mark. A national nuclear force might not be much “good” in a strict military calculus of reciprocal destruction. But this is not the intention of its architects. Its purpose is political—not in the trivial sense of an entrance ticket to a prestigious “club,” but in the most profound sense of that term.⁵

For a medium power, such as France, the utility of nuclear weapons lies not in any plausible coercive strategy, but only in a desperate retaliation, defensive in strategic significance even though “offensive” in military form. Thus the contemplated use of nuclear weapons by a people will be credible if, and only if, it is in the “final defense of their supreme self-interest.” And conversely, in that extreme context, any other protection—through generalized “umbrellas,” multilateral nonproliferation treaties or the calculated interest of alliance partners—will not be cred-

⁵ This is a cardinal concept of the Gaullist nuclear theorists. See, for example, Michel Debré, “France’s Global Strategy,” *Foreign Affairs*, April 1971.

ible or, to the ultimately logical nuclear theorist, even necessary.

For the nuclear superpower, the potency of its own weapons, and their limitations in the face of other nations' weapons, will have two effects that reinforce each other. First, it will *not need* to acknowledge a seamless web of degrees and cases of deterrence; it can be content to default on nonvital foreign commitments. And second, it may be *deterred* from fulfilling purely external commitments; regardless of their merit, it will be pressed to default on them by the risk to its own central security. Thus a veto system allows, but also demands, tolerance of very wide swings of accumulated power before any counteraction is indicated (though it is also difficult to see how any other power would risk the aggressive moves necessary to accumulate such power).

For these reasons, nuclear weapons, once beyond the possession of a single polar power, begin to corrode alliances. No ally can be confident that, in a crisis, it will not be disowned by a joint or senior nuclear protector. Thus, in a veto system, an alliance, to be effective, must approach the status of a political union or a feudal subordination. However, once it has acquired its own nuclear force, there is no particular reason for an ally to pool it within the alliance. The sheer power of the pooled force will probably be redundant; and yet no ally will take advantage of this to cut its force and consent to cost-effective joint targeting if this means delegating to an alien political will—and thus an implicitly untrustworthy ally—the decision to withhold or fire against some vital target. Therefore, a nuclear veto system discourages casual and ambiguous commitments and enforces a more severe choice: to create a political community—through union or subordination—integral enough to make mutual nuclear defense credible, or to acquiesce in the dissolution of alliances.

V

Disengagement has been proposed before. It is a perennial response to the insoluble problems of the international system epitomized by periodic wars. It was adopted after World War I, debated after World War II, and advanced in the 1950s as a way out of the cold war. It is an authentic vision—not necessarily noble, but often practical and even moral in its tendency to avoid the senseless, unfairly apportioned and ruinous costs of war.

But somehow the vision is always rejected—sometimes when proposed, sometimes later when our national response is tested.

The nation, and even some of the proponents of disengagement, respond to strategic challenge with reengagement, intervention and war. What goes wrong? Possibly this: (1) In prospect, disengagement seems too comprehensive, too extreme; it seems to involve us in an undifferentiated retreat from the world, a kind of total—even amoral—isolationism. And (2) in the moment of truth, when an issue threatens to become strategic, in scale and in political-military effect, we are not willing to lose—that is, to risk the consequences of nonintervention.

For the critical question in any proposal of disengagement is not its techniques and provisions, but rather our strategic concern for the objects at risk in the proposal. As long as we maintain this strategic concern, any scheme of disengagement will be vulnerable to objection on its own terms: it cannot ensure that we will not “lose” and our adversaries will not “gain.”

It was really on this point that George Kennan’s scheme of disengagement in Central Europe in the late 1950s foundered. He argued for the avoidance of risk and tension, the extension of incentive and reassurance to the Soviets, the futility of defense through NATO, and the greater chance of healing the division of Europe. The problem was that disengagement was represented as a *better* tactic to advance the interest of the United States in the wholeness, health and safety of Europe. And for this it required a reciprocal move by our adversary, Russia. Thus, its opponents could demonstrate generally that the risks of this initiative were greater than the possible gains—always in terms of the conceded interest in the condition of Europe—and specifically that the risk of nonadherence by the Soviets to the reciprocal terms was too great and was irreducible. So Kennan’s initiative evoked the critical antagonism of Henry Kissinger⁶ and the patrician disgust of Dean Acheson.⁷ And there is some justice in their reactions. For it is not a valid disengagement if we simply withdraw and continue to hope for the best.

How might a fresh proposal effectively differ? Strategic disengagement depends on the ability, in logic and in fact, to maintain two distinctions. The first is the separation of strategic interests from other concerns, and the sympathetic pursuit of these nonstrategic concerns in collaborative international bodies and in our own unilateral acts; disengagement should not affect com-

⁶ “Missiles and the Western Alliance,” *Foreign Affairs*, April 1958.

⁷ “The Illusion of Disengagement,” *Foreign Affairs*, April 1958.

mercial relations, humanitarian expressions or cultural contacts.

The second is the distinction of objective from nonobjective factors. The key to this is the concept of equanimity. This is not an attitude of negligence or unconcern or rejection; it is an acceptance of situations and consequences.

This equanimity is "objective" in several senses of the word: (1) It refers to an *objective* policy orientation, not a subjective psychological state; (2) It is directed to the *objects* of our policy—whether they be the international system as a whole, or particular allied nations, threatened resources or strategic situations—not the style of our policy-making or its specific values. And in the last resort, it is not even our sympathy for these objects of our policy, or our formal "commitments" to them, but what we consider their strategic *necessity* that implicates us in foreign conflict and virtually dictates our intervention.

Thus, if we are to achieve disengagement, we must make our policy deliberately neutral toward a wide range of differential strategic conditions and outcomes in the world. We will be able to afford this orientation only if we hedge and insulate. But even these are not enough. To sustain a strict and consistent disengagement, our decision-making system must adjust its most fundamental presumptions—about the relevance of threats, the calculus of risks and the nature of the national interest. These are the primal categories that mold our response to strategic challenge, despite apparent shifts in surface values.

Nevertheless, in final ethical terms, we are left with an unsatisfactory choice: whether to choose the sins of commission and intervention, or the sins of omission and disengagement. We may have to resolve this dilemma on the basis of the Kantian categorical imperative: We cannot control the behavior of others; we can only behave as we will others to behave—though we expect little reciprocity or symmetry. Admittedly, this is not a self-executing policy. But, at least in moral theory, it could be a self-fulfilling prophecy.

THE ECONOMIC CONTENT OF NATIONAL SECURITY POLICY

By Charles L. Schultze

IN almost any debate about American foreign and defense policies, there is one element upon which both protagonists can usually agree—that economic considerations play a major role in shaping the substance of those policies. Indeed, the economics of national security policy makes strange bedfellows. The radical New Left is convinced that a conspiracy of vested interests shapes American foreign policy toward the protection of U.S. investments abroad and the economic exploitation of other peoples. But when pressed to articulate a rationale for an internationalist and interventionist approach to foreign policy, eminently conservative Establishment types also advance arguments of economic self-interest, citing the need to preserve American access to vital raw materials abroad and warning of the blow to general living standards which would occur should America become isolated from the mainstream of world commerce.¹

On many other economic matters, as they affect national security policy, the Left and the Right find common ground. Both would agree that economic strength contributes to military power. A recent economics text with a New Left orientation argues, for example, that the Keynesian economics of the postwar period served to strengthen the military-industrial complex and the interventionist policies of the United States.² And as the recent presidential campaign demonstrated, both the Republican and Communist parties agree that large military spending is needed in the United States to maintain full employment. The GOP, for example, prominently featured a campaign document listing by state and locality the employment reductions which would ensue from Senator McGovern's defense cutback proposals. In an unusual show of amity between a Defense Secretary and a Budget Director, Messrs. Laird and Weinberger both gave

¹ Indeed, the "conservative" arguments are rendered more in the true spirit of Lenin's analysis of imperialism than are those of the New Left. It was Lenin who argued that the working class of rich Western nations, as well as the capitalists, shared in the gains of imperialism.

² Daniel R. Fusfeld, *Economics*, Lexington (Mass.): Lexington Books, 1972, p. 6.

major speeches stressing the unemployment consequences of reduced military budgets as though defense spending created jobs in a way which other spending could not.

I shall argue that most of the popular views about the interconnections between economics and national security are either wrong or misleading. Our military strength does not depend, to any significant degree, on the size or rate of growth in our economy, at least within the range of variation which is likely to occur in the foreseeable future. Conversely, the level and the rate of growth of national income and employment are in no fundamental way dependent on the maintenance of heavy military spending. Moreover, the national security of the United States depends in no important way on securing access to raw materials, markets, or sea lanes abroad, and securing or protecting such access cannot reasonably be used as the rationale for a foreign policy, a set of commitments, or an element in defense strategy.

Yet despite all of this, I shall also argue that the national security of the United States will increasingly depend upon the way in which we conduct our economic relationships with other nations; that, in turn, the state of our domestic economy will strongly influence how those relationships are handled; and that through this chain of influence economics and national security policy are strongly linked.

II

Does our national security depend upon maintaining a healthy rate of growth in our economy—is it dependent on our economic strength? Surprisingly, perhaps, the answer is, “No.” Obviously, it would be impossible for us to maintain a large defense budget if we had the GNP of Ecuador or Spain or Iran. But within the range of likely possibilities over the next ten years, our economic strength will not really make much difference in our capability to sustain whatever defense establishment we deem warranted. At the present time our \$80 billion defense budget is approximately seven percent of GNP. In the Soviet Union the defense budget takes up perhaps ten percent of a smaller GNP. The faster the GNP grows, the smaller will be the fraction of it consumed by a given defense budget. For example, ten years from now, an \$80 billion defense budget will be six percent of GNP if the economy grows by two percent per year and five percent if economic growth proceeds at a four-percent annual rate. A larger

proportion of our national income would have to be taken in taxes to support the defense budget in a slowly growing economy. But these differences are modest, and surely not critical. Within those ranges we can clearly afford the appropriate defense burden at either level of GNP.

Securing national economic prosperity and healthy growth are exceedingly important objectives in their own right. But they ought to be pursued for their own sake, not because they are direct determinants of our ability to support the defense establishment.

In a more subtle way, there are connections between economic strength and national security. Rapid technological advance, a sizable population of research-oriented scientists and engineers and large numbers of technologically advanced business firms help to generate rapid economic growth and at the same time provide the research capability essential for defense in the modern world. But it is the research and technology rather than the economic growth itself which contributes to military capability.

To turn the question around: Does our economy need a large defense budget in order to maintain prosperity? We have been told time and again in the past three years that the high unemployment rates of those years were the price we had to pay for withdrawing from Vietnam and for turning from war to peace. This is nonsense. Full employment and prosperity do not depend upon large budget outlays for defense. There is no law of nature or of economics which says that men and women producing airplanes must produce those airplanes and nothing else; that returning Vietnam veterans can do nothing else but soldier. Of course, if defense procurement is reduced, the demand for other goods and services—public and private—must be correspondingly increased to provide civilian employment for those formerly producing weapons. People are employed only if there is a market for the goods and services they produce. But we have monetary and fiscal instruments which can stimulate demand for nondefense goods, thereby increasing the demand for labor in an amount sufficient to absorb those laid off in defense establishments. Necessarily there are transition problems. Specific reconversion programs are required for people with specialized skills and for localities which have in the past depended heavily on defense contracts. But cutbacks in defense procurement and reductions in the size of the armed forces are no excuse for an overall

increase in unemployment. We can have full employment with any size defense budget, be it \$10 billion or \$100 billion. The Comintern was wrong—making weapons is not essential to the prosperity of a free-enterprise economy. The size of the defense budget can and should be determined on the basis of defense needs, not as a weapons-oriented WPA for putting people to work. How rapidly we change the defense budget up or down does indeed affect the size of the transition problem. But we should see the problem precisely as a transition problem which requires advance planning and not as a rationalization for perpetually maintaining an excessively large defense budget.

III

To what extent does our national security depend upon protecting access to overseas sources of raw materials and ensuring the safety of American investments abroad? In essence, the answer is simple, "Hardly at all." One of the most pervasive myths about national security is that the United States is critically dependent on the steady supply of a number of vital materials, and that a slowdown or cessation in their supply would be disastrous for the economy and crippling to our military capability. This is simply not true.

In the first place, unlike many other nations, we import only a relatively small proportion of our needs. In 1971 merchandise imports were approximately four percent of GNP. In the second place, any modern industrial economy, and particularly the United States, is incredibly quick to adapt to shortages of particular materials. Substitutes are rapidly discovered, synthetics developed, and ways found to minimize the use of short-supply items. A reading of the Strategic Bombing Survey, which assessed the effect of bombing in Germany during World War II, demonstrates how adaptable was the German economy—with a technology and flexibility far below what we possess today. After more than two years of heavy bombing and the reduction or elimination of many overseas materials, industrial production in Germany was 40 percent higher in 1944 than at the beginning of the war. Measures to use substitutes or to ration scarce materials were far more effective than anyone might have believed before the war.³ And the indigenous resources and technological capacity

³ Edward S. Mason, "American Security and Access to Raw Materials," *World Politics*, January 1949, p. 153 (cited in Mancur Olson, Jr., "American Materials Policy and the 'Physiocratic Fallacy,'" *Orbis*, January 1963, p. 678).

for devising substitutes are enormously greater in the United States of the 1970s than in the Germany of the 1940s.

There is the problem of the initial shock should the United States be suddenly cut off from access to a particular material or fuel supply. But in the long run, the economy would adapt amazingly well. If imports to the United States were cut off and our overseas investments expropriated, the U.S. economy would not collapse. Our living standards would suffer, but not by a large amount. Nor would our military capabilities be substantially impaired. This is not to suggest that we can, therefore, blithely go protectionist. Far from it. But it is important to get clear that our international interests cannot legitimately be defined, or our defense budget justified, in terms of preserving access to Malaysian rubber or Chilean copper. They are not worth the tens of billions of dollars a year we spend on conventional forces nor are they worth the risk of war.

Middle Eastern oil deserves special mention. Until recently, about 20 percent of our oil supplies were imported, almost all from Canada and Venezuela. In the last several years, however, imports have accounted for a rising percentage of our supplies, as domestic production has leveled off while demand for petroleum products has expanded rapidly. In 1972 imports accounted for almost 30 percent of supplies, and the percentage will continue to grow. Venezuelan supplies have limited capabilities of expansion, and while Canadian supplies can be increased they will fall far short of meeting growing import requirements. By 1980, from one-third to one-half of U.S. crude oil requirements will be coming from the Middle East and North Africa, depending on whose projections one believes. And this will be true even if some two to three million barrels a day are available from recent Alaskan discoveries. Europe and Japan have for years been almost completely dependent on imported oil, the bulk of which comes from the Middle East and North Africa. Recent oil and gas discoveries in the North Sea promise to be important sources of supply, but not enough to lessen fundamentally the importance of Middle Eastern and North African oil to Europe. What does the dependence on oil supplies from troubled and distant parts of the world imply for our national security policy? Only a few observations on this problem are possible within the scope of this article.

One must necessarily consider briefly the contingencies of nuclear or large-scale conventional war. The first—nuclear war on any scale whatever—would surely make irrelevant any issue of crude oil supply, since refinery and transportation capacity would be much more drastically affected. As for large-scale conventional war, the situation of the United States would be quite different from that of Europe or Japan. Calculations by the President's Task Force on Oil Import Control, in 1970, demonstrate that direct American military requirements would rise only to levels that could be met by augmenting supplies from the Western Hemisphere through emergency measures, and by civilian rationing.⁴ On the other hand, there is no question that in an extended conventional conflict our European and Japanese allies would be severely hurt by cessation of oil imports from areas that would probably be cut off. Even if it could be assumed, in a case of war in Europe, that supplies would still come from North Africa, Nigeria and Indonesia, the denial of Middle East oil alone would be a very severe blow to Europe.

On a cold, hard view, however, it is very difficult to imagine an extended conventional war with the Soviets during which virtually all of industrial Europe remained under NATO control. To the extent that conventional war raises oil-related security problems for our European allies, these would appear principally a matter of economic planning—oil stockpile policy, tanker availability, the standby capability of switching from oil to coal in firing power plants, and the like.

The more relevant security problems arise from the possibility of a peacetime Middle Eastern oil embargo imposed for political reasons under circumstances different in nature from those of a long-continued war. In the first place, an effective embargo would require the coöperation of virtually all major producing countries. In most Middle Eastern countries oil production can be expanded fairly quickly and at little increase in cost. The penalties for one country trying to impose its own embargo are quite high. In 1951, when Iran ceased exporting, other countries expanded their market penetration. Only recently did Iran fully recover her share of the market.⁵ This is not to say that joint action is impossible. An oil embargo by the combination of Saudi

⁴ *The Oil Import Question*, U.S. Cabinet Task Force on Oil Import Control, Washington: G.P.O., February 1970, p. 36.

⁵ *Ibid.*, footnote 28, p. 34.

Arabia, Kuwait, Libya, Iran and the oil sheikhdoms would be sufficient to cause a major impact on the European economy. But even if they acted jointly, such action would be exceedingly expensive to the producing countries themselves. By the late 1960s revenues from oil production accounted for 55 percent of the Saudi Arabian GNP, for 60 percent in Libya, and for far over 60 percent in Kuwait and the oil sheikhdoms. Oil-financed imports are a massive component of the economies of these nations and will grow in importance. The oil-exporting countries could increase their short-run staying power by accumulating large foreign-exchange reserves in advance. But foreign-exchange reserves would be useful to the Middle Eastern oil countries in such a situation precisely as a means of continuing to purchase imports from the United States, Europe and Japan during a period in which oil exports were embargoed to some of these nations as part of a political move. And in this context the increasingly heavy dependence of the Middle Eastern economies on imports is a fact which should not be ignored. If the consuming countries would develop joint policies to deal with the problem they would find themselves in possession of substantial economic weapons of their own to minimize the likelihood of a political embargo occurring. For those who worry about the possibility of the Soviet Union instigating an embargo on Middle Eastern oil exports to Europe and the United States, it should be noted that this would be an exceedingly expensive policy for the Soviets. They would have somehow to underwrite the cessation of oil revenues equal to over \$10 billion a year in 1975 and at least \$25 billion a year by 1980.

From a national security standpoint it is essential that the United States avoid the temptation to adopt some sort of interventionist military policy as a means of dealing with the problem. An Indian Ocean navy, taking up the British colonial role "East of Suez," and similar approaches are likely to accomplish nothing but mischief. If history is any guide, such policies cannot guarantee governments "friendly" to the United States—indeed, interventionism is likely to work in the opposite direction, as a red flag to nationalist groups. Whatever the problem of the United States and its European allies in the case of all-out conventional war with the Soviets, continuing interventionism prior to that conflict will be equally as likely to decrease as to increase the probability of maintaining wartime supplies. Against the

contingency of a short-term political embargo, prior interventionist policies would be even more irrelevant.

The main problem with Middle Eastern oil is likely to be not political, but economic. A discussion of the economics of international oil policy is not the point of this article. The only relevant point, here, is that recent sharp increases in the price of oil are not a reflection of a physical shortage of petroleum reserves. Middle Eastern and North African reserves are huge. They can be extracted at a marginal production cost of ten to 15 cents per barrel. By joint action the oil-producing countries have been able to levy very large increases in taxes on oil production, so that the f.o.b. price of oil in the Persian Gulf is now about \$2.00 per barrel, the bulk of which flows into the treasuries of the oil countries. Given the comparative efficiencies of oil versus other fossil fuels and nuclear power, still further large price increases would be possible, without causing a major decline in the consumption of petroleum products. For the sake of their own consumers, importing countries do have a major stake in devising policies to minimize future price increases. But, for the reasons noted above, military measures form no part of the set of possible policies which might be undertaken to deal with the economic problem.

In the end, therefore, the problem of Middle Eastern oil dependency is not one which calls for a military or interventionist solution. Oil provides no exception to the basic propositions stated above, that U.S. national security interests and the rationale for the size and structure of U.S. military forces cannot be defined in terms of protecting access to markets or raw material sources abroad.

IV

But while our national security interests cannot be defined in terms of protecting access to raw materials or ensuring our foreign investments, it is nevertheless true that the conduct of our economic relationships with other nations—and particularly with the major industrial nations of the world—is an essential element of national security policy. To understand the true relationship between the two requires a careful look at the nature of American national security in the world of today.

The concept of national security does not lend itself to neat and precise formulation. It deals with a wide variety of risks about whose probabilities we have little knowledge and of contingen-

cies whose nature we can only dimly perceive. Yet, to deal with the question of how domestic and international economic relationships affect national security, it is impossible to avoid at least some discussion of what we mean by the term itself.

Clearly, to most people at least, our national security does not consist simply in providing the military forces needed to deter or to defeat a direct threat to the territorial integrity of the United States and to preserve it against physical domination by another power. A calculation of the armed forces directly needed to meet this objective would reveal the possibility of slashing our defense budget very sharply indeed. Of the \$83 billion defense budget in fiscal 1973, only \$19 billion goes for deterrence of strategic nuclear attack. The remaining \$64 billion is devoted to conventional forces—ground, naval and tactical air. But against the unlikely contingency of a conventional attack on our own shores by currently hostile powers we do not need 16 army and marine divisions, 21 tactical air force wings, 16 carrier task forces, and a massive sea-lift, amphibious landing, and antisubmarine warfare capability. Nor would we need to maintain expensive overseas installations, provide military assistance to other nations, or put up with the costs and frustrations which inevitably plague military alliances. And should an isolationist America, at some date in the future, face the combined conventional forces of many other nations, we would have ample time in which to build up the defense of our own territory. We do not need to keep large forces in being year after year against such an eventuality. The \$64 billion now spent for conventional forces could probably be cut by more than half.

Yet clearly, there is a wide consensus among the American people—whatever their differences on specifics—that in some way or the other, the United States has basic national security interests which extend beyond the guarantee of our own territorial integrity. Unfortunately, from the standpoint of precision and simplicity those interests revolve principally around intangibles, uncertainties and probabilities rather than around concrete threats readily foreseeable and easily grasped.

Several facts about the postwar world—and particularly that world as it can be projected over the next ten years—themselves suggest the nature of our broader national security concerns. *First*, by 1980 the ability to manufacture nuclear weapons and vehicles to deliver them across national boundaries will be well

within the grasp of at least ten and possibly more major nations. *Second*, within ten years Western Europe will have a GNP equal to our own and a population of over 300 million, and Japan a GNP exceeding \$500 billion and a population of over 100 million, while both Europe and Japan will enjoy per capita incomes equal to that in the United States today. The Soviet Union with a population of almost 300 million will be producing a three-quarter-trillion-dollar GNP, while China with a much lower national income will nevertheless possess a major industrial base and a population approaching one billion people. *Third*, most of history teaches that there is nothing inherently stable in the relationship among world powers. Only the most naïve can assume that the preservation of peace will arise spontaneously from the goodness of men's hearts, their fear of the consequences of war, the wisdom of individual foreign offices, or the unilateral self-restraint of national leaders. In short, the *potential* for awesome destruction is increasing at an accelerating pace, and without a continuing and explicit effort to help preserve world order we have no warrant for believing that this potential will remain unexercised. No one, of course, can lay out particular scenarios describing the impact on the United States of a world in which the threat of chaos was continuing and immediate—there are an infinite number of such scenarios. But none of us would wish such a world on our children or want to live in the kind of society which the existence of that world would force upon us.

The core of U.S. internationalist policy, accepted even by many of those who have been the most vigorous critics of our intervention in Vietnam, rests on the concept of the United States as a guarantor of the security of Western Europe and Japan. In turn, the two chief rationales for that policy are: (1) domination of either by a hostile power would threaten U.S. security; and (2) without the U.S. guarantee, nuclear weapons would proliferate, competitive arms races could be set off, and the world would become a much more dangerous place, with the risk of major wars potentially involving the United States substantially increased. It is the central theme of this paper that acceptance of these two propositions implies some important consequences about how the United States, in the interests of national security, must conduct its international economic policies. But before proceeding to spell out those consequences, it is necessary to deal,

albeit briefly, with some recent attacks on the validity of the basic propositions themselves.

The thesis that nuclear proliferation would result in a far more dangerous world, and more specifically pose a major threat to U.S. national security interests, has been forcefully challenged by Robert Tucker.⁶ While on many points Professor Tucker's analysis is very close to the positions advanced in this article—particularly his rejection of the view that economic interests require the projection of U.S. power overseas—on the consequences of nuclear proliferation his arguments are not, I believe, persuasive.

The essential point that Tucker makes is that a nuclear weapons capability can, for the first time in history, provide a nation with a relatively assured capability of deterring attack. In the balance-of-power systems of a bygone era, alliances were needed to achieve national security because the preponderance of power that any one nation needed to possess assured deterrence was unachievable with conventional weapons. According to Tucker, however:

For the state that can now destroy any other state or combination of states, [nuclear] weapons have in truth conferred what has heretofore proven unachievable—a surfeit of deterrent power. . . . In other than the extreme situation, nuclear weapons confer a degree of security on their principal possessors that great powers seldom, if ever, enjoyed in the past.⁷

Because of this surfeit of deterrent power, the loss of allies does not threaten the physical security of any nation possessing nuclear weapons. On Tucker's analysis, domination of Western Europe by the Soviet Union would not pose a physical security problem for the United States. Moreover, nuclear proliferation would, in effect, increase the probability of world peace and order by putting more nations into the position of having an unassailable deterrent against an attack on their territory.

This view is, I think, fundamentally wrong, particularly with respect to the consequences of nuclear proliferation. In the first place, the possession of *strategic* nuclear weapons by two major powers, such that each can destroy the other's homeland, may effectively cancel out the possibility of such weapons being used, but need not eliminate the possibility of the use of conventional

⁶ See Robert W. Tucker, *A New Isolationism: Threat or Promise?*, New York: Universe Books, 1972, especially Chapter III.

⁷ *Ibid.*, p. 47.

weapons against each other. The risk of an outbreak of conventional war between two nuclear powers might indeed be reduced, but certainly not eliminated. The very nature of nuclear deterrence—power A cannot use nuclear weapons against B because B can retaliate devastatingly—may lead to a major war being fought without the use of strategic nuclear weapons. While the possession of nuclear weapons may reduce the likelihood of conventional war among nuclear powers, and limit the extent to which total victory can be pursued in such a war, we have as yet no warrant for believing it would lower the possibility of conventional war to zero.

Not only is it a dubious proposition that a surfeit of nuclear power would eliminate the likelihood of conventional war, it is quite probable that the proliferation of nuclear weapons would increase the danger of nuclear war. In the first place, a nation which has the capability of deploying only a modest number of strategic nuclear weapons opens itself up to the possibility of a first strike. If, in a crisis, a potential adversary thinks it has a very high probability of eliminating all of its enemy's delivery vehicles by a carefully planned attack, it may be tempted to do so.

Even more relevant is the problem of *tactical*, as opposed to strategic, nuclear weapons. Nuclear proliferation would involve not merely the spread of strategic "city-busting" nuclear weapons delivered over long distances, but also the widespread deployment of smaller tactical nuclear arms. The very large resource costs and technological requirements of strategic nuclear weaponry center on delivery vehicles—missiles capable of reaching an adversary's homeland. But delivery of tactical nuclear weapons can be had "on the cheap"—tactical aircraft and artillery tubes can deliver such weapons.

A complete U.S. withdrawal from Europe and Japan raises the possibility, although not the certainty, of a rapid nuclear proliferation, including the spread of tactical nuclear weaponry. Since an exchange of tactical nuclear weapons could quite easily accelerate into all-out nuclear war, one might argue that such weapons would never be used, and would simply be a part of Tucker's "surfeit of power" deterrent. But as a deterrent they offer nothing that strategic weapons do not offer except cheapness. A nation which sought to buy deterrence on the cheap, acquiring tactical nuclear weapons and neglecting conventional firepower, might be tempted—indeed forced—to use a few of

those weapons to gain an advantage should war break out. Moreover, tactical nuclear aircraft that are caught on the ground are vulnerable to a surprise attack and are a tempting target for a first strike, particularly by a power which has come to rely on nuclear weapons for its deterrence.⁸

The fact that tactical nuclear weapons are unlikely to be used without leading to escalation has not so far been a bar to their manufacture and deployment by NATO or Warsaw Pact forces. Nor can we be sure that rational calculation would be a bar to their use in a major crisis in a world of many independent nuclear powers, particularly since they offer an alluring (even if illusory) means of securing an advantage without directly invoking the immediately awesome consequences of strategic exchange. Rational calculation has been as much noted for its absence as its presence in moments of great international crisis. In the decade before World War I, countless books were written demonstrating how the terrors of modern war would inevitably bar its future occurrence—deterrence by machine-gun and conventional bombs. And the leaders of Europe had read those books. It was not unawareness of terror that let the conflict occur. After the various ultimata had ticked inexorably to their deadlines in midsummer 1914, Chancellor Bethmann-Hollweg replied to the question, "How did this all occur?" with the answer against which even the horrors of nuclear weapons are not yet proof—"Ah, if we only knew."

At best, with a proliferation of nuclear weapons, the large number of competitive military establishments would cancel each other out, still leaving the possibility of major conventional war. At worst, the spread of tactical nuclear weaponry would create a highly unstable military balance, threatening the early use and ultimate escalation of nuclear conflict in a crisis. In such a world, the danger of a major conflict involving the United States would be very much present, and the national security would be very much at risk.

Viewed from this standpoint, one of the central aims of our national policy is to participate with other major industrial nations in creating a fabric of world order that provides for the security of those nations in a way which eliminates the need for

⁸ Indeed, such a dangerous situation now exists between NATO and the Warsaw Pact. Both sides have very large numbers of tactical nuclear weapons whose delivery systems are highly vulnerable to a first strike. Tactical nuclear forces in Europe rank high as a subject for arms-limitation negotiations.

the acquisition of independent nuclear arsenals and reduces the growth of competitive military establishments.

V

In the postwar world to date, Western Europe and Japan have looked to the United States to provide the nuclear shield and the basic source of defensive strength against attack. The major potential adversaries against whom the defensive shield was erected have been the Soviet Union and to a lesser extent China. That aspect of our national security policies has, to date, been largely successful. Most of the major problems of the recent past have not stemmed from these arrangements but from the three major powers probing at each other in peripheral areas, and from our own misconceived attempts to apply the U.S. security guarantee to areas in the Third World where neither our security nor that of Western Europe or Japan is fundamentally at risk.

We have been so conditioned in the past 25 years to define our national security objectives solely in terms of adversary relations with the Soviet Union and China that we tend to forget the more fundamental and far wider objectives which define our role in *helping to create and maintain a fabric of order among the industrial nations of the West*. Now, as there is progress toward negotiations and at least some degree of *détente* with the two adversaries, and as we hopefully reduce excessive military commitments in Southeast Asia, there is some danger that we will pay too little attention to the long-run national security implications of our relations with Western Europe and Japan.

The arrangements with our allies and friends whereby the United States is militarily first among equals will endure only so long as they trust us to use power wisely and not to abuse it for short-term tactical gains. At the same time, rapid economic growth among the major industrial nations has made them strictly our equals in the area of world trade and monetary affairs. In the normal course of events, disputes and tensions about economic matters arise, many of which have major domestic political implications in the nations involved—agricultural prices, tariffs quotas and the like. How these disputes are handled, and particularly how the United States deals with them, inevitably has an impact on the underlying trust and confidence which others have in our behavior. If we periodically use our economic power on a unilateral basis to extract short-term eco-

conomic gains, why should other nations not begin to believe that we will also do so in the political and military arena?

A set of defense arrangements under which a number of powerful nations forgo independence of action and, for many, the possession of their own nuclear capability, in return for a U.S. security guarantee, necessarily rests upon their willingness to trust in the responsible use of U.S. power. A major nation can, if it wishes, throw its weight around through unilateral actions and often gain some immediate trading advantages. For any nation this is a dangerous game, since its success depends on the good sense and restraint of its trading partners. Should they decide to retaliate, the whole world-trading system could be placed in jeopardy. But for the United States it is a doubly dangerous game, since it risks damage to the trust which others place in our role in the political and military arena, which is critical to national security arrangements.

In short, the national security objectives of the United States involve far more than our relationships with the Soviet Union and China. They have to do with our role in helping to maintain orderly and peaceful relationships among nations, each of which has the potential capability of destroying the other. And given this definition, *all* of our relationships with other major powers have a bearing on our national security. In particular, the economic and monetary arrangements through which we deal with them are an integral part of the complex set of relationships which make up our basic national security. From this standpoint there are several aspects of current international trade and monetary arrangements which are especially critical:

First, while foreign trade is a relatively small part of the American economy, it is much more critical to the economies of our European and Japanese allies. U.S. exports and imports are about four percent of GNP; but they amount to ten to 12 percent in France and Japan and 16 to 17 per cent in Germany and Great Britain. Living standards in Europe and Japan do depend critically on foreign trade. How we conduct our economic relations with these countries is therefore a matter of major concern to them.

The unilateral action taken by the United States in August 1971, suspending convertibility of the dollar, may well have been the only means of securing a vitally needed realignment of currency parities and of opening up the whole question of exchange

rate flexibility. As a nonrecurring one-time shock to the system, such a unilateral action was probably healthy. But the simultaneous and unneeded imposition of the ten-percent surcharge, the nationalistic rhetoric in which the action was announced, and the subsequent attempts to picture the United States as a long-suffering, put-upon patsy now prepared to slash about with its economic power in order to gain trading concessions, should not become a guide as to how we should act in the future. We can and should negotiate hard about trade restrictions. But tough negotiations are not the same thing as unilateral actions. And we must—I repeat, must—be prepared to avoid seeking short-term tactical gains by unilaterally exercising the economic power which we admittedly possess by virtue of the size of the American market and the dollar's current role in the world. Over the long run, such a display of power is a sure road to unraveling the painfully built network of political and military arrangements which are the world's protection against a multiplicity of competitive and nuclear-armed military establishments.

Second, many of the truly divisive problems which threaten the international trading structure are really traceable to shortcomings of the international monetary system. In the absence of methods to make easy adjustments in exchange rates, balance-of-payments difficulties have too often been handled in various countries by trade restrictions or curtailment of domestic growth, both of which devices can threaten longer-run international political relationships. It is not just for economic reasons, therefore, that we must bend every effort to devise a world monetary system which can handle balance-of-payments difficulties. Some combination of short-term financing arrangements and methods for making small but frequent adjustments in currency parities will be vital to this end.

During the decade of the 1960s the inability to deal with persistent U.S. balance-of-payments deficits through exchange-rate adjustments led to some absurd and dangerous measures. Because of balance-of-payments problems, we put extreme pressure on our allies from time to time for offset arrangements to cover our overseas defense expenditures. Some parts of these overseas expenditures do represent outlays for the common defense. They are a real budget cost which should indeed be subject to negotiations about burden-sharing. But the foreign-exchange costs of our defense program are no different from the foreign-exchange

costs of our commercial imports. If total dollar outflows persistently cannot be covered by total dollar inflows, this is a problem to be handled by exchange-rate adjustments, not by exerting pressure on our allies for defense offset arrangements. Yet, our pressure for offset agreements was so sharp it was a major factor in the downfall of the Erhard government. We have also gone to extreme lengths in trying to tie our foreign aid to American procurement. We have paid premiums of 50 percent or more on defense procurement to avoid buying from foreign sources. In all of these cases we threatened in a major or minor way the fabric of important military and political arrangements in order to cover a balance-of-payments problem. But if we can work out more suitable means for payments adjustment, many of these basically silly and dangerous games can stop.

In a very real sense, therefore, securing a workable set of monetary arrangements which makes possible relatively smooth adjustments in payment imbalances would be a major contribution to our national security. It would remove the need for all sorts of unproductive frictions which wear away the framework of our political and military relationships.

It is in this connection that economic growth in the United States is important for national security. Stable prosperity in America does tend to help preserve prosperity for our trading partners (although our prosperity is by no means the only factor affecting their economies). Equally if not more important, protectionist policies are less likely to gain widespread political support in a fully employed and prosperous economy. It is hard to preach the advantages of international specialization and free trade to the shoe worker or electronics worker whose job has been displaced by imports, when there are no other jobs to be found. In fact, the employment adjustment from imports is, in the aggregate, far smaller than the continuing adjustments created by technological change or shifting consumer tastes. For all sorts of reasons, millions of workers in the United States are laid off each year. In 1970, for example, layoffs amounted to 20 percent of the manufacturing work force. Competition from imports was responsible for only a small fraction of the layoffs. The general economic recession, the shifting fortunes of particular business firms, and the introduction of labor-saving machinery, along with many other factors were responsible. But it is far easier to identify and legislatively restrict competition from "low-paid

foreign textile workers" than it is to stop computers from replacing clerical help, to prohibit Mrs. Jones from switching from wool to nylon carpeting, or to preserve the sales of inefficient business firms.

When overall economic prosperity exists, most employers are looking for workers. Jobs are plentiful. Import competition is, both really and psychologically, far less of a threat to individual workers. Those who are laid off have a much better chance of finding a new job quickly at decent pay. Moreover, during periods of low unemployment and vigorous prosperity, import competition can more easily be seen in its positive role of limiting inflation, rather than its negative role of "destroying" jobs. It is during economic recessions that imports take the blame for a host of other problems. And it is then that protectionist measures are most loudly demanded. While it is impossible to be very dogmatic about how important prosperity among advanced industrial nations is for the maintenance of peace and order, it surely plays some role in minimizing the beggar-my-neighbor policies which have so often led to political and military confrontations.

VI

In the final analysis, the harsh fact of nuclear weapons dominates our long-run national security interests. We want to avoid a world in which a large number of competitive military powers possess the capability not only of destroying each other but of pulling down civilization, and us along with it. For the first time in history, a number of nations which could, economically and technologically, equip themselves with vast numbers of terribly destructive weapons, must voluntarily forgo those weapons even though a few other nations have them in superabundance. Leaving aside the modest nuclear arsenals of England and France, the stability of this arrangement fundamentally implies for Europe and Japan a major act of faith in the political and military leadership of the United States, not merely vis-à-vis the Soviet Union and China but with respect to themselves. Special responsibilities are thereby imposed upon us. One of these responsibilities is the obligation to conduct our international economic relationships in a way which gives other nations confidence that the United States can be trusted not to abuse the power it possesses. And another is the obligation to pursue vigorously the

creation of means to adjust balance-of-payments difficulties, so that what are essentially financial and currency-value problems do not turn into political disputes threatening world order.

Unevenly, and with occasional setbacks, the institutions of an orderly world are being strengthened. In Western Europe, unity is growing and the fears of Soviet domination are receding. The painstaking efforts to create a world different from that which existed between 1870 and 1939, despite the massive residue of hostility and the emergence of the cold war, are beginning to pay off. But Sedan, Verdun, Dunkirk and Stalingrad still loom large in national memories, and Soviet intervention in Hungary and Czechoslovakia happened yesterday by history's clock.

In Asia, Japan and China, and North and South Korea, have begun the process of establishing normal relationships—but they have only taken the first steps and the journey will be a long one. It is still too early to conclude that the special role of the United States in guaranteeing the security of Western Europe and Japan is obsolete and would be replaced by mutual trust and confidence rather than by hostile armed camps. So long as that special role is needed, the conduct of international economic relations—always important in determining how well nations live with one another—will retain a special significance for the national security objectives of the United States.

PAKISTAN BUILDS ANEW

By Zulfikar Ali Bhutto

THERE is no parallel in contemporary history to the cataclysm which engulfed Pakistan in 1971. A tragic civil war, which rent asunder the people of the two parts of Pakistan, was seized by India as an opportunity for armed intervention. The country was dismembered, its economy shattered and the nation's self-confidence totally undermined. Ninety-three thousand prisoners of war were taken, including 15,000 civilian men, women and children. Considerable territory on the western front was overrun and occupied by India.

It was in this situation that, as the leader of the Pakistan People's Party, West Pakistan's largest political party in the National Assembly, I was called upon to assume the office of President. My foremost aim was to begin the task of reconstruction, economic, political and psychological, and to initiate processes which would produce the environment of peace in which alone such reconstruction could be successful. It was a formidable task.

II

Few observers abroad have any idea of the complex problems involved in Pakistan's regaining her sense of identity. If Pakistan had been dismembered by a civil war alone—tragic though that would have been—an adjustment to a new order would not have been so hard to achieve. But Pakistan had been the victim of unabashed aggression: her eastern part seized by Indian forces. It was this fact that made it difficult for our people to be reconciled to the *fait accompli*, more so because the invasion was not an isolated phenomenon. On the contrary, it was but the climax of a long series of hostile and aggressive acts by India against Pakistan since the establishment of the two as sovereign and independent states. Soon after the partition of the subcontinent in 1947, India totally disregarded not only the principles on which partition had been effected but all norms of international conduct by sending her troops into Kashmir, a Muslim-majority area, in defense of a Hindu maharaja who had been ousted by his rebellious subjects. Subsequently, India refused to allow the people of Kashmir to determine their future according to their

own wishes, even though their right to do so had been embodied in resolutions of the United Nations which India had accepted. The pattern of India's succeeding actions toward her neighbors bore the same stamp of disregard for their rights. The relations between India and Pakistan have been particularly unfortunate. India has repeatedly massed troops on the frontiers of Pakistan, leading to two wars even before 1971.

Against this background, how could it be easy for the people of Pakistan to submit to aggression by India and to confer a certificate of legitimacy on its result?

This was but one dimension of the problem. Another was the fact that, since the early years of Pakistan's inception, democracy in Pakistan had been supplanted by dictatorship. The ruling élite, largely military, had recognized no principle of accountability to the people and had deprived them of all sense of participation. Decisions were taken in 1971 by a generals' junta which had sedulously cultivated its isolation from the people. When these decisions had a catastrophic result, popular reaction was one of incomprehension. A people broken and baffled takes time to embark on the task of revival and reconstruction.

III

We lay no claim to spectacular results, but it is a fact that Pakistan's recovery has been quicker than might have been expected under the circumstances. The prime factor in this revival, indeed its main stimulant, has been the restoration of democracy. Without popular participation in government, the movement toward reconstruction and peace would have lacked energy and a solid base. In April 1972, martial law was finally terminated and replaced by an Interim Constitution adopted unanimously by the representatives of the people. Popular governments were established at both the national and provincial levels. This meant that parties which are in opposition in the National Assembly formed their own coalition governments in two of the provinces. Within a few months of the passage of the Interim Constitution, a Constitutional Accord was signed by the leaders of all political parties in the country as the basis of the permanent Constitution. This national consensus on the country's fundamental law is now being embodied in a Constitution which provides for considerable autonomy to the federating units and yet safeguards national unity.

The introduction of the democratic process is being accompanied by measures aimed at the establishment of an egalitarian society. These spring not from any abstract doctrine or ideological dogma but from the imperatives of progress. It was a mass movement which led to the creation of Pakistan. The nation's sense of identity and purpose could not, therefore, but be mutilated by an iniquitous system that widened the gulf between the rich and the poor. A native system of privileges and exploitation is as odious as one instituted by alien rule. It was, therefore, essential to try to translate the egalitarian spirit of Islam, which continues to inspire our people, into concrete terms of Socialist organization.

We are endeavoring to do this by imposing state control on a limited number of basic industries, by the enactment of effective measures for land reforms and the introduction of new labor laws. The economy we envisage is a mixed one, in which private enterprise is neither crippled nor allowed to appropriate the nation's wealth for the benefit of the few. Moreover, several reforms have been introduced in the social and educational fields.

Our target in our socio-economic program is not only a statistically gratifying increase in the GNP but an improvement in the lot of the common man, in the living standards of workers and peasants and a radical change in the social milieu. Such a change has to be felt by the people, and not only measured by economists, if it is to be real.

IV

The efforts of the government to spur national recovery would not have succeeded but for the resilience of the people of Pakistan. I pay tribute to their resolve not to be laid low by the upheaval of 1971. The signs of this determination are already observable. West Pakistan's export earnings in 1972 (up to December 15) amounted to \$640 million compared with \$660 million for both East and West Pakistan together, and \$461 million for West Pakistan, in 1971. Our foreign-exchange reserves have doubled during the year. These facts, incidentally, are a conclusive rebuttal of the canard, spread during the ubiquitous propaganda campaign of 1971, that the economy of West Pakistan was sustained by the export earnings of East Pakistan and would collapse if denied that support. In 1973, we expect to do even better in exports. After reaching a low ebb in July 1972, industrial pro-

duction has now increased by 20 percent.

Considering that the breakup of the country meant the loss of the benefits of a common market of East and West Pakistan which had been steadily developed over a quarter-century, this resurgence has been remarkable. It attests to the fact that Pakistan is a nation of 60 million hard-working people. It is their industriousness and their will to forge ahead which is our most precious natural resource.

Visitors to Pakistan from Western countries are sometimes surprised at the Pakistani worker's love of the machine, his ingenuity and inventiveness. This is matched by the gifts of husbandry which the Pakistani peasant reveals when he is released from feudal exploitation. Since 75 percent of our people derive their living from farming, directly or indirectly, a refashioning of our agricultural economy is vital to our progress and imperative for social justice. This has been started with lower ceilings on landholdings and basic changes in the tenant-landlord relationship. Three separate programs of Integrated Rural Development, People's Works and the construction of agrovilles have been launched. When completed, these programs promise to end rural unemployment and make Pakistan self-sufficient in food.

Given progressive agriculture and steadily rising production, Pakistan has now the capacity to rise faster to a higher social and economic level than most other countries similarly placed. Thus, Pakistan in her present form will prove to be a stronger and more vigorous Pakistan. Economic assistance from friendly countries will of course continue to be welcome, but our overriding aim is to make Pakistan a self-sufficient and self-reliant nation. For this the prerequisite is peace. We should be free from the strains and burdens of an armaments race so that both India and Pakistan can devote their energies and resources to productive development.

v

For Pakistan, peace means, first of all, the normalization of relations with India on a neighborly basis. This cannot be achieved without mutual recognition of each other's just rights and claims. Such recognition, in turn, means that India must abandon any further attempts to undo the settlement of 1947 by seeking to disrupt Pakistan's territorial integrity. It also connotes

the readiness of each to bring about an equitable settlement of their disputes.

It has been said that the dismemberment of Pakistan has destroyed the "two-nation" theory on which Pakistan was founded—that is, that the Muslims and Hindus historically form two separate nations in the subcontinent. The break between East and West Pakistan does not, however, mean that Bangladesh is willing to be absorbed into India. On the contrary, she vociferously proclaims her independence, an independence which can only be predicated upon her distinctive Muslim character and separateness. Bangladesh is in fact the former Muslim Bengal and I am surprised that the appellation, which reflects historical truth, should cause offense in India. The claim of Bangladesh to secularism in no way alters this fact. Indeed, secularism, in the sense of tolerance and the rejection of theocracy, is inherent in Islamic political culture.

The second fact which belies the assertion that Pakistan has lost her *raison d'être* owing to the emergence of Bangladesh is the verifiable historical fact that Pakistan was originally intended to comprise only the northwest zone of the South Asian subcontinent. The name "Pakistan" was coined with reference to areas which the state would include: "P" stood for Punjab, "A" for the Afghan Frontier, "K" for Kashmir, "S" for Sind and "TAN" for Baluchistan. At this stage, Bengal was not included. Then again, the famous Lahore Resolution of the All-India Muslim League, adopted on March 23, 1940, demanded the constitution of two independent states in the Muslim-majority areas in the northwest and the northeast zones. Whether the two Muslim communities decide to combine under a single sovereignty, as they did in 1946–1947 and for a quarter-century thereafter, or whether they continue to live apart, as they do now, the basis of their statehood remains as it was established in 1947. Bangladesh owes her existence to Pakistan; if there had been no Pakistan, there would have been no Bangladesh.

To foreign ears, the issue sounds somewhat academic, but it constitutes the very basis of the agreement on which the subcontinent was partitioned. In practical terms, therefore, it involves the relations between the states of the subcontinent. Unhappily, India never fully accepted the premise on which partition was founded, and the relationship between India and Pakistan was consequently distorted.

Until the Simla Agreement of July 2, 1972, India's policy toward Pakistan was hardly characterized by a spirit of peaceful coexistence. From the beginning, Mahatma Gandhi called Pakistan a "moral evil." The All-India Congress Committee adopted a resolution on June 14, 1947, which expressed the hope that "the false doctrine of two nations in India will be discredited and discarded by all." Even today, some Indian leaders dismiss Pakistan's existence as being based on no more than the medieval notion that religion alone constitutes nationhood. In doing so, they cling with atavistic fervor to the quasi-religious entity called Bharat, which in the mythical past embraced the subcontinent, and is now the alternative legal name for India in the Indian Constitution. The psychological basis of this attitude apart, its practical result can only be the suppression of the identity of the Muslim communities in the northeast and northwest. This identity is not rooted only in religion in the narrow sense of a theological system of belief and worship; it manifests itself in all facets of culture and, except during relatively brief periods of Gupta, Mughal and British rule, which overflowed the subcontinent, it has been sustained throughout history.

It is not a mere coincidence that the attitude of the Indian leadership toward the creation of Pakistan was identical in some ways to that of the British. In 1947, the British Prime Minister, the late Clement Attlee, expressed his "earnest hope" that the "severance" of India and Pakistan would "not endure." This was said at a time when Britain still hoped to retain South Asia within its sphere of influence. The denial of a national identity is an essential characteristic of a hegemonic attitude. Whether it was Britain or its Indian successors in the subcontinent, whoever has sought to establish hegemony over South Asia has been uneasy about Pakistan's independent existence.

Pakistan will never accept the concept of Indian hegemony in the subcontinent. Not only does this threaten our own existence and the stability of the subcontinent, but it is also equally against India's own real interests. Since her economy cannot sustain the role of a dominant power, she would have to depend to a large extent on outside assistance, and her preëminence would be virtually that of whatever superpower she chose to ally herself with at a given time. It is therefore in the interest of the global powers as much as of neighboring countries to see that a just balance is established in the subcontinent.

VI

The realities of the subcontinent demand peace. If any progress is to be achieved, India must accept this overriding fact and approach the settlement of mutual problems and disputes in a more positive spirit. Such a spirit has not characterized her negotiations with Pakistan in the past. Too often her attitude has been marked by mental reservations. When the question of a "no-war" pact was first debated in 1950-1951, Pakistan proposed that the pact should establish a machinery for the peaceful settlement of disputes. Without such a provision, the pact would have had no practical meaning and would have amounted to a mere set of platitudes, a bland paraphrase of only one of the provisions of the U.N. Charter. Peaceful settlement of disputes is an essential concomitant of the renunciation of war. Despite this self-evident truth, India has not been willing to agree to the provision of any such effective machinery.

India's negative attitude toward Pakistan descended to the overtly hostile in the conflict over the Rann of Kutch in April 1965, when India tried to seize that disputed territory in disregard of an agreement for a standstill, pending a peaceful settlement. Then followed the war of September 1965 over Kashmir, to be succeeded six years later by the cataclysmic war over East Pakistan. In spite of this past record, it was my hope that the Simla Agreement of July 1972 would lead to a more coöperative attitude on the part of India and her acceptance of the necessity of peace in the subcontinent. The agreement expressed the resolve of both governments to "put an end to the conflict and confrontation that had hitherto marred their relations" and asserted their determination that "the principles and purposes of the Charter of the United Nations shall govern the relations between the two countries."

When the Simla Agreement was concluded, I observed that it was a victory neither for India nor for Pakistan but for peace. Unfortunately, however, India does not seem so wholeheartedly dedicated to the attainment of peace as we had hoped. She allowed two factors to stand in the way of the normalization of relations between the countries of the subcontinent. The first was her wrangling over the delineation of the line of control in Kashmir, which held up the withdrawal of forces for four months, despite the provisions of the agreement to the contrary. Secondly, and more serious, India continues to hold in captivity the

93,000 prisoners, including 15,000 civilian men, women and children who fell into her hands on the surrender of Dacca. The Third Geneva Convention of 1949, to which India is a signatory, expressly lays down that prisoners of war shall be released and repatriated without delay after the cessation of active hostilities. This is an unconditional obligation; it is not contingent on the conclusion of a peace agreement. India cannot evade her obligation by such fictions as her claim that the surrender of our forces was to a joint command of India and Bangladesh. Hostilities between India and Pakistan ceased on December 16, 1971 and still the prisoners of war have not been released. Humanitarian considerations apart, nothing creates more bitterness than this blatant violation of international law and morality. Nothing would accelerate the move toward durable peace more than its end.

There is another issue which would need to be resolved equitably if durable peace is to be established in the subcontinent. That is the dispute over the state of Jammu and Kashmir. The Indian attitude has been that there is no dispute concerning that state. This stand is clearly not tenable. Indeed, the Simla Agreement admits the existence of the dispute by providing that the line of control in Jammu and Kashmir "shall be respected by both sides without prejudice to the recognized position of either side," and by requiring that the representatives of the two governments should meet, preparatory to the next meeting between the Indian Prime Minister and myself, to discuss, among other things, "a final settlement of Jammu and Kashmir." A settlement of this dispute has to be found, a settlement acceptable to the people of Kashmir. They have the right of self-determination. This is the position of the United Nations. This was also the position at one time of India herself. And this is the position to which Pakistan is pledged.

Will India in future persuade herself to be less inflexible and more amenable to the counsels of peace and justice? If the answer is yes, I have not the slightest doubt that the peoples of the subcontinent will move on to a new era of good neighborliness and mutual benefit. Released from unnecessary entanglements and the crippling burden of military expenditure, the social and economic progress of the subcontinent would be immense.

We expect India to recognize the realities of the subcontinent, the reality of the need for peace. We in turn have been urged to

accept the reality of Bangladesh as a step toward ensuring peace in the region.

VII

We do indeed accept the reality of the aspirations of our brethren in Bangladesh. We wish them well. We were grieved at the appalling tragedy that engulfed us both in 1971 and are resolved to work for the healing of the wounds inflicted on us in a cruel civil war. For all our unfortunate differences, we have lived and struggled together as a single nation for 25 years. Time will show that in spite of the bitterness engendered by the recent past, there are factors that unite us in mutual sympathy: we share a common historical inspiration and culture and we struggled together to achieve independence from both Western imperialism and Hindu domination.

My government is resolved to work for the reestablishment of normal relations with Muslim Bengal. As a first step in that direction, I released Sheikh Mujibur Rahman unconditionally soon after coming into office. Since then I have made a number of offers based on goodwill toward Muslim Bengal. I offered to return to Bangladesh some 30,000 Bengali personnel in the Pakistan Army and some 17,000 Bengali civil servants of different categories to assist Mr. Mujibur Rahman in strengthening his administration. Another expression of this spirit was our offer of a gift of 100,000 tons of rice to relieve food scarcity in Bangladesh. I have repeatedly offered to meet Sheikh Mujibur Rahman in order amicably to resolve differences between Dacca and Islamabad. These and other initiatives have elicited only a negative response from the other side. Mr. Mujibur Rahman continues to demand that Pakistan recognize Bangladesh before he will agree to have any discussion on outstanding issues; he also continues to hold trials of Bengali "collaborators," of whom over 50,000 are in jail; he periodically threatens to try some of the prisoners of war for "war crimes." His rigid posture has made the task of moving toward recognition of Bangladesh more difficult.

Nevertheless, I am confident that we can resolve these difficulties. Pakistan's prisoners of war have been in Indian custody for over a year, and it should by now have been quite clear to both India and Bangladesh that recognition of Bangladesh cannot be extracted from Pakistan under duress and that the continued de-

tention of Pakistani prisoners of war is no way of normalizing the situation in the subcontinent, from which Bangladesh, perhaps even more than India and Pakistan, stands to gain. For our part, we recognize that Pakistan's approach to the current realities in the subcontinent must be rational and that we must seek a reconciliation with Muslim Bengal. The problems that impede the improvement of relations between Pakistan and Muslim Bengal are by no means intractable.

VIII

I have pointed out some of the factors which hinder the establishment of a lasting peace in the subcontinent, a peace which can only come through détente and dialogue, and not through domination. The attempt of any state of the subcontinent to dominate the area will only result in instability. For no such state can support a dominant role with its own resources; inevitably it will be dependent for the maintenance of its role on foreign intervention. This is the reality which the global powers must accept in their relations with the subcontinent. This is the lesson of history, and recent history at that.

It was to a large extent the Soviet Union's involvement in the subcontinent which made possible India's invasion of East Pakistan. India's treaty of friendship with the U.S.S.R., concluded in August 1971, preceded her war with Pakistan by only a few months. Whatever motivated the U.S.S.R. to enter into this pact, it certainly gave India the backing, both military and psychological, to embark upon her armed aggression. The sophisticated military armaments which India had been receiving from the Soviet Union since 1965 were dramatically augmented in 1971, resulting in an unprecedented disparity between India's and Pakistan's military strength. This, together with the U.S.S.R.'s repeated veto in the Security Council, made it impossible to bring about a ceasefire, the withdrawal of Indian forces or a political settlement in East Pakistan.

Throughout the 1950s, the United States pursued a policy of maintaining a just balance in the subcontinent which brought about a large measure of stability in the region. Our alliance with the United States was concluded in this period and the United States made a generous contribution to Pakistan's economic development besides providing military assistance for defense. But while Pakistan's participation in the U.S.-sponsored pacts in-

creased our defense capability, it also complicated our relations with the Soviet Union, with other Socialist countries and the nonaligned world.

After the Sino-Indian conflict of 1962, the United States also provided massive economic and military assistance to India, with the result that India, confident in her refurbished military machine, threatened Pakistan's security. When she finally attacked Pakistan in 1965, the United States chose not to fulfill solemn pledges of helping in Pakistan's defense. In subsequently stopping military supplies to both nations, the United States did not even exhibit an attitude of genuine neutrality. Its refusal to give arms to either side clearly worked to India's advantage because while India, in addition to her own military production, continued to receive armaments from the U.S.S.R., Pakistan's only source of military supplies was sealed. The imbalance led to instability in the area culminating in the events of 1971.

Coming to our neighbor China, it has been our experience over the years that she does not harbor any thoughts of disruption in the subcontinent. On the contrary, China has scrupulously adhered to the principle of nonintervention. Pakistan's relations with China are animated by our common struggle against hegemony and our adherence to the principles of an equitable world order. It is of the essence of such principles that they cannot operate against the legitimate interest of any third country. While standing by us in our severest crises in 1965 and 1971, China has nevertheless refrained from involving herself in the subcontinent in a disruptive manner.

The corollary of our assertion that the global powers should follow a balanced policy in relation to the states in the subcontinent is the need for Pakistan to preserve friendly and balanced relations with all world powers insofar as it is compatible with our self-respect and dignity. I am glad to say that there has recently been a marked improvement in our relations with the Soviet Union, especially since my visit to Moscow in March 1972. It is our earnest hope that the estrangement between the Soviet Union and the People's Republic of China will not impede the development of this process.

In the case of the United States, even in the days when our relations were at a low ebb we remained conscious of our past association. In the crisis of 1971, the United States took a stand which was squarely based on the principles of the U.N. Char-

ter and massively endorsed by as many as 104 member-states in the United Nations. However, within the United States this aroused accusations of an unjustified "tilt" in favor of Pakistan. The accusation is difficult to understand, taking into account the fact that the United States, in spite of its past commitments to come to our assistance, had sealed off supplies of all arms and was merely acting in concord with the unanimous views of the Third World. On February 9, 1972, President Nixon, in a message to the Congress, reaffirmed American concern for the well-being and security of Pakistan. This has lent a new warmth to relations between the United States and Pakistan, and the continuing efforts of both sides augur well for the future. We are convinced that, freed from the incubus of the Vietnam War, the United States can play a most beneficent role, not only in helping in our economic reconstruction and development but also in safeguarding our security.

Our friendship with China has for some years been a cornerstone of Pakistan's foreign policy, based as it is partly on our geographical proximity, partly on the similarity of our ideals and ambitions in relation to the Third World. China's support of Pakistan at crucial points in our history has evoked the spontaneous appreciation of our people. Our association with China, which was misinterpreted in the past, is now being better understood, with the current détente between China and the United States.

By maintaining friendly relations with all the great powers, on the basis of principles and not expediency, Pakistan hopes to avoid involvement in disputes and struggles between them. It is a part of our new policy that we should refrain from participating in multilateral pacts directed by one bloc of powers against another. Thus we have recently withdrawn from SEATO, in which Pakistan had in any case taken little part over the past few years. Bilateralism, with the greater flexibility it implies, will characterize our relations in the future. In a climate of confrontation between two great powers, such a policy is, no doubt, subjected to severe tests. But in the climate of negotiations and conciliation which was inaugurated in 1972, it is the only policy which responds to the demands of the present historical phase of international affairs. Pakistan welcomes the new trends, not only on the grounds of principle but also because we seek and receive no benefit from the conflict between any two great powers.

IX

Pakistan's destiny is inevitably intertwined with that of the subcontinent. Nevertheless, her geopolitical position is not circumscribed by the subcontinent. There is a 371-mile-long border between Chinese Sinkiang and Pakistan-controlled Kashmir with its ancient silk route, and only Afghanistan's Wakhan corridor, varying in width from seven to 31 miles, divides the Soviet Union and Pakistan along 188 miles. Situated at the head of the Arabian Sea, Pakistan flanks the entrance to the oil-rich Persian Gulf and is therefore of strategic importance to many countries of the Middle East. Pakistan is also strategically placed in relation to the sea-lanes between Europe and the Indian Ocean, once they regain their former importance with the reopening of the Suez Canal. Moreover, Pakistan provides an overland passage from Europe to the Indian Ocean, an area on which international attention is being increasingly centered. Throughout history the part of the subcontinent now comprising Pakistan has been of vital importance as a gateway for trade and the passage of peoples.

Pakistan is also a leading member of the Muslim world, which sweeps in a vast arc from the Atlantic through Africa and the Middle East to Indonesia, touching the shores of the Pacific. Imperishable affinities born of culture, religion and historical experience bind us to other Muslim nations and underline our community of interest. Together with our neighbors, Iran and Turkey, we have established an organization for Regional Coöperation for Development. We have supported the just cause of the Arab world, which in turn stood with us in our hour of trial in 1971. Their subsequent support has strengthened our position immeasurably. Not only has it demonstrated to Pakistan the friendship of her Muslim brethren, but it has displayed to the world the solidarity of the Muslim nations.

Inevitably, our political aspirations, our belief in equality and the rights of the underprivileged will be expressed in our foreign policy. This is already evident in our relations with Asia. The severance of East Pakistan has not deflected our interest from Southeast Asia. For we share with the countries of that area a common cause, the ending of a colonial past; the struggle to regain our inheritance establishes an Asian solidarity to which Pakistan bears wholehearted allegiance. As demonstration of the new orientation of our foreign policy we have recently recognized

the Democratic Republic of Vietnam, the Democratic People's Republic of Korea, and the government of Prince Sihanouk of Cambodia. With China's emergence into the forefront of world affairs, Japan's surging economy and the restoration of peace in Vietnam, have our people not a right to expect a less-troubled and less-tormented Asia? Whether this comes about depends much on the future attitude of the great powers.

But Asian though we are, our vision is by no means parochial. We support the African struggle for emancipation from colonial rule and domination. We shall play our part in promoting the solidarity of the peoples of the underdeveloped world with whom we share the same problems. At the same time it will be our endeavor to develop positively our relations with North America and Europe. However, as a forward-looking nation, we reject any legacy of the past which has outgrown its usefulness. Hence Pakistan has recently left the Commonwealth, which had long since ceased to have any practical meaning. This has become more evident since Britain stepped into Europe by joining the European Economic Community. Nevertheless, we maintain close bilateral relations with the United Kingdom in matters which are of mutual concern to us. Our links with France and the Federal Republic of Germany are also strong, while we are forging new relations with East Europe. This is clear from our recognition of the German Democratic Republic and the signing of a solemn joint declaration with Romania in January of this year at the conclusion of the state visit to Pakistan of President Nicolae Ceausescu.

X

The last year has witnessed a profound change in Pakistan. A new Pakistan has emerged, not only in form but in inspiration and purpose. We have broken with the past, a past which founded itself on the exploitation of man by man. Now we seek to give expression to the aspirations of the common man which for so long have been stifled, aspirations for social justice and a more equitable distribution of the nation's wealth. Our new vision will be reflected in a foreign policy which, corresponding to a recognition of Pakistan's geopolitical position, will ensure that henceforth Pakistan will play a constructive and meaningful role in world affairs.

BUSINESS, GOVERNMENT AND SCIENCE: THE NEED FOR A FRESH LOOK

By John Diebold

THE second Nixon administration starts amid growing concern about a decline in American competitiveness in the world economy, ascribed to our loss of technological lead in a number of fields. It would be easy to follow very mistaken policies at such a time, because of what some people would call "natural political reactions," others our sad institutional habit of fighting against, instead of working to take advantage of, desirable trends for mankind.

Two such major trends are clearly in train, and we are probably underestimating both of them. First, between now and 1985 the poorer countries of the world will become the most economic producers and exporters of an expanding range of existing manufactured goods, while the rich one-fifth of the world (the United States, Japan, and the European Economic Community, or EEC) will switch increasingly to the production and export of know-how. The danger here is that Americans may respond with pressure for protectionism, to slow the growth both of our imports of cheap manufactures and of our exports of profitable know-how.

Secondly, there has been a big reduction in U.S. government research and development on armaments and space, which had spin-off effects for American export industries even while pursuing other and often wasteful goals. It is natural to ask: "Can we not use redeployed government research and development to keep U.S. technology ahead in specific civilian fields?" A vague policy of this kind could produce technological marvels which are commercial disasters. We should instead be devising policies which: (a) reconcentrate our research efforts on things which aim to be commercial successes; and (b) restructure our market system so that commercial rewards attend anything which proves most effective in satisfying man's most urgent needs, measured in human terms both at home and abroad.

The object of this article is to further discussion of a trade and science policy which could take advantage of these opportunities before us. Since any policy introduced during the second Nixon administration in 1973-1977 will have its main effect only

in the 1977-1987 decade, the discussion of specific ideas has become urgent.

II

It is very likely that the southward transfer of manufacturing industry will be rapid. Europe and Japan are now belatedly going to take up, with German and Japanese zeal, the process of "exporting manufacturing jobs" which America started. It is an old saw that in the 1950s America began to stop exporting manufactured goods and went over to exporting manufacturing companies; by the end of the 1960s the annual production of American subsidiaries abroad was five times as large as the volume of American exports, while the exports of Europe and Japan still exceed the overseas production of their companies' subsidiaries.

But northern Europe in the last ten years has kept up its rate of manufacturing only by importing ten million workers from the south (Greece, Turkey, Yugoslavia, etc.). More than half of the shopfloor workers in the big Renault automobile works in Paris are immigrants, because sophisticated Parisians no longer want to work at as tiresome a blue-collar job as automobile manufacture (whereas 15 years ago the job of an automobile worker was one of the most envied in Europe). Because there are increasing social awkwardnesses with immigrant workers and concern about pollution from new manufacturing plants, EEC countries in the next decade will move industries to the poor south or east instead of importing workers from there. The next big new EEC automobile plant will be built in Spain and the one after that possibly in North Africa, or conceivably in Communist East Europe. The Japanese are similarly going to switch more manufacturing to Japanese-sponsored firms set up in poorer countries to their south and west.

Another trend that is going to speed this transfer of manufacturing industries out of rich North America, northern Europe and Japan is the increasing "packageability" of industrial know-how. Whether one welcomes or deplors the fact, each burst of new investment in manufacturing industries is making it more economic for shift-working machine-minders' jobs to replace what used to be called craftsmen's jobs; and it will increasingly be easier to find these workers in the poor countries than in the rich countries (where growing percentages of young people are going on to a college education). Moreover, business training

must soon start to make greater use of the huge new educational technology becoming available for teaching the less skilled—audiovisual aids as well as computer-assisted instruction—which can be geared to the speed of the recipient's own learning process. Perhaps above all, the cost of telecommunication will soon no longer vary with distance. We will soon be imposing exactly the same marginal cost on an automated (especially satellite) telecommunication system by telephoning China as by telephoning the office next door. The world, therefore, is likely to move during the rest of this century into the age of what has been called the “transglobal teach-in,” as well as transglobal computerized operation. We shall be able to telecommunicate instantly, from computer to computer across the world, the best training programs, logistic policies, marketing and credit policies, and production processes, to be followed by some plant which exports widgets from Pakistan, while its white-collar work can most profitably be centered in Osaka or San Francisco or Paris or maybe some tropical island holiday resort. And we shall be able to use computer terminals for catalogue shopping of best buys across tens of different international boundaries at the same time.

III

This new technological age into which we are advancing, much faster than we think, can be called the third stage (perhaps the “third century”) of the 200-year-old Industrial Revolution. During that period only, the richest one-third of mankind has been raising its living standards each decade (after having previously stayed stuck at much the same levels of income per head as the ancient Romans), because in each of these last 20 decades we have been increasing our control over energy and matter. To this has been added in the last two decades a new factor: the beginnings of control over the processing of information.

During the first century of Industrial Revolution after 1770—broadly, the age of coal, steam, railways, iron and steel, mechanization of cotton textile production—the leading technological country was Great Britain; but by 1870 its investment had become largely geared to foreign investment, selling to the rest of the world the know-how in which it had become expert in the railway age. Britain badly mismanaged its transition into what can be called the second stage, or “second century” of industrial revolution from 1870 to 1970 (which could be called the “Henry

Ford century of mass production"). Around 1870 Britain was still spreading its empire across the world, just as the United States is now spreading its multinational corporations across the world (arousing some of the same emotions), but by the 1890s Britain was no longer the richest country per head in the world. The United States had taken over, and began to run through much the same cycle of history in the American (or Henry Ford) century as Britain had done in the British (or Victorian) century. Some pessimists will say that it is even ending the same way, only worse, with Vietnam as our Boer War in which national confidence finally spilled over the top and then ebbed.

I do not belong to this company of pessimists. The leading technological country at one stage of the Industrial Revolution does indeed have a difficult task in adapting to the next stage. This is why there is a strong possibility that Japan—and a slighter possibility that the EEC, or just conceivably the Communist world—will adapt better than we to this next stage, the transition out of the Henry Ford age into the system-designer's age. But this will happen only if during these next few years the United States adopts the wrong international trade and investment policy and the wrong science and technology policy. What are the dangers and how do we avoid them?

IV

In international economic policy the big dangers may be: (1) U.S. import protectionism; (2) U.S. protectionism against exporting our technology; (3) insufficient flexibility in our methods of investment abroad, which could lead to insufficient dynamism in our creation of new American exports.

It is going to be right to be aggressive in opposing import protectionism, and also very difficult. Britain has suffered badly because it protected too many of its old Victorian industries; today it has far too many of its resources locked up in loss-making coal, shipbuilding, textiles, etc. Will America do the same for automobiles and steel? Our difficulties are compounded: we do not have a free-trading tradition; the countries which are soon going to become major exporters of many Henry Ford-age manufacturing goods are countries with fractions as low as a tenth of America's present standard of living and wages (e.g. Brazil, Indonesia, Egypt); and the power of pressure groups, labor unions as well as corporations, upon our congressional system is large.

Moreover, it would be wrong to suppose that protectionist pressures in 1973-1985 will come only from the obvious industries. At present, while America suffers from growing import competition in industries which have few new products (automobiles, steel, shoes, etc.), our exports are competitive in industries that provide a stream of new products (e.g. advanced chemicals, machinery, aircraft, computers). But it is important to realize that these will move further down the product cycle between now and the mid-1980s, so that large parts of them may by then be noninnovative industries (due for the factory work to be shifted to Taiwan). The real American manufacturing export industries by the late 1980s may be industries so innovative that they have not yet been invented; although one might suggest pressure groups on behalf of a policy that will favor those export industries of tomorrow, who can be their lobby if we don't yet know what they will be? But a strong guess is that the main export will be know-how.

This underlines the danger of what might be called technological protectionism. There is likely to be a continuing acceleration of the speed at which new processes introduced in the United States can be conveniently transplanted abroad (because of new "packageability" of know-how, etc.). But it will be a grievous mistake if we therefore take steps to make trade in know-how even less free than it is at present, because that is the export industry by which we may live. For example, it is disturbing that the Nixon administration recently forbade General Electric an export license for some advanced jet-engine technology which it wanted to use in connection with a joint venture in Europe. The decision was taken nominally on defense grounds, but there are signs that some people close to President Nixon think it sensible to keep such technology a temporary monopoly at home. The Europeans will probably now develop it on their own instead of in partnership with the United States, and then in the 1980s start exporting to lower-wage countries in Africa their licenses to manufacture it. This is a prime way to cut ourselves out of future markets.

The policy with regard to export of know-how should be precisely the opposite. While America should take a positive line in GATT for freer trading in goods (of which we have become net importers), it should emphasize all the time that the *quid pro quo* we ask is that exports of American know-how should not be

held out by administrative and other restrictions in technology-importing countries.

But to take advantage of free trade in know-how means that we must look to our own actions in a third key area—ensuring flexibility of our methods of investment abroad. There is some justification for the criticism that top entrepreneurial expertise in America today, as in Victorian Britain at the end of its railway age, has not only become more concentrated on foreign investment, but is operating in ways that create exactly the wrong image. The late-Victorian British sent in the missionaries with the traders, and (at least in poor countries) followed with the flag of Empire soon after; they tried to make New Delhi or Lagos resemble South Kensington. The late Henry Ford-age Americans have not sent in the flag of Empire with their multinational corporations, but they have sometimes tried to bring in their religion of corporation-worship and to make São Paulo like Detroit. And they have found that, like the old British Empire, this leads to serious problems of resentment, including the charge that such activities are imperialism in a new form.

I do not want to spend much space here on a discussion of how American multinational corporations should conduct themselves in poorer countries. But we may not take sufficient note of the new competition that lies ahead.

In 1973–1985 the EEC countries and Japan are likely to switch to becoming large-scale investors abroad. They will not only be using the device of the multinational corporation, but will also experiment, probably rather more energetically than we do, with licensing agreements, turnkey agreements, joint ventures, management contracts, etc.: whatever the host countries are most eager to accept on terms that are mutually profitable. These host countries may include some unexpected places. I have a suspicion that by the 1980s (although not in the 1970s) the most profitable such ventures may prove to be in the Communist countries of Eastern Europe, China and possibly Russia herself. These are the areas with well-educated labor forces that are at present producing furthest below what would be their potential level of productivity if efficient and market-oriented management techniques were applied; and it seems entirely possible that political conditions there—with the probable exception of China—will by that time become more amenable to joint ventures with capitalist countries, probably long before they

become amenable to the operation of free-trade unions.

By the 1990s, it would not be surprising if very important producing centers arose from one or more of the following economic development programs: (a) Japanese investment in Siberia; (b) Japanese investment in China; (c) EEC investment in Eastern Europe; (d) American investment in different areas of the Communist world. It would be pleasant to think that American policy was alive to the possibilities under the last of these, which are wider than our current interest in the U.S.S.R. Even if there proves to be exaggeration in this vision of capitalist development of the Communist third of mankind, the United States should be careful that its belief in the multinational corporation as the best weapon of foreign investment in Latin America, Asia, Africa, etc. does not lead to its losing its place as a major exporter of know-how, while other countries are using more popular systems.

But there is an even more fundamental point. By its nature, overseas investment seeks to spread what has been developed at home—it is predominantly reproductive rather than in itself innovative. Historians often say that Britain was passed by Germany at the end of the Victorian age because too many of Britain's best brains were oriented to Empire. Similarly, I believe that too many of America's best brains are absorbed in the reproductive activities of multinational corporations abroad, and too few in the process of innovation, which usually starts at home. In fact, America is now doing rather badly at seizing new innovative and export-producing possibilities, particularly those created by the infant information-processing revolution that began in the late 1950s. To deal with this lag we must look to our science and technology policy.

V

The Nixon technology policy presented to Congress last year was what is generally called an "opportunity-oriented policy"—that is, it pledged federal support for types of research that seem promising. This is generally distinguished from a "problem-oriented" research policy, where the research organization is set a target; this can be either government-decreed—e.g. "get a man on the moon before the end of the 1960s, and work out the best way to do it"—or government-influenced through favorable rigging of market rewards. My own preference, as the reader will

see in a moment, is for a much stronger emphasis on the problem-oriented approach. But first a few words on how the opportunity-oriented portion of a total program could be handled, for obviously there must be some opportunity-oriented subventions to people who are working well in the right direction, and who will not carry on research and development if they have to be rewarded solely on assessment of eventual performance.

We have seen in the last two decades that under an opportunity-oriented approach far too much research money is likely to go to research expenditure favored by the military-industrial complex, simply because that is the field with both technology-infatuated non-cash-paying customers (the armed services) and technology-oriented business interests *in situ*. There is a strong argument to be made that America since 1945 could in fact have secured far cheaper deterrence against Russia (not to mention far more effective military effort against her eventual actual enemies of North Korea and North Vietnam) by devoting more of her defense effort to conventional weaponry and less to high-technological experimentation—this at a time when almost every *other* function of U.S. government would have gained from being operated with more high technology and with less conventionalism.

Moreover, it is very easy under an opportunity-oriented policy to whip up a campaign for pushing more money into, say, research on cancer. There will no doubt be a time when information becomes available that makes a cure for cancer look hopeful; that will be the time to step up applied research. But at present it may well be that most of the best people for the job are searching in the best ways, and cannot at present find the solutions. To finance less-good scientists to come in and look in less-hopeful ways is a waste of resources that could be applied to much more productive purposes.

For these reasons any opportunity-oriented science policy in America should work through as many competing chosen instruments as possible. An opportunity-oriented policy necessarily has to be applied in basic science, where the financial sponsor has to see himself as a patron of the advance of knowledge as an end in itself, rather than as the purchaser of an immediately usable result. The university and other laboratories engaged in this basic science should be seeking to use their staff and other laboratories in the most promising way, and should be able to draw finance

from many competing sources. If there is one big government source, it may be too much influenced by the military-industrial complex, by political emotions, or by a natural bureaucratic tendency to distribute funds according to some principle of the next-man's-turn—and so avoid giving aid to the occasionally kinky ideas that have sometimes brought man his greatest advances.

So my recommendations on pure science for public policy are these. Try to regulate the total funds coming forward for pure scientific research simply by what economists call a “marginal” approach: decide whether at any one moment too many scientists are being diverted into pure research (in which case try to reduce the funds) or too few (in which case increase them). Try to get people thinking in terms of incremental value in expenditure of those funds that are available. Try always to see that those funds are made available for universities and others from as many competing sources as possible: that is, operate quite largely through foundations.

VI

For these next few years, however, the main job of government in the area of science and technology is surely to provide an incentive for the innovations which modern science is putting within our grasp, and which could meet the great unsatisfied needs of man. There is no need for government to tamper with the market mechanisms where effective consumer demand now exists or can readily be stimulated through new invention. Rather, the task for which government help is needed is what might be called “market creation”: making it profitable for companies to seek competitively to satisfy wants which are clearly felt by the public at large, but for which at present there is no market incentive to bring new technology into being. For the essence of the problem-oriented approach, as I see it, is that the forces of the market should operate to perform defined tasks as effectively as possible.

To repeat, the field of the future—for meeting human needs and for American exports alike—seems to me to be devising incentives to produce innovation. On this view, the key areas for government activity fall into three heads: (a) the creation of markets for the sort of “systems imports” which should increasingly become the main exports from richer countries to poorer

countries; (b) the creation of markets for "systems solutions" to problems which are at present not being adequately tackled in the rich one-fifth of the world; (c) some big problem-oriented research projects which probably can only be tackled by government on the Manhattan Project or Apollo model. Each of these, and particularly (a) and (b), could set the framework for what really may be the main export industries of America by the late 1980s. Their advancement is needed both for its own sake and for America's continued effectiveness in the world economy.

Consider, first, the biggest present problem of mankind. Robert McNamara said at the last meeting of the World Bank that economic effort in the poor two-thirds of the world should be switched much more to dealing scientifically with four giant subjects—nutrition, shelter, literacy and employment. Even when the upper half of the population of poor countries becomes richer by being drawn into the world economy—and it is probable that the southward migration of manufacturing will help more and more of them—the submerged half remains in a condition of wretchedness, oppressed by these four ills.

It has become traditional to suppose that nutrition, literacy, shelter and employment are general subjects which must be handled by the governments of poor countries themselves. Actually, they are rather specific subjects, and often ones that—if we were interested purely in results—could much better be tackled by corporations which are especially skilled in research, marketing, organization and communication. There are huge psychological difficulties in the way here; but if we are concerned with results—and for mankind's biggest problem we ought to be—let us consider the performance possibilities first, and proceed afterwards to discussion of ways around the huge psychological difficulties. Private corporations would offer the governments of the countries concerned a free choice; it would be the decision of the governments whether to take advantage of the services or not.

Suppose, for example, that American or international aid funds were earmarked to support a competitively bid contract to lift nutrition standards in some designated and poverty-stricken area of Africa from the present inadequate protein intake per head to a new target figure for 1980—the payments to be based heavily on the degree of success achieved. My guess is that it would now be possible for some new sort of commercially motivated service corporation to move in; to undertake advanced

agricultural research into what sorts of seed can best be used there; to undertake medical and sociological research to find what the nutrition-health needs really are; to organize the job of packaging know-how and advertising so as to persuade farmers to plant new varieties of rice rather than cassava (and teaching local housewives to cook it); to arrange for the purchase on world markets of whatever is most needed to supplement the local diet before new planting policies bring results; probably to reorganize local marketing and credit arrangements geared to raising nutrition standards by the target amount. All of these are jobs which local governments at present do not have the staff and expertise to do well. They could form the basis for a new industry of "bringing agricultural revolutions," which might find a very large market in the next three decades—including countries that would be able to pay for it without aid funds, such as the nations that are, or are about to become, rich through the sale of oil.

It will at once be argued that, in the provision of such basic services, Third World governments are interested not only in performance, but also in the exercise of power. Few countries want private enterprise corporations to exercise power in these fields, and even fewer developing countries will ever want foreign private enterprise to do so. In that case, it will be necessary to consider joint ventures, licensing agreements, management contracts with foreign governments, or simply sale of the know-how for nutrition programs in packaged forms. The difficulty in these big problems, such as nutrition, is that there will be need for research on the spot before there can be much hope of a final effective program package. I do not believe that answers can be found quickly just by getting professors from the rich world to write reports on how nutrition programs in up-country Nigeria should be run by local governments; there will be a need sometime to get performance-oriented organizations into the field. If they are profit-seeking (or at least growth-seeking) organizations, working under performance contracts, they will probably get the research done more quickly and precisely.

Many other possible areas of activity suggest themselves for target-oriented and strictly performance-rewarded corporations from the advanced countries. These may well be the speediest instruments for devising attacks in the poor countries on mass illiteracy—especially as advanced educational technology in com-

puter-assisted learning programs, audiovisual aids and broadcasting is well suited to poorer countries. Another area would be the organization of building programs in backward areas, using local materials, into which practically no research has been done. While the market-oriented southward shift of manufacturing will lead automatically to the packaging of training programs for preparing labor for big capital-intensive and export industries, some priming of the pump will be needed to set up training programs for labor in labor-intensive local industries. Arguably—though admittedly most sensitive of all—such corporations would even be better than local governments at organizing efficient programs for voluntary birth control and local health services.

In any event, whether in these specific areas or not, there is a clear need to help poorer countries to devise the computer software (technical knowledge and programming capacity) that could help them to take advantage of the computer revolution. As matters stand, the whole information-processing industry is geared too much to the needs of rich countries, too little to the needs of poor ones.

In many of these areas, markets for these services will eventually become available through normal commercial forces, once it is recognized that we are living in an age of research explosion, in which the initial expertise will flower first in the rich countries, although it increasingly (indeed, I would say, more urgently) needs to be used in poorer countries. But there is a need to hurry the process along. My suggestion, in short, is that American aid—bilateral or multilateral—be used to further such projects. Is it, then, legitimate to tie such American aid to the use of American facilities? At present, such tying is usually made to the use of surplus American products or services like arms, wheat or shipping. Surely it would be much more sensible and respectable to tie aid to the task of bringing into being “systems” exporters of the kind discussed in this section. These are simply more available in America.

VII

How should a problem-oriented technology policy be set afoot at home? A place to start would be in our civilian public services, where there is at present almost no effort to bring in new high technology. Part of the reason for the lag is political or bureau-

cratic block: anything that saves labor will disturb existing habits of work. But a bigger problem is the fragmentation of public demand. At one stage in the 1960s, American business thought that education would be a booming field for new techniques; the hope foundered largely because school demand was divided among more than 20,000 school districts. With about 85 percent of aggregate school budgets going into salaries and another 13 percent into construction and maintenance, the remaining two percent, spread among thousands of buyers, was too little to give high technology a fair chance. Hence, a market cannot at present be carved out in America for the sort of computer-based education techniques that are likely to revolutionize the learning process within the next three decades. It is a frightening possibility that Japan and even Russia may reach this educational revolution before we do.

The same factors, fragmentation and inertia, apply to a host of other areas—police-alarm systems geared to computers, new equipment for recycling waste materials, and the devising of systems approaches to such problems as urban sanitation, mass transit, retraining of labor, and the very processes of bureaucracy. The occasional successes achieved by the present vague programs of opportunity-oriented research simply show what public services are missing. What they need is a switch to problem-oriented research, with some sort of central body priming the pump to meet the problem of fragmented demand. So long as systems approaches are geared to devising the sort of systems that can be sold to single local budget authorities, they are likely to be the sort of systems approaches which think small; but if we had some central mechanism which would buy—say, for ghetto districts—something much grander, well above their initial budget possibilities, then we might move into systems approaches which change the whole pattern of urban living. Federal government financing of initial development with individual local governments left the choice to purchase or not may well be the answer. The difficulty with many of the new products of the data-processing revolution will be the same as those of earlier products: high initial cost, dropping greatly later as the data banks are assembled and packageability of know-how improves.

Such a central body, however, will not solve the problem of the bureaucratic block. Maybe the only way to escape from this, to which I suspect that we must come some day, will be to hire out

many more public services to contractors who are employed on a performance-contract basis. A market system would require that many city and other local governments specify the results they want from their existing or new services; and then that competitive bodies tender to do them on a purely performance-rewarded basis.

And the specified results should be of a positive nature, not to operate what is, still less to fix the defects of present systems, but to achieve something better. For example, a contract to achieve specified amounts and speed of traffic flow might give the contractor the right to charge private automobiles for use of city streets, employing the profits to establish alternate mass-transit systems. Or to take an example that is only partly in the public sector at present: American medical research would be transformed if we rearranged the market for medical care so that American physicians were given an incentive to keep us healthy, instead of being given a cash incentive to treat us in the most expensive possible way after we have become ill.

To those who watch our cities today, such suggestions may seem unreal. We can continue to decay if we choose. But if we were able to turn things around and move ahead to solutions of problems increasingly common to all the world, we would again have improved the conditions of life and the American economic position at one and the same time.

What, then, of the private sector? In particular, what of the areas where the buyer is a private individual but there is a clear and recognized public interest in the nature of the product, so that government intervention is warranted? An immediate present example is the nonpollutant automobile.

Here I believe the best federal policy would lie in new sorts of tax credits, not to pay back losses but to increase the profits from innovation that meets socially desirable goals. Let industry finance its own research and development (subject to normal investment credits), but make super-added profits the prize for projects that work.

I believe such a scheme might have helped on the example I have just given, the nonpollutant automobile. Suppose the federal government had announced in about 1965 that any company undertaking to have its sole output by, say, 1973, consist of non-polluting automobiles (defined under some strict test of emissions into the air) could register as what might be called a "Schedule

A" company for a period that would be agreed to under some bargaining process—say, 15 years after 1965—during which its operations would be tax-free.

After the announcement of any such scheme, each of the big automobile manufacturers might well have sought to register some new subsidiary company in their group as a Schedule A company. If this incentive had been created, my guess is that the breakthrough might well have taken place.

For automobiles, this suggestion is already water under the bridge. America has gone a different road—first ignoring the desirability of bringing forward a nonpollutant car, and then deciding in a rush to order the big automobile manufacturers to produce solely such cars within what is probably an impossibly short time. But I would urge that Schedule A tax credits could be given some new fields to try to conquer. All the suggestions will be controversial, but those opening public debate on these subjects should not be afraid of sometimes sounding fantastical, because the fantastic will soon become commonplace. In the category that might be called "goods with a social advantage," the examples could surely be multiplied. A harmless substitute for cigarettes or, to steal a leaf from Aldous Huxley, for alcohol and drugs? To be less exotic, the Schedule A treatment would be used for innovations in the public-service sector, already noted, or for devices designed to replace wasteful and repetitive personal services—for example, a mass-use machine that starts to do away with the need for mailmen and newspaper delivery boys by allowing printouts of material to take place economically over telecommunication into our homes. Systems that would recycle garbage, simplify medical diagnosis and health service distribution, or provide sources of clean energy are all examples of goods or techniques with a social advantage, the development of which could be encouraged by such an incentive.

The advantage of Schedule A, for which the work of selection should be done by Congress or by some specialized agency reporting to it, is that reference under it could range from the general ("anything newly patentable sold to a police or fire department in the next ten years") to the most specific—and this would encourage a wider and more suggestive debate about new inventions that society really needs. And no harm done, or cost incurred to the government, if a particular incentive does not work.

VIII

Finally, however, there are some big technological problems in society that can probably only be tackled by government-sponsored research, on the model (if not always the scale) of the Manhattan and the Apollo projects. The trouble with purely private-enterprise research, to quote the National Science Foundation, is that too many research and development efforts of American industry "are aimed at low risk, small step, product and process improvement that offers the necessary assurance of pay-off in the short term." While a government policy of selective tax credits would overcome the problem of some innovations that need a long lead time, it would not suffice for all of them.

It is possible nowadays for a government-sponsored research project to be successfully problem-oriented rather than vaguely and wastefully opportunity-oriented, but the dividing line is thin. The need is to state a target, preferably a financial one, both as regards performance requirement and cost. In the end the Anglo-French *Concorde* project was wastefully "opportunity-oriented," because the British and French governments poured money into a design that they liked; *Concorde* would have been "problem-oriented" if the two firms had been told to make an aircraft with such and such a commercial payload, capable of such and such a speed and range, below such and such a price. The Apollo project was more successfully problem-oriented: NASA was told "to get a man on the moon in the 1960s," and set cost limits. On the whole, the Japanese government follows a problem-oriented technology policy; it lets Japanese firms know what problems they would like to see solved, and protects those firms that are producing solutions that can sell commercially, but it does not usually prop up Lockheeds that are losing a lot of money.

One problem-oriented project that might be worth establishing in the United States now is the search for the so-called "moral alternative to oil." Presumably, this would be hydrogen created by electrical dissociation of water, which would have the huge advantage of being an almost limitless resource. Maybe the last steps toward achieving this—and making it a safe field—can only be taken through a several-billion-dollar-a-year government project on Manhattan or Apollo lines; probably such a project would now work. But if President Nixon does establish such a project, it is very important that it should not be in a vague opportunity-oriented way, a commitment to devote more money

to research inquiries that sound hopeful. The target for any agency charged with the task should be on some such lines as: "Find a nonpollutant and stable fuel by 1980 that will not be more than 50 percent dearer than oil in terms of 1973 prices."

The present general forecast is that imported oil will rise by at least 50 percent in price in 1973-1980. But the presumption is that if a project of this kind succeeded and if imported oil rose by only around 40 percent, then a tax of about ten percent might be put on imported oil to make the new fuel competitive; alternatively, the existence of the new fuel could be a national insurance policy to prevent Arab oil countries raising their prices by more than 50 percent. Conceivably, private involvement could be sought from utility and other interests in a government research project to find a substitute for oil in these next seven years. Maybe some system of worldwide patents could be devised as the pay-off.

IX

This article has been concerned with the sort of policy that America should be devising to make the crucial transition from the "Henry Ford mass-producing age" to the "systems-designing age"; a policy for continuing into the third century of post-1770 Industrial Revolution the technological lead which America seized at the beginning of that revolution's second century. I suspect that a main reason why America won technical advantage at the beginning of the Henry Ford age was that, by good luck, the market provided us with the right "problem-oriented" challenge for that time. Because the United States did not have a large labor force, the incentive in America from the 1870s on was to invent labor-saving machinery and labor-saving methods. At that moment, Europe, and particularly the leading industrial country, Britain, had large and rather underemployed labor forces; its scientists remained vaguely opportunity-oriented in doing whatever research seemed interesting. It happened that labor-saving machinery and methods became what was needed in the mass-manufacturing revolution.

It is almost certain that the breakthrough in technological capabilities for information processing in the last 15 years means that the need now is to have market incentives to invent "systems approaches" to problems. There is a real danger that America may fall from her proud position as the world's leading technological country because we do not have such market incentives

in being, and are not preparing to install them. Nobody else is yet installing them either, but Japan might well win the race to do so. The Japanese are hugely achievement-oriented, rather than just research-oriented—which is why Herman Kahn may be right in forecasting that in the 1980s they will pass us and become the richest and most productive people in the world. But they need not do so, if the United States during this second Nixon administration, on the eve of its 200th birthday, seizes upon something like the science strategy that will be needed in the new age.

ROGUE ELEPHANT IN THE FOREST

AN APPRAISAL OF TRANSATLANTIC RELATIONS

By Raymond Vernon

A PROFOUND shift is taking place in the relations between the United States and Western Europe. Though there is a temptation to think of the shift as the result of yesterday's headlines, its causes run a good deal deeper, and its consequences are likely to remain for a long time. For those who assume that the achievement of a moderate world order depends on some sort of working coöperation in the Atlantic area, the implications of the change are deeply disturbing.

Throughout most of the period since the end of World War II, the economic relations between Western Europe and the United States have been conditioned by a few fundamental considerations. First and overwhelming was the question of relative size. The United States was five or six times as big as any state in Western Europe, and it enjoyed the highest per capita income by a large margin. Second, the United States was profoundly self-confident. When occasional uncertainties arose over national purpose, they were usually internal matters, matters that had very little to do with the country's perception of its place in international affairs. Beyond that, the United States could be counted on to use its strength, so most West Europeans assumed, in ways that were not blatantly hostile to Western Europe. Finally, the problem of America's disparate size was commonly thought of as only a transitional state, until the time when a united Western Europe would develop which was equal in dimensions to the United States.

Today, the assumption that the United States could be expected to use its great economic and military strength in benign and unhostile ways has been badly eroded in Western Europe. The Suez crisis of the 1950s may have begun the process; but, so far as many Europeans were concerned, it was fortified by the U.S. role in Vietnam, ratified by the U.S. decision unilaterally to suspend the convertibility of the dollar, and confirmed by the independent style of the United States in the conduct of its new Ostpolitik.

Along with the change in Europe's perception of the United States, there has been a change in America's perception of herself.

The change in self-perception was already apparent in 1959 when President Eisenhower sent his Secretary of the Treasury urgently to Europe, tin cup in hand, to solicit contributions from the Europeans in order to bolster an ailing U.S. balance of payments. The old sense of utter invulnerability was gone, and never quite returned in the Kennedy administration. Then it began to be undermined even further by the nightmare in Vietnam, by the seeming disappearance of the technological gap, by the dissipation of America's gold supply and finally by successive devaluations of the almighty dollar.

As long as Europe had hopes of emerging eventually as a cohesive political force, the independent policy and loss of self-confidence on the part of the United States were not unmitigated drawbacks in the eyes of Europeans. Those developments added impetus to the growth of the European idea. They added to the appeal of de Gaulle's *famille des patries* in Europe. And they supported Heath's reflections on the need to find some alternative to Britain's "special relationship" with the United States.

But in the past few years, Europe's hope of creating an effective independent political force has not grown stronger. On the contrary, even as the economic reach of the European Community increases, the idea of Europe as a political entity is being enfeebled. To be sure, there are some members of a brave band of Europeans still to be found in Brussels and The Hague, and even in Paris and in London; but few of them anticipate any great political movement toward a United Europe for a decade or more to come.

All that remains of the original considerations which shaped the economic relations between the United States and Europe, therefore, is the outsized nature of the United States. In economic terms, Europe has grown a bit more rapidly than the United States in the past decade or two, but the difference has not been very great. In spite of Europe's growth, the United States still has a gross national product that is over five times larger than West Germany's, and a per capita income that is 40 percent higher. Whatever Americans may think of themselves, the U.S. economy still displays an enormous overweening material strength to the rest of the world. Today, however, it is widely assumed in Europe that a rather different spirit animates that strength. Once the prevailing assumption had been that though the United States might be dangerous at times, this was largely

because the country was not always very careful and not always very bright. Today, a common assumption is that the strength of the United States is animated by cunning and by fear. If there is some appropriate metaphor from the animal world in the collective European mind, it is no longer the image of a big amiable bear but that of a devious rogue elephant.

II

If American readers boggle a little at the picture of the United States as one of overbearing strength, it would not be the least bit surprising. For the past decade, the U.S. public has been confusing the fact that the economy of the country is not totally invulnerable with the illusion that it is therefore weak. Americans have discovered, practically for the first time, the concept of a balance-of-payments restraint. They have rediscovered for the third or fourth time in recent history that nonrenewable resources are indeed nonrenewable. Having come to think of itself as the world's undisputed leader in technology, the United States has been brought up short by Sputnik, acupuncture and the Datsun. In an effort to adjust to its new vulnerabilities, many Americans have come to think of their country as an enfeebled and debilitated giant.

Some Europeans also profess to see the United States as a papier-mâché economy. Though this reaction is based in part on the same facts upon which the Americans have drawn, I suspect that it is also a familiar human response to the seeming humbling of the mighty. But the general European perception of the change in the status of the U.S. economy is qualified in major respects. While both Americans and Europeans see the strength of the United States as having declined, Europeans still see the U.S. economy as disconcertingly powerful—and, being imbued with the psyche of the rogue elephant, as disconcertingly dangerous.

The distinction between the American view and the European view of the U.S. balance-of-payments situation is a case in point. From the viewpoint of U.S. policy-makers, the payments situation is an unmitigated disaster, a source of weakness that can barely be tolerated. But the policies that have been adopted to deal with that weakness suggest how strong the U.S. position really is. The U.S. government, in effect, no longer defends the international value of the dollar. Europe and Japan are invited

to stabilize the dollar's natural price as they wish; but it is up to them to do the job. Meanwhile, in a classic version of the strategy of benign neglect, the U.S. government exhibits no great anxiety over the ultimate fate of the excess dollars that the Europeans profess not to want or need.

The response of European governments to the U.S. strategy has revealed their relative weakness. In effect, they have taken on the task of supporting the dollar at its new level. They have been fearful of destroying the international value of the dollar, which they hold in large amounts. They have been worried about promoting the competitive strength of U.S. exporters, who would benefit from a decline in the value of the dollar. They have felt inhibited about imperiling the highly developed European market for dollars, which has served as a rather extraordinary mechanism for absorbing and supplying international funds. So they have followed the characteristic course of the small country that confronts the large; they have adapted themselves as best they could to the new circumstances, by doing the U.S. bidding.

There is a widespread uneasiness in Europe, unfocused though it may be, that the capacity of the United States to wreck the currencies of other countries is considerable. This uneasiness is usually expressed in somewhat misleading terms, as it most often is stated in the form of an indictment against the financial power and flexibility of the U.S.-based multinational enterprises in industry and banking. Now and then, as currency crises bubble up and as liquidity pinches come and go in Europe, Europeans charge these enterprises with playing a major unsettling role.

Though the multinational enterprises get more than their proper share of attention in this context, the fact is that the U.S. economy as a whole maintains assets abroad in a volume that no other economy can even remotely match. At the end of 1971, Americans were reported as holding assets valued at \$181 billion abroad, while the holdings of all non-Americans in the United States at the time were only \$123 billion. True, the foreigners had very large liquid holdings in the United States. But too much should not be made of that point. On command, American holders of the \$181 billion of assets abroad could easily squeeze \$50 or \$60 billion out of their holdings, enough to force most other countries of the world to suspend the convertibility of their currencies. Worse still, the enforced liquidation of U.S.-held

assets in foreign economies could depress internal values, from land on the Riviera to chemical plants in Germany.

Europeans do not often pose the possibility of an economic Armageddon of this sort. That is probably due to the unspoken assumption that the United States would be incapable of summoning up the international will for such a gruesome exercise. Yet the possibility is not wholly unthinkable. The capacity of the Soviet Union to take on such an operation, if ever it acquired significant assets outside of its borders, would be considered beyond question. Britain did something like it before World War II; and the French *ratissage* operations in the 1950s fell in the same category. The sheer bulk of U.S.-controlled assets in the European economy, therefore, constitutes a latent threat; and it may be that there is a vague appreciation of that fact deep in the European psyche.

The situation of the U.S. economy with respect to future shortages of raw materials is another illustration of the country's relative invulnerability. If vulnerability is measured by the degree of reliance on imported materials, the United States is much less exposed than Europe. Besides, if the United States should ever face a shortage, its resiliency in responding to the shortage is far greater.

If the question of U.S. vulnerability to a raw-material shortage is weighed in narrow military terms, no problem actually exists. For blitz nuclear warfare, raw-material supplies would be irrelevant; for large-scale conventional warfare, direct military requirements would absorb no more than a minor fraction of the current U.S. consumption level, an amount that could easily be squeezed out of the indulgent life-styles of the country. U.S. reliance on imports, therefore, does not present a military problem, narrowly conceived. The problem is simply that of an habitual consumer, unwilling to consider any restraint on its consumption habits even if such a restraint would greatly improve its bargaining position abroad.

The strength of the United States in raw materials is dramatically illustrated by the case of petroleum. It is conventional wisdom at the moment that the country confronts an acute shortage of energy; the case is said to be clearer for the long term than for the short, but acute whatever the period of projection may be. Along with a small beleaguered band of chronic doubters, I am strongly suspicious of the projections on which these conclusions

are based. But that is not the central point here. No one will doubt, not even the most convinced adherent of the projection of scarcity, that in the short run the United States could turn scarcity into surplus. In the case of oil, all that would be needed is the most trivial kind of rationing: a limit on the horsepower capacity of new automobiles; a suspension of the use of snow buggies, motor launches, electric toothbrushes, electrified tie racks and the like; a restriction on lights and heating levels in unoccupied buildings, and similar measures.

Europe's vulnerability to a scarcity of raw materials, on the other hand, is of rather a different sort. Not only does Europe rely far more on imports; it also uses a higher proportion of its consumption for essential consumer and industrial needs. For Europe, a curtailment of supply cuts quickly into the meat and sinew of the economy; for the United States, it is less likely to cut beyond the fat. Accordingly, all that the United States needs in order to free itself from the appearance of scarcity, at least in the short run, is a minor exercise of will; Europe, on the other hand, faces a more substantial problem.

The European perception of its relative weakness extends not only to its supplies of raw materials but also to its control over the more advanced technologies. Today, there is a dusty sound to the phrase "technology gap." Yet if the concept was justified five or six years ago, it is still justified today. Nothing very fundamental has changed in the technological relationships between the United States and Europe.

Historically, the Americans have had certain distinctive advantages over the Europeans for innovation of a certain kind. These palpable advantages have included the size and homogeneity of the domestic U.S. market; the existence of high labor costs and high per capita incomes in that market; the existence of large-scale government procurement programs in the high technology fields; the ability of U.S. firms to absorb the financial burdens of error in large-scale development projects; and, finally, the pervasive feeling of anxiety under which U.S. businessmen are obliged to operate as they confront a vast business environment in which new competitive threats cannot easily be identified and controlled.

Responding to these special conditions, American businessmen have taken the lead in a series of industrial innovations and then eventually have come to share the lead or to lose the lead to

others. In the postwar period, European businessmen have caught up in a number of industrial areas in which the United States had held the lead: in automobiles, in plastics, in consumer hard goods, in consumer electronics and in many other lines. But there was nothing new in that phenomenon. In the hundred years before, U.S. producers had seen their dominance in international markets continuously whittled away in fields that they had originally dominated: in firearms, sewing machines, automatic signals, oil refining, life insurance, electrical equipment, business machines, mass-produced automobiles and so on. If Europe had not resumed the process at some point after World War II, this would have been an aberration in history.

To be sure, the speed with which old trends were resumed in the 1960s may have been disconcerting, especially for a generation of businessmen whose historical memories did not stretch beyond World War II. But despite the speedy resumption of old trends, insofar as the concept of a technological gap ever had any valid basis in fact, the basis continued to exist. For as U.S. enterprises reluctantly surrendered a share of their world markets to the European firms in their existing product lines, they continued to generate new leads in the more advanced technological branches of industry.

Of course, U.S. enterprises will not originate all the innovations of the future any more than they originated all the innovations of the past. Throughout recent decades, while the Americans were grinding out a succession of new products in response to their special needs and opportunities, the Europeans were doing the same. Synthetic fertilizers were Europe's response to a scarcity of land; rayon, an answer to the dearth of cotton; the oxygen process in steel-making, a response to Europe's scarcity of capital and materials; radial tires, to Europe's tortuous and narrow roads. The Japanese invented little television sets for their tiny homes, the Italians small refrigerators for their limited budgets. But these were not inventions on which governments staked their prestige and their security; they did not capture the commanding heights.

One can debate how large the new U.S. leads may be and how long they are likely to be held. One can question whether they will stimulate U.S. employment and U.S. exports sufficiently to offset the losses that are associated with the closing of the older gaps. These are worrisome questions, difficult to assess; the only

thing to be said is that no dogmatic generalization will stand up very well.

The existence of the new leads, however, is almost incontrovertible. The unique congeries of environmental factors in the United States has placed U.S. firms in the lead in various sensitive fields: in the advanced general purpose computers; in advanced minicircuitry; in the more promising types of nuclear reactors; in airframes and air engines; in space launchers and communication satellites; in mass automotive antipollution devices; in deep-sea oil drilling; almost certainly in other forms of deep-sea exploitation. Further out in time, it seems close to inevitable that U.S. firms will lead in the industrial exploitation of the environment of outer space, in weather modification and in the early industrial applications of the laser beam.

Lest this recital of accomplishments and expectations be interpreted for what it is not, let me recall the context in which it is presented. These achievements suggest little or nothing about the relative levels of well-being on the two sides of the Atlantic now or in the future. But they do suggest that the political power of the technological gap, however that power may be perceived, still rests with the United States. Though the idea of the technological gap is out of fashion, the reactions that the gap engenders are not. The Europeans are still grappling with a sense of technological inferiority that is deeply disconcerting.

III

If one could be sure that the European Community was going to evolve much beyond the stage of a mere customs union, then the perspectives regarding the relations between the United States and Europe would be greatly changed. In that case, the United States would confront an integrated European economic area with a gross national product of, say, \$700 billion, and a population of 270 million, operating under common political imperatives. Its \$60 billion or so of foreign-exchange reserves and its annual revenues in the public sector of some \$250 billion would represent more than a match for the U.S. economy.

In an economy of that size and character, for example, the individual enterprises in key industries would confront internal conditions not unlike those in the United States. That is to say, the enterprises that were eager to exploit some special technical skill or organizational capability would confront a huge internal

market in which to try their wings. At the same time, the enterprises that were eager to lead the quiet life would discover that they could no longer count quite so readily on maintaining a closed little society in which competition was considered disloyal and governments were at hand to arbitrate the clashes. To the extent that enterprises required a large public market to launch them into areas of new technology, as in space launchers and nuclear fusion, the new Europe would easily be of the scale necessary to provide it. Indeed, mere questions of scale, for example in the size of capital markets, would no longer represent a problem.

There is very little in the present situation, however, to justify strong expectations that Europe will move very rapidly beyond its present stage, a state of limited coöperation among a group of independent powers. Perhaps a decade from now the story will be different; but for the present the obstacles in the way of any deepening of Europe's arrangements seem much more formidable than the impulses.

For one thing, the clarity and coherence of Europe as a geographical concept have been blurred and blunted by the successive layering of economic arrangements. From a core of nine European countries, one moves outward to a half-dozen other European states joined to the core by a series of free-trade areas; then west to Turkey and Greece, serving novitiates on the way to membership in the Community; then south to another half-dozen Mediterranean states, sheltered with special preferences as the half-grown wards of the European group; then further southward to black Africa, where several dozen new little states play the role of dependents of the European Community, receiving aid, advice and their own set of trade preferences from their former masters to the north. The organizational impression is one of a pyramid of eclectic arrangements, difficult to reconcile with the idea of a tightly integrated economic unit.

But that is not the only problem. Though the effects of Britain's entry into the Common Market will be a long time working themselves out, some of the early effects are clearly disturbing to the movement. The British team, acting out of the necessities of the domestic political situation in Britain, seems destined at the beginning to play the role of the reluctant dragon, at least with regard to some of the key issues that have been painstakingly compromised among the present leaders of the Common Market.

Three issues in particular are up for reconsideration. One is the shape of the common agricultural policy of the Community: Britain is bound to demand a system that generates lower agricultural prices inside the Market, a demand which important elements in Germany, France and Italy will fight tooth and nail. Britain will use every effort to prevent the development of a common monetary area in Europe, unless it can gain some guarantees that the Community will ship back to the British economy all the capital that is expected to leak away from Britain in such a common area; and the chances of setting up a satisfactory arrangement with those features are not wildly encouraging. But much more fundamentally, Britain can probably be expected to side with France on the most critical issue of all: namely, the inherent nature of the executive powers of the Economic Community. Is the Community, for instance, simply to be a mechanism for setting common standards, with the means of execution to be left to the member-states? Or is the Community to acquire some of the attributes of a federal or confederal structure, with a measure of execution and enforcement at the center? So far, to the extent that a pattern can be detected, Britain leans heavily to the common-standards approach and shies away from the idea of a fledgling government.

Almost every day, there is fresh evidence out of Europe that the prerequisites in attitude and identification among Europe's élite have not yet evolved to a point at which a well-integrated European structure can be contemplated. It may be, of course, that attitude and identification will always lag behind economic reality, a consequence rather than a cause. Europe in the end may be pushed to integration by Jean Monnet's well-advertised process of progressive involvement, of *engrenage*, and may wake up one day to discover that it is there. But that is a process which can be drawn out and full of detours. And for the present, the detours seem to be determining the line of march.

IV

Perhaps the most obvious indication of the uncertain quality of the European Community is the inability of Europe to pool its strategies in the field of industrial policy. Neither Europe's sense of vulnerability in raw materials nor its desire for control of its own advanced technologies has found expression in any pan-European policies that are responsive to its goals.

In the field of raw materials, oil serves once again as the leading example. On the face of it, Europe would seem in a fairly good position for concerting a joint policy on the subject. In Britain, France and Italy, strong oil companies exist in which the national government owns a controlling interest. Moreover, the idea of a joint European energy policy is far from a novel one, having been worked on assiduously by the Brussels technocrats since the early 1960s. Yet despite these facts there has been no joint action by Europe.

To be sure, European interests have been involved in plenty of policy formulation on the subject of oil. But the policies have not been developed or applied at the European level. European companies have been deeply involved in global caucuses with their friendly rivals in the United States, seeking to bolster their joint negotiating position vis-à-vis the oil-exporting countries. When European oil companies have moved independently of the Americans, the moves have represented national interests, not European interests. France's captive companies, for example, have sometimes made an independent move, but moves of this sort have been under the wing or under the prod of the Quai d'Orsay, not of Brussels. France's oil companies, therefore, can be thought of as operating within two systems: in an interacting system of large oil companies, global in interest and in reach; and in the system that is the French nation-state.

The non-European focus of the big raw-material enterprises in Europe is illustrated in many ways. Both in oil and aluminum—perhaps a little less so in copper—one is impressed by the intimate crisscross of ties that link the big companies with one another. While the leading North American companies in these industries have been solidifying their investments in Europe, the European companies—even the European companies owned by national governments—have been building up their investments in North America. And in third countries, the intertwining process through joint ventures and common strategies has kept pace. At the same time, of course, new national companies have also come into existence, some from the advanced countries and some from newer areas; so it ought not to be thought that all the interlocking and intertwining of the leaders have created more monolithic industries. What the process has done, however, is to blur the identification of the leading European-based companies with the area of Europe, to dilute their national identification, and to

replace them with a set of global perspectives. Ironically, because the U.S. market is so huge by comparison with any other national market, the problems of identity confusion and identity dilution may prove much greater for the multinational enterprises based in a European country than for the multinational enterprises based in the United States.

In the high technology fields, a somewhat similar process has gone on. Recent studies by some of my collaborators in Europe and the United States throw some clear light on how the Europeans have responded to their frustrations in such fields as advanced electronics, the airframe industry, the nuclear reactor industry and the launching of space satellites. The responses of the Europeans have been in two directions. One has been the creation of national champions—of well-financed and well-protected national companies, pulled together into a common national organization from the most promising elements in the national economy. Ample public credits, privileged access to research funds, and special rights as purveyors to public agencies have been the usual means of supporting the national champion. Britain and France have been moving in this direction in the aerospace industry; Britain, France and Germany in computers and related electronics; France and Italy in chemicals, and so on. But note the stress on the word “national.” Though transnational organizations have also been tried in a few cases, the stress has been on the national approach, on champions ready to repel all boarders from outside national limits.

So far, alas, these national champions have generally proved feeble giants. Some have had acute indigestion in attempting to absorb their diverse elements into a common national organization. Some have found that the research capabilities of their separate units were neither complementary nor competitive, merely disparate. Some have simply remained separated entities under the camouflage of a common corporate shell. Discovering their weaknesses, they have looked in various directions for more help: to their own governments, as a rule, for more protection and more money; and to the leading American firms, as a rule, for more technological support. Side deals with the Americans have flourished—in computers, in reactors, in jumbo electrical installations, in aircraft engines, and in other modern toys that stand for national independence and national prestige.

Here and there, it is true, the response of Europe’s national

champions to their revealed weaknesses has been to attempt some sort of pan-European alliance. But alliances of that sort have run into an endless succession of roadblocks. European governments have been more jealous of sharing the control of their national champions with other Europeans than with the more remote, more anonymous, yet more aggressive Americans. European corporate laws and tax laws governing mergers and acquisitions have inhibited European-based parent companies from putting together pan-European companies more than American parents have been inhibited. When technical difficulties of that sort have been overcome, as they sometimes have, the fruits of the union have been excruciatingly slow in coming. The Fiat-Citroën merger and the Dunlop-Pirelli alliance are illustrations of the fact that large European organizations have great difficulty in developing a common strategy and exploiting the resources of a common organization. The result has been that, so far at any rate, the object of achieving some independence in the high technology fields has eluded the Europeans.

Moreover, in the various efforts to launch some pan-European response, the limitations of the European Community have been apparent. The Community's technocratic apparatus in Brussels has tried repeatedly to stir the Europeans to more effective action. A provocative report on industrial policy in 1970, issued at the highest level, created no more than a ripple of interest. Another major report on European aeronautical industry, issued in the summer of 1972, seems headed for a similar fate.

Where transnational coöperation has been tried in Europe, it has taken an ad hoc form, based on some limited perceptions of mutual interest among two or three countries. The *Concorde* and *Airbus* ventures are cases in point. The French-British partnership in the *Concorde*, far from representing a project for emulation, is widely regarded in both countries as a near disaster. After an interminable series of false starts, the new project for a trans-European launcher capability began its life in 1972 with widespread recognition of the fact that it was essentially a French project, smuggled under a pan-European label to give it some marginal added support and to head off a wholly independent French effort in the same direction.

V

The rogue elephant, it appears, still controls the forest. His

awareness of that fact is not acute, as he complains of his internal problems and recovers from the wound of Vietnam. The margin of his strength is somewhat impaired as other countries grow and prosper. But he is still the ranking animal.

That fact will soon intrude itself on all parties, as U.S. policy-makers turn their attention once again to the issues that are central to transatlantic relations. Those issues will probably develop in two clusters. One is the issue of military security: this will come to the fore in such projects as the SALT talks, the proposal for an MBFR (Mutual and Balanced Reduction of Forces), and the pending European Security Conference, as well as in U.S. congressional discussions over the future of U.S. commitments in the NATO organization. The second is the cluster of issues bearing on monetary and trade relations, which the U.S. government proposes to renegotiate with the Europeans in some integrated way over the next few years.

Though the choices that confront the parties in this tangle of negotiations are detailed and technical, the negotiations are dominated by some common elements. The self-perception with which the Europeans and the Americans enter this period of reassessment will be especially critical.

The U.S. official mood, as it begins these negotiations, seems to contain one element that is especially disturbing. What the United States discovered in the months following August 15, 1971, was the fact that, despite the seeming disappearance of the technological gap, despite the evaporation of its supplies of gold, despite the negative balance in its current trading account with the rest of the world, its negotiating position with Europe is far from dissipated. On the contrary, as long as the United States is so big and self-sufficient, as long as the technology of the modern world gives advantages to big economies and big firms, the United States can require the rest of the world to help solve any problems that arise from the seeming weaknesses of the U.S. economy. As long as the United States retains enough power to absorb the cost of a destructive unilateral response, it has the power to injure others even more. That realization does not reduce the probability that the United States and Europe will reach formal agreements on the issues that are in dispute. Out of anxiety not to bring the system tumbling down, Europe may be prepared to meet the United States halfway. And if the United States does not press the advantages of its strength-with-weakness

too blatantly, there may be a possibility for finding a middle ground on sensitive and contentious issues.

But the sense of self-denigration and self-pity that so commonly characterizes the U.S. perception of itself in world affairs today—the insistence that it is not getting a “fair shake” from the wily Europeans—is not calculated to create a restrained bargainer. As the United States rediscovers the fact that it can still bargain from strength-with-weakness, this may add to the immediate difficulties rather than otherwise. For a time, until self-confidence is also restored, the temptation to use its bargaining strength to the limit for national short-run gains will be very strong.

As for the European mood, my expectation is equally disconcerting. I find it hard to believe that the metaphoric association of the United States with the rogue elephant will wear away very rapidly. Accordingly, if there are concessions from the Europeans, the concessions will be grudging and limited; they will be agreements which the Europeans see themselves as entering under duress. That kind of agreement, of course, is one of limited value in international relations. It is an agreement that the parties will want to avoid and evade, and eventually to renegotiate as quickly as their bargaining positions permit.

Though prophecies move in one direction, hopes may be permitted to move in another. Perhaps the United States can re-establish its sense of inner confidence sufficiently in order to worry a little less about its monthly trade balances and a little more about the collective problems of a tolerable world order. If that shift in focus did not occur spontaneously, it may be that the appearance of a strong and unified Europe would push U.S. thoughts in that direction. I do not mean to suggest that a strong and unified Europe could be expected to exercise any great measure of wisdom and restraint; there is little in the history of Europe's nations to suggest that a European entity would be more immune to short-run fears and pressures than the United States. There is the possibility, however, that two well-matched elephants in the forest are better than one. On that uncertain premise, one may have to pin one's hopes.

THE DEFENSE OF WESTERN EUROPE

By Lord Gladwyn

IN our nuclear age, questions of defense planning—once a fairly simple matter of estimating the amounts expended by the various nations, totting up numbers of mobilizable men, evaluating weapons (as in *Janes Fighting Ships*), appreciating the contributions of allies and so on—have passed into a surrealistic sphere of bluff, counterbluff, nightmare and potential extinction of the human race. Reassuringly, neither of the superpowers, even when one held a monopoly or a vast preponderance of nuclear power, has so far been willing to use, or to threaten the use of, the superweapon in pursuit of its political aims—even (as in Vietnam) against a tiny nonnuclear adversary. (Khrushchev's empty threat at the time of Suez was the exception that proves the rule.) Indeed, its possession has so far simply resulted in a perpetuation of the political status quo. Any negotiated arrangement between the superpowers on the limitation or even reduction of their nuclear panoply will also, most likely, only be possible on such a basis.

It is therefore clear, in a general way, that as long as a substantial American force remains in Germany, giving rise to the assumption that if the Soviet Union attacked the allies in the West it would be the signal for a nuclear holocaust, the defense of Western Europe is in all probability assured. Nevertheless, in spite of statements to the contrary, we are always given to understand that there may, in the not too far distant future, be some partial withdrawal of American power and that, insofar as this may weaken the "credibility" of the major deterrent, it will be necessary for the European members of the Alliance somehow to fill the ensuing gap. Already an effort to meet this American-implied demand has been made by the constitution of the so-called "Eurogroup" (though France is not a member) and that is very much to the good. But might it be possible for Western Europe, one day, and if necessary, to be primarily responsible, within the Alliance, for its own defense? Most informed persons would unhesitatingly say no. I wonder.

Supposing, just supposing, that the Americans, perhaps dissatisfied with the attitude of the European Economic Community in regard to trade or indeed its contribution to a common defense,

made it clear that within a given period—say, five or ten years—they would no longer be prepared to maintain any forces on the continent of Europe. Would we then have to conclude that there would, fairly shortly, be no means of successfully countering any aggressive or threatening move on the part of the East, or, even, failing that, preventing the assumption by the Soviet Union of the political leadership of the Continent, and make arrangements accordingly? Again, I wonder. Let us try to think what might be done in the dread circumstances suggested. Some may feel that this is a useless or even dangerous exercise. However, as the French say, *il faut envisager le pire!*

II

The accepted philosophy at the moment seems to be that if there should be any aggressive move by the Warsaw Pact forces, whether in the central, the northern or the southern areas of NATO, it would be countered by a move having the same sort of weight behind it. This would give time for the conflict to be limited or localized and, if possible, for negotiations to take place. Yet, if it were a serious offensive, it is obvious that the Russians, with their three-to-one superiority in conventional weapons, their streamlined arms production and logistics, would quite quickly make a serious penetration, to say the least. In order to halt them, there would very soon be no alternative for the allies, in whatever sector, but to have recourse to nuclear weapons of some sort, presumably in the first instance making use of the so-called “tactical” nuclear weapons, though we are told that nowadays some of these have a devastating yield and a range of hundreds of miles. Knowing that the allies possess some 7,000 of these weapons, either under the direct control of the Americans or at the disposal of other allies under the system of the “double key,” and on the assumption that they would, in the event of a serious attack, unhesitatingly be prepared to use them, if only on a very small scale to start off with—just to show that we did have the will to employ the ultimate weapon rather than surrender—the Russians, it is maintained, will not attack or allow an attack to take place. Our position is therefore now secure.

It is true that the Russians have similar “tactical” weapons and that if the allies did employ theirs to halt an offensive, and the adversary retaliated, as he surely would, with like means, not only would East Germany, and no doubt parts of Poland be

reduced to a desert, but also, and immediately, West Germany, which it would be the presumptive object of the Russians to occupy and subsequently to exploit. And no doubt a general interchange of "strategic" nuclear missiles would soon after also take place. This, therefore, is another major reason why the Russians, who are not mad, will not attack or allow any attack to take place, and why the allies (or rather, as things are, the Americans) will not be in the position of having to use, or even to threaten to make use of, any part of their nuclear power. Such, at any rate, is the theory and indeed for as long as powerful American forces remain in Germany there is, happily, little doubt that "flexible response" is likely to maintain, if not peace, at any rate the European status quo.

It is not, therefore, as if the "flexible response" theory is inherently wrong or even outdated. On the contrary, the general idea that we should have sufficient conventional forces, backed up, as things are, by tactical nuclears, at least to check what might simply be a testing maneuver on the part of the Russians (as part, perhaps, of some effort to extract concessions by nuclear blackmail) is doubtlessly valid as such. In any case, it is infinitely preferable to the idea of "massive retaliation" which, with the achievement of nuclear parity between the superpowers, is obviously out of the question. And it may well be that such attempts on the part of the U.S.S.R. would be much more likely than a massive armored attack which, again as things are, would only be held by resort to tactical nuclear weapons on an increasing scale.

But if we are to consider unpalatable possibilities at all, we must face the fact that we may, within the next few years, reach the point at which no power—not even a superpower—will be prepared to use nuclear weapons against another nuclear power *on a first strike*, the risks of so doing being judged greater than the prospective advantages. As we have seen, our whole present strategy rests on the assumption that the Americans would be prepared to do so, and no doubt, as things are, they would. But the real question is: at what point, given any serious reduction of the U.S. forces in Germany, or even any bilateral understanding between the two superpowers on nuclear matters, would the Russians cease to *believe* that the President of the United States of America would actually press the nuclear button except following some direct threat to the United States? It is anybody's guess.

We must, after all, remind ourselves of what would be entailed

by such a decision, in other words, a decision to employ nuclear weapons on a first strike in Europe, and on the assumption that threats to use them had not checked the Soviet advance. Unless the Russians at once called off their offensive after what might be called a warning nuclear shot across their bows, not only would much of Europe become derelict, but the American forces in Europe might be written off as well. True, the Russians would seek if possible to avoid a general nuclear holocaust—as would, of course, the Americans. So it might be possible to limit nuclear activity to Central and Western Europe.

But this would be intolerable. For what would happen to Europe when it was over? It seems likely that any organized societies continuing to exist might turn rather toward the U.S.S.R. than to the United States. The Russian military advance, in other words, might have been halted, but there might be a danger that in the long run the Russians would “win” the European war. It is perhaps not very difficult, therefore, to imagine the sort of advice which the *Bundesrepublik* would be giving the Americans in the NATO Council in the dire event of the President’s being confronted by such a decision. Or even the British government for that matter. As things are, the French would no doubt be busy proclaiming their own neutrality! Nevertheless, we must assume that the President would indeed press the nuclear button. At any rate, as I have said, our entire defense rests on the assumption that he would and even more on the assumption that the Russians know he would.

But if the President would now have no hesitation about pressing the button—and I would repeat that our whole present safety depends on his willingness to do so if required—what would happen when and if the Europeans had no absolute guarantee that he would do anything of the sort? Would they—on the assumption that they had a sufficient quantity of their own by that time—be prepared to loose their own tactical nuclears on a first strike, or even fire a warning shot? Would they indeed be prepared by their own action to run the risk of total nuclear war with the Soviet Union which would still, presumably, have 700 missiles trained on all the major cities of Western Europe? They certainly would not. Nor would the Russians believe for an instant that they would. Whatever the extent of the *détente* achieved by then, however greatly the Russians were concerned with China, it would be clear that the West European democracies were in

grave danger of, at the least, falling completely under the political domination of the Soviet Union. That is, unless they have by such time got together and thought out some new way in which they can organize a "credible" conventional defense.

III

The argument so far has been to the effect that, as long as considerable U.S. forces remain in Germany, our security is almost certainly assured, but that if they are reduced beyond a certain point, a doubt will arise regarding American determination to employ nuclear weapons on a first strike, such doubt increasing as force reductions proceed and ending up in near certainty if, by any evil chance, the U.S. forces were withdrawn altogether. For no one in his senses would believe that the European members of NATO would be willing in these circumstances even to fire a nuclear warning shot.

Should this be admitted, then the logical deduction is that the only possible defense of Western Europe against a (no doubt quite unlikely) aggressor from the East would be a "conventional" one. Or rather that the only way to create an effective deterrent to such an attack would be gradually to build up a conventional system of defense which in Soviet eyes would be "credible," leaving it to the adversary, if he wished to break it, to employ his own nuclear weapons on a first strike, which, *ex hypothesi*, he would not be prepared to do. It will at once be said that such an effort would be impossible, or at least impracticable; that it would be beyond our means; that it would involve increasing our existing forces in Germany and thus cut right across attempts to achieve a *détente* by a mutual and balanced reduction of forces; that it would probably end up in conscription and so on. I suggest that these are outdated fears largely resulting from our experiences in World War II.

For what would be the object of the whole exercise? Simply to hold up any Soviet armored thrust in the central theater without resort to nuclear weapons. What weapons would consequently be required? Sufficient antitank weapons and aircraft of new design both to protect these weapons and to deal with the Soviet tanks themselves. How can the new-model antitank weapons best be deployed? In fixed ground-to-ground rocket emplacements; in helicopter "gun-ships"; in specially designed fighter aircraft; and above all, by many small mobile land units. Could

small mines in addition be laid from the air in the path of the advancing columns? Why not? Could there be special electronic means of incapacitating tanks? Perhaps in the future. But in any case all such weapons would be purely defensive and could not therefore give rise to any justified complaint of aggressive intentions on the NATO side. They could, further, easily be reconciled with any mutual and balanced reduction of forces.

For it would naturally be the small mobile units—perhaps a thousand at company strength, some grouped together for immediate employment—which would represent the core of the new forward defense strategy. Manned by tough professionals, they could, to some extent, be stationed in the frontier zones and for the rest transported at a minute's notice by helicopter to any sensitive area. A portion of their weapons could be brought with them and a portion discovered *sur place*. Their deployment would be directed by an Area Commander—there might possibly be three of them in the central zone—reporting directly to SACEUR (the Supreme Allied Commander Europe). No doubt the bulk would have to be concentrated in the northern sector where the nature of the ground makes it more difficult to hold up an armored offensive than in the south. In addition, there would behind the lines, be a (conscript) militia, reinforcing by a “territorial” army, mobilized at short notice, whose sole function could be to protect all vital areas and points from a “conventional” attack by enemy paratroops. It may be, in short, that there are some lessons to be learned from the success of the North Vietnamese in holding up attacks by vastly superior conventional forces. Our existing armored divisions might indeed in such circumstances gradually be readapted to new conditions. For the whole theory rests on the assumption that (short of recourse to nuclear weapons) armor cannot hold up armor unless there is something like parity between the two sides on land and in the air. Since it is impossible to achieve such parity without entirely unacceptable expenditure, necessity therefore surely obliges us to look elsewhere than to armor for a “conventional” defense.

It will be seen that under some such general scheme it should be possible not only to reduce substantially the number of our armed forces in Germany (and their dependents) but also to standardize the production in Europe of the new weapons required—thereby greatly reducing their cost—and to streamline logistics in a way impossible under the present rather top-heavy

national set-up. There would admittedly be additional expenditure on airplanes and antitank weapons as a whole, as also, perhaps, on extra hunter-killer submarines to frustrate any out-flanking effort of the adversary in the Baltic or even in the Mediterranean; but the net saving should be considerable and the total number of men employed capable of much reduction—more especially since under such a scheme our conventional defenses would not depend in the first instance on armored divisions. Indeed, as and when the new “forward” defense was installed, such formations might suitably be thinned out and transformed into something more mobile, like the U.S. “air cavalry.”

But the overriding consideration would be that if all this were accomplished under some kind of European Arms Procurement Agency, and given a European Combined Chiefs of Staff Organization (perhaps with a French chairman), it would become apparent that the Russians would have little chance of penetrating the West European defenses unless they were prepared to use nuclear weapons on a first strike. This, I repeat, they would not be prepared to do under our major hypothesis because, if they did, the war which they had started would clearly not be worth winning, if only for the effect of the Western tactical nuclear second strike.

The Russians would be all the more disinclined to do so were there in reserve some British and French strategic nuclear force, presumably submarine—and it would not really matter much whether it was actually “combined” or not—which, *on a second strike*, presumably authorized only after a nuclear attack on the homelands, would at least be capable of inflicting considerable (and it need not even be tremendous) damage on the Soviet Union. Nor, as I say, would there seem to be any objection—pending, possibly, the creation of a “nuclear free zone” between the Rhine and the Vistula—to the French and British forces having their own tactical nuclear weapons (and the Germans having them also, as now, under a “double key” system) which would also only be for use on a second strike. The general conception, in other words, would be that of some West European nuclear deterrent (or deterrents) which would only be deployed in the extremely unlikely event of the Russians themselves having recourse to nuclear weapons, whether strategic or tactical. It would follow that in such circumstances the European or “Community” members of the Atlantic Alliance would be entirely at liberty to

join the Chinese in saying that they would never use nuclear weapons on a first strike—a gesture which might do much to offset some of the present popular criticism of NATO in quite influential “liberal” circles.

IV

It goes without saying that the success of such a new scheme of defense would depend very largely on the willing coöperation of France. But if France actually took the lead in proposing something on these lines, could we British and the Germans really turn it down? And even if she did not, could not we and the Germans alone make a successful effort to operate it by ourselves, together with the Low Countries? And why should Americans object? For years they have been urging the Europeans to get together and, so far as possible, be responsible for their own defense. It is obvious, too, that it can only be by such means as these that we could have any certitude of securely attaching the West Germans to the West. For if the conventional defense of Western Europe is really impossible, and if the U.S. nuclear guarantee should ever be in serious doubt, it is difficult to see what could prevent the *Bundesrepublik* from coming to some political arrangement directly with the U.S.S.R. Such unpleasant possibilities are not for today; but unless we and the French and the Germans can very soon begin building up a coherent system of West European defense that may take five to ten years to complete, we shall be lucky indeed if we do not have to face them tomorrow.

Apart from the technical aspect, on which the experts could pronounce, are there any overriding political objections to such a scheme? Hardly from the financial point of view, since all concerned would probably be able, by harmonizing their respective efforts on new and more economical lines, to reduce substantially the percentage of their GNP that they now devote to defensive purposes. There is, however, the very real problem of “the flanks.” If you concentrate on Western Europe, that is to say on the “nucleus” of the seven countries of the Western European Union you will (or so it is often argued, more particularly in NATO) inevitably weaken the position and even the morale of Norway on the one hand and Turkey on the other. It is really rather difficult to follow this argument. In the first place both the countries mentioned are in NATO and should consequently

look to that organization for their defense rather than toward Western Europe, of which Turkey, at any rate, forms no geographical part. If NATO should ever fail, then obviously they would have little hope. What we are, however, contemplating is a situation in which *Western Europe* may have to defend itself without the presence of U.S. troops and with no certainty of the extension over it of the American nuclear "umbrella."

In such circumstances, the Americans must clearly maintain this umbrella over Norway and Turkey. If they did, then there could be no objection to Western Europe's providing for its own conventional defense within a continuing Atlantic Alliance. As things are, of course, Norway and Turkey depend primarily for their defense on the American nuclear coverage provided, for the time being, chiefly by the American navy, and so far as Turkey is concerned, by the Mediterranean Sixth Fleet. It is useless to think that Western Europe, however united, can itself fulfill these functions. It can hardly replace the Sixth Fleet; it can in no way, by itself, defend the Finnmark against the Russians, although it might with conventional means help to defend the rest of Scandinavia. It could scarcely come to the "conventional" rescue of Turkey. Although it might have sufficient naval force in the Mediterranean to prevent its domination by the Russian fleet, it could hardly have a naval nuclear element (surface, or even submarine) in that sea which would be deemed ready to hit Russia on a first strike. What seems to be required, therefore, is some new conventional defense in the center and the continuance of some NATO defense of Norway and Turkey in which all members of the Alliance might, as now, participate to some degree. After Vietnam the Americans may perhaps give up being a major land power, but they will hardly cease to be a major nuclear and naval power.

v

It really all comes down to this. It is only common prudence for the West European democracies, if they wish to ensure their freedom in the long run, to build up and to streamline their conventional defenses and to establish, within the alliance, some kind of unified command. It is useless to say, with M. Michel Debré, that this cannot be done until the British are in a position to have a common nuclear policy with the French; to pass on to them American production secrets; to initiate common

nuclear production lines, and so on. Though there could well be coöperation, up to a point, in the organization of a "second-strike" nuclear capability, all this is quite unlikely to happen, and, what is more, it makes little difference whether it happens or not. Nuclear weapons, at least European nuclear weapons, only being "second-strike" weapons, all that would be necessary would be for the British and the French to agree on a common targeting program for their respective strategic "deterrents" and for them to coördinate under a common command the functioning and positioning of any "tactical" nuclear weapons that they may jointly, or severally, be able to produce.

To resume, what is essential, unless all the democracies are to founder, is for them to have a common foreign and defense policy of some kind: in other words, to adopt a common attitude toward the U.S.S.R. Nor, on the assumption that the United States does not wish any longer to bear the main burden of the defense of Western Europe, is there any reason to suppose that the Alliance will be endangered by the proposed reorganization, as it might be if its Eastern members failed to agree on any really satisfactory and coherent plan for filling the gap.

On the contrary, for as long as SACEUR is an American there is no reason why the Americans, if they so desired, should not themselves participate in "new-look" forward defenses. Only when and if they withdrew the great bulk of their troops would it be necessary to contemplate a SACEUR of European nationality. And even then the Americans must continue to hold their strategic umbrella over Turkey and Norway and the policy of the Alliance as a whole continue to be formulated within the North Atlantic Council. What is essential is that, faced with the ever-increasing Soviet conventional and nuclear potential, the West should adopt altogether new and totally nonaggressive methods of collective self-defense.

Unless we do so we are all in real danger, not so much of physical defeat as of moral collapse, that is to say, in a failure to grasp the fundamental purpose of our collective life. And if we do not take care such a collapse may even start at the forthcoming conferences on European Security and on Mutual and Balanced Force Reductions. The way to détente is for Western Europe, in close coöperation with the Americans, to secure, or begin to secure, its own defense before talking; not to start talking before it has secured its defense.

LATIN AMERICA: BENIGN NEGLECT IS NOT ENOUGH

By Gustav H. Petersen

IT is now commonly admitted that the United States has no Latin American policy, save one of "benign neglect." That may be better than having the wrong one, but it is clearly impossible to coast along indefinitely. There is not much time left to develop new ideas and make a new approach before events will overtake and "surprise" the State Department.

The present vacuum received more or less official sanction with President Nixon's "low profile" speech of October 31, 1969, partly based on the poorly conceived and ill-starred Rockefeller mission. This speech marked a turning point in our attitude toward Latin America. Up to that time, we had asked ourselves what we could do to help the less-developed countries, in particular, Latin America, with which we were assumed to have special relations. President Nixon expressed the view that Latin America should no longer look for substantial aid and offered increased trade instead. He emphasized that the Latin American countries should follow a more independent line, and that the northern and southern part of the Hemisphere should coöperate. But both continents should essentially be guided by their own interests.

The Nixon policy, in effect, harks back to the Eisenhower administration, which marked out Latin America as the reservation for private enterprise. Actually, business has done a good job within its own terms of reference. Ever since the end of World War II, U.S. companies have contributed greatly to the industrial development of Latin America. On the whole, large and small companies have taken considerable risks in economically and politically unstable situations and tried to build up sound enterprises in the American manner. In general, American firms have paid better wages than the local firms; they have plowed back profits; and, on the average, the returns on their investments have been modest. The recent policy of American business has been vastly different from that of the big companies active in these countries in the nineteenth and early twentieth centuries. In those periods, no doubt much greater wealth was taken out than put in, but that was the spirit of that time and applied to do-

mestic as well as foreign markets. Unfortunately, the image of the exploitation by oil, mining, trading and other companies still overhangs the present situation, and business has not been successful in establishing an enlightened picture of itself in the minds of the governments and people of those countries. Moreover, it cannot really be expected that Americans in general, and businessmen in particular, will step out of their somewhat condescending, paternalistic character; in the last analysis, they usually consider themselves as superior beings dealing with somewhat odd foreign creatures who, for their own good, should strive to follow in our footsteps and ultimately reach the high standards of our own society.

This attitude has also been mirrored in the policy of our government. It is one of the reasons why we do not really connect with Latin America. It contributed to the partial failure of the Alliance for Progress and the AID policy in general. In short, one cannot expect the role played by business to be a substitute for foreign policy. Business has to function within the framework set by policies established and carried out by the government.

In the postwar era, relations with Latin America were relegated to a very subordinate position on the scale of importance in U.S. foreign policy. Our security concerns—focused on the horizontal axis from Moscow to Peking—left Washington in a strangely complacent mood toward developments in the southern part of the Hemisphere. It was understandable that after World War II we were primarily concerned with reconstructing Europe and possibly Japan, but once the Marshall Plan was successfully concluded, we should have directed our full attention to Latin America, which was most receptive to cooperating with us in a really big way. Then U.S. prestige was at its zenith and our influence could have been enormous. President Truman's Point Four program for assistance to the underdeveloped world was advanced and novel enough, but to lump the Latin American countries, with their proud and highly educated upper class, together with the rest of the so-called underdeveloped countries was fundamentally wrong. To further illustrate my point that Latin America is our political blind spot, you just have to look at the fiftieth anniversary issue of *Foreign Affairs*: there was not one article devoted to Latin America. A review of our international political situation by George Kennan mentions the words "South America" only once, and then in the following terms: "There re-

mains the problem of the so-called 'third world': the band of states that sweeps from the Indian subcontinent through sub-Saharan Africa to the west coast of South America."

As we conclude the longest war we have fought in our history to keep half of a far-distant, small Asian country from "going Communist," it would be wise policy to look closer to home at the changes that are occurring in Latin America. Such changes are likely to affect us far more directly than revolution and civil war in Vietnam. This is not to be interpreted as advocating an active anti-Communist policy toward Latin America; it is rather to highlight the bizarre inversion of priorities imposed on our postwar foreign policy.

The first order of business must therefore be the elevation of Latin America to a high plane in our foreign policy. And in order to do this properly we must address ourselves to the question: What should be the basic concept of our Latin American policy?

II

It is, perhaps, a psychological truism that our foreign policy and our relations with other nations are strongly rooted in our mental attitudes and in our domestic social developments. Nevertheless, it is worth making this point because this interrelationship seems to be so much stronger in the case of the United States than with other countries. The United States burst upon the world scene in full force with World War II. Our basically anticolonial attitudes coincided with the demise of the colonial epoch which for centuries dominated European policies toward all countries considered inferior or weaker. We have always had a missionary trait and deeply believed that our social and political order was the highest ever achieved, and if others were behind, in time they would mature and catch up with us. Added to this was our extraordinary economic prowess which led to President Truman's Point Four.

How did this mesh, or rather collide, with the existing and evolving economic, political and social conditions in Latin America, which had developed along entirely different lines from those of the United States? It is extremely difficult for the American mind to avoid comparing Latin America with the United States and not to single out backward social conditions, represented by a feudal, reactionary upper class and starving masses, primitive agriculture and political adventurism—in short, our

definition of underdevelopment. Twenty years after Point Four, it should be abundantly clear that development and progress are very questionable terms. Our highly "developed" agriculture, using ever-increasing quantities of synthetic fertilizer, pesticides and sophisticated technology, may also be carrying us to the brink of disaster. With very few people we extract the ultimate from the more and more polluted countryside, while the rest of the people pile up in our more and more congested and unlivable cities. This is not the place, however, to discuss the highly complex problem of pollution. The pertinent question is rather: what gives us the right to talk about more- or less-developed countries? It might be much better to leave so-called primitive agriculture alone with its undisturbed and balanced ecology. Why is it better to produce plastics and synthetic fibers instead of using cotton, wool, leather, etc.? For ecological reasons, it may well become necessary to reverse this process. This does not mean that the vast poor rural districts should not be helped, but the emphasis should be on "intermediate technology" geared to increasing production by using more labor rather than expensive machinery. A good, though as yet small, example is the work of the Pan American Development Foundation in Washington. How much of a blessing is there in setting up large, capital-intensive industries, for instance, petrochemical or highly automated industrial plants, which turn out, with relatively few workers, synthetics and mass-produced cars and appliances? No longer certain of the answer, we have good reason to rethink our approach to the whole concept of "development."

What about social and political conditions? We are demanding, as if by conditioned reflex, that people should govern themselves democratically, and proclaim that a broad urbanized middle class with an ever-higher standard of living is highly desirable. Perhaps so. But who tells us that other nations want to live according to our pattern, or are even historically, geographically, culturally and materially willing or capable of organizing themselves along those lines?

The Spanish colonies had flourishing universities before the Pilgrims even landed in this country. The upper classes, privileged as they were, led a highly civilized life, rightly proud of their Spanish heritage. To them, many an American businessman or engineer would look like a barbarian. It might be greatly exaggerated, but, to make a point, one could say that the North

Americans of the mid-twentieth century are destroying the old civilization of the Ibero-American countries, much as the Spanish conquistadors destroyed the civilizations they found in the countries invaded by them.

In this light, the words underdeveloped, less-developed, developing (countries) should be banned from our vocabulary in connection with our foreign policy in general, and Latin American policy in particular. We should talk of less-industrialized countries or, to put it sarcastically, less-polluted countries.

Despite President Kennedy's effort to make a new start in our Latin American relations by organizing the Alliance for Progress, the program did not live up to the great expectations it aroused. We were still unable to understand the values of other societies as embodied in their existing economic and cultural institutions. President Johnson, of course, got far too involved in Vietnam to pay any real attention to Latin America. But the issues go much deeper than the degree of presidential attention. This gets us immediately to the heart of the matter. Even though we used the word "Alliance," it was a U.S.-initiated program, and for the average Latin, just another Yankee plan, run from Washington, which might do some good, but more probably was inspired by selfish political or, in the parlance of the Left, imperialistic purposes.

Though it may have been well meant, even with the best of intentions we were faced with impossible choices. The word "Progress" was not only intended for economic development, but also for social changes. The Kennedy administration was strongly attracted to the various Christian Democratic parties in South America, particularly in Chile under President Frei. We strongly favored land reforms and, in general, leaned toward a government-directed-and-financed economy. This earned us the hostility of the landowning upper classes and of many businessmen; particularly in Chile, Peru and Bolivia, it contributed to the near demise of those classes. On the other hand, for the lower classes, American officials and businessmen with their big cars, living in the best houses and hotels, congregating with the Establishment, and often running the most important enterprises, were just allies of the rich upper classes, and foreigners to boot. Strong nationalistic feelings, fed by an ingrained inferiority complex, compounded the hostility, particularly in the often-impooverished middle classes. In other words, we could not do right, regardless

of the merits of our endeavors. This does not mean that nothing has been accomplished during 20 years of foreign aid. With the passage of time, it will be recognized that particularly health, education, energy supply and communications made considerable strides with our help.

Politically, too, we have reached an impasse. What is needed, above all, is to let Latin America find its own image in pursuit of its own destiny. This involves the perhaps painful recognition that Anglo-America is fundamentally different from Latin America. All talk about Western Hemisphere unity, Pan Americanism, partnership, etc. is an illusion. The roots of the northern, as well as the southern part of this Hemisphere, are in Europe, although, to be sure, the influence of the United States has waxed as that of contemporary Europe has waned. Yet the relationship between the Americas has always remained a mere skeleton, without flesh and blood, in spite of such organizations as the Pan American Union, the Organization of American States (OAS), the Inter-American Development Bank and, more recently, the Inter-American Committee on the Alliance for Progress (CIAP). These are congregations of diplomats, bankers and civil servants with their head offices in Washington. To Latin Americans they are highly suspect as being Yankee-tainted, and are uninspiring as far as the broad masses in Latin America are concerned. On the other hand, Anglo-Americans are simply not interested in Latin America; with few exceptions, they are ignorant of its history, geography, present economic and social conditions. There are a few shibboleths around, such as: economically backward, an appalling contrast between rich and poor, politically unstable, etc. This ignorance and lack of interest by the general public are undoubtedly reflected in the low priority Latin America has in our foreign policy.

III

Latin Americans are aware of this, and are beginning to talk much more of integration and an independent Latin American policy. The Special Committee on Latin American Coördination (CECLA) meeting in Viña del Mar in 1970 was significant. For the first time in modern history, the Latin American countries got together without the United States and tried to develop a policy of their own, in particular for their relations with the United States. They succeeded remarkably well and came up

with a moderate and sensible statement, though one could find fault with some of their financial claims. They chose the then foreign minister of Chile, Gabriel Valdes, to submit their program to President Nixon. Perhaps not since Bolívar has Latin America talked with one voice. This meeting was great news in Latin America but got scant notice in the United States. The reception of Sr. Valdes in the White House was, at best, lukewarm, and since then we have done nothing to further Latin American integration.

On the contrary, we follow our traditional policy of dealing with the various countries on a bilateral basis, probably in the belief that we can retain a greater influence over the continent when the countries are divided. This refers more to the traditional attitude of the State Department than to President Nixon, who, in a diplomatically unfortunate remark, suggested to President Medici that Brazil take the leadership of South America. The Brazilian President immediately rejected such a proposal, knowing full well the reaction of the Hispano Latin Americans. I believe that this kind of *divide et impera* is an outdated approach. Just as we were instrumental in encouraging the formation of the Common Market in Europe, we should strongly support Latin American integration. For this purpose, I think it is necessary to encourage Latin America to act on its own. We should fully support the spirit of Viña del Mar. To further implement Latin American integration, we should encourage Latin America to build up its own political and economic organizations with headquarters in one of the smaller Latin American countries. This would mean a downgrading of the OAS, if not its abolition in its present form.

Latin America has never truly found itself. The subjugation of the native population by the conquistadors, while not a quasi annihilation as in the case of the North American Indian, nonetheless has left deep social and psychological scars. Perhaps only in Mexico have the Indian masses surfaced, due to the early and long revolution, and have to some extent merged with the middle and governing classes. The wars of independence did not bring about basic social changes, only the liberation of the Creole upper class from Spanish and Portuguese domination. In spite of its beauty and gaiety, Latin America is a tragic continent. Its masses, actually from the time of the Incas and Aztecs, never had a chance. The colonial times certainly had grandeur (rather than

greatness), but the conquerors looked at the land and people as objects to be exploited, with the wealth to be shipped to the motherland. The nineteenth and early twentieth centuries went by without basic changes, except unending internecine struggles of various groups for power. The economies of these countries retained their colonial structure, largely dependent on exports of raw materials. Though its people were quite aware of their inner spiritual values, Latin America politically and socially remained inferior in relation to Europe and the United States.

All this is changing, yet we are hardly aware of it. Excellent books are being written. The arts have begun to flourish. Social changes are taking place for better or worse. Brazil and Mexico are making giant economic strides. But economic integration progresses only slowly. This is partially due to the dependence of Latin American trade on Europe and the United States. Probably less than 20 percent of its exports and imports are intra-Latin American. In Europe the proportion is reversed—80 percent intra-European and 20 percent with overseas countries. Politically as well as in language and history, the European nations were much more divided than the Latin American countries. It was logical, therefore, that Europe start with economic integration, working slowly toward political union. Unfortunately, Latin America is trying to follow the same pattern. The process should be reversed. What is needed is a strong *Latin American political association* which will then start working toward economic integration.

This should be entirely the Latin Americans' own creation. It is up to them whether such an organization is built along democratic, Socialist or authoritarian lines. Probably it would implement, among other policies, the program of Viña del Mar. With its creation might come the dissolution of the Inter-American Committee on the Alliance for Progress and its replacement by a purely Latin American organization.

All this could receive a strong impetus if we gave it our wholehearted encouragement. For it need not mean that Washington is abandoning Latin America to its fate. Far from it. Any aid we wish to give (and I strongly advise we concentrate our resources on Latin America) should, as far as possible, be channeled through such a new Latin American organization. This may give the organization a good push forward just as the Marshall Plan helped the European community. However, what is most impor-

tant is that Latin America assume full responsibility for the development of its own continent, with the help, but independent, of the United States.

This central Latin American political organization could also be the forum for discussing economic policies, including nationalization of U.S. properties and agreements regarding new investments. In any case, we should avoid getting involved in any of the social and economic convulsions which are likely to happen in the individual countries. Latin America has reached its hour of decision. While it has to work out its own destiny, we should encourage and assist, as much as possible, in the integration process and thus perform a historic task for the benefit of both Latin America *and* the United States. Let us not make the same mistake that we did first with Russia and then with China, of opposing Latin American countries because they go through revolutions and changes we dislike. The temptation is great, particularly under the pressure of disgruntled and frustrated persons and companies who have suffered severe losses, but in the end, we will have to come around; meanwhile a great deal of damage would be done. Implicit in this argument is that it would be up to the Latin American countries to decide whether or not to admit Cuba to any Latin American organization. As for our relations with Cuba, we alone should decide on what changes should be made. I am one of those who believe change is long overdue.

Finally, some thoughts about economic development. The Nixon administration has made some noises about possibly wanting to establish preferential treatment for Latin American exports, particularly manufactured products, if the European Common Market does not extend to Latin America the same privileges that have been granted to associated countries in Africa and Asia. If such an agreement were to be negotiated with an envisaged Latin American political organization, it might act as leverage to help bring about the furtherance of such an organization.

Indeed, I myself would go further. I believe that the time has come to go ahead with a Western Hemisphere preferential trade treaty. Broadly speaking, such a treaty should provide elimination or a sharp reduction of duties and other import restrictions on manufactured products and certain raw materials. Such concessions should be reciprocal and Latin America should grant preferential treatment to U.S. exports. Yet I recognize that many people in Latin America, particularly among the young, object

to such reciprocal trade arrangements, which also deviate fundamentally from the most-favored-nation clause. At this time, any kind of special relationship with us may not be acceptable, even if it would be clearly beneficial to Latin America.

A less-controversial project would be the completion of the Pan American Highway, which has been dormant for decades, and is probably languishing on the drawing boards of the U.S. Corps of Engineers. Surely the country which has produced the most elaborate highway system in the world can overcome the no doubt formidable geographical and technical obstacles, such as the jungles and gigantic streams of the Amazon Basin and the mountain ranges of the Andes. We fly to the moon but we cannot yet drive through South America. Though the reasons are more political than technical, here is a project which would make jobs for rural unemployed—as Brazil's major program has shown in recent years. Moreover, a highway circling the entire continent and connecting through Central America and Mexico to the United States would open up a new era of tourism and, more importantly, contribute to the integration of the continent.

IV

In the last analysis, ideas are the prime movers of history, though it is a long trajectory from conception to birth. The experts are often inclined to dismiss new ideas as utopian, but that would be missing the point. It must be admitted that the idea of the political integration of Latin America is very far from the world of practical politicians. Everyone is working for himself alone, and even Sr. Valdes has said that he found no one in power willing to work actively on the implementation of the resolutions of Viña del Mar. The formation of the Andean Group, whose governments contain quite different social systems, is at least a beginning in showing that political coöperation may be possible, particularly in the realm of external affairs. Further political coöperation might result if the United States would throw its full support behind an independent, united Latin America.

It may well take a traumatic historic event to catalyze these ideas, just as it took World War II to start the Common Market. What we do need, however, is a new direction, a new polar star, which can lead us out of the aimlessness of our present Latin American policy.

RECONSIDERATIONS
THE ROAD NOT TAKEN

DECOLONIZATION AND INDEPENDENCE
IN INDONESIA AND INDOCHINA

By Evelyn Colbert

THE defeat of Japan in 1945 brought with it a wave of decolonization throughout East Asia. To an extent few in the West had realized, the Japanese humiliation of the white man in 1941 and 1942—together with worldwide currents at work in India and elsewhere—had prepared the way for the rapid end of colonial rule. In this process, the Philippines had only to grasp the independence already promised before the war by the United States; the same promise had been made to India under the pressure of the war, and its early realization under Lord Mountbatten and a Labour government contributed to the rapid grant of independence to Burma and the extension of believed assurances for the ultimate independence of Malaya and Singapore. Only the Netherlands East Indies—already styled by its nationalists the Republic of Indonesia—and French Indochina stood out from the first as deeply contested cases, where the colonial power was not ready to yield and where powerful nationalist movements were at work.

The possibility of a link between the two was seen at the time by at least one man. In November 1945, Ho Chi Minh, in the course of an interview with the American correspondent Harold Isaacs, sent a personal letter to the leaders of the Republic of Indonesia, proposing that the Indonesian and Vietnamese nationalist movements work closely together.

Isaacs delivered the message, and the suggestion was tempting to the idealism of Soetan Sjahrir, then Prime Minister of the Republic. It appealed especially to his younger associates, but in the end, contrary to their advice, Sjahrir's response was negative. To his associates he explained that the Indonesian movement would succeed because the Dutch could be beaten, but that the Vietnamese movement would fail for a long time because the French were too strong.¹

And so it proved. By the summer of 1950, when Communist control of China and the Korean War combined to bring the cold war full-blown to East Asia, Indonesia was independent, free and clear, while in Vietnam the Vietminh and their Democratic Republic of Vietnam, under Ho, were at war with the French. It was a fateful difference in process and result.

Why did the two roads diverge, almost from the first? Dutch weakness and comparative French strength were beyond doubt critical elements. But there was much more at work, especially the influence of nations external to the area—an influence exercised in ways and degrees that may today seem surprising and at variance with cold war stereotypes. Not least, Indonesian

¹ I am indebted for this story to Mr. Isaacs and to Mr. Soedjatmoko, recently Indonesian Ambassador to the United States and one of Sjahrir's close associates at the time.

independence was in a real sense a triumph for the United Nations—just as Indochina was, as it has been since, an area of U.N. failure.

Many critical elements for a full comparison are of course buried in the long histories of all four of the central parties, and especially of their paired interaction in the colonial period. To explore all of these would be too much for one essay. Let us, rather, start arbitrarily in 1941, with the Japanese conquest.

II

In form alone, the Japanese occupations of Indonesia and Indochina differed considerably. In Indonesia, after their surrender in March 1942, the Dutch were completely eliminated from all spheres of life and interned for the duration. The Japanese did not set up an ostensibly independent government in Indonesia, as they did in Burma and the Philippines. But they did utilize Indonesians extensively to replace Dutch officials, particularly in the lower ranks but also, late in the war, in higher ones. And although for the most part—with some 23,000 Japanese in the administration in 1945—the Indonesian official was now merely the servant of the Japanese instead of the Dutch, he was often able to exercise real authority under his new masters who, being ignorant of the country, were less efficient than the Dutch.

In Indochina, it was not until March 1945 that the Japanese eliminated the French administration. Yet the wartime French Governor-General, Jean Decoux, partly to counter the Japanese Greater East Asia appeal, adopted policies that stimulated nationalism somewhat as it was stimulated in Indonesia. Much more attention was paid to national history and tradition, and efforts were made to increase the prestige, although not the powers, of the three reigning hereditary monarchs in Annam, Luang Prabang and Cambodia. Not only was the national language emphasized in elementary education, but also more schools were established, technical and vocational subjects were introduced, and more Indochinese were admitted to French schools. Similarly, more Indochinese were admitted to the administration and permitted to rise higher in its ranks while, for the first time, Indochinese employees were given the same salaries as their French equivalents. Of equal, if not greater, significance, Decoux organized a youth movement emphasizing physical education and paramilitary training which reached a membership in the hundred-thousands.

These developments, like similar ones in Indonesia, raised the level of nationalist fervor and vastly expanded the circles in which it was felt. But in Indonesia, more than in Indochina, there emerged truly national leadership, able not only to mobilize mass support but also to operate effectively and with relative cohesion in the political arena. Because they had full responsibility for operating the machinery of government, the Japanese found themselves obliged to utilize the members of the Javanese bureaucratic class, already incorporated into the political structure by the Dutch, in ways that increased their responsibilities and elevated their status. But because they also wanted to mobilize and motivate the masses, they gave new positions of leadership and political prestige to others held down by the Dutch: secular nationalists and Islamic leaders. These newly potent elements were exposed to Japanese political mobilization techniques, as well as introduced to a the-

atrical style of politics compatible, as the Dutch style had not been, with the Javanese tradition. Given the facilities of a far-reaching radio network, and opportunities to travel in Java and the outer islands, men like Sukarno and Mohammad Hatta became national figures. Mass organizations of all kinds were permitted and encouraged; for the first time, the nationalist élite had large-scale organizations among the people and an armed and indoctrinated youth at its command. As Benedict Anderson has put it: "By 1945, for the first time in Indonesian history, there were political organizations continuously and fairly efficiently connecting the rural family to the centers of political power and decision-making in the capital."²

In Indochina, in contrast, continued French repression helped to perpetuate the conspiratorial, atomized and élitist characteristics of Vietnamese political activity. To this the highly autonomous Japanese *Kempeitai* (military police) contributed by unofficial and secret activity among local political groups. In Cochinchina, the Cao Dai and the Hoa Hao, politically oriented religious sects, tended to use their Japanese connections to enrich and strengthen themselves at the expense of each other and of nonbelievers. The *Kempeitai* also involved themselves in clandestine politics in Tonkin, but unlike the two southern sects the organizations operating under Japanese patronage in the north had little, if any, popular following.

In sum, while the French remained in ostensible control there was some political activity, but it neither trained new leadership nor stimulated new, widely supported nationalist organizations. When the Japanese displaced the French in March 1945, titular power was transferred to the hereditary rulers, men who aspired to independence but were also tied to the status quo and thus inclined to believe it could be altered only gradually.

Nationalists generally thus benefited much more from the war years in Indonesia than in Indochina. It was the reverse, however, for the respective Communist parties. Benefiting from Chinese hospitality aimed against the Japanese or the French, Vietnamese Communist leaders had joined other nationalists in refuge in Yunnan. Their fellow exiles had followers but no organization. The Communists had both a highly disciplined Leninist party structure and a front organization, the Vietminh. Although the Chinese would have preferred to see their own protégés dominate the Vietnamese nationalist movement and tried to help them when they could, they had to recognize the superior organization and capabilities of the Vietminh. The latter in due course became a major element in the Chinese-sponsored Dong Minh Hoi, which included the VNQDD (modeled on the Kuomintang) and eight other nationalist organizations.

Meanwhile, within Vietnam the Communists husbanded their strength, building up their underground organization but not risking it in action, concentrating on maintaining contact among local groups and with the leaders abroad, and laying the groundwork for the return of their headquarters to Tonkin, which took place in October 1944. Guerrilla activities already underway in the northern provinces were facilitated by the removal of French authority in March; by June 1945, six provinces between the Chinese border

² Benedict Anderson, *Some Aspects of Indonesian Politics under the Japanese Occupation, 1944-1945*, Ithaca: Cornell University Press, 1961, p. 46.

and Hanoi were in Vietminh hands. While effective Communist control thus contributed heavily to making the Vietminh a potent threat to the French, the other side of the coin was that it gave the French a telling label to use in the postwar years in damning and opposing the nationalist movement as a whole.

Neither factor applied in Indonesia. For the Indonesian Communists the fortunes of war were almost entirely bad. The Dutch having evacuated political prisoners before the surrender, many of the Indonesian Communists spent the war in Australia, others in the Netherlands; those who remained in Indonesia were too few to mount the anti-Japanese resistance current Communist doctrine demanded. When the war ended, three separate parties emerged, all tending to oppose Sukarno and Hatta. By the time the Communists had pulled themselves together, the nationalist parties were in full control of the Indonesian revolution. Thereafter, the Communist Party (PKI) became a strong force on the Left, and remained so as long as it kept its policies within the nationalist mainstream, but its role was never strong enough to provide the Dutch with ammunition to use against the nationalists generally.

III

The circumstances of the Japanese surrender in the two areas provided the next factor of critical importance. Because of the atom bomb, the end came abruptly, and before France or the Netherlands—or Britain on behalf of either—was prepared to move immediately and in strength into the Japanese-occupied colonies. The result in both Indonesia and Indochina was a brief but significant hiatus, in which exhilaration at Japan's defeat had a chance to flow wholly into the channel of nationalist self-assertion. By mid-September, the returning Allies were confronted not by peoples awaiting liberation, but by peoples who, having in their own view liberated themselves, were now seeking a new relationship with their former rulers.

The rest was contrast. In Vietnam, the Potsdam division of responsibility between British and Chinese, at the 16th parallel, facilitated rapid restoration of French rule in the south and strengthened the Vietminh in the north, increasing the tensions between the French and their opponents but reinforcing the confidence of each in ultimate victory. In Indonesia, the inability of the Dutch to replace British forces with any speed created both problems and a special sense of responsibility for a Britain newly under Labour Party rule; the result was the beginning of the external pressures on the Dutch that became a decisive factor in Indonesian independence.

Numerous Vietnam histories have made the first story well known. In September 1945, the British commander just arrived in Saigon, General Gracey, progressively expanded his mission from the mere taking of the surrender and liberation of prisoners to the keeping of order throughout the southern zone. Under his protection, French forces quickly took control from the weak and divided Vietnamese Committee of the South. By the end of the year, with close to 30,000 troops in Indochina, the French were able to take on full responsibility for maintaining order south of the 16th parallel.

It is worth noting that, at meetings with French commanders in Singapore

on September 28 and in Rangoon on October 9, the British had urged negotiations with the nationalists. But in contrast to Indonesia, their pressures were neither strong nor influential.

Dealing with the Chinese in the north was a different matter. The British had been simply motivated—they believed that the position of the juridical sovereign should be protected, and they wanted to carry out their responsibilities as quickly as possible and depart. The motives of the Chinese were mixed, complicated further by differences between the central government in Chungking and the generals who ruled the southern provinces. Neither particularly wished to assist in the restoration of French rule. But on the question of how obstructive a role they should play, opinion was apparently divided. The commander of the occupying forces, like many southern Chinese military leaders, was strongly interested in political and economic opportunities in Tonkin; he favored a long occupation, during which the Chinese would strengthen their own position by supporting the Vietnamese drive toward independence. In Chungking the dominant view was that the length of the Chinese occupation should be determined solely by the speed with which it was possible to extract concessions from the French in exchange for its termination.

That the latter view won out did not prevent the Chinese from playing local politics and supporting the Vietnamese against the French during their occupation. Chiang Kai-shek at the outset had disclaimed territorial ambitions, but expressed hopes for Vietnamese independence, meanwhile promising that the Chinese would remain neutral between the French and the nationalists. This, in fact, was precisely what they were not: in the south the British had facilitated the restoration of French administration; in the north the Chinese disarmed the French and blocked any similar restoration. Originally the Chinese had hoped to advance the political fortunes of their own protégés, replacing local Vietminh committees with their friends as they moved south. Later they obtained Ho's promise, whatever the outcome of the January 1946 general elections, to allot 50 seats in the National Assembly to the VNQDD and 20 to the Dong Minh Hoi. But the strength of the Vietminh, as demonstrated in these elections and otherwise, convinced the Chinese once again, as during the war, that bringing this group under their influence would pay the largest dividends.

It was at this point, however, that serious French-Chinese negotiations began. In due course, the Chinese emerged with considerable profit. In February, France agreed to restore concessions in Shanghai, Tientsin, Hankow and Canton and to give China a free port in Haiphong and customs-free transit of goods to the port. The French-owned Yunnan railway was sold to China and guarantees were provided for Chinese nationals in Vietnam. In return, Chinese forces were to be withdrawn by March 31, 1946. Chiang, in greeting the treaty, no longer spoke of independence. Instead, he expressed sympathy with the nationalist aspirations of the Indochinese and hope for "an equitable settlement."³

The agreement with the Chinese did indeed expedite an arrangement, if

³ Alfred Grosser, *La IV^e République et Sa Politique Extérieure*, Paris: Librairie Armand Colin, 1961, p. 255.

not a settlement, between the Vietminh and the French, who had been negotiating intermittently since late August. Ho wanted to come to an agreement while the Chinese were still in occupation, so that he could gain the maximum advantage from their presence. To bolster his position he had some six months of functioning government north of the 16th parallel during which, despite the locust-like depredations of the Chinese, campaigns to increase agricultural production and reduce illiteracy had had some success. The French, for their part, were anxious to reoccupy the north, but recognized that resistance there would be by forces more formidable and tenacious than in the south. Accordingly, they, too, were anxious to come to terms before the Chinese left so that their own troops could replace Chinese forces peacefully. The upshot was the agreement of March 6, 1946, in which the D.R.V. was recognized as a free state made up of Tonkin and Annam, with its own government, army and finances; and in turn agreed to become part of the Indochinese Federation and the French Union. Cochinchina was to determine by referendum whether it would become part of Vietnam or remain separate. France was to be permitted to station up to 25,000 troops in Vietnam but they were to be withdrawn in five annual increments. Much remained unspecified, however, in what was largely a statement of general principles.

In Indonesia, the impact of Allied occupation was quite different. Again at Potsdam, the area had been transferred from General MacArthur's responsibility to that of the Southeast Asia Command; British and Australian forces thus became responsible for taking the Japanese surrender. When the British forces landed in Indonesia on September 29, the new Republic of Indonesia—like Ho and the D.R.V.—had already asserted its jurisdiction over the archipelago and made clear its adamant opposition to the return of the Dutch on prewar terms. Moreover, in its six weeks of existence (compared to Ho's two weeks of control in the south of Vietnam), it had maintained a functioning administration in Java, Sumatra and much of Madura.

The crucial difference was that the British forces, themselves extremely small and incapable of keeping order on any large scale, had no expectation of significant Dutch reinforcement for some time to come; for the Netherlands, liberated completely only in the spring of 1945, had been unable to put together and move to Asia any significant force. Hence it was natural for the British to accept Japanese advice to leave the Indonesian administration in place—the Indonesians, the Japanese thought, would be happy to cooperate with the Allies if this would help them toward independence.

At a press conference held upon his arrival, the British commander, Lieutenant-General Sir Philip Christison, announced that "things will have to go on as they are" until Dutch civil administrators arrived. This was taken as *de facto* recognition of the Republican administration. At the same time, however, the British were bringing Dutch military and civilian personnel in with them—too few to be of much help if the situation should get out of hand, enough to arouse suspicions. The result was confusion and disorder on a mounting scale, culminating in ten days of intense fighting between British and Indonesian troops in Surabaya in November. The British now fully recognized the alternatives with which they were faced: either they would have

to expand their forces in Indonesia very considerably and accept the prospect of major hostilities, or they would have to induce the Dutch to embark upon serious negotiations.

The first course was unacceptable for a host of reasons. The military resources of the Southeast Asia Command were already very badly stretched. Moreover, its ground forces were predominantly Indian, and their use against Asian nationalists—particularly against Indonesians—was at once a source of intense irritation to an All-India Congress with which Britain was already negotiating the terms of independence. Britain also was deeply involved in efforts to alleviate Asia's postwar food shortage, an effort to which it was thought that Indonesia's sugar, tea, fats and oils could make an important contribution.⁴ Finally, having vigorously attacked Churchill the year before for his military support of the conservatives in Greece, the Labour Party had no stomach for playing a similar role in Indonesia.

Pressure for negotiations was the obvious course, not because the British had any desire to end the Dutch role in Indonesia, but because this seemed the most hopeful way of saving it at least cost. Some efforts had already been made. Early in October in Singapore, Mountbatten had urged the Dutch (as he had the French) to abandon their negative attitude and meet with Indonesian leaders, including Sukarno. Thereafter both sides had taken some steps toward each other. On November 6 the Dutch had issued a statement promising full partnership in a future commonwealth. Sukarno, with whom the Dutch refused to deal, had named as Prime Minister Soetan Sjahrir, untainted by collaboration with the Japanese, and Sjahrir had brought into his cabinet a number of other noncollaborators. In mid-November, Lieutenant-Governor Hubertus van Mook held several meetings with Sjahrir under General Christison's auspices.

Following the Surabaya fighting, Christison's mission was clarified. He was to try to reestablish law and order in as wide an area as possible, but the Dutch were informed that it was not part of British policy to engage in widespread offensive action against the Indonesians. The British now moved rapidly, and on December 27 Prime Minister Attlee held a conference at Chequers with Netherlands Prime Minister Schermerhorn. Agreement was reached on a number of points. Attlee agreed to replace Christison, regarded by the Dutch as overly sympathetic to the Republic, and the Dutch, in turn, withdrew two "old-guard militarists" who had been leading their forces in Indonesia. The British agreed to increase their efforts to maintain law and order, the Dutch to try more actively to reach an understanding with the Indonesians. And on January 19, as an outgrowth of the Chequers conference, Sir Archibald Clark-Kerr (soon to be named Lord Inverchapel) was designated Special Ambassador to assist both sides in reaching a settlement.

Inverchapel's instructions spelled out some of Britain's reasons for acting, and called for his seeking "every opportunity to encourage and facilitate" a

⁴ Lest this seem surprising, Ernest Bevin said in 1947: "Were the Netherlands Indies at peace, the fat-rationing difficulties of the world would, in twelve months, be solved." One may recall how desperate the world situation, and Britain's own, were in this period—and still find echoes of a prewar faith in the wealth of the Indies.

settlement through direct agreement between the parties. Proposals already made by the Dutch, including those of December 6, 1942, and November 6, 1945, "offer a fair and reasonable basis of settlement." The Indonesian leaders should be urged to give them earnest and favorable consideration and to keep in mind that the British government recognized the sovereignty of the Netherlands.⁵

While Inverchapel was preparing to depart, another development attracted international attention to the British role. On January 21, the Ukrainian representative lodged a complaint in the Security Council accusing the British and Japanese of suppressing the Indonesian national liberation movement and calling for a fact-finding commission. The Ukrainian resolution was generally considered less the product of interest in Indonesia than of a desire to retaliate for the ongoing Security Council consideration of Soviet forces in Iran. Although easily voted down, it was a portent for the future.

The talks under Inverchapel's auspices were arduous but in the end fruitful. They were accompanied by an enlarging Dutch presence, punctuated by sporadic violence and ruptures, and influenced by political shifts and developments in both the Netherlands and Indonesia. Although they were for the most part bilateral, at crucial moments the British presence was used to effect.

Finally, on November 15, 1946, in the Linggadjati Agreement, the Dutch recognized the Republic's *de facto* authority over Java, Sumatra and Madura, and the Republic agreed to coöperate with the Netherlands to form a federal Indonesia and a Netherlands-Indonesian Union to deal with subjects of common interest such as defense and foreign affairs. Both were to be formed no later than January 1, 1949.

On November 30, 1946, the British withdrew, leaving what had then become a force of 92,000 Dutch troops in place, 10,000 of them trained by the British, who also left behind them arms for 62,000. As in Indochina, their military forces had helped to restore the islands to the European sovereign. But, unlike their role in Indochina, the British had been instrumental in crucial steps toward Indonesian independence.

IV

When France signed the March 6 agreement and the Dutch the Linggad-jati Agreement, Britain and the United States felt that real progress was being made toward the outcome they desired—peaceful achievement of a status for Vietnam and Indonesia analogous to India's in the Commonwealth. These hopes proved illusory. Neither France nor the Netherlands was prepared to see her empire thus altered. Both were willing to accept general principles open to interpretations sufficiently broad to fulfill all but the most extreme nationalist demands. But when the time came for implementation, liberal principles seemed to evaporate and, when a stalemate developed, both France and the Netherlands acted on the belief that prior military success would make negotiations more fruitful.

The story of France's handling of the March 6 agreement is, again, now oft-told. In June 1946, ignoring the provision for a plebiscite in Cochin China, the French went ahead unilaterally to create a separate state there.

⁵ *Foreign Relations of the United States 1946* (hereafter *FRUS*), Vol. VIII, pp. 802-803.

And through the summer of 1946, Ho at Fontainebleau was treated in a belittling manner, confronted with technicians unable to deal with political questions, and in the end forced to settle for an almost meaningless *modus vivendi*. Throughout this period Ho seemed to lack interest in taking his case to the world; perhaps he remained hopeful that the Left would come to power in France; conceivably he was urged by the same Left to lie low. At any rate, when the French shelling of Haiphong in December 1946 brought on war, the world was not watching or caring.

In Indonesia, Dutch tactics paralleled French, starting with a determined effort to cut down the Republic of Indonesia by making it (despite its status and dense population) part of a new artificial federal state, on a basis of equality with small states created by the Dutch. Then, as disputes on this and other issues became stalemated, the Dutch resorted to force, in the so-called First Police Action of July 1947.

But at just this point—as events in Greece and elsewhere were leading toward, but not yet into, all-out cold war—two crucial differences manifested themselves. The first was the international status of the Republic of Indonesia; with the signing of the Linggadjati Agreement eight countries—the United States, Britain, Australia, China (under Chiang), India, Egypt, Syria and Iran—had accorded the Republic *de facto* recognition. While it was not a full-fledged state or a member of the United Nations, its complaints could not be lightly dismissed as a domestic matter excluded from the purview of the Security Council.

Secondly, the Republic of Indonesia had powerful friends, outside the circle of the great powers and thus perhaps especially influential at the United Nations. In July and August of 1947, when Britain and the United States would have preferred mediation, it was Australia and India (on the verge of independence but already active at the United Nations) which insisted on Security Council consideration, found sympathy, and carried the day. First the Security Council—debating but then ducking the troublesome issue of sovereignty and whether the issue was domestic under Article 2(7)—brought about a ceasefire on August 4; then the Republic was invited to join the debate as a party to the dispute, thus further elevating its international status. Machinery was created to keep the Council informed—and most important, to establish a Good Offices Committee consisting of Australia, Belgium and the United States. From this time on, the presence and prestige of the United Nations were heavily engaged.

Might they have been in Indochina—notwithstanding the lesser public attention that crisis had received? Certainly Ho tried. Published records of the State Department and other sources show no less than five D.R.V. appeals for U.N. action: to the four great powers in February 1946, and again in August; through local representatives to the American Embassy in Bangkok in February 1947; to the Secretary-General, formally, in September 1947 (influenced by the Indonesian case then pending?); and to Nehru in October 1947. These sources show no response to any of these appeals.

The reasons were various. On this as on other issues, the United States was not prepared to push France or see her embarrassed; here one may pause to note that American appeals to Paris were throughout couched in signifi-

cantly different terms from communications to The Hague.⁶ And, of course, France held the veto, as the Netherlands did not.

But it is plain also that Indochina, for reasons to be explored later, had neither an accepted international status nor determined friends—the one flowing in part from the other. Hence, no real effort was made, and the view took root at this time that the United Nations had no role in Vietnam.

v

The involvement of the United Nations changed everything in the Indonesian picture. Henceforth, in contrast to the deliberately murky way in which the French in 1947–49 fought a half-war in Vietnam and produced the Bao Dai “solution,” the story in Indonesia was played in the open and to a world audience. Henceforth, too, while American policy toward Indochina remained a difficult calculus between the value of the French in Europe and their obduracy in Asia, American reactions to Indonesia were heavily affected by its having become a test case for the United Nations itself, at a time when reliance upon the world organization stood higher in government, and far higher outside it, than perhaps at any time since.

Not that the Good Offices Committee was an angel of instant independence. On the contrary, its work in 1948 led to an agreement, reached aboard the American cruiser *Renville*, in which Dutch “political principles” generally prevailed over others drafted by the Committee, so that the result was accepted only with great reluctance by the Indonesian side. Within months, relations had deteriorated, deadlocks developed on central issues, and truce violations became increasingly frequent. Finally, on December 19, 1948, the Dutch embarked on a full-scale military offensive, the Second Police Action.

The offensive achieved complete surprise. Most of the Republic’s territory was overrun, and most of the members of the government—including Sukarno and Hatta—were captured. Politically, however, it soon proved to be a disaster for the Dutch. In the Security Council the Netherlands was bitterly criticized for defying the United Nations. On January 28, 1949, the Council called upon the Dutch to restore the government of the Republic to its capital, Djogjakarta; strengthened the authority of the Good Offices Committee (now the Indonesian Commission); and for the first time established a timetable for steps leading to a transfer of sovereignty, to take place not later than July 1, 1950.

Confronted with these requirements, with defections among the Indonesian Federalists, with the prospect of continued guerrilla warfare, and with mounting opposition at home, the Netherlands proposed a Round Table Con-

⁶ For example, in May 1947, when, if anything, the situation in Indochina was more dangerous and intractable than that in Indonesia, essentially identical messages urging forthcoming positions were sent for the Embassies in Paris and The Hague to deliver. The latter was instructed to present American views formally at the Foreign Office and to leave an *aide-mémoire*. The Paris Embassy, however, was merely invited to use the considerations put forward in the message “at appropriate times in appropriate conversations” with French officials. Indeed, since the French government had just changed, “it might not be desirable make such approach to newly constituted government in first days its reorganization.” *FRUS 1947*, Vol. VI, pp. 495, 924.

ference at The Hague to settle all outstanding issues. The Security Council did not find the Dutch proposal wholly responsive, however, since it did not provide for a ceasefire or the restoration of the Republic's government before the Conference. In March, in the so-called Canadian Directive, it drew attention to these requirements. Meanwhile, the General Assembly had voted to take up the Indonesian question. This continuing pressure, reinforced privately by the United States and others, brought results. In May 1949, the parties reached the Roem-van Royen Agreement, the Dutch agreeing to restore the Republican government, release political prisoners, and refrain from fostering new federal states on territory conquered from the Republic. Seven months later the work of the Round Table Conference was completed with agreement reached on all points (except the deferred issue of New Guinea), and sovereignty was transferred on December 27, 1949.

Until the Second Police Action, the role of the United Nations tended to favor the Dutch. The Security Council was pushed in this direction partly because influential members, including the United States, were highly sensitive to the issue of Dutch sovereignty, and partly because, to get anywhere at all, even the most pro-Indonesian members had to accept substantial elements of the status quo, which most of the time favored the Dutch. For example, the November 1, 1947 resolution favored the Dutch in permitting them to remain in control of territory they had conquered between the initiation of the Police Action and the August 4 ceasefire. But the U.N. role was not one-sided. Its involvement also acted as a deterrent to the Dutch, who made no further important inroads on Republican territory until December 1948. Similarly, the Renville Agreement would have been even more unfavorable had the Good Offices Committee not been able to add its Six Principles. Because it was reached under U.N. auspices, it was much better than no agreement at all.

In the denouement of 1949, the U.N. role ceased to cut both ways. Thus, the decisive reaction to the Second Police Action derived a good deal of its intensity from the Dutch defiance of the United Nations. In the American Congress, where concern over the situation had been rising, there were moves to cut off Marshall Plan aid, supported by warnings that the United Nations might go the way of the League of Nations if its members permitted its authority to be flouted. Senator Frank Graham, earlier the American representative on the Good Offices Committee, told his colleagues: "The ghosts of Ethiopia and Manchuria . . . haunt today the chambers of the United Nations."⁷ The desire to vindicate U.N. authority reinforced the impetus to action supplied by the desire to settle the Indonesian question. As Hubertus van Mook, with no great pleasure, later summed it up, it became "an aim in itself to maintain the authority of the Security Council in the single instance of a political conflict about which its decision had not been partially or completely disregarded. This unique success could not be jeopardized whatever the Dutch might contend. And they were not strong enough to resist the Council, as others might have done under more favorable conditions."⁸

⁷ *Congressional Record*, Vol. 95, Part 3, p. 3847.

⁸ H. J. van Mook, *The Stakes of Democracy in Southeast Asia*, New York: Norton, 1950, p. 260.

VI

But the mere outline of events, while it shows the critical breakpoints in historical causation, does not get at the deeper reasons why influential outside nations behaved as they did. The support of such nations, in the end, was perhaps more vital to the Indonesian success even than relative Dutch weakness; likewise, the absence of such support prevented Ho and the D.R.V. from ever truly testing whether France might have been brought to concede independence before the fateful 1950 confluence of events.

Start with India and Australia, both active at the most critical stage, bringing the United Nations to accept involvement in 1947. India's role was perhaps most unremitting of all, and of very great influence indeed, at a time when Nehru's principles stood pure and untested. As early as October 1945, he had offered all the help of which India was capable and made the first of a series of protests against the use of Indian troops. India did what she could to bolster the Republic's international standing: agreeing to an exchange of goods in April 1946; according it *de facto* recognition after the Linggadjati Agreement was signed; providing a plane to fly Sjahrir to a hero's welcome at the Indian-sponsored Asian Relations Conference that same spring; proposing the Republic's admission to the Economic Commission for Asia and the Far East (ECAFE) in June 1948; and appointing a consul-general in Djakarta in November 1948. In response to the First Police Action, the Indians not only turned to the United Nations, but also prohibited Dutch planes from landing on or overflying their territory. After the Second Police Action, Nehru invited the Republic to form a government-in-exile in India, and postponed indefinitely the departure of India's first ambassador to The Hague. Most important, however, Nehru convened the New Delhi Conference in January 1949, at which 15 Asian and Middle Eastern countries demanded in strong terms the restoration of the Republic and the expeditious transfer of full sovereignty.

Unquestionably, India's position rested on moral conviction. Having won their own freedom, Indians could not, as Nehru put it, "conceive it possible that other countries should remain under the yoke of colonialism."⁹ Added to these strong feelings was outrage over the use of Indian troops to suppress nationalists. Indians, again in Nehru's words, watched the troops doing "Britain's dirty work against our friends" with "growing anger, shame and helplessness."¹⁰

When the Indians made general statements of this kind condemning the use of their troops or asserting the universal right to freedom, they usually included Indochina among the areas of their concern. But practical assistance to the D.R.V. was conspicuous by its absence. The shelling of Haiphong was widely condemned in India, and there were unofficial efforts to recruit volunteers and collect money, food and clothing. However, when government support was suggested, Nehru replied, "so long as the Government of India is not at war with another country, it cannot take action against it." When,

⁹ Ton That Thien, *India and Southeast Asia, 1947-1960*, Geneva: Librairie Droz, 1963, pp. 59-60.

¹⁰ Allan B. Cole, *Conflict in Indochina and International Repercussions: A Documentary History*, Ithaca: Cornell University Press, 1956, p. 50.

in February 1947, the Indian government did take action, it was a very limited one, cutting off French military overflights only.

A few months later, in the spring of 1947, the Vietminh delegates to the Asian Relations Conference were quite coolly received. Although the Indian government rejected the Dutch-established federal states in Indonesia as puppets, two delegations were invited to represent Indochina at the conference, one speaking for the D.R.V., the other for the French-supported governments in Cochinchina, Cambodia and Laos. When the D.R.V. representatives appealed for help, Nehru's response was sympathetic but noncommittal. As summarized in the official account: "He did not see how the Indian Government could be expected—or for that matter, other Asian countries—to declare war on France. That was not the way to proceed and by such precipitate action they were likely to lose in the long run. Any wise government would try to limit the area of conflict. It would, however, bring sufficient pressure to bear but that could not obviously be done by governments in public meetings."¹¹

Why the continuing difference in Indian behavior toward Indochina and toward Indonesia? One reason was that the aggravating British use of Indian troops went on longer in Indonesia. Another, possibly, was Communist control of the Vietminh, though at this stage this was surely not central. The Indians, however, had two practical reasons for remaining on good terms with the French in those early postwar years. They expected negotiations over the return of French enclaves in India to move fairly swiftly (in fact they moved very slowly). And as long as the Kashmir dispute, which had been submitted to the United Nations in December 1947, remained under consideration, it was important not to antagonize a veto-wielding power.

Probably of greatest significance were the intangible ties that bound India to Indonesia and not to Indochina. One was culturally Indianized, the other Sinicized. Just as the Vietnamese nationalists had looked to Sun Yat-sen and China, so the Indonesian nationalists acknowledged an intellectual debt to Gandhi and to India; their contacts with Indian leaders went back to the twenties. Moreover, there were strategic and political considerations. Commanding the passage between the Indian Ocean and the Pacific, Indonesia must have seemed far more important to India in the forties than did a small country on the southeastern fringe of the Asian land mass. And, politically, because Indonesia was a Muslim country, India by supporting it could hope to win favor in the Arab world and demonstrate that her difficulties with Pakistan need not be reflected in relations with other Islamic countries.

In the case of Australia, support for Indonesia reflected a growing preoccupation with nearby troubles rather than distant historic loyalties. To be sure, during World War II, the Labour government had unhesitatingly supported the restoration of the Southeast Asian colonies to their former juridical status. After the war, performing the functions originally assigned to her as a component of the Southwest Pacific Command, Australia assisted in taking the Japanese surrender in some of the outer islands, also selling to the Dutch large stores of arms and equipment in Borneo. And in

¹¹ Asian Relations Conference, summary by the Asian Relations Organization, New Delhi, 1948, pp. 77-78.

voting against the Ukrainian resolution of 1946, Australia had emphasized that Council action could be justified only by a threat to international peace.

Nevertheless, even before the First Police Action, the Labour government showed sympathetic interest in the Indonesian cause. After the signature of the Linggadjati Agreement, it not only granted *de facto* recognition to the Republic but also underwrote its permanence by referring to it as "a future essential element in the Interim Federal State." In part, this benevolent interest stemmed from Labour's general support for liberal treatment of colonial peoples, and from the belief that the attempt to reimpose Western rule on unwilling Southeast Asians was bound to be futile. In part, it stemmed from determination to assert a leading role for Australia in South-east Asia, a role expected to be more important as the European powers departed. Indonesia's greater proximity gave these general considerations a weight they did not have for Indochina. Said the Australian representative in the Security Council: "Not only is Indonesia adjacent to our territory, but we are bound by the closest economic and commercial ties with this important area . . . we feel that the interests of Australia are especially affected by the dispute. . . ." ¹²

After the First Police Action, Australian public opinion became aroused, generally against the Dutch. The Communist-dominated Waterside Workers Federation, hitherto alone in its boycott of Dutch shipping, was joined by other important and less radical unions. When Australia used her pivotal seat on the Security Council in 1947 to call for action, she in effect abandoned her previous emphasis on Netherlands sovereignty. Thenceforth in the United Nations she was to be in the vanguard, using especially her continuing role in the Good Offices Committee.

VII

Generally speaking, in their fight for independence the Indonesians won the support of their fellow Asians and of other countries in what is now called the Third World. In 1946-48, Asian leaders often took an unenthusiastic view of what they regarded as crusades against Communist countries and—with the outcome of the China civil war still uncertain—were rather detached from cold war issues. But virtually all had experienced contact with the Communists of their own countries that had left them bruised and suspicious. The D.R.V. worked hard to dissipate these suspicions. It took neutral positions on cold war issues, avoided vituperative attacks on countries figuring prominently in Moscow's then-pantheon of enemies, even praising some of them like Burma and India, and attempted to keep Communist control of the Vietminh and the government as inconspicuous as possible. But these efforts seemed to bear little fruit with other Asians—who did not become more trustful when, in mid-1948, Communist violence erupted in India, Burma, the Philippines, Indonesia and Malaya.

For Indonesia, the backing was universal and unequivocal. During the key 1947 Security Council debates on the Indonesian question, the Philippines, Burma and Pakistan asked to participate and were invited to do so. In particular, Carlos Romulo, the Philippine representative, was a frequent and

¹² *Security Council Official Records*, July 31, 1947, p. 1622.

eloquent speaker. Moreover, the Indonesians themselves made what proved to be a successful effort to court their fellow Muslims. Indonesian Muslim leaders visited the Middle East, set up a headquarters in Cairo, and established contact with the Arab League's New York headquarters. By mid-June 1947, the Republic had received *de facto* recognition from Iran, Egypt and Syria (which held a seat in the Security Council at that time) and promises of assistance from Transjordan, Saudi Arabia and the Yemen. Pakistan also associated herself with the Indonesian cause, joining India and Ceylon in closing her harbors and airfields to Dutch craft en route to Indonesia.

The climax of Third World effort on Indonesia's behalf was reached at the New Delhi Conference in January 1949. Called by India, it was attended by representatives from Afghanistan, Australia, Burma, Ceylon, Egypt, Ethiopia, Iran, Iraq, Lebanon, Pakistan, the Philippines, Saudi Arabia, Syria and the Yemen, with observers from China, Nepal, New Zealand and Thailand. As much as any single event, this conference crystallized Third World sentiment by its strong pro-Indonesian stand.

To the general rule among Asian nations—support for Indonesia but indifference to Indochina—it appears that there were only two exceptions, both in defiance of subsequent stereotypes. One was Chiang Kai-shek's China, whose role in Indochina has already been noted. China also followed Indonesia closely (partly for the sake of the Chinese community there) and in the Security Council often came to Indonesia's defense.

The only other exception to the general rule was Thailand, which for a brief period permitted Vietminh propaganda and purchasing agents to operate on her territory and provided aid and asylum to Lao rebels, some of whom were associated with the Vietminh. These activities reflected continued Thai-French differences over the return of Lao territory, traditional Thai interest in Laos, and the views and attitudes of the then-dominant Thai political figure, Pridi Phanomyong. They ceased shortly after Pridi's downfall in November 1947.

VIII

When the Indonesians achieved their independence, they had little reason to express any particular gratitude to the U.S.S.R. By December 1949, in fact, Moscow was fully launched on a campaign of vilification against non-Communist nationalists, and had already added Sukarno and Hatta to its list of imperialist running dogs; it even vetoed a resolution welcoming the Round Table Conference on the ground that Indonesia's new status was merely a variant of colonialism. Along the way, however, caught in compulsions to act created by the Security Council involvement, Moscow was a good deal more helpful to Sukarno's Indonesia than to Ho Chi Minh's D.R.V. The confusion and contradiction evident in its policy toward both stemmed from Moscow's predominant interest in Europe, which in turn contributed to the slow development of postwar Communist doctrine on the colonial issue.

Toward Indonesia, Soviet declaratory policy and bilateral treatment fluctuated sharply from 1945 right through 1947. After a period of verbal support for the Republic, Moscow turned hostile and in late 1946 denounced the Linggadjati Agreement and declined to extend *de facto* recognition. Rela-

tions became warmer when the Republic had a Left-leaning government in late 1947, and a consular agreement completed at that time appeared to the local PKI to foreshadow Soviet aid—which was then not forthcoming.

Apparent confusion over Indonesia reached a peak during 1948. At the Communist-sponsored youth conference in Calcutta in February when the Zhdanov line dividing the world into two camps was brought to Asia, Indonesia was described as having attained “the highest form of armed struggle.” In August, there suddenly arrived in Indonesia a veteran Communist leader, Musso, fresh from a long exile in Moscow. And in mid-September, the Communists attempted a coup centered in Madiun, third largest city in Republican territory, but within three months were crushed. The sequence of events—the Calcutta conference with its new hard line, the return of Musso, and the uprising—led to wide suspicion that Moscow was behind the Communist coup attempt. The Soviet press, however, had paid no attention to Musso’s return or subsequent PKI developments and continued to describe the Republic as courageously defending its independence. In August, there were a few unfavorable references to Hatta but no sustained campaign. The Madiun revolt itself was covered in a few short, confused and extremely cautious reports, receiving no analytical treatment until January 1949 when *New Times* accused Hatta of having provoked it with U.S. support in order to behead the progressive movement and crush democracy. It was only then that the U.S.S.R. began to vilify Hatta and other Indonesian leaders—the shift apparently stemming primarily from international doctrinal developments that had accorded the same fate to the leaders of India and Burma.

While Soviet declaratory policy thus fluctuated, the U.S.S.R. followed at the United Nations a consistent policy of support for the Republic and its leaders and of attacks on the “imperialist” powers. Throughout the debates, it was a strong supporter of arbitration rather than the milder remedy of good offices, it pressed for enforcement machinery representative of Security Council membership (instead of the one-sided Good Offices trio), and it favored coupling requirements for Dutch troop withdrawals with ceasefire arrangements. Unlike Australia, with which it frequently voted on resolutions embodying these principles, it was reluctant to compromise and its typical vote was thus an abstention.

Finally, as the independence of Indonesia came into sight in 1949, Moscow made its choice between ideology and anticolonialism in favor of the former. Charging that the transfer of sovereignty was “a gross deception,” the Soviet representative at the United Nations described the Indonesians as once again “wearing the chains of colonial enslavement with the complicity of the representatives of the Hatta clique, which has betrayed the interests of its people.”¹³

In the case of Indochina, Soviet focus on Europe was a primary factor affecting its interest in, and even its understanding of, the revolution Ho was leading. More specifically, from 1945 to late 1947, Moscow’s expectation of Communist parliamentary victories in Western Europe, especially in France, made it anxious to avoid any action likely to cast a shadow on the prospects of the French Communist Party (FCP). Accordingly, while it expressed ap-

¹³ *Security Council Official Records*, December 13, 1949, pp. 5–11.

propriate sympathy for the Vietminh and while the Indochinese struggle was appropriately hailed on the correct Communist occasions, the U.S.S.R. did nothing either diplomatically or through international Communist machinery to provide practical assistance. Typical of its treatment of events during this period was the comment on the *modus vivendi* of September 1946, in an article published in December, after the shelling of Haiphong: "The further development of Vietnam depends to a significant degree on its ties with democratic France, whose progressive forces have always spoken forth in support of colonial liberation."¹⁴ If there was a road to Hanoi, it led through the working-class suburbs of Paris.

This position did not go unopposed within the party; for example, in the balloting on appropriations for the Indochina war in March 1947, while Communist cabinet members cast affirmative votes, Communist deputies were permitted to abstain. Even more evident was the disquiet of the Vietminh. In a conversation with the American Ambassador in December 1946, a French official described the telegrams from Indochina that had been bombarding FCP leaders and the appeals to trade unions for a dock strike to bar the transport of troops and supplies. The Embassy commented: "This pressure has been of considerable embarrassment to the French Communist Party, coming, as it does, at a time when party is trying to persuade French public that Communist government would be safe custodian of France's international interests, and more particularly, to persuade Radical Socialists to enter left-wing coalition government."¹⁵

In May 1947, the Communists left the government on another issue, but for some time they still hoped to win power through electoral victories. By December, the French Communists were at last in full support of the D.R.V. as a member of the anti-imperialist and democratic camp. More slowly still, Moscow's line shifted, reflecting disappointment with Communist prospects in the West and the newly stated "two camps" doctrine of the Cominform. In neither case, however, was the shift quickly reflected in concrete assistance; only in 1950 did the French Communists embark on a campaign of strikes and demonstrations to obstruct troops and supply movements to Indochina. To Ho, it must have seemed late in the day.

IX

In American priorities at the end of the war, Europe came ahead of Asia; and within Asia, Northeast Asia and China overshadowed the rest. Speaking in October 1945, John Carter Vincent listed the Southeast Asian colonies last among American concerns in the Far East. He took note of conditions in Indochina and Indonesia and said that the United States, while recognizing French and Dutch sovereignty, judged it to be the first duty of the colonial powers to assist dependent peoples toward independence, and, above all, hoped that differences could be resolved peacefully.¹⁶

At about this same time, the Office of Strategic Services was ordered to

¹⁴ Charles B. McLane, *Soviet Strategies in Asia*, Princeton: Princeton University Press, 1966, p. 271.

¹⁵ *FRUS 1946*. Vol. VIII, pp. 65-66.

¹⁶ *Department of State Bulletin*, October 21, 1945, pp. 645-646.

withdraw its mission from Hanoi. In later years many have wondered what might have been, had American policy-makers been guided by the reports of that tiny band. However, the really fateful decision behind Vincent's pious but detached view had long since been taken. Well before the war's end, American plans for empowering the postwar international organization to supervise the transition to independence had begun to conflict with demands for unrestricted postwar American control of the Japanese-mandated islands, and had finally given way before these demands.¹⁷ Equally fatefully, as plans for the final assault on Japan increasingly centered around Pacific Ocean air and amphibious operations, the United States lost much of its interest in South-east Asia—the Philippines excepted; its military withdrawal from the area was formalized in the Potsdam arrangements for Indochina and Indonesia. Through these choices, made before the end of the war, it became most unlikely that the United States would support colonial independence, especially in Indochina, with all the vigor that Roosevelt's wartime statements had implied.

While thus standing aside, the United States did seek to dissociate itself from the French and Dutch. As early as October 1945, Secretary Byrnes announced that the British and Dutch had been requested to remove U.S. insignia from military equipment they were using in Indonesia, and, at the beginning of 1946, the War Department was informed that it was not in accord with U.S. policy to employ American flag vessels or aircraft to transport troops, arms, ammunition or military equipment to Indonesia or Indochina. Official statements continued to reiterate the availability of good offices should both sides request them, as well as American respect for existing sovereignty and American conviction that, if both sides proceeded in good faith and with due respect for obligations and responsibilities, a peaceful and equitable solution would emerge.

As time went on, the dilemma became increasingly clear. A message to the U.S. Embassy in Paris early in 1947 put the case and the policy well: any setbacks to the West European powers anywhere are setbacks to the United States; but South and Southeast Asia are also areas of great importance and there newly emerging nations stand in grave danger of plunging into internal discord or being captured by forces antithetical to the West, whether Communist or pan-Asian; the best safeguard against these and other dangers lies in close association between newly autonomous peoples and their former rulers; but this can only be achieved on a voluntary basis—attempts to perpetuate the relationship on any other grounds are doomed to failure and will redound against the West as a whole; the United States, for this reason and because of its own interests in East Asia, is inescapably concerned; but, while it wishes to be helpful, it has no solution to offer and does not propose to intervene.¹⁸

In Indochina, the conflict between European and Asian interests continued to plague American policy until 1954; meanwhile, nonintervention was helpful to the French and intervention, when it came, was on the French side

¹⁷ Ruth B. Russell, *A History of the U.N. Charter*, Washington: Brookings Institution, 1958, pp. 511–512, 582–589.

¹⁸ *FRUS 1947*, Vol. VI, pp. 95–96.

and was of sufficient size to compensate for the irritation of constant American reformist pressures. In Indonesia, on the other hand, when the First Police Action precipitated the problem into the Security Council, nonintervention became an impossible posture; finally, the Second Police Action forced a choice in which European interests yielded.

Thus, although it was extremely reluctant to see the United Nations intervene in 1947, the United States came to play a major part in the decolonization of Indonesia largely through its relationship with the United Nations and the U.N. machinery developed in Indonesia. In stimulating U.S. interest in and, ultimately, support for Indonesia, other factors were also important. There was an American economic interest, with investments before the war in oil alone estimated at \$70 million and in rubber at \$40 million. Although in overall terms the amounts were small, and economic factors as such do not seem to have been important in shaping American policy, the fact that the investments existed at all contributed to the greater interest Americans showed in Indonesia than in Indochina, which had been effectively sealed off from non-French economic activity. Moreover, Indonesia's leaders, while willing to accept Communist allies, were clearly not themselves Communists, and when the PKI gave trouble, were quite prepared to use force to put it down at Madiun. This did not pass unnoticed in Congress: the Indonesians, Senator Wayne Morse observed in April 1949, "are the only people in that part of the world, who, up to this hour, have made a successful fight against Russian communism within their borders."¹⁹

But the Security Council element was most crucial. Once seized of the problem, the United Nations provided a rallying point not only for American friends of the Republic, but also for proponents of a strong international organization, already dismayed by the impact of the cold war on U.N. effectiveness. Involvement in U.N. operations made U.S. interest self-reinforcing. Americans of some standing, Frank Graham, President of the University of North Carolina, and Coert duBois and Merle Cochran, senior Foreign Service officers, served in succession as the U.S. representatives on the Good Offices Committee; their own prestige and that of the United States became linked to the Committee's success; and the work of their staffs made it possible for them and for Washington to be reasonably well informed. In Hanoi, during the same period, the United States was normally represented by a vice-consul; in Saigon the consulate was not much more heavily staffed and was operated as a satellite of the American Embassy in Paris.

Their U.N. role, moreover, seemed to make it easier for American representatives to take the initiative. For example, in January 1947, Abbot Low Moffat, then in charge of Southeast Asian affairs in the Department of State and en route to Canberra after visits to Saigon and Hanoi, pleaded for a U.S. effort to bring about an end to hostilities in Indochina. He warned that Asians saw Washington's hands-off policy as supporting French military reconquest. The French effort, he argued, could result at best in only seeming success—bringing enough bitterness in its wake to defeat French objectives and threaten all Western interests. A permanent solution, he urged, could be based only on an independent Vietnam. When his requests to return

¹⁹ *Congressional Record*, Vol. 95, Part 3, p. 3668.

to Washington to report more fully were rejected, however, no further action was open to him.²⁰

In contrast, when Coert duBois in Indonesia saw that his warnings of further Dutch military action were not eliciting new instructions from Washington he moved on his own initiative. In June 1948, he joined with his Australian colleague, T. K. Critchley, in an informal proposal for an elected constituent assembly to form an Indonesian government and join with Netherlands representatives to frame a statute for the Netherlands Indonesian Union. Nothing came of the plan, but its rejection by the Dutch in the face of Indonesian acceptance was another black mark against the former, intensifying the anger aroused by the Second Police Action.

When the Dutch initiated the First Police Action, the United States and Britain, in hopes of avoiding U.N. involvement, immediately proffered good offices. Both had greeted the Linggadjati Agreement as Dutch acceptance of early self-government within the framework of continued Netherlands sovereignty. Both had granted *de facto* recognition to the Republic and, as negotiations moved toward breakdown, the United States pressed the Indonesians to accept Dutch proposals for an interim government, promising economic assistance as soon as political problems were resolved. Hopes that the Netherlands would accept informal mediation and thus stave off U.N. intervention reflected doubts over the efficacy of Security Council action and, presumably, with the Ukrainian resolution in the recent past, fear that the U.S.S.R. would exploit propaganda opportunities to good effect against the West. Also of great concern to the United States, as well as to Britain, were the implications of accepting the jurisdiction of the Security Council on a question closely resembling what each might wish to regard as a domestic affair.

With these considerations weighing on one side, and concern for the deteriorating situation in Indonesia on the other, the United States bent its efforts in two directions. It sought to fend off proposals for a more active U.N. role and more extensive requirements than the Netherlands (and its Belgian, French and British supporters) could be expected to tolerate. And it sought compromises—giving some satisfaction to supporters of the Dutch—that could attract the seven affirmative votes required for passage and thereby keep the U.N. role in being. Behind its parliamentary maneuvers in the Security Council lay three principles: The United States preferred good offices to arbitration, was unwilling to insist that troop withdrawals accompany ceasefires, and opposed allocating responsibility for breakdowns to one side or the other. In partial balance, American members of the Good Offices Committee in the field tended to attribute lack of progress more often to the Netherlands than to Indonesia and to be as activist as possible in carrying out their responsibilities.

This generally even-handed posture changed after the Second Police Action. The American representative at the Security Council for the first time explicitly condemned the Netherlands. U.S. pressures were then mounted from all sides. American statements and proposed resolutions in the Security Council became much stronger. On December 22, the transfer of still unspent aid funds (\$14 million out of \$68 million) allocated to the Netherlands for

²⁰ *FRUS* 1947, Vol. VI, pp. 54-55.

Indonesia was "suspended pending further developments." Vociferous congressional critics of Dutch behavior put forward an amendment to the aid bill cutting off all funds from any government failing to comply with a Security Council request, and mustered substantial support, particularly from the Republicans. This was stronger action than the Administration favored at a time of heightened diplomatic effort, and a final compromise merely incorporated in the aid bill the article of the Charter prohibiting assistance to any state "against which the United Nations is taking preventive or enforcement action." In March, Secretary of State Acheson put the need for compliance to the Netherlands Foreign Minister in most urgent terms. For the Dutch government, the new American stance was probably the decisive factor in this last phase, underlining the futility of continuing to face guerrilla resistance in the Indies, political opposition at home, assaults in the United Nations, Third World opprobrium and the pressures of its allies. Beginning with the resumption of Dutch-Indonesian negotiations in mid-April, the road to independence was relatively smooth.

X

By the summer of 1950, the cold war had established itself in Asia and for both sides Vietnam had become an important prize. The D.R.V., strengthened by an ally at its rear and finding that its moderate pretensions had won it no international support, proclaimed its membership in the Communist bloc, reorganized internally along Communist lines, and in 1950—the year of the Korean War—moved into large unit warfare. Seeing all of Southeast Asia threatened by the addition of China to the Soviet bloc, the United States was forced by these circumstances—as it had been forced by other circumstances in Indonesia—to make a choice. And, in the atmosphere of the times, its choice in Vietnam seemed as inevitable as its choice in Indonesia. It would press when it could for greater concessions to Vietnamese nationalism. But it would give greater priority to supporting the French effort against the Vietminh in hopes of preventing further Communist expansion in Asia, while permitting France to make her contributions to the defense of Europe.

The struggle in Indonesia had been internationalized in circumstances that helped to end it. The struggle in Vietnam was internationalized in circumstances that helped to perpetuate it. When Giap said in 1950, "Indochina has become the forward stronghold of the democratic world in Southeast Asia," he was expressing the views of Moscow, Peking and Hanoi. But the same thought—however different the image evoked by the word "democratic"—prevailed in Washington, London and Paris.

RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Elizabeth H. Bryant. Editors of sections: William P. Bundy, General: Political and Legal; Andrew J. Pierre, General: Military, Technical and Scientific; William Diebold, Jr., General: Economic and Social; Gaddis Smith, United States; Robert D. Crassweller, Western Hemisphere; Robert W. Valkenier, Western Europe; John C. Campbell, Soviet Union and Eastern Europe, Middle East and North Africa; Lewis C. Austin, Asia and the Pacific; Jennifer Seymour Whitaker, Africa.

General: Political and Legal

HAMMARSKJOLD. BY BRIAN URQUHART. New York: Knopf, 1972, 630 pp. \$12.50.

A superior account of Hammarskjöld's eight years as Secretary-General of the United Nations. The author, a long-time U.N. official, was close enough to his subject to give great warmth and humanity to the story, not so close as to distort. Unpublished material from the Hammarskjöld private papers is used throughout to enrich interpretation and break new historical ground.

DEFEAT OF AN IDEAL: A STUDY OF THE SELF-DESTRUCTION OF THE UNITED NATIONS. BY SHIRLEY HAZZARD. Boston: Atlantic (Little, Brown), 1973, 286 pp. \$8.50.

As seen by a former member of the Secretariat, the structure and competence of the United Nations have been hopelessly corrupted—initially by yielding to American security practices, then by neglect, finally by advanced bureaucratic paralysis. The case is strong, but the book lacks the organization, care in analysis, or weighing of possible reforms that would make its stark conclusion—i.e. to start all over again—persuasive.

THE FORTUNES OF THE WEST: THE FUTURE OF THE ATLANTIC NATIONS. BY THEODORE GEIGER. Bloomington: Indiana University Press, 1973, 304 pp. \$10.00.

Thoughtful and seasoned reflections on where technocratic capacity and “redemptive activism” may be taking America and Europe, and through them the world. A wealth of learning, modestly marshaled, and conclusions that remain tentative and non-utopian, neither gloomy nor clearly hopeful.

WEAK STATES IN A WORLD OF POWERS: THE DYNAMICS OF INTERNATIONAL RELATIONSHIPS. BY MARSHALL R. SINGER. New York: Free Press, 1972, 431 pp. \$10.95.

A well-argued thesis that strong powers can be more effective in influencing and assisting weak powers by using “attractive” instruments of power (economic aid and cultural ties especially) than by coercive ones. Difficult reading in spots because of highly technical excursions, the tone is nonetheless balanced and persuasive.

PLANNING, PREDICTION, AND POLICYMAKING IN FOREIGN AFFAIRS: THEORY AND PRACTICE. BY ROBERT L. ROTHSTEIN. Boston: Little, Brown, 1972, 215 pp. \$6.95.

An earnest brief for true long-range planning, lifted out of the State Department but using the combined services of practitioners and theoreticians. Too much emphasis on flogging the Realism of the past and on the theoretical literature of prediction and analysis, and too little on the present international structure and the problems to which the proposed, presumably post-Realist type of planning would address itself, make the book ultimately unsatisfying. Does one go simply from one fashion to another?

DOMINANCE AND DIVERSITY: THE INTERNATIONAL HIERARCHY. By STEVEN L. SPIEGEL. Boston: Little, Brown, 1972, 309 pp. \$5.50 (Paper).

A careful, occasionally original analytic treatment of the nature of power today. Balanced but slightly jargon-laden, as in the conclusion that the future "will be determined by a dialectic between the distribution of power in the international hierarchy and the behavioral implications of particular strategies pursued by specific states."

FOREIGN AFFAIRS AND THE CONSTITUTION. By LOUIS HENKIN. Mineola (N.Y.): Foundation Press, 1972, 553 pp. \$11.50.

Although this comprehensive book is designed primarily for teaching and professional use, its separation of basic text from exhaustive notes and sources makes it also suitable for general reading. The author's defense of executive power from the constitutional standpoint, including its use in Vietnam, will be challenged by some, but his reasonable tone and careful citations should make the work standard for some time to come.

INTERNATIONAL MIGRATION LAW. By RICHARD PLENDER. Leyden: Sijthoff, 1972, 339 pp. Gldrs. 55.

A readable exposition of an increasingly important and timely subject. The references take in over 100 countries, and the introductory chapters on nationality law in general, and on the historical background of restrictions on migration, are particularly good.

THE POLITICS OF THE OCEAN. By EDWARD WENK, JR. Seattle: University of Washington Press, 1972, 590 pp. \$14.95.

A detailed examination of the domestic and international politics of ocean policy, which is as much a work of political science as of oceanography. The author skillfully examines the experience of the past decade, and proposes initiatives for future U.S. oceanographic policy and its governmental formulation.

PACEM IN MARIBUS. Edited by ELISABETH MANN BORGESSE. New York: Dodd, Mead, 1972, 382 pp. \$10.00.

A useful collection of papers covering aspects of a crucially important subject. The text culminates in a draft statute, prepared by Mrs. Borgeese, for an ocean regime.

COLLECTED ESSAYS. By GEORGE LICHTHEIM. New York: Viking, 1973, 492 pp. \$15.00.

These short pieces, published over two decades, wear uncommonly well. The subjects are predominantly European and bear the stamp of the author's wit, insight and preoccupation with history.

General: Military, Technical and Scientific

POWER AND EQUILIBRIUM IN THE 1970S. By ALASTAIR BUCHAN. New York: Praeger (for the Council on Foreign Relations), 1973, 120 pp. \$6.00.

A wise contribution to the coming debate following the Vietnam settlement. Buchan sees the contemporary emergence of a pentagonal balance of military, political and economic influence, but acknowledges the restraints on power imposed by modern technology, social conditions and the wider international system.

AMERICAN MILITARY COMMITMENTS ABROAD. By ROLAND A. PAUL. New Brunswick: Rutgers University Press, 1973, 237 pp. \$10.00.

The former chief counsel to the Symington subcommittee on U.S. Security Agreements Abroad presents a good deal of material not easily accessible, in an attempt to define a military commitment and show how such commitments have been entered into in the past. Essential reading for those now debating the genesis of our present commitments and the question of America's future role.

THE SECURITY OF WESTERN EUROPE: TOWARDS A COMMON DEFENCE POLICY. By SIR BERNARD BURROWS AND CHRISTOPHER IRWIN. London: Charles Knight, 1972, 189 pp. £3.00.

An eloquent and informed study by a former British ambassador to NATO and the Deputy Director of the U.K. Federal Trust. The authors believe in the need for greater defense coördination because of the East-West negotiations on security and the evolution of the Common Market, and call for the eventual establishment of a European Defense Agency.

PREVENTING NUCLEAR THEFT: GUIDELINES FOR INDUSTRY AND GOVERNMENT. Edited by ROBERT B. LEACHMAN AND PHILIP ALTHOFF. New York: Praeger, 1972, 377 pp. \$19.50.

A series of essays on an increasingly important problem. The topics range from the political aspects of the safeguard system in the nonproliferation treaty to measuring nuclear fuel cycles, and include discussion of the projected dangers of nuclear material after their theft. Considerable technical analysis, but also material relevant to the general subject of arms control.

WEAPONS TECHNOLOGY AND ARMS CONTROL. By W. F. BIDDLE. New York: Praeger, 1972, 355 pp. \$20.00.

A detailed analysis of the scientific and technological aspects of the control of strategic and tactical nuclear weapons. Particular attention is given to warheads and their delivery systems, but not to the politics or history of arms control.

THE WAGES OF WAR, 1816-1965: A STATISTICAL HANDBOOK. By J. DAVID SINGER AND MELVIN SMALL. New York: Wiley, 1972, 419 pp. \$13.95.

A statistical survey of wars, much of it computer-generated: how they are begun, terminated and the "war-proneness" of nations. Behaviorist-oriented scholars will find this useful.

THE POLITICS AND TECHNOLOGY OF SATELLITE COMMUNICATIONS. By JONATHAN F. GALLOWAY. Lexington (Mass.): Lexington Books, 1972, 247 pp. \$15.00.

A scholarly analysis of the decision-making process in U.S. national and international communication satellites policy, which criticizes the lack of central direction and goals in U.S. policy and characterizes the decision-making process as "legislative rather than hierarchical-executive."

HOW LONG HAVE WE GOT? By LORD RITCHIE-CALDER. Montreal: McGill-Queen's University Press, 1972, 88 pp. \$2.95 (Paper).

Three imaginative and elegant lectures on the global impact of science and technology delivered at McGill University. The answer to the question in the title is not apocalyptic: with the dangers now well recognized, how much time we have depends upon what we do with it.

General: Economic and Social

THE WORLD PETROLEUM MARKET. BY M. A. ADELMAN. Baltimore: Johns Hopkins University Press (for Resources for the Future), 1972, 438 pp. \$22.50.

Years of work have borne fruit at a very propitious time. Professor Adelman of MIT, one of the leading academic experts on the oil industry, has long examined the intricacies of prices, costs, taxes and the structure of the market. His conclusions are not those of the American oil industry and at key points they challenge the widely held view that there is an energy crisis.

IMPERIALISM IN THE SEVENTIES. BY PIERRE JALÉE. New York: Third Press, 1972, 226 pp. \$7.95.

Modeled on Lenin's book, this one suffers from spotty use of empirical data plus simplistic, though forcefully expressed, theory. It is most interesting when the French Marxist author has to balance the integrative features of modern capitalism against the rivalries called for by the older theory, and then looks for objective revolutionary conditions—which he finds only in the Third World.

SUPER IMPERIALISM: THE ECONOMIC STRATEGY OF AMERICAN EMPIRE. BY MICHAEL HUDSON. New York: Holt, Rinehart and Winston, 1972, 304 pp. \$9.95.

For private capital substitute government capital, for profit substitute power, and you have a formula the author uses to explain American foreign economic policy from the First World War debts to the inconvertibility of the dollar. The strain this effort imposes on the reader's credulity is not lessened by certain extravagances and a few errors.

INTERNATIONAL ECONOMIC REFORM: COLLECTED PAPERS OF EMILE DESPRES. EDITED BY GERALD M. MEIER. New York: Oxford University Press, 1973, 293 pp. \$7.50.

In every generation there are one or two economists whose influence on the thinking of others is out of all proportion to the volume of their published work. Emile Despres is one of the most original of these, so it is very satisfactory to have this collection of papers on trade, development and international monetary issues. Ranging from the late 1930s to the late 1960s, many have not been published before.

LE SYSTÈME MONÉTAIRE INTERNATIONAL. BY DOMINIQUE CARREAU. Paris: Colin, 1972, 397 pp. Fr. 48.

DAS ENDE EINER WELTWÄHRUNGSORDNUNG? BY HANS MÖLLER. Munich: Piper, 1972, 158 pp. DM. 8.

Continental voices in a discussion that has been largely Anglo-American. Carreau emphasizes the *aspects juridiques* of the international monetary system and points an admonitory finger at the United States. Möller stresses the economic, sees the need for big changes and, while open-minded about them, knows that to work they will have to serve the interests of the United States as well as of other countries.

MULTINATIONAL BANKING. BY STUART W. ROBINSON, JR. Leyden: Sijthoff, 1972, 316 pp. Gldrs. 55.

THE COMING CLASH: THE IMPACT OF MULTINATIONAL CORPORATIONS ON NATIONAL STATES. BY HUGH STEPHENSON. New York: Saturday Review Press, 1972, 185 pp. \$7.95.

THE MULTINATIONAL ENTERPRISE. EDITED BY JOHN H. DUNNING. New York: Praeger, 1971, 368 pp. \$13.50.

Three good contributions to the steady flow of studies of international business. Robinson, an American lawyer, focuses on American banking in France, Britain and Switzerland and shows how national laws have shaped international functions. Stephenson, a British editor, covers some familiar ground but has much good material. Dunning, a leading British academic authority on investment, has brought together a good team for a study better integrated than most.

THE ALIGNMENT OF FOREIGN EXCHANGE RATES. BY FRITZ MACHLUP. New York: Praeger, 1972, 94 pp. \$8.50.

An eloquent and pithy statement of why an alteration of exchange rates is usually the best way to deal with balance-of-payments troubles that do not seem otherwise likely to go away.

FOREIGN ASSISTANCE: A VIEW FROM THE PRIVATE SECTOR. BY KENNETH W. THOMPSON. Notre Dame: University of Notre Dame Press, 1972, 160 pp. \$7.95.

Drawing principally on the work of the Rockefeller Foundation in international health and agriculture programs, the author points to useful lessons which privately financed foreign aid can offer to government operations.

WORLD WITHOUT BORDERS. BY LESTER R. BROWN. New York: Random House, 1972, 395 pp. \$8.95.

No major concern of contemporary society is omitted in this capacious book: environment, population, social justice, poverty, hunger, raw materials, the multinational corporation and more. The problems, admirably described and elegantly interrelated, impose solutions which we "must" find. However, the author fails to come to grips with the fact that it is the nation-states that will have to do the work.

DEVELOPMENT TODAY: A NEW LOOK AT U.S. RELATIONS WITH THE POOR COUNTRIES. EDITED BY ROBERT E. HUNTER AND JOHN E. RIELLY. New York: Praeger (in coöperation with the Overseas Development Council), 1972, 286 pp. \$9.00 (Paper, \$3.50).

A well-conceived collection of papers, most of them prepared for a seminar of the Overseas Development Council and some published before.

The United States

PEACE IN THE BALANCE: THE FUTURE OF AMERICAN FOREIGN POLICY. BY EUGENE V. ROSTOW. New York: Simon and Schuster, 1972, 352 pp. \$8.95.

The author's ideal American diplomatist was Dean Acheson. Here he adopts his mentor's tone and manner to attack critics and argue that the only foundation of peace is a balance of power maintained by American military force.

THE CONDUCT AND MISCONDUCT OF FOREIGN AFFAIRS. BY CHARLES YOST. New York: Random House, 1972, 234 pp. \$7.95.

Disappointingly thin on detailed personal experiences, but full of wise generalizations. The author, a Foreign Service officer for nearly 40 years, shares with many of his colleagues a deep unease over a foreign policy which is dependent on domestic opinion.

A WORLD ELSEWHERE: THE NEW AMERICAN FOREIGN POLICY. By JAMES CHACE. New York: Scribners, 1973, 108 pp. \$5.95.

Elegant, highly distilled and historically informed commentary on actual and potential new directions for American policy by the Managing Editor of this journal. The style is reminiscent of Harold Nicolson.

THE COLD WAR: A STUDY IN U.S. FOREIGN POLICY. By WALTER LIPPMANN, WITH INTRODUCTION BY RONALD STEEL. New York: Harper and Row, 1972, 81 pp. \$2.45 (Paper).

A timely republication of Lippmann's rigorous and prophetic critique in 1947 of George Kennan's famous "X" article (also included). A primary source for the intellectual history of post-1945 American foreign policy.

THE KENNEDY PROMISE: THE POLITICS OF EXPECTATION. By HENRY FAIRLIE. Garden City: Doubleday, 1973, 376 pp. \$7.95.

A caustic, overstated attack on John F. and Robert Kennedy for allegedly setting impossible goals at home and abroad and thereby causing an era of discord and disillusionment. The author is a British journalist who arrived in Washington in 1965 to catch the jaundice, without the sense of hope and threat of earlier years.

HARRY S. TRUMAN. By MARGARET TRUMAN. New York: Morrow, 1973, 602 pp. \$10.95.

This affectionate memoir displays traits shared by father and daughter—a touch of combativeness, a tendency to oversimplify, but always candor, warmth and absence of pretense. Although there are no major revelations, the daughter's recollections and previously unpublished private notes and letters by President Truman add up to a readable volume.

EISENHOWER AND THE AMERICAN CRUSADES. By HERBERT S. PARMET. New York: Macmillan, 1972, 660 pp. \$12.95.

This is the fullest, best-researched study of the Eisenhower presidency yet published. The author's main points are that Ike, not John Foster Dulles, was in command of foreign policy and that his apparent lack of sophistication was a cultivated political asset.

JOHN FOSTER DULLES: A STATESMAN AND HIS TIMES. By MICHAEL A. GUHIN. New York: Columbia University Press, 1972, 404 pp. \$12.95.

The author, now on the National Security Council staff, depicts Dulles as closer to "a thoroughly pragmatic craftsman whose approach to international politics was unimpaired by ideological or moral precepts" than the rigid ideologue imagined by some contemporaries and historians. The prose is heavy; the portrait convincing.

MR. REPUBLICAN: A BIOGRAPHY OF ROBERT A. TAFT. By JAMES T. PATTERSON. Boston: Houghton Mifflin, 1972, 749 pp. \$12.50.

A work of superior scholarship and sound judgment about a Senator whose intelligence and industry were unrivaled but whose impact was limited by the incongruity between his ideas and the times. The book was authorized by the Taft family but neither the research nor the resulting text was controlled by them in any way.

GEORGE C. MARSHALL: ORGANIZER OF VICTORY, 1943-1945. By FORREST C. POGUE. New York: Viking, 1973, 683 pp. \$15.00.

A magisterial account of the climax of General Marshall's career during the Second World War—the third volume of the most important American military biography of the century.

FOR THE PRESIDENT—PERSONAL AND SECRET: CORRESPONDENCE BETWEEN FRANKLIN D. ROOSEVELT AND WILLIAM C. BULLITT. EDITED BY ORVILLE H. BULLITT. Boston: Houghton Mifflin, 1972, 655 pp. \$12.50.

Lengthy, colorful, imaginative and, at times, outrageous letters from Ambassador Bullitt with a few brief replies by President Roosevelt. The bulk of the material deals with Bullitt's years in Moscow and Paris. Good reading and valuable for historians.

UNCOMMON SENSE. By JAMES MACGREGOR BURNS. New York: Harper and Row, 1972, 196 pp. \$6.95.

A critique of American pragmatism in domestic and foreign affairs and a cry for new leadership based on carefully examined principles. Written on a high level of generalization by a noted biographer of FDR.

THREE CRISES IN AMERICAN FOREIGN AFFAIRS AND A CONTINUING REVOLUTION. By HOWARD TRIVERS. Carbondale: Southern Illinois University Press, 1972, 220 pp. \$6.95.

The author, for 28 years a Foreign Service officer specializing in German and Soviet affairs, was a "working-level" participant in the Berlin Wall and Cuban missile crises on which he writes with authority. The book also contains some reflections on Vietnam and a long essay calling for international institutions strong enough "to direct and control" technological change.

S.S.H.A.: VNESHNEPOLITICHESKII MEKHANIZM. EDITED BY YU. A. SHVEDKOV AND OTHERS. Moscow: Izdatel'stvo "Nauka," 1972, 367 pp. Rubles 1.46.

A detailed study of the U.S. foreign policy apparatus, based on a wide range of American documentary and secondary sources. Interpretation aside, it gives Soviet readers for the first time a fairly accurate picture.

VICTIMS OF GROUPTHINK: A PSYCHOLOGICAL STUDY OF FOREIGN-POLICY DECISIONS AND FIASCOS. By IRVING L. JANIS. Boston: Houghton Mifflin, 1972, 277 pp. \$7.95 (Paper, \$4.50).

A noted social psychologist, after careful study of six major episodes since 1941, concludes that fiascos often result when decision-makers are more concerned to retain the approval of groups than with the substance of the problem.

The Western Hemisphere

MIKE: THE MEMOIRS OF THE RIGHT HONOURABLE LESTER B. PEARSON. VOLUME I: 1897-1948. New York: Quadrangle Books, 1972, 301 pp. \$12.50.

A straightforward account of a rising career with the Canadian foreign service—especially good on wartime London and Washington. The account stops with 1947, but two more posthumous volumes are planned, covering Pearson's years as Secretary of State for External Affairs and as Prime Minister.

CANADIAN DEFENCE PRIORITIES: A QUESTION OF RELEVANCE. By COLIN S. GRAY. Toronto: Clarke, Irwin, 1972, 293 pp. \$9.50.

An imaginative, nonpolemical discussion based on the assumption that for "a country like Canada, defence policy really equals equipment." The author suggests that the Canadian military will have "an increasing number of essentially civilian duties to perform."

THE THINGS THAT ARE CAESAR'S: THE MEMOIRS OF A CANADIAN PUBLIC SERVANT. By ARNOLD HEENEY. Toronto: University of Toronto Press, 1972, 218 pp. \$12.50.

During much of the middle third of this century the late author served as Secretary to the Canadian Cabinet, a post consciously modeled on Lord Hankey's role in London. His memoirs are orderly and discreet as befits a classic public servant.

FEDERAL-PROVINCIAL DIPLOMACY: THE MAKING OF RECENT POLICY IN CANADA. By RICHARD SIMEON. Toronto: University of Toronto Press, 1972, 324 pp. \$10.00.

An original approach, with data taken from the 1960s, to an essential aspect of Canadian government and the general nature of federalism.

CANADA AND IMMIGRATION: PUBLIC POLICY AND PUBLIC CONCERN. By FREDA HAWKINS. Quebec: McGill-Queen's University Press (for the Institute of Public Administration of Canada), 1972, 444 pp. \$15.00 (Paper, \$3.75).

This thorough analysis of immigration into Canada since 1945 is skillfully set in an international context.

CIVIL STRIFE IN LATIN AMERICA: A LEGAL HISTORY OF U.S. INVOLVEMENT. By WILLIAM EVERETT KANE. Baltimore: Johns Hopkins University Press, 1972, 240 pp. \$10.00.

An excellent work, refreshing in its candor. U.S. interventions in Latin America are seen as primarily preëemptive, based on strategic rather than economic concern. The author hints at the desirability of relaxing the traditional nonintervention dogma and the manner of circumscribing such a liberalization.

THE RISE AND DECLINE OF FIDEL CASTRO: AN ESSAY IN CONTEMPORARY HISTORY. By MAURICE HALPERIN. Berkeley: University of California Press, 1972, 380 pp. \$12.95.

The author, six years a resident of Cuba, describes the rise of Castro and adumbrates the decline of the Revolution. The period covered is 1959-1964; a companion volume will follow. The analysis is good and so is the extensive selection of speeches and documents.

CUBA, CASTRO, AND REVOLUTION. EDITED BY JAIME SUCHLICKI. Coral Gables (Fla.): University of Miami Press, 1972, 250 pp. \$7.95.

The scholarship in these seven essays devoted to political, social and economic structures in Cuba is solid and well grounded. Three of them focus on the Soviet presence in the Revolution.

CHILE: A CRITICAL SURVEY. Santiago: Institute of General Studies, 1972, 324 pp.

The darker side of the new order in Chile is convincingly depicted in these detailed and careful studies, whose combined scope covers the entire national life. The 16 authors are respected scholars and others prominent in public affairs.

POLITICS AND THE LABOUR MOVEMENT IN CHILE. BY ALAN ANGELL. New York: Oxford University Press (for the Royal Institute of International Affairs), 1972, 289 pp. \$17.00.

An account of the contributions of Chile's deeply politicized labor unions to the "revolution in liberty." The author concludes that the unions have gone beyond the function of conflict regulation and have provided direct support for political "revolutionary activity," however defined.

THE POLITICS OF LAND REFORM IN CHILE, 1950-1970. BY ROBERT R. KAUFMAN. Cambridge: Harvard University Press, 1972, 321 pp. \$12.00.

In this study, the author traces with scholarly competence the impact of land-reform pressures upon Christian Democratic reforms and upon the balance of established social forces during the two decades prior to Allende's election.

TRADE UNION FOREIGN POLICY. BY JEFFREY HARROD. Garden City: Doubleday, 1972, 485 pp. \$10.00.

An extensive analysis of the influence of British and American trade unions on the Jamaican labor movement. One unexpected finding: contrary to precedent in their home countries, unions and corporations tend to cooperate in foreign environments.

THE AFTERMATH OF SOVEREIGNTY: WEST INDIAN PERSPECTIVES. EDITED BY DAVID LOWENTHAL AND LAMBROS COMITAS. Garden City: Doubleday, 1973, 422 pp. \$2.50 (Paper).

Ranging widely in time and space, the editors have skillfully assembled a diversity of materials on the topics of government, politics, and national and personal identity, chiefly in the Commonwealth Caribbean. Many of the sources are little known and difficult to find.

Western Europe

THE SHADOW WAR: EUROPEAN RESISTANCE 1939-1945. BY HENRI MICHEL. New York: Harper and Row, 1972, 416 pp. \$8.50.

A comprehensive, analytical survey of this pan-European phenomenon, by the doyen of French historians of the Resistance and the Second World War.

PÉTAIN: A BIOGRAPHY OF MARSHAL PHILIPPE PÉTAIN OF VICHY. BY RICHARD GRIFFITHS. Garden City: Doubleday, 1972, 379 pp. \$10.00.

THE SORROW AND THE PITY: A FILM BY MARCEL OPHULS. New York: Outerbridge and Lazard, 1972, 194 pp. \$7.95.

A balanced, scholarly study of the Marshal, the "incarnation" of France in victory in World War I, in defeat in 1940, and of Vichy's collaboration with the Nazis. Especially illuminating on the continuity in the ideas and ethos of the traditional Right. The intensity and persistence of these divisions in the French body politic are appositely demonstrated in the script of Marcel Ophuls' documentary film on the fall of France and the German Occupation, translated by Mireille Johnston, with a perceptive introduction by Stanley Hoffmann.

THE GOVERNMENT AND POLITICS OF FRANCE. VOLUME I: INSTITUTIONS AND PARTIES. BY DOROTHY PICKLES. London: Methuen, 1972, 433 pp. (New York: Harper and Row, distributor, \$13.50; Paper, \$6.75).

Now that the Fifth Republic has survived the passing of de Gaulle, this solid study by a noted scholar reassesses with insight the viability and continuity of France's institutions, parties and interest groups; a second volume will examine political, economic, social and foreign policies.

BEAVERBROOK. BY A. J. P. TAYLOR. New York: Simon and Schuster, 1972, 712 pp. \$12.95.

Newspaper magnate, politician, financier and philanthropist, efficient cabinet minister in two world wars, confidant of the powerful, bon vivant and raconteur—Lord Beaverbrook's life makes this adulatory biography spirited and amusing, and furnishes one continuous and usually informative footnote to some 50 years of Britain's history.

PRESIDENT KENNEDY AND BRITAIN. BY DAVID NUNNERLY. New York: St. Martin's Press, 1972, 242 pp. \$8.95.

A deft historical essay on Britain's "special relationship" with the United States in the Kennedy years—an Indian summer when the working partnership, made effective by close personal ties, was a positive process, strong enough to permit differences yet provide benefits to both governments. Based chiefly on systematic interviews with many of the principals involved.

STATES OF IRELAND. BY CONOR CRUISE O'BRIEN. New York: Pantheon, 1972, 336 pp. \$7.95.

A cogent, impartial and highly personalized appraisal of the state of the Catholic and Protestant "states" of Ireland, by the former international civil servant, now an opposition member of the Dáil. Dr. O'Brien has hope, not for unity, but for rational and palatable diversity—surely "Cathleen ní Houlihan and King Billy are not necessarily immortal."

THE GREEN FLAG: THE TURBULENT HISTORY OF THE IRISH NATIONAL MOVEMENT. BY ROBERT KEE. New York: Delacorte Press, 1972, 877 pp. \$15.00.

Irish nationalism from Wolfe Tone to Partition, told at length, as well as objectively and readably, by a British journalist. In its largely successful attempt to separate myth from reality, the book performs a service to the cause of Irish historiography.

THE ORANGE ORDER. BY TONY GRAY. London: The Bodley Head, 1972, 292 pp. £2.50.

An objective account of the root cause of Ulster's intransigence, indicating how—and, to some degree, why—the Orangeman's pertinacious dogmatism has remained basically unchanged throughout three centuries.

WEST GERMAN POLITICS. BY GEOFFREY K. ROBERTS. New York: Taplinger, 1972, 206 pp. \$10.95 (Paper, \$5.95).

THE GOVERNMENT AND POLITICS OF WEST GERMANY. BY KURT SONTHEIMER. New York: Praeger, 1973, 208 pp. \$7.50 (Paper, \$2.95).

THE WEST GERMAN LEGISLATIVE PROCESS. BY GERALD BRAUNTHAL. Ithaca: Cornell University Press, 1972, 290 pp. \$11.50.

The first two titles are competent examples of a useful genre—the concise survey of the operation of the country's political system, its parties and interest groups, persistent issues, etc. The third articulates the dynamics of the German political process in its detailed study of the formulation of public policy.

HITLER AND THE BEER HALL PUTSCH. BY HAROLD J. GORDON, JR. Princeton: Princeton University Press, 1972, 666 pp. \$19.50.

An exemplary investigation of the primary sources that provides an enlightening case study of the roots of power, the weaknesses of the Weimar Republic and Bavaria's position vis-à-vis National Socialism.

DIE ENGLANDPOLITIK GUSTAV STRESEMANN'S: THEORETISCHE UND PRAKTISCHE ASPEKTE DER AUSSENPOLITIK. BY WERNER WEIDENFELD. Mainz: Hase and Koehler, 1972, 382 pp. DM. 42.

WESTORIENTIERUNG UND OSTPOLITIK: STRESEMANN'S RUSSLANDPOLITIK IN DER LOCARNO-ÄRA. BY MARTIN WALSDORFF. Bremen: Schünemann, 1971, 325 pp. DM. 35.

Concentrating on separate, circumscribed negotiations, both studies (solidly based on the wealth of unpublished primary source materials) contribute to the revisionist reconsideration of Stresemann's foreign policy as solely that of the "Good European."

DAS REGIERUNGSSYSTEM DER SCHWEIZ. BY KLAUS SCHUMANN. Cologne: Heymanns, 1971, 369 pp. DM. 60.

LA SUISSE CONTEMPORAINE: SOCIÉTÉ ET VIE POLITIQUE. BY JEAN ROHR. Paris: Colin, 1972, 349 pp. Fr. 14.

THE SWISS: A CULTURAL PANORAMA OF SWITZERLAND. BY WALTER SORELL. Indianapolis: Bobbs-Merrill, 1972, 303 pp. \$10.00.

Switzerland, according to a recent Gallup Poll of political leaders, is the world's best-governed country. The structure, operation and politics of her federal system are thoroughly examined in Schumann's study. Rohr ranges more widely (in concise handbook fashion) over the changing structure of Swiss society and its complex political life, counterpointing the myth with the current malaise. And if civic stability is the precondition for fostering high culture, then Sorell's engaging "cultural Baedeker" amply demonstrates that truism.

POLITICS IN AUSTRIA. BY KURT STEINER. Boston: Little, Brown, 1972, 443 pp. \$7.95 (Paper).

Not just another country study of government, politics, parties and processes, but an analytically sophisticated volume which focuses on the metamorphosis of Austria's Second Republic from a "consociational" or coalition-type government into a "depoliticized" democracy.

THE REPUBLIC AND THE CIVIL WAR IN SPAIN. EDITED BY RAYMOND CARR. New York: St. Martin's Press, 1971, 275 pp. \$10.00.

IN HIDING: THE LIFE OF MANUEL CORTES. BY RONALD FRASER. New York: Pantheon, 1972, 238 pp. \$6.95.

The fresh insights and sound scholarship of the nine contributing essayists commend the superb collection edited by Carr to all readers interested in Spain and the Civil War. How the events of the 1930s, and their consequences, were *lived* by working-class Spaniards in rural Andalusia is movingly chronicled in Fraser's skillfully rendered interviews with the Cortes family; these memoirs are a document of prime importance.

HISTORY OF PORTUGAL. VOLUME II: FROM EMPIRE TO CORPORATE STATE. BY A. H. DE OLIVEIRA MARQUES. New York: Columbia University Press, 1972, 303 pp. \$15.00.

A history of Portugal in the nineteenth and twentieth centuries which explains much about this anomaly among today's world polities—backward economy, corporate state with all the trappings and iniquities of dictatorship, NATO member, fossil empire stubbornly waging racial war to retain its overseas "provinces."

NORWAY. BY RONALD G. POPPERWELL. New York: Praeger, 1972, 335 pp. \$11.50.

Among other Scandinavians, the self-preoccupation of the Norwegians is proverbial. That acute concern with "Norwegian-ness" is well conveyed in this addition to the "Nations of the Modern World" series; only about one-fifth of the text covers the post-World War II years.

The Soviet Union and Eastern Europe

INTERNATIONAL LAW AND THE REVOLUTIONARY STATE: A CASE STUDY OF THE SOVIET UNION AND CUSTOMARY INTERNATIONAL LAW. BY RICHARD J. ERICKSON. Dobbs Ferry (N.Y.): Oceana/Leyden: Sijthoff, 1972, 254 pp. \$15.00.

Thorough research into Soviet writings and practice underlies this comprehensive study, the main theme of which is the Soviet Union's general acceptance, with due concern for its ideology and political aims, of much of customary international law.

THE BOLSHEVIK SEIZURE OF POWER. BY S. P. MELGUNOV. EDITED BY SERGEI G. PUSHKAREV. Santa Barbara (Calif.): ABC-Clio Press, 1972, 260 pp. \$15.00.

English translation of a significant historical work first published in Russian in Paris in 1953. The author, a liberal democrat, was an active participant in the revolutionary events of 1917–1920.

AUGENZEUGE IM STAATE LENINS. BY PAUL SCHEFFER. Munich: Piper, 1972, 449 pp. DM. 38.

Reprinted dispatches by the correspondent of the *Berliner Tageblatt* in Russia of the 1920s. Scheffer's personal ties with leading Soviet personalities and with the German Embassy, described in Margret Boveri's introduction, gave him a unique semi-political role.

JEWISH NATIONALITY AND SOVIET POLITICS. BY ZVI Y. GITELMAN. Princeton: Princeton University Press, 1972, 573 pp. \$20.00.

An excellent monograph on the place of the Jews in the Soviet society of the 1920s. The theme is the interplay of the Soviet Communist Party, the Jewish Communist leaders and the Jewish community in the combined process of modernization and Bolshevization of a minority not easily torn from its religious identity.

THE POLITICS OF SOVIET AGRICULTURE, 1960–1970. BY WERNER G. HAHN. Baltimore: Johns Hopkins University Press, 1972, 311 pp. \$12.50.

A detailed exercise in Sovietology, showing how the fortunes of political leaders were affected by agricultural issues and decisions.

THE POLITICS OF ECONOMIC REFORM IN THE SOVIET UNION. BY ABRAHAM KATZ. New York: Praeger, 1972, 230 pp. \$15.00.

A brief survey of basic economic policies since 1917, followed by analysis of the reforms of 1965 and their outcome. The theme is the tension between two imperatives: that of the totalitarian system and that of rational economic relationships.

THE HERO'S CHILDREN: THE POST-WAR GENERATION IN EASTERN EUROPE. BY PAUL NEUBURG. New York: Morrow, 1973, 383 pp. \$10.00.

An inquiry into the attitudes of youth (broadly defined), most revealing in that it pictures the complex reality of East European societies a full generation after the Communists came to power, rather than the stereotypes of either official ideology or Western interpretation.

REGIONAL DEVELOPMENT STRATEGY IN SOUTHEAST EUROPE: A COMPARATIVE ANALYSIS OF ALBANIA, BULGARIA, GREECE, ROMANIA AND YUGOSLAVIA. BY GEORGE W. HOFFMAN. New York: Praeger, 1972, 322 pp. \$17.50.

This ambitious book brings together a wealth of data and makes some interesting comparisons. Though it is essentially a summary of economic planning and reforms, with no surprises, the geographer's approach and the author's firsthand acquaintance with the area add other dimensions.

SOCIAL CHANGE AND STRATIFICATION IN POSTWAR CZECHOSLOVAKIA. BY JAROSLAV KREJČÍ. New York: Columbia University Press, 1972, 207 pp. \$11.00.

For the most part a book for specialists, Krejčí's work also relates facts and analysis of economics and social life to the broader subject of socialism with a human face.

POLITICAL GROUPING IN THE CZECHOSLOVAK REFORM MOVEMENT. BY VLADIMÍR V. KUSIN. New York: Columbia University Press, 1972, 224 pp. \$11.00.

A revealing study of the pluralism in Czechoslovak society which emerged with the gradual disintegration of the old structures of the Party, the trade unions and other monopolistic organizations before August 1968.

HITLER, HORTHY, AND HUNGARY: GERMAN-HUNGARIAN RELATIONS, 1941-1944. BY MARIO D. FENYO. New Haven: Yale University Press, 1972, 279 pp. \$10.00.

Relying on German documents and many other sources, Fenyo throws new light on some of the lesser-known episodes of wartime relations, especially the German Occupation of Hungary in 1943 and the abortive coup of October 15, 1944.

THE BULGARIAN JEWS AND THE FINAL SOLUTION, 1940-1944. BY FREDERICK B. CHARY. Pittsburgh: University of Pittsburgh Press, 1972, 246 pp. \$9.95.

The best scholarly treatment of what happened to the Bulgarian Jewish community in Hitler's Europe, and especially of what did not happen and why—because this community survived.

The Middle East and North Africa

MOSHE DAYAN: THE SOLDIER, THE MAN, THE LEGEND. BY SHABTAI TEVETH. Boston: Houghton Mifflin, 1973, 372 pp. \$8.95.

A solid and informative biography by a talented Israeli journalist. A friend of Dayan but no apologist, Teveth catches the personality which has infused his military and political battles: his brilliance, egotism, unorthodox ways and popular appeal.

JORDAN: A STUDY IN POLITICAL DEVELOPMENT (1921-1965). BY NASEER H. ARURI. The Hague: Nijhoff, 1972, 206 pp. Gldrs. 34.

General coverage of the various factors—internal and external—that limited domestic consensus and thus inhibited Jordan's attainment of nationhood.

UNITED NATIONS PEACEMAKING: THE CONCILIATION COMMISSION FOR PALESTINE. BY DAVID P. FORSYTHE. Baltimore: Johns Hopkins University Press (in coöperation with the Middle East Institute), 1972, 201 pp. \$10.00.

The value of the book lies in the detailed history of the work of the CCP in 1949, which brings out some significant points and conclusions relevant to later attempts at peacemaking.

THE THIRD ARAB-ISRAELI WAR. BY EDGAR O'BALLANCE. Hamden (Conn.): Archon Books, 1972, 288 pp. \$10.00.

The indefatigable O'Ballance continues his timely series of military histories of recent small wars. His careful account of Israel's victory profits from assistance given by Israeli participants, but he had no comparable help from the other side in chronicling the Arab defeat.

SYRIA. BY TABITHA PETRAN. New York: Praeger, 1972, 284 pp. \$11.00.

Generally an informative historical and political survey, although the author does not muffle her antipathy to Western policies, to Israel and to certain Arab leaders.

DER NEUE NAHE OSTEN. BY HANS HENLE. REVISED AND EDITED BY CURT ULLERICH. Frankfurt/Main: Suhrkamp, 1972, 526 pp. DM. 8.

This review of Middle East politics since World War II stresses the trends of nationalism and socialism, the leading role of Nasser, and the futility of neo-colonialism. Henle's original book was published in 1966; Ullerich brings the story to 1971.

THE CAIRO DOCUMENTS: THE INSIDE STORY OF NASSER AND HIS RELATIONSHIP WITH WORLD LEADERS, REBELS, AND STATESMEN. BY MOHAMED HASSANEIN HEIKAL. Garden City: Doubleday, 1973, 360 pp. \$10.00.

This American version (French edition reviewed in October 1972 issue) contains additional information of particular interest to the U.S. audience, as well as an introduction by Edward R. F. Sheehan.

South and Southeast Asia

BANGLADESH: TRAGÖDIE EINER STAATSGRÜNDUNG. BY PETER HESS. Frauenfeld (Switzerland): Huber, 1972, 227 pp. DM. 19.80.

Thorough, unbiased, compassionate, this is the best survey to date of the tragic and ironic circumstances surrounding the birth of the latest new nation. Hess, South Asia correspondent of the *Neue Zürcher Zeitung*, demonstrates again why his Swiss paper's journalistic standard remains among the world's highest.

THE DYNAMICS OF INDIAN POLITICAL FACTIONS: A STUDY OF DISTRICT COUNCILS IN THE STATE OF MAHARASHTRA. BY MARY C. CARRAS. New York: Cambridge University Press, 1972, 297 pp. \$19.50.

It is a slanderous cliché that Indian domestic politics are caste-ridden and that Indian politicians are motivated more by a search for personal power than by principle. This painstaking piece of social research demonstrates that factional alignments, in one Indian state at least, depend primarily on conflicts of economic interest, and that ethnic communalism and power-lust are no more decisive in India than elsewhere.

PARTNERS IN PEACE: A STUDY IN INDO-SOVIET RELATIONS. By K. NEELKANT. Delhi: Vikas Publishing House, 1972, 192 pp. (Portland, Ore.: International Scholarly Book Services, distributor, \$6.00).

A panegyric to Indo-Soviet coöperation. The author notes that Indian policy toward Kashmir, China, Goa and Pakistan has always found Soviet support, and suggests that such support is essential to counteract "Sino-American intervention."

NEPAL: RAUM, MENSCH UND WIRTSCHAFT. By WOLF DONNER. Wiesbaden: Harrassowitz (for the Institut für Asienkunde, Hamburg), 1972, 506 pp. DM. 128.

The physical, industrial and social geography of Nepal is treated here in extraordinary detail; essential for specialists.

THE POLITICS OF HEROIN IN SOUTHEAST ASIA. By ALFRED W. MCCOY, WITH CATHLEEN B. READ AND LEONARD P. ADAMS, II. New York: Harper and Row, 1972, 464 pp. \$10.95.

A fine and infuriating study of the intricate history of drug addiction and drug supply in the Southeast Asian "Golden Triangle" and the United States. Its startling thesis: that present U.S. policy maintains the national security of Asian satellite governments while destroying its own national health.

REGION OF REVOLT: FOCUS ON SOUTHEAST ASIA. By MILTON OSBORNE. Baltimore: Penguin, 1972, 201 pp. \$2.25 (Paper).

This concise but wide-ranging analysis puts the chronic Southeast Asian political instability of the last quarter-century in an historical and sociological perspective. The author, Australian diplomat and history professor, sees little prospect of lasting peace until the transition from economic poverty to sufficiency and from cultural traditionalism to modernity is further advanced.

THE END OF NOWHERE: AMERICAN POLICY TOWARD LAOS SINCE 1954. By CHARLES A. STEVENSON. Boston: Beacon Press, 1972, 367 pp. \$8.95.

How is U.S. foreign policy made? For Laos, at least, not by the President or Congress, but by the pulling and hauling of various bureaucratic factions—State, Defense, CIA, AID—all with vested interests, and with the man on the spot often subject only to the most tenuous central control.

SUKARNO: A POLITICAL BIOGRAPHY. By J. D. LEGGE. New York: Praeger, 1972, 431 pp. \$10.95.

Leader in the independence struggle, charismatic politician, father of his country—Sukarno was one of a small group of contemporaries throughout Africa and Asia who played this remarkable role. Legge catches the flavor of the times and the man: the latter, perhaps, a tragic figure in the classical sense, betrayed by the vices of his virtues.

MALAYSIA—A COMMENTARY. By S. NIHAL SINGH. New York: Barnes and Noble, 1971, 268 pp. \$10.00.

Tracing the troubled history of the Malay nations over the last decade, the author, Southeast Asia correspondent of *The Statesman* of India, concludes that regional integration along the lines of the "Maphilindo" concept offers the only long-term hope for stability. His analysis suggests that hope, rather than probability, is the appropriate term for that outcome.

THE FUTURE ROLE OF SINGAPORE. By DICK WILSON. London: Oxford University Press (for the Royal Institute of International Affairs), 1972, 120 pp. £1.30 (Paper).

One of the best of the seasoned Southeast Asia correspondents ponders the economic, social and political quantities in the Singapore equation. His solution: Singapore must become a "global city," a neutral mercantile and diplomatic entrepôt for all the powers in Asia.

East Asia and the Pacific

THE LONG REVOLUTION. BY EDGAR SNOW. New York: Random House, 1972, 269 pp. \$6.95.

The last notes of the journalist who, more than any other, has explained China to the world. These interviews (with Mao and Chou in 1970), political sketches and travel jottings are of the same standard as their predecessors. One striking image, among others: "[Mao] said he was not a complicated man, but really very simple. He was, he said, only a lone monk walking the world with a leaky umbrella."

DIE AUSSENPOLITIK DER VOLKSREPUBLIK CHINA. BY JÜRGEN DOMES AND MARIE-LUISE NÄTH. Düsseldorf: Bertelsmann Universitätsverlag, 1972, 221 pp. DM. 19.80.

In a precisely detailed examination the authors predict neither a reanimation of Soviet-Chinese ties nor a return to the politics of militant Afro-Asian solidarity, but a delicate approach to a three-cornered coexistence with the United States and Japan.

THE LIMITS OF FOREIGN POLICY: THE WEST, THE LEAGUE AND THE FAR EASTERN CRISIS OF 1931-1933. BY CHRISTOPHER THORNE. New York: Putnam, 1973, 442 pp. \$12.95.

A landmark study of a landmark event, in which the author utilizes the full range of Western-language sources as well as a formidable array of private papers to put events into their contemporary setting. While none of his conclusions are strikingly new, the work illuminates not only one crisis but a generation of British and American policy in Asia.

NEW ERA IN THE PACIFIC: AN ADVENTURE IN PUBLIC DIPLOMACY. BY JOHN HOHENBERG. New York: Simon and Schuster, 1972, 539 pp. \$11.95.

The author, a professor of journalism, weaves personal interviews with many Asian leaders into an historical tour of the Pacific and South Asian horizon since World War II. He concludes that the United States should willingly contribute to the coming era when Asians "become the masters of their own continent."

JAPAN AND EAST ASIA: THE NEW INTERNATIONAL ORDER. BY DONALD C. HELLMANN. New York: Praeger, 1972, 243 pp. \$8.00 (Paper, \$2.95).

In this thorough analysis of the choices facing Japanese foreign policy in Asia, Hellmann eschews the temptation to go out on any limbs of prediction. But he notes, correctly, that the present policy of peaceful economic status depends on the continuation of both reasonably amicable relations with Peking and a credible U.S. security guarantee or the functional equivalent thereof.

BLACK STAR OVER JAPAN: RISING FORCES OF MILITARISM. BY ALBERT AXELBANK. New York: Hill and Wang, 1972, 240 pp. \$7.95.

Will Japan again seek the status of a military great power? The author, ex-UPI Taiwan correspondent, paints an overwrought and one-sided picture of traditional militarism, nuclear revanchism and the like. However, his own interviews suggest that most influential Japanese leaders are opposed to such a prospect, and for excellent reasons. (The book was written before the normalization of Japanese relations with China.)

THE CONTROL OF IMPORTS AND FOREIGN CAPITAL IN JAPAN. By ROBERT S. OZAKI. New York: Praeger, 1972, 309 pp. \$18.50.

Both U.S. and European business communities have accused Japan of unreasonable and illegal restrictions on foreign investment, while deploring Japanese penetration of their own bailiwicks. Ozaki, however, has provided a view of the situation which is both a valuable compendium of Japanese legislation and policy statements and an analysis of how, under certain circumstances, a policy of limited and strategic protectionism can work spectacularly well.

JAPANESE FOREIGN POLICY ON THE EVE OF THE PACIFIC WAR: A SOVIET VIEW. By LEONID N. KUTAKOV. EDITED BY GEORGE ALEXANDER LENSEN. Tallahassee (Fla.): Diplomatic Press, 1972, 241 pp. \$15.00.

Soviet scholar and now a U.N. Under Secretary-General, Kutakov argues that the Pacific war was facilitated by the unavailing U.S. and British attempts to arrange a peaceful settlement with Japan, and that they only joined the Soviet Union in common opposition when vital Anglo-American interests were threatened. The fact that the U.S.S.R. was the only power to conclude such agreements—not only with Japan but with Germany as well—vitiates the holier-than-thou tone but not the essential argument.

GOVERNMENT AND POLITICS OF KOREA. EDITED BY SE-JIN KIM AND CHANG-HYUN CHO. Silver Spring (Md.): Research Institute on Korean Affairs, 1972, 331 pp. \$4.90.

A group of expatriate Korean scholars analyze the mechanisms and antagonisms of government in both the northern and southern states, and the outlook for contacts between the two. The collection of essays is perceptive and largely unbiased by ideological preconceptions.

COLONIALISM, DEVELOPMENT AND INDEPENDENCE: THE CASE OF THE MELANESIAN ISLANDS IN THE SOUTH PACIFIC. By H. C. BROOKFIELD. New York: Cambridge University Press, 1972, 226 pp. \$16.50.

The fate of the Melanesian islands—ruled severally or successively by Holland, Germany, Britain, France, Australia, Japan, Indonesia and the United States—has been chaotic and traumatic. This study attempts to place it in the context of an historical process of colonial penetration, economic transformation and the growth of political resistance. The author's disturbing forecast for the area: great-power conflict, ethnic rivalry and social turmoil.

AUSTRALIAN DIPLOMAT: MEMOIRS OF SIR ALAN WATT. Sydney: Angus and Robertson (in association with the Australian Institute of International Affairs), 1972, 329 pp. A\$8.50.

Diplomatic reminiscences of a generally chatty and personal nature. Hints for the neophyte: Japanese domestic servants are the best; Washington, D.C. is not a safe city to live in; "Moscow tummy" is horrible; visiting Australians are a pain in the neck.

Africa

CULTURAL ENGINEERING AND NATION-BUILDING IN EAST AFRICA. BY ALI A. MAZRUI. Evanston: Northwestern University Press, 1972, 301 pp. \$10.00.

The political intentions and cultural characteristics which have shaped the differing national institutions of Kenya, Tanzania and Uganda emerge clearly from this straightforward but richly detailed study by the eminent East African political scientist. Though fairly objective throughout, Mazrui sees fewer pitfalls in Kenya's version of "African capitalism" than in Tanzania's self-reliant (and denying) communalism or Uganda's mixture of the two.

THE FRENCH PRESENCE IN BLACK AFRICA. BY EDWARD M. CORBETT. Washington: Black Orpheus Press, 1972, 209 pp. \$12.50.

Modernization will inevitably erode France's influence in her ex-colonies, in the author's view. However, his account indicates in dispassionate detail that French permeation into every phase of institutional life in these ex-colonies is still impressive, as well as profitable for all concerned.

NIGERIAN MODERNIZATION: THE COLONIAL LEGACY. BY UKANDI GODWIN DAMACHI. New York: Third Press, 1972, 145 pp. \$7.95.

A Nigerian social scientist looks at what the West has wrought in his country, accepting as inevitable the growth of social stratification, the decline of family and tribal ties, the increasing urbanization.

SOUTH AFRICA: CIVILIZATIONS IN CONFLICT. BY JIM HOAGLAND. Boston: Houghton Mifflin, 1972, 428 pp. \$10.00.

The Africa correspondent for *The Washington Post* eloquently and perceptively surveys southern Africa—within and outside the *laager*—sketching the daily lives and besetting problems of all strata of the separated societies. He advocates a unified attempt on the part of the United States and the Soviet Union to gain concessions from the white minority.

SWAZILAND: THE DYNAMICS OF POLITICAL MODERNIZATION. BY CHRISTIAN P. POTHOLM. Berkeley: University of California Press, 1972, 183 pp. \$8.00.

The story of a wise and powerful king, the traditional ruler of the Swazi people, who bent but did not break in the winds of change and who was elected head of state when his country became independent. This harmonious alliance of the traditional and the modern is unique in independent Africa.

IN THE EYE OF THE STORM: ANGOLA'S PEOPLE. BY BASIL DAVIDSON. Garden City: Doubleday, 1972, 367 pp. \$7.95.

A prolific historian looks at Angola's past and present struggles through the eyes of the African insurgents. He feels that only through the sort of "participation" by Africans in their own destinies forged in such a revolutionary struggle can the ex-colonies be really free.

AFRICA AND THE DEVELOPMENT OF INTERNATIONAL LAW. BY T. O. ELIAS. Leyden: Sijthoff/Dobbs Ferry (N.Y.): Oceana, 1972, 261 pp. \$13.00.

The author is Dean of the Faculty of Law at the University of Lagos; his book—whose separate chapters were written for diverse occasions—is a mixed bag. Recommended: sections on government under law in Africa, the new states and the United Nations, the legality of illegal regimes in Africa.

SOURCE MATERIAL

By Donald Wasson

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