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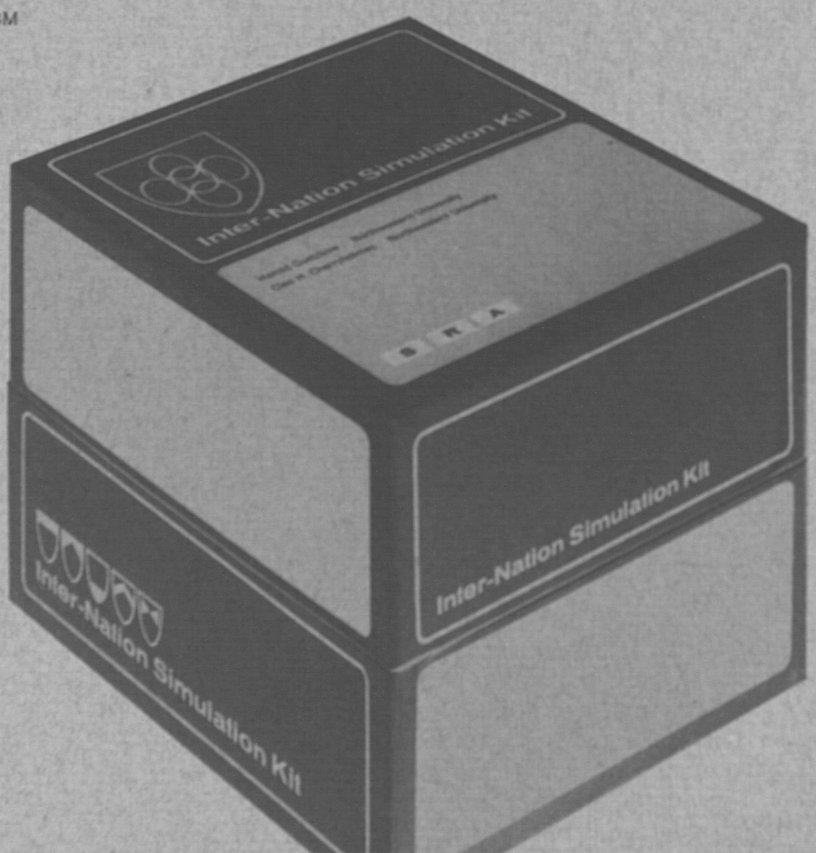

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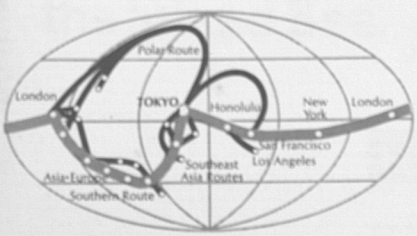

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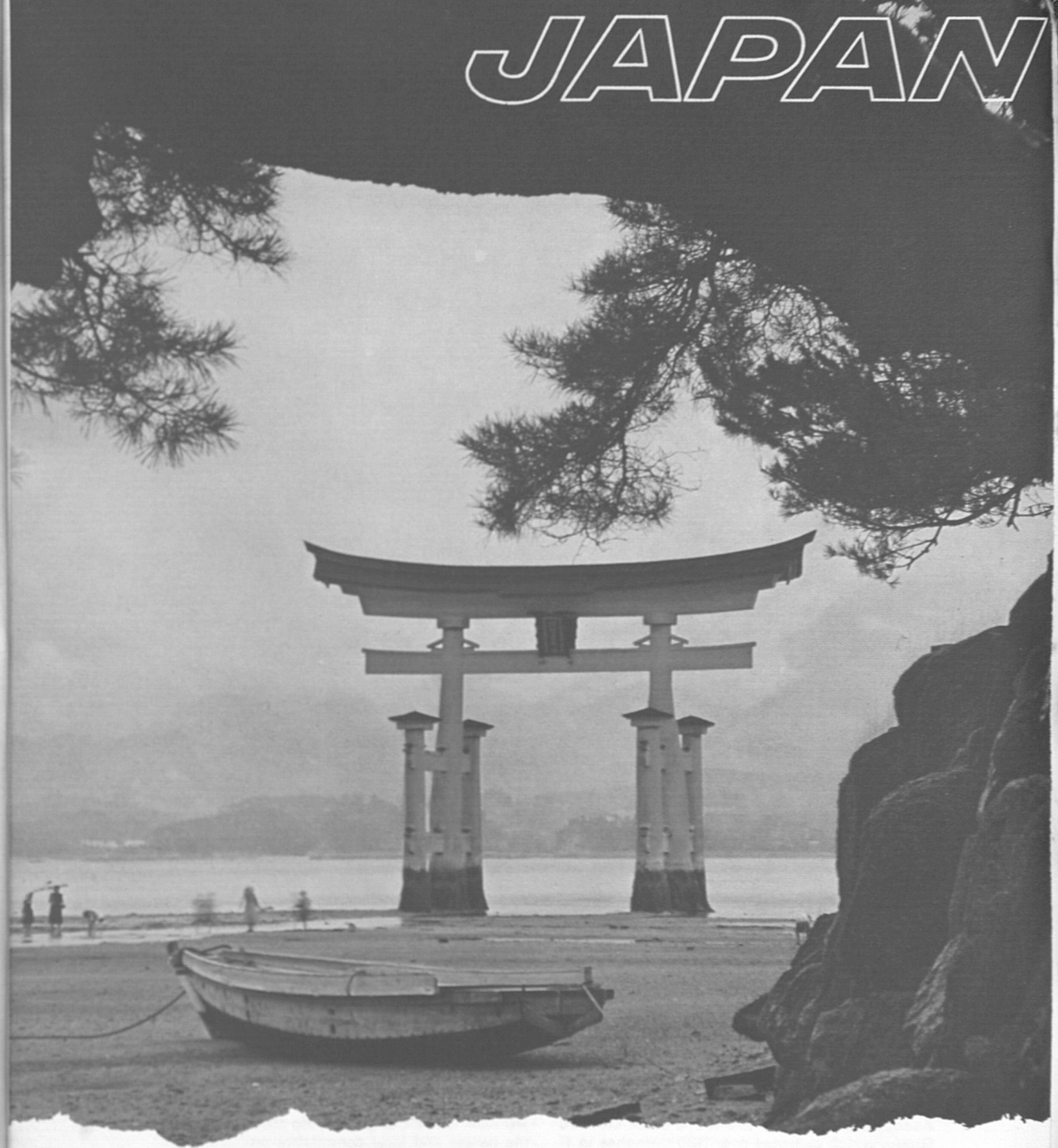

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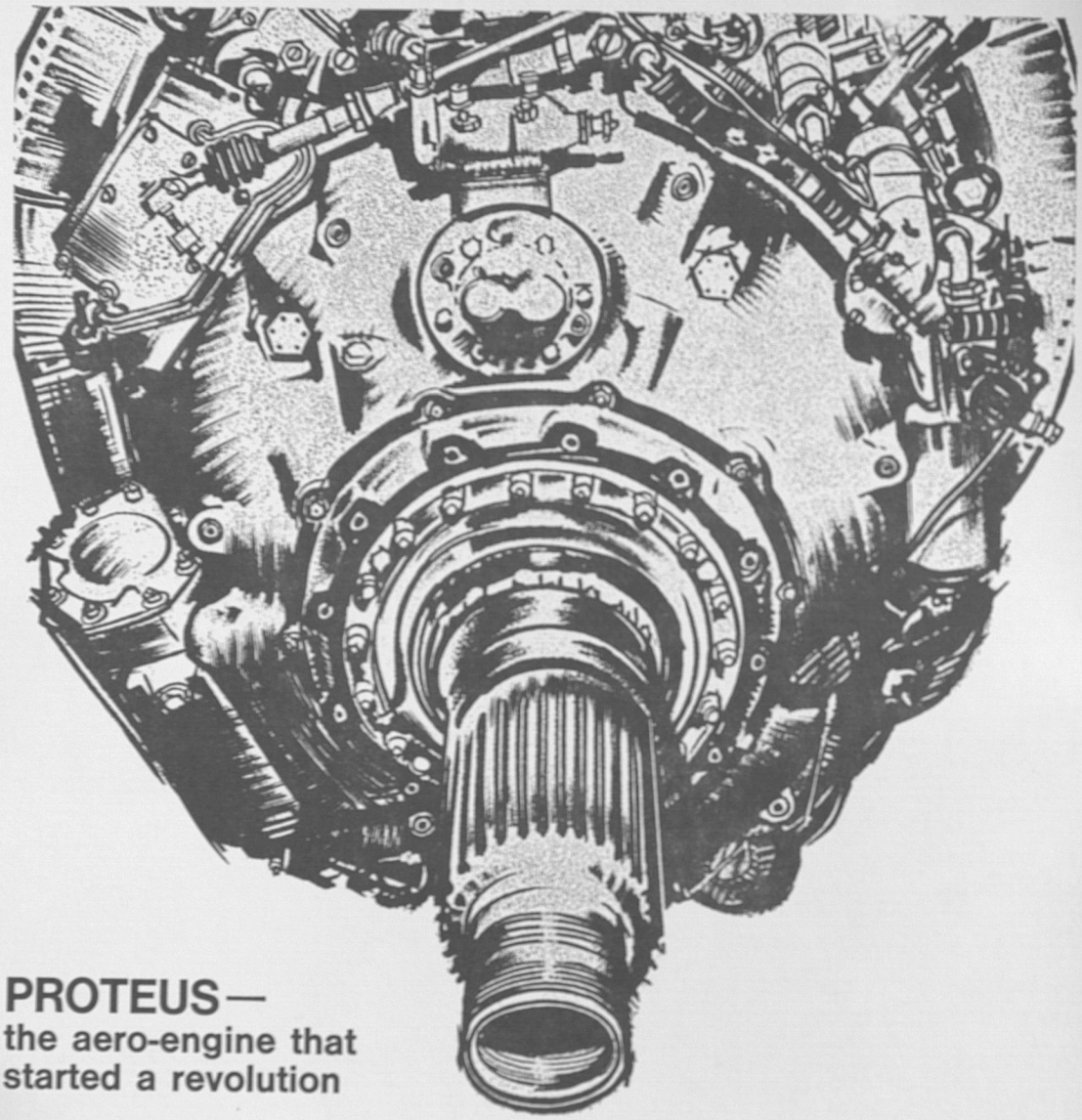

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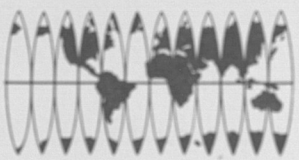

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FOREIGN AFFAIRS

Vol. 45 APRIL 1967 No. 3

"EUROPE" VERSUS "DÉTENTE"?

By Marshall D. Shulman

IT would be an exaggeration to describe the current discussion of our relations with the Soviet Union and with Western Europe as another Great Debate. Perhaps in the language of the times it might be called a Mini-Debate, distracted as it is and emotionally charged by events elsewhere which, however, may prove to be less fateful in the long run.

Implicit in almost every aspect of the discussion is one central issue: whether efforts to salvage or improve our relations with our West European allies work against our attempts to achieve some sort of a détente with the Soviet Union, and if so, which consideration ought to receive the higher priority in our policies.

The question is raised in many forms. In the debates as to whether the United States should proceed with the treaties regarding consular arrangements, the proliferation of nuclear weapons or the prohibition of certain military activities in space, the arguments tend to be less concerned with the specific merits of the treaties themselves than with the symbolic significance of such arrangements as part of a rapprochement between the United States and the Soviet Union. The advocates assert that only old habits of thought about the cold war persist in keeping alive the "communist menace," that the new fluidity of European political life—East and West—has created a new situation ripe for a Soviet-American settlement, made more feasible by the mutuality of their concerns about China. It is often further implied that a lesser American involvement in European affairs and a contraction of our commitments elsewhere would be a desirable concomitant of such a rapprochement.

The main line of argument against this position has been that Soviet behavior does not yet evidence the good faith which would make such a settlement possible (witness the Soviet supply of

war matériel to North Viet Nam and the National Liberation Front), and that the pursuit of an illusory rapprochement with the Soviet Union would hasten the final dismantling of the Atlantic Alliance, which ought to be the cornerstone of American policy in the present period.

In the background of the effort to reconcile these conflicting positions are shadowy uncertainties about recent political developments in Europe. Almost everyone agrees that something new has been happening in European political life, but it has not yet been possible to define what that "something" is, or how deeply it changes the nature of the political alignments in Europe. In the West, does the "European" drive still fundamentally conform to the Monnet vision, only temporarily interrupted by General de Gaulle? Or has the momentum in this direction now passed, and been replaced by a European idea which is essentially that of a loose relationship among nation-states desiring a role in international politics more independent of the United States? In Eastern Europe, has the fragmentation of Soviet control reached the point at which inter-bloc arrangements across Europe can supersede the further development of West European integration? The answers involve assessments of profound social transformations whose outlines may not become clear to us for some time; and they will have an obvious bearing on the kind of relationship to be sought across the Atlantic—whether an institutionalized integration or a gradual and pragmatic extension of certain economic functions during a period in which military and political integration may be less feasible. But whatever form or degree of Atlantic integration may be possible, the more immediate question remains whether we are compelled to choose between strengthening the alliance and achieving a détente with the Soviet Union.

One factor that has contributed to making these seem conflicting alternatives is that in practice the United States has adduced the Soviet military threat as the principal motivation for the Western Alliance. Other and more positive motivations are mentioned, but from the earliest days of NATO and particularly since 1950, American estimates of the military requirements have run substantially higher than those of our European allies, and our analysis of Soviet intentions and capabilities has furnished our main arguments in behalf of the alliance.

On both sides of the Atlantic there are wide differences in pres-

ent estimates of the Soviet military threat, but it seems fair to say that the prevailing West European estimate has been diminishing relative to our own official estimate, and that this has been a major factor in the weakening of the alliance. At the same time, the volatile nature of American responses to a potential détente with the Soviet Union has created uncertainty in Europe about the seriousness and steadiness of our own view of the Soviet problem. The net effect has been to counterpose the détente and the alliance as alternative policies. Can we clarify our understanding of the present character and extent of the dangers represented by Soviet policies, and work with our allies toward common language on the kind of a response now required for the West? Can we clarify our understanding of the kind of détente with the Soviet Union that may be possible in the present period, as distinguished from the longer-range settlements toward which we would like to work? The implication in the way these questions are posed is that a two-stage approach to the détente question may help to reduce some of the confusion regarding different time-scales and functions which lies at the root of this apparent contradiction.

II

The reasons why the Soviet military threat is now perceived by some in this country and many in Europe as substantially lower than before have to do more with impressions of Soviet intentions than with estimates of Soviet military strength. These estimates have been increasing of late, both absolutely and in some respects relative to our own, although our lead in strategic capabilities seems assured at least for several years to come. Among the factors generally cited are the following:

1. The fragmentation of the communist bloc is widely regarded as having eliminated or reduced the effectiveness of any serious challenge from the communist nations. "The communist bloc is no longer monolithic." The Chinese defiance of the Soviet leadership, the increased autonomy in foreign-policy matters asserted by some East European states and the lack of coördination of the foreign communist parties are cited as reasons for believing that the "containment" of communist expansionism is no longer necessary and that the possibilities for settlements with the Soviet Union are now greater.

2. The changes which have been taking place inside the Soviet

Union are regarded by many as having transformed the Soviet system to the point that its foreign policies are expected to be essentially conservative and non-ideological, rather than dynamic and disruptive.

3. In recent years, Soviet policies have tended, with some exceptions, to emphasize indirect and longer-term modes of advancing Soviet interests, rather than direct and militant challenges. This has lessened the incidence of dramatic confrontations which formerly stimulated cohesion and mobilization in the West. It is generally accepted that this evolution of Soviet policy is largely due to the success of the Western Alliance. The differences are in the interpretation of the ambiguities of "peaceful coexistence" in Soviet strategy.

4. In recent months the discussion of increased intercontinental missile production and anti-ballistic missile deployment in the Soviet Union has raised questions about whether we may be approaching the end of a stabilized plateau in the strategic arms race. Nevertheless it is widely assumed that the Soviet leadership has accepted, or must in logic accept, a common or parallel interest with the United States in restraining the arms race, at least at the strategic level.

Each of these factors has considerable force, but there is a tendency in public discussions to draw immoderate conclusions from them. Understandably, many in this country and in Europe react against the oversimplifications of the past by regarding the "communist menace" as having been a myth from the start, or as having become so negligible that little or no defense against it is now required. As a result, the discussion has become so polarized between assertions of "threat" and "no threat" that it has become difficult to get public attention to focus upon processes of change in international politics which are in fact complex and ambiguous. The net effect of these processes, I would argue, has not been to eliminate the conflict relationship with the Soviet Union but to change its character; and the starting point for any Western policy must be to find more appropriate terms for describing the nature of the political contest in which we are now engaged. What the Western Alliance faces in the present period is not, I suggest, the spectre of world communist revolution, nor of a Soviet effort to communize Western Europe, nor of Soviet forces preparing for the military conquest of Europe, but the problem of how to take the measure of a Soviet effort to use po-

litical, economic and military means to strengthen its influence on the European continent.

In evaluating the effects of the undeniable fragmentation of the communist bloc, it would be as mistaken to conclude that this process eliminates any serious challenge from the Soviet Union as it would be to say that the disarray in the Western Alliance disposes, for the Russians, of the challenge of American power. What this process of fragmentation does dispose of is the bogey of a unified, articulated threat, which was probably never as monolithic as we once saw it. It is useful to be reminded that local manifestations of communism have to be considered in their local contexts, and that differentiated responses are required in each case; but it does not follow that either local communist movements or Soviet or Chinese power are no longer matters of concern. It may even be that if Soviet policy can demonstrate the necessary resilience, the Soviet Union may turn to advantage the possibility of drawing upon increasingly nationalist sources of support for the separate elements of the communist movement.

It is clear that the recent developments in China have been a source of distraction, uncertainty and anxiety to the Soviet leadership. It is not yet possible to gauge the full effects of these developments upon Soviet policy, but predictions of a Soviet alliance with the West against China appear to be at the extreme edge of optimism, considering the residual suspicions in the Soviet-Western relationship. Clearly the Sino-Soviet dispute, together with the climate of reduced tension in Europe, has intensified nationalist trends in Eastern Europe, and has encouraged a greater degree of independence in the foreign policies of some East European countries. These countries have resisted the Soviet effort to isolate the United States in European politics, largely because they fear this would reduce their own freedom of manœuvre. All this does certainly limit the Russians' freedom of action and requires them to exercise much more persuasion in intra-bloc relations than formerly. The opening up of Eastern Europe to Western influences and the development of trade and cultural ties across the European continent introduce ambiguity and movement in European politics which may have important long-run effects even in the Soviet Union itself. However, for the immediately foreseeable future the process has certain limits which are imposed by Soviet security conceptions and by the groups which exercise political control in these countries. Of

course, the arrows point in both directions: Soviet diplomacy will seek to exploit the opportunities offered by the new fluidity in Europe to influence the political alignments in the West.

Regarding the assumption that domestic social transformations have begun to have a conservative effect on Soviet foreign policy—a large subject about which much has been written—perhaps it would be fair to say, by way of a summary contention, that this involves at least two uncertainties: one, the time-span required for qualitative changes to make themselves felt, and the other, the direction in which these changes are in fact moving. While the party and police bureaucracies are intact and in unchallenged political control, it does seem premature, at least, to argue as the Chinese and some Westerners do that the Soviet Union has already become something of a bourgeois state.

It is true that pockets of autonomy have developed here and there in Soviet society, and that the process of decision-making has grown more complex and bureaucratized in response to the requirements of advancing industrialization. But there is a distinction to be made between administrative decision-making and the exercise of political power, the devolution of which may take a very long time—if indeed the Soviet political structure is moving in that direction. It is also true that Soviet policy is and always has been fairly conservative in the sense that it has been cautious about risk-taking. The fundamental dynamism of Soviet policy, which arises partly out of national growth and partly out of ideology, may be diminished by domestic economic problems and by the reduction of external opportunities, but there is no evidence that it has yet been diminished by transformations within the Soviet system.

Soviet policies toward Western Europe increasingly reflect traditional methods of seeking national advantage, but this is not to say that the ideological factor in Soviet policy has become negligible. Here it is important to distinguish between the ideologically expressed goal of world revolution, which has gradually receded to a point at which it may have little operational significance, and other aspects of the ideology which have changed more slowly and which cannot be said to have lost their operational effect upon Soviet policy. The Marxist-Leninist framework of analysis of historical trends, although it has been evolving, remains an important factor in the Soviet view of Western systems as obsolescent and inherently a source of conflict. It is still

an obstacle to genuinely coöperative relations with the West and particularly with the United States; it does not prevent limited coöperation in certain areas, but its assumption of fundamental incompatibility does set limits on the degree of coöperation possible in the present period. This framework of perception is more strongly represented in certain age groups and in certain parts of the bureaucracy than in others, and it may therefore have a diminished effect in the future. In the meantime it forms one of the demarcations between present and future phases of East-West relations.

Turning now to an evaluation of "peaceful coexistence" in Soviet policy, the most striking paradox is how much Western policy has been the victim of its own success. The evolution of Soviet policy toward a more indirect and long-term mode of advancing its interests is a logical response to the facts of life which the Western Alliance helped to create: the West's strategic superiority, its high growth rates and its firmness in resisting direct militant pressures. Now, while the Western Alliance is trying to adapt to the removal of those overt pressures which formerly held the alliance together, the Soviet Union is groping for realistic ways of increasing its influence.

In practice, peaceful coexistence has meant an increasingly active diplomatic effort in the theater most likely to be decisive for the balance of power—Europe. The revival of Western Europe's economic power reduced the Soviet hope of revolutionary social transformations, but it opened up possibilities for political manœuvre amidst the tensions that accompanied the growing European desire for a role in international affairs more independent of the United States. Viet Nam introduced a qualitative leap forward for the Soviet Union in Western Europe, partly because of the unpopularity of the American position in Viet Nam, but even more because the war occupied so much of our attention and energy. Exploiting the advantages offered by the decline of American influence in Europe, the Soviets have intensified their efforts to weave a network of technological, trade, cultural and political relationships with the major countries of Western Europe, as well as with Canada and Japan.

How better to dramatize this campaign than to have the Soviet President visit the Pope! How better to symbolize the Soviet effort to reach across the political spectrum—the Russian revolutionary fist now unclenched into an outstretched hand! It has

been an active year for Soviet diplomacy in Europe: de Gaulle to Moscow, Kosygin to Paris; Wilson to Moscow (twice), Kosygin to London; Gromyko and then Podgorny to Rome; Demichev and then Podgorny to Vienna—talking trade, cultural exchanges and technological coöperation. . . . Soviet-European coöperation to overcome the technological gap with the United States. . . . Europe for the Europeans—a low-keyed reiteration of the theme of the Bucharest communiqué of the Warsaw Pact powers last July, calling for a European conference to reach a settlement of European problems, liquidating NATO and the Warsaw Pact, merging the Common Market into an all-European arrangement, legitimizing the sovereign rights of the German Democratic Republic.

But here is the most difficult problem for Soviet diplomacy—what to do about Germany? The leverage offered by General de Gaulle is obviously useful in weakening the Western Alliance and reducing the American presence in Europe, but in their second thoughts the Soviets have wondered whether the "objective consequence" of this line of action might not be to leave the Federal Republic as the strongest power in Western Europe. No clear answer to this dilemma has appeared, but the tentative strategy has been to isolate the Federal Republic with the intensified themes of "revanchism" and "militarism," while implying that advantages might accrue from the recognition of the German Democratic Republic. The price held out to the Germans of détente with the Soviet Union is the continued division of Germany and detachment from the United States.

What is the purpose of this effort? The answer begins with the recognition that, in the absence of general war or the active threat of war, the decisive issue is the place of industrial Europe in the world power balance. The Soviet hope is that, as a result of the present fluidity in European political life and our diminished influence in Europe, it can increase its influence to the point where it can bring the individual European nation-states into some form of closer and perhaps subordinate relationship, thereby enhancing its power position relative to the United States. It should be stressed that this is mainly a political and economic effort over a period of time during which Soviet leaders hope they will have strengthened their economic base of power; it is not primarily a military threat, although Soviet military capabilities will of course lend support to Soviet diplomacy.

Whether this is a realistic expectation depends upon a number of imponderables. What is involved is an historic gamble. From the viewpoint of Western Europe, increased contacts in a climate of reduced tension offer an opportunity to soften the ideological barriers, to wean away the East European states, and to prepare the ground for a European settlement. From the Soviet point of view, the expectation is that these increased contacts will provide leverage to prod the West European states toward a loose coalition against the United States. What is in question is not whether there should be increased contacts between Eastern and Western Europe—for these are irresistible in the present tide of politics—but whether there can be enough coördination and political consciousness in the management of these contacts so that the effect will be a strengthening of European independence rather than fragmentation and subordination. Call it morbid optimism, perhaps, but such are the complexity and intractability of these matters that one is tempted to guess that whichever side gains the advantage, it is likely to be because the ineptitude of the adversary exceeded its own.

It was suggested at the start that a certain commonality of interest exists between the Soviet Union and the United States in reducing the hazard of general war. How far is the assumption warranted, and to the extent that it is, how far does it serve to limit the political rivalry just described?

There can be no doubt that if logic and rationality prevail, the two great powers must recognize the mutuality of their interest in preventing the outbreak of general nuclear war. Indeed, they have done so, within limits. The arms race has not as yet gone through the roof: tacit restraints have been accepted in practice, as each side has learned through experience the interacting effects of measures to improve its situation, and budgetary pressures have provided some constraints as well. There are some buts, however. It has proved impossible so far to translate this common interest into agreed limitations on armaments, for reasons which are all too familiar. The use of military chips to support a diplomatic hand carries the constant risk that events may carry a crisis situation beyond rational control. The natural professional zeal of military interests on both sides to achieve a security based upon superiority provides a continuing dynamic to the arms race, as we see currently illustrated in the pressures for anti-ballistic missiles. The Viet Nam conflict, and the prospect

of many other local conflict situations in Asia, Africa and Latin America, have weakened the emerging confidence that there was a low probability of general war. And the growth of Chinese military power has added a complicating factor which, for the present at least, makes the prospect for any arms-reduction agreements an academic question, as people are unfortunately fond of saying, by which they usually mean that it is without practical significance.

The important point to observe, however, is that even if we act on the assumption—as I believe we should—that with time the Soviet Union and the United States can and will find ways to stabilize and ease their military confrontation, this does not necessarily mean any easing of their political rivalry. There is not an inevitable continuum between arms control and a political truce. It has been an error, I believe, to argue in favor of particular arms-control measures as though they could remove tensions which arise from basic political conflicts of interest. Of course, the prevailing level of tension is not irrelevant to the arms race; however, symbolic measures designed to reduce tensions, but having nothing to do with the substance of our conflicting concerns, may prove to be worse than useless, for they lead to self-deception and miscalculation. Therefore, in striving to find practical ways of exploiting the common interest in preventing general war, it is essential to recognize that the mutuality of aims is limited, that rivalry on many fronts may continue, and that arms-control measures are not necessarily linked to a political rapprochement.

III

This brings us to the question of détente. What kind of a détente with the Soviet Union is possible in the present period? To begin with, the term itself is imprecise and often misleading. Although in its strict sense détente suggests only some reduction of tension, it is generally used to connote a political rapprochement. In retrospect, we see that even in the periods when "détente" was on everyone's lips, as in 1959 and again in 1963–64, the word had at best a qualified application, since the reduction of tension was accompanied by strenuous Soviet efforts to gain political and military advantages. It seems probable, for example, that the Soviet decision to increase production of intercontinental missiles was made during the post-Cuban "détente" of 1963–64.

In the present period, although a reduction of tension between the Soviet Union and the United States is obviously desirable, and would now be welcomed by our European allies, there are a number of factors which may set limits on the extent to which it is practicable, even if the Viet Nam issue were resolved or surmounted.

To begin with, the present fluidity in European politics tends to encourage an active rivalry for political advantage—in contrast to the provisional stabilization which sustained earlier periods of reduced tension. The previous Soviet emphasis on the status quo (meaning American acceptance of the Soviet position in Eastern Europe) as a condition for peaceful coexistence has, except in the case of East Germany, given way to a more open game of political manœuvre across the entire continent. It is even more true in a period of movement than it was when lines seemed frozen that so long as the issue of a divided Germany remains, it sets effective limits on how much easing of tension can be expected.

Perhaps Viet Nam will prove to be a transitory factor, but the present diplomatic isolation of the United States on this issue encourages the Soviet Union to press for relative gains by further isolating the United States (détente toward Europe, but not toward the United States) rather than helping to relieve the estrangement by accepting bilateral forms of coöperation. Further limits are set by the Soviet view that American policy is increasingly militant and uncompromising—a view not relieved by recent speeches of the President. This is reinforced by the Soviet expectation that political turbulence throughout the underdeveloped world may lead to other conflict situations, and that a militant American response to these is likely. As for the present upheavals in China, whatever their outcome, it is evident that new lines of power and influence will be drawn in Asia, causing instability for some time to come. In this connection, the Chinese charges of Soviet collusion with "American imperialism" and of loss of revolutionary zeal in leading the international communist movement still evoke a defensive response in the Soviet Union, and for the present at least, inhibit Soviet contacts with the United States which could be used by the Chinese to lend credence to the charge.

However, let us assume optimistically that rising Soviet apprehensions about the conflict with China and concern about the

mounting costs of the arms race may be gaining increasing weight in Soviet calculations, and may lead toward acceptance of some reduction of tension with the United States in the foreseeable future. How then should we respond? Above all, we should keep clearly in mind the distinction between the limited détente that may be possible in the present period and symbolic acts which seem to suggest a rapprochement but do not in fact moderate any fundamental causes of conflict. For these can only encourage our allies to trample each other on the road to Moscow.

The main function of a limited détente between the Soviet Union and the United States is to reduce the hazard of general nuclear war. It is unlikely that much more than this can be done at present. The possibility of common action arises not only out of a common appreciation of the destructiveness of general nuclear war and a mutual (although perhaps uneven) appreciation of the costs of the arms race, but also conceivably out of different estimates of the political effects of various arms-control measures. For example, joint action on a nonproliferation treaty may be possible because each side expects the political side-effects to advance its own interests more than those of its antagonist. Similarly, modest programs of trade and cultural relations may be possible and useful, not because of common interests, but because of different evaluations of the effects of such programs.

In time we may get to the point at which agreements to reduce arms may become feasible, but for the present perhaps the most effective measures open to us may be in the realm of tacit restraints and a restoration of channels of communication offering maximum privacy and confidence. The process of diffusion by which interested people in both countries are learning something about the interactions of politics, science and military technology has already demonstrated its long-term utility. Possibly the model of the Tashkent agreement can be encouraged in peripheral conflicts where the interests of the two powers are not arrayed against each other.

But it is unlikely that a settlement of European problems can be a feature of any détente in the immediate period ahead. The Soviet Union shows as little sign of being willing to relinquish its economic and military position in East Germany as the United States is willing to abandon the Federal Republic. This point is not always clearly understood. What the United States seeks is not to challenge the Soviet Union for the control of Germany,

but to work toward a solution of the German problem under conditions which permit the continued development of democratic political institutions within Germany. This is a vital interest, for if discriminatory treatment breeds a revival of irrational nationalism in Germany, Europe's future stability will be again in jeopardy. A European settlement is impossible without a resolution of the German problem, and it is only in the framework of a European settlement that the problem of Germany can be resolved. Clearly, it will take time for this problem to become soluble; it cannot be encompassed by a limited détente now, but must await a more fundamental settlement in the future.

IV

The essential conception sketched above is that our present limited-adversary relationship with the Soviet Union is not inconsistent with the varied coöperative functions possible between the United States and Western Europe. The apparent contradiction between the two relationships becomes more manageable if the Soviet military threat is not made the major motivation for the Western Alliance. The Soviet problem is now neither the main reason for the Western Alliance nor a matter of unconcern to it. We must make an effort to discard the oversimplifications to which we have become accustomed in our public discourse and to find with our allies a common language for describing and understanding the more complex forms which the Soviet challenge takes in the present period. This approach implies that the political problems presented by Soviet policies should be given relatively more attention than the purely military threat, and, as a corollary, that the political vitality of the alliance may be more crucial than the level of its military readiness. There is much to build on in terms of shared values and common aspirations. More than this, we must together provide the nucleus for some kind of international system. We are bound together not by anti-communism but by common concern about the potential destructiveness of war, virulent nationalism and international anarchy. In this perspective, present Soviet policies may be seen as an obstacle to the degree of international coöperation required to deal with these problems, and we should make it a central objective of our association with Western Europe over the longer term to widen the area of coöperative relations with the Soviet Union.

To develop a conception of a second stage of détente is neces-

sary for several reasons. First, the more clear we are as to what we can expect in the way of improved relations with the Soviet Union in the present period, the less we shall fluctuate between euphoria and disappointment, with confusing results for public opinion at home and our allies abroad. Second, by keeping steadily in mind the direction in which we would like to see the situation evolve, we shall avoid present actions which handicap the achievement of our long-term purposes.

What is now required of us is to prepare the ground for the next stage—to work at the outlines of a European settlement which can be realized in a series of phases over the next several decades. We know some of the conditions for that settlement: the reunification of Germany, the establishment of a framework of security guarantees, the broadening of economic interdependence across a continent not subject to the hegemony of any nation. In time, the Soviet Union will surely come to see its legitimate self-interest fulfilled in such a settlement; as it begins to accept this view, we shall find it possible to work together in reducing armaments and in building international stability and order.

Is two decades a reasonable guess for so profound a change in fundamental outlook? It is hard to say, even for ourselves. We are an impatient people, but we must learn to accept a longer-term perspective toward these problems.

THE ANTI-BALLISTIC MISSILE DEBATE

By J. I. Coffey

ONE of the great problems in arms control is that advances in technology, and their application to military programs, tend to invalidate or render meaningless even the soundest arms-control proposals. Twice in the last decade this has occurred, once when the diffusion of nuclear technology and the production of large numbers of nuclear weapons rendered futile any hope of complete nuclear disarmament, and again when the advent of intercontinental missiles made necessary a rethinking of all the proposals for limiting or abolishing strategic strike forces. It may well be that we are about to witness a similar overtaking of current arms-control proposals because of the possibility of deploying highly effective ballistic missile defenses.

Although work on anti-ballistic missiles has been under way for some years, the prospects for their being really effective have in the past seemed relatively small. As Secretary of Defense McNamara and others have indicated, this was due largely to the development of sophisticated penetration aids (chaff, decoys, nose cones whose wakes were not easily identifiable by radar, etc.), so that incoming warheads could not be readily distinguished at the optimum altitudes for engagement by anti-ballistic missiles. Under these circumstances, the cost/effectiveness of such missiles was relatively low, in that an enemy could penetrate missile defenses with comparative ease. Alternatively, he could simply bypass local defenses by striking at undefended targets or by exploding large-yield weapons up-wind from defended ones. To cope with this latter threat, and with the possibility of fallout—or even blast damage—from defending missiles detonated at low altitudes, ballistic missile defenses had to be complemented by shelters capable of protecting against fallout and resistant to blast pressure. All in all, it is understandable that the United States did not deploy anti-ballistic missiles during the early sixties.

However, in the past year or so, a number of developments have called that decision into question. The first of these was the discovery that long-range interceptors could destroy incoming warheads beyond the atmosphere, before they dropped to altitudes at which current types of penetration aids would be effective in confusing the missile defense radars. Moreover, the extended

range of these interceptors meant that fewer anti-missile missiles could protect a larger area, thereby reducing both the number of batteries which would have to be deployed and the cost of a defensive system. Even when combined with terminal defenses around targets of particular importance, new types of ballistic missile defenses appear to be more flexible and less costly than those which were under consideration a year or two ago.

A second relevant development was the detonation by the Chinese of a series of nuclear devices, several of which, according to the U.S. Atomic Energy Commission, "included thermonuclear material," and one of which was mated with a short-range missile. Even though a Chinese intercontinental ballistic missile force may, as Mr. McNamara testified, be seven or eight years off, the prospect of such a force gives rise to understandable concern. A system of anti-ballistic missiles which intercepted targets beyond the earth's atmosphere ("exo-atmosphere") could certainly reduce damage from attacks by small nuclear powers such as China, as well as degrade second strikes or uncoördinated attacks by larger powers and guard against accidental launchings.

The third development has been an apparent step-up of Soviet activity in anti-ballistic missiles. Although the U.S.S.R. has for some years been working on anti-missile missiles, and has even televised films of missile interceptions, evidence of the actual installation of missile defenses has been both scant and contradictory; thus, while President Johnson, in his State of the Union Message, referred only to the emplacement near Moscow of "a limited anti-missile defense," other sources have spoken of Soviet A.B.M. sites athwart the natural access routes of incoming U.S. missiles, and have described the Soviet program as a nationwide net. Even limited Soviet ballistic missile defenses could, as General Maxwell D. Taylor stated some years ago, have a significant political and psychological impact, while more extensive ones might to some degree erode American strategic superiority.

Anyone concerned with the security of the United States must, therefore, pay close attention to the potentialities of ballistic missile defenses for limiting damage from a nuclear strike, or, in a larger sense, for helping to deter such a strike. However, it is not enough to consider the case in so narrow a context, since national security embraces concerns other than that of damage limitation and may prescribe means of achieving that security other than large and costly expenditures for defensive systems. Thus, those

deciding whether, how and when to deploy ballistic missile defenses must consider their broad effects, taking into account possible Soviet reactions, the impact on friends and allies of such a decision, and the political and sociological implications of such a move for the United States. They must also consider other means of advancing our interests and security, the impact on the arms race, the implications for agreement on further arms-control measures, the possible effect on past agreements such as the nuclear test-ban treaty, and the options open to the United States if it deems these factors important.

II

As previously indicated, technological improvements in ballistic missile defenses make feasible the deployment of a system which could markedly reduce the damage from an attack of a given magnitude. This has led to suggestions for at least the partial or "light" deployment of anti-ballistic missiles as a defense against lesser nuclear powers—and specifically against Communist China. It is argued not only that anti-missile missiles could reduce damage from a Chinese Communist attack, but also that they would render such an attack less likely, thereby enhancing the credibility of the American deterrent and giving the United States greater freedom of action in containing or opposing Chinese Communist expansionism in South and Southeast Asia. It is also maintained that the deployment of ballistic missile defenses may advantageously influence Chinese plans for weapons procurement, and specifically that it may induce the Chinese not to build intercontinental ballistic missiles. A look at both these possibilities is in order.

Broadly speaking, the Chinese Communists have two choices: to attempt to develop a regional deterrent based on light or medium bombers, medium-range or intermediate-range ballistic missiles and submarine-launched missiles; or to aim at a global deterrent, composed of long-range bombers, intercontinental ballistic missiles and more advanced submarine-launched missiles. Whether they will, in the long run, follow one or both of these routes is less important than the fact that the current constraints on their resources almost force them into a minimal program; indeed, Secretary McNamara's postulated Chinese I.C.B.M. threat is almost a decade off.

Considering these constraints, the possible uses of Chinese

nuclear power, and the political advantages of deploying a visible deterrent as soon as possible, it may well be that the Chinese will forgo for the time being the deployment of intercontinental ballistic missiles—whether or not the United States installs anti-ballistic missiles. However, this would not preclude the Chinese from developing a capability to launch small-scale attacks against the United States, which they could do either with conventional delivery vehicles such as small ship-borne or submarine-carried seaplanes, or with more exotic vehicles such as submarines equipped to fire nuclear-tipped torpedoes against port installations and coastal cities. In fact, it is possible that the Chinese may find it advantageous to build submarine-launched missiles rather than intercontinental ballistic missiles. In the first place, they now have submarines, they have fired short-range missiles, and they would find it fairly simple to adapt these, or to build rather crude forms of sea-based missiles. In the second place, a missile submarine force would give them both a regional and an intercontinental capability, at least to the extent of small-scale attacks upon coastal cities. Furthermore, such a force would be less vulnerable to preëmptive attack than either bombers or the kinds of first-generation "soft" I.R.B.M.s and I.C.B.M.s that are likely to be within Chinese capabilities.

Moreover, while fear of Chinese retaliation against the United States may inhibit our freedom of action vis-à-vis Communist China, there are other inhibiting factors, ranging from the possibility of Soviet intervention to concern over the political and psychological consequences of drastic measures—factors which certainly operated prior to the time the Chinese developed nuclear weapons. To these must be added the deterrent effect of a regional Chinese capability, which could enable the Chinese to strike at American bases in East Asia or even to threaten the cities of our Asian allies. While such a regional deterrent may not in itself have the impact of an intercontinental one—especially since it may not suffice to "trigger" a Soviet strategic strike against the United States—it will certainly strengthen the present barriers to U.S. military intervention in Asia.

Entirely aside from the question of whether ballistic missile defenses are necessary to deter Chinese nuclear strikes against the United States, it is also questionable whether they will have the desired impact on the Chinese development of particular weapons systems; they may simply induce the Chinese to empha-

size weapons programs with which ballistic missile defenses (and particularly exo-atmospheric defenses) cannot readily cope, weapons such as submarine-launched cruise-type missiles. In any case, as China's technology and industrial capacity grows, so also will the sophistication of its weapons. To counter this, we will probably find it necessary to extend, to deepen and perhaps to improve our anti-ballistic missile system and to build up our air defenses and antisubmarine warfare forces. Thus, whatever the initial form of an A.B.M. system designed for use against Communist China, it will ultimately become either largely ineffective or little different from that required to defend against Soviet forces. In the long run, therefore, ballistic missile defenses capable of coping with a Chinese attack are likely to increase markedly our capability to limit damage by Soviet strategic forces—a point which the U.S.S.R. is not likely to miss.

This raises immediately the question whether ballistic missile defenses are really needed against the Chinese Communists, who do not now possess, nor are likely to possess in the next decade, a strategic strike force sufficient to constitute a serious threat to the United States. For the Chinese to attack, or to threaten to attack, American cities in the face of our strategic superiority would be the rashest of acts on the part of a people who have been noted for their caution and conservatism in the use of military power.[1] Indeed, it is rather astonishing that the United States, which seems satisfied that its deterrent is effective against the Soviet Union, should be so concerned about its ineffectiveness against a power whose resources are miniscule, whose opportunities for significant gains through limited war are considerably less than those of the Soviet Union, and which, moreover, has shown no signs of undertaking such adventures.

III

Whatever the American decision with respect to deploying anti-ballistic missiles against Communist China, it is obvious that this may not be controlling; even should the United States refrain from building ballistic missile defenses, the U.S.S.R. might do so. In view of the tests they have conducted, the boasts they have made of the capabilities of their anti-missile missiles, and their

[1] Mr. McNamara has estimated that the best the Chinese could do, by 1975, would be to inflict six to twelve million fatalities on the United States; conversely, a small fraction of the U.S. delivery vehicles surviving a *Soviet* first strike could, if directed against China, kill fifty million Chinese and destroy half of Chinese Communist industry.

thinking concerning the role of defenses as a stabilizing influence, it is entirely possible that the Soviets may extend to other areas the missile defenses now surrounding Moscow—if indeed they have not already done so. In this case, much will depend upon how we react.

One option, of course, would be to do nothing, on the grounds that the strength, the diversity and the sophistication of our strategic strike forces now in being or currently programmed would enable them to overcome Soviet defenses, should the necessity ever arise. Although this may suffice militarily, especially against small-scale missile defenses around a few Soviet cities, it has severe drawbacks in other respects; as an unidentified official of the Johnson Administration is reported to have said, the President "could be crucified politically . . . for sitting on his hands while the Russians provide a defense for their people."[2] And if the Soviets extended their ballistic missile defenses to the extent that they significantly eroded American strategic delivery capabilities, the pressures to respond with some sort of arms buildup would be almost irresistible.

This could take the form of strengthening strategic strike forces, with the primary aim of insuring, as President Johnson said in his State of the Union Message, "that no nation can ever find it rational to launch a nuclear attack or to use its nuclear power as a credible threat against us or our allies." A second aim might be to retain the ability to limit damage through counterforce attacks against Soviet missile sites, air bases and other strategic targets. In seeking to achieve these aims, the United States would have, broadly speaking, four choices: to penetrate, to overwhelm, to bypass or to evade Soviet ballistic missile defenses. While any of these options could probably maintain our capacity for "assured destruction," they would obviously have quite different implications for damage-limitation, for possible Soviet reactions and, consequently, for the size and the cost of American strategic strike forces.

It is significant that Mr. McNamara, in response to the apparent acceleration of the Soviet A.B.M. program, has chosen to upgrade American strategic strike forces rather than to expand them. Both the Minuteman III, which replaces an earlier version, and the Poseidon submarine-launched missile, which is a successor to Polaris, can carry numerous penetration aids and/or mul-

[2] *The New York Times*, December 27, 1966, p. 9.

tiple warheads, which, in Mr. McNamara's judgment, would "increase greatly the overall effectiveness of our Assured Destruction force . . . even if the Moscow-type A.B.M. defense were deployed at other cities as well. . . ." Although the introduction of multiple warheads theoretically increases the number of targets at which the United States could strike, these warheads may seem less threatening to the U.S.S.R. than would comparable increases in the size of our missile forces. And in this instance, as in many others, appearance may be as important as reality.

Had Mr. McNamara's proposal been, instead, to saturate segments of the Soviet defenses through timed salvos of missiles, or to exhaust them through the sheer number of missiles launched, this would probably require not only multiple warheads but also larger missile forces. The same would be true if the objective were to bypass their defenses by striking at more lightly defended targets or launching missiles along paths which would avoid the heaviest concentrations of defensive installations. The consequent expansion of American missile forces, which are already three times as big as those of the U.S.S.R., could appear to enhance the U.S. counterforce capability and thus threaten the Soviets' own capacity for deterrence. Their logical response would be to expand their Strategic Rocket Forces, and perhaps to place greater reliance on mobile missiles, thus touching off a further round of increases by the United States, and so on.

Interestingly enough, Mr. McNamara has apparently ruled out the option of evading Soviet ballistic missile defenses, which would have meant relying more heavily on weapons systems, such as bombers and cruise-type missiles, that could not be degraded by Soviet A.B.M.s; in fact, he indicated that "a new highly survivable I.C.B.M. would have a far higher priority than a new manned bomber." Since bombers have little or no intrinsic first-strike counterforce capability, they might pose less of a threat to the Soviet deterrent than would an expansion of missile forces, and might provoke other—or milder—Soviet reactions. For the same reason, however, they might make less of a contribution to damage-limitation than would more or better missiles. In sum, the decision to penetrate any future Soviet A.B.M. system, rather than to overwhelm, evade or bypass it, seems to reflect careful consideration of possible Soviet reactions, as well as of our defense needs.

There is, of course, an alternative to strengthening offensive

forces, and that is to build defensive ones—a step recommended by the Joint Chiefs of Staff and endorsed by some influential members of Congress. Here also there are a number of options, ranging from the installation of anti-missile missiles around I.C.B.M. sites to the full-scale deployment of both area and local ballistic missile defenses designed to protect American cities.

As Mr. McNamara testified, the first option is only one possible way of preserving our "assured destruction" capability in the face of unexpected increases in the size and the effectiveness of Soviet missile and missile-defense forces, and must be compared with other ways of preserving that capability; moreover, it would not reduce damage from a Soviet attack on American cities. A "light" A.B.M. deployment around cities, whatever its political advantages and its utility vis-à-vis Communist China, would be largely ineffective against the U.S.S.R. and, like pregnancy, hard to stop short of full term. And extensive ballistic missile defenses, while they could significantly reduce damage from an attack by those Soviet forces now in being or presumably programmed, could not reduce fatalities below several tens of millions—even if we struck first against the U.S.S.R. Should the Soviets choose to augment or upgrade their strategic strike forces, the net result could be, as Secretary of State Rusk pointed out, to reëstablish something approximating the present levels of mutual destruction at a much higher cost to both sides.

In the light of this gloomy prospect, the Administration is seriously trying to persuade the Soviets to limit their ballistic missile defenses—an effort upon which the U.S. Ambassador to Moscow, Mr. Llewellyn Thompson, is reportedly engaged. If he succeeds, then neither the improvements in strategic strike forces which the Department of Defense has programmed nor the partial deployment of anti-missile missiles around I.C.B.M. sites for which it has budgeted may be required—and many of the options previously discussed will seem irrelevant. However, it is doubtful whether even our able and influential Ambassador can persuade the Soviet leaders to accept a freeze on weapons, which would condemn the U.S.S.R. to continuing strategic inferiority. And any short-term moratorium on A.B.M.s will be really significant only if it is the prelude to a broader program of arms limitation, for otherwise the differing strategic concepts and conflicting strategic objectives of the two countries may impel either or both to procure ballistic missile defenses. Thus, one

crucial question is the willingness of the United States to propose (and the Soviet Union to accept) new and far-reaching curbs on strategic armaments, now or in the near future.

IV

The content of any new proposals will depend in part on the importance attached to arms control in general and ballistic missile defenses in particular. From the preceding discussion it would seem that the introduction of anti-ballistic missiles—regardless of who introduces them and for what reasons—is likely to have a significant impact on the current negotiations for arms control. For instance, ballistic missile defenses, by injecting a new factor into strategic calculations and by triggering various responses such as those previously described, would necessitate a complete reorientation of our proposal for a freeze on strategic forces. And, since bombers may take on new importance as a hedge against ballistic missile defenses, the deployment of A.B.M.s would make bomber disarmament, whether total or proportionate, less acceptable and less likely.

In addition, the deployment of ballistic missile defenses could stultify progress toward a nonproliferation agreement. For one thing, the Europeans might view Soviet ballistic missile defenses as further degrading the effectiveness of our deterrent, and hence increasing the likelihood of Soviet pressures against NATO Europe. While a subsequent American deployment might somewhat strengthen belief in the credibility of the deterrent, it might also lead to greater European concern over the likelihood and the imminence of war, and thus to renewed efforts to buttress deterrence through the development of their own ballistic missile defenses or through control over nuclear strike forces. And should both sides deploy anti-ballistic missiles, the Europeans may again be concerned lest Europe become a battleground for the nuclear giants. While all conceivable reactions cannot be discussed here, it seems likely that the deployment of ballistic missile defenses by one or both sides will strengthen the desire of some Europeans to develop national or regional nuclear deterrents and increase their reluctance to sign a nonproliferation agreement.

In the longer run, the impact of ballistic missile defenses on the prospects for arms control may be even greater. At the very least, the requirement for hundreds or thousands of nuclear-tipped anti-missile missiles would militate against further cut-

backs in the production of fissionable materials. Furthermore, the desire for greater information concerning warhead effects would make it difficult for either the United States or the Soviet Union to give up the underground testing of nuclear weapons, which, according to some reports, is related to the development of missile defense systems. And at some stage in the expenditure of billions of dollars, one side or the other might feel compelled to try out the operational effectiveness of its long-range anti-missile missiles against incoming warheads. Even if these tests took place outside the atmosphere, so that there would be no fallout, they would constitute a clear breach of the present nuclear test ban, as would, of course, operational tests of nuclear-armed terminal defense missiles such as the U.S. Sprint or Hibex. Thus, in time, the procurement of ballistic missile defenses might lead to the abrogation or nullification of the nuclear test ban, as well as the inhibition of further progress toward arms control.

One reason for this is the probable effect on the negotiations themselves. As shown by the Soviet reaction to our intervention in Viet Nam, it is hard to reach agreement on arms control during periods of increased tension, such as would probably follow stepped-up expenditures for defensive and offensive strategic weapons. Moreover, increases in strategic armaments would certainly alienate those powers which are already seeking cutbacks in weapons stockpiles and strategic delivery vehicles as the price of their own adherence to any nonproliferation agreement.

At the very least, therefore, the deployment of anti-ballistic missiles would in all probability lead to a hiatus in arms-control negotiations, while both sides tried out their new weapons, decided on countermeasures to the other's deployment, and reestablished an effective and acceptable strategic balance. It could mean the loss of any chance for an early agreement on a comprehensive test ban and on the nonproliferation of nuclear weapons, leading to decisions by countries such as Italy or India to proceed with their own nuclear weapons programs. And it could lead to a new arms race with the U.S.S.R., in which, as Mr. McNamara put it, "all we would accomplish would be to increase greatly both their defense expenditures and ours without any gain in real security to either side."

In considering how the United States might attempt to hedge against these potential consequences, while still assuring its own security and protecting its own interests, a number of possibilities

come to mind. The first and foremost, of course, is to seek at least a moratorium on anti-ballistic missiles—as we are doing—perhaps at the price of some change in the present levels of strategic strike forces. Failing this, we might seek agreement with the Soviets on measures to limit the numbers or types of ballistic missile defenses, or both, so that neither side would feel threatened by an open-ended deployment of such defensive weapons. Alternatively, the United States might try to set limits on the numbers or types of offensive weapons which might be added to the arsenals of both sides in response to the deployment of anti-ballistic missiles, in order to dampen the impact on the arms race of incremental increases in strategic strike forces. Indeed, we might find it desirable to suggest revisions in our present freeze proposal which would allow the limited introduction of anti-missile missiles, providing corresponding numbers of I.C.B.M.s or I.R.B.M.s were destroyed.

To avoid interminable wrangling over technical details, and to allow for necessary adjustments in postures, such agreements might be tacit rather than formal, could be limited to a fixed number of years, or subject to cancellation for cause upon notice. The important problem is not the design of new measures, but recognition that reduction in armaments may promote the national security as well as—or better than—their augmentation.

It is obvious that judgments as to the desirability of building ballistic missile defenses will differ according to one's opinion as to the likelihood of war, one's desire to employ strategic forces as coercive instruments, one's theories on crisis behavior, and one's views as to how the communists are likely to conduct themselves in the next decade. But whatever views one may have on the utility of A.B.M.s, one must also acknowledge their disadvantages. For any deployment, the price, in coin and in new instabilities, will be high. Chief among the costs is likely to be an erosion of the already slim possibility of reaching agreement on further arms-control measures which could promote a more secure world. Without denying the importance of military power in attaining this goal, it is still possible to question the relative allocation of resources to the increase of that power, and particularly the addition of increments which promise so little and risk so much. On these grounds the whole issue of constructing ballistic missile defenses needs to be carefully thought through, by both the United States and the Soviet Union.

HUMAN RIGHTS TREATIES: WHY IS THE U.S. STALLING?

By William Korey

TWENTY years of effort by the United Nations to give vitality and concrete form to the Universal Declaration of Human Rights will be celebrated in 1968, designated by the General Assembly as International Human Rights Year. From 1945 to 1948 the United States delegation led the movement for the enactment of the Declaration as the embodiment of basic democratic political ideas. But since then, while the United Nations has been struggling to establish global norms of conduct, the United States has been the chief laggard in translating them into international law. At the present time the U.S. Senate has yet to ratify a single human rights treaty.

By next year the United Nations and its specialized agencies will have completed about a dozen conventions on human rights, including one banning religious intolerance (scheduled for adoption in the 1967 session of the Assembly), and the twin covenants on civil and political rights and on economic, social and cultural rights. Thereafter the focus of the effort will shift to methods and machinery for effectively implementing the measures.

When it established International Human Rights Year the General Assembly singled out nine conventions which all member states were specifically "invited" to ratify "before 1968." Failure to ratify will no doubt limit a government's effectiveness in the U.N.-sponsored intergovernmental conference to be held in Tehran in the spring of 1968. There stress will be placed upon procedures for implementation, and treaty abstainers, however shielded by legalisms, can expect to be made acutely uncomfortable. One of these will be the United States unless the Administration takes vigorous steps this year to overcome the "lingering Brickeritis" that has afflicted the Senate for well over a decade.

The failure of the United States to ratify human rights treaties has seriously embarrassed the conduct of its policy at the United Nations and prevented it from effectively championing the rule of law on an international scale. On almost every occasion when we have advanced or supported proposals for the protection of

human rights, our justification for doing so has been forcefully challenged by the Soviet Union. As the Russians point out, a power that has refused to accede to any human rights treaty is scarcely in a position to advise on enforcement procedures. Our pronouncements in the field of human rights are often branded as brazen hypocrisy, and it is said that the kind of company we keep in failing to ratify a single human rights treaty—South Africa and Spain—testifies to American purposes.

The Administration is acutely aware that the developing countries of Africa and Asia measure us in terms of our commitment to the advancement of human rights both at home and abroad. President Johnson emphasized this point in his speech to African ambassadors at the White House last May:

> The foreign policy of the United States is rooted in its life at home. We will not permit human rights to be restricted in our own country. And we will not support policies abroad which are based on the rule of minorities or the discredited notion that men are unequal before the law.
>
> We will not live by a double standard—professing abroad what we do not practice at home, or venerating at home what we ignore abroad.

Concern on this score no doubt hastened the significant decision taken by the Administration on September 28, 1966, to sign the U.N. Convention on Racial Discrimination. While signing an international treaty does not, of course, assure that ratification will follow, it does suggest a solemn commitment by the Administration to exert the required effort to attain this objective. No one can be optimistic at this late date, and particularly after the effects of the "white backlash," that the Senate will quickly reverse a position that has already hardened, but at least the Administration has indicated its intention to make a determined effort to convince the Senate that a policy sponsored by John Bricker and formally enunciated by John Foster Dulles must now be revised.

II

By urging U.S. ratification of international human rights treaties, the Administration would be continuing an effort begun by American policy-makers after the war to implement the "Four Freedoms" announced by President Franklin D. Roosevelt on January 6, 1941, reiterated in the Atlantic Charter of the same year and elaborated in the Dumbarton Oaks "Proposals" of 1944. At the founding of the United Nations in San Francisco in April

1945, American delegates were instrumental in the drafting of the Charter, which made the promotion of human rights a central focus of the world organization.

Led by Mrs. Eleanor Roosevelt, the U.N. Commission on Human Rights recommended the creation of an "International Bill of Rights" to be comprised of a declaration (the "Universal Declaration of Human Rights," adopted in Paris, December 10, 1948), a legally binding covenant (or convention) and "measures of implementation." The projected covenant (split into two separate parts), together with implementation clauses, was finally adopted by the twenty-first session of the General Assembly in December 1966, thereby—as U Thant noted—"fulfilling one of the promises made at San Francisco in 1945."

Already, through the Nuremberg Tribunal, of which the United States was a major architect, the rule of law as applied to criminal violations of human rights had been given a firm foundation. Thus President Harry Truman could comment in November 1946 that the "undisputed gain" of Nuremberg is "the formal recognition that there are crimes against humanity." Recognized among the "crimes against humanity" were persecutions on political, racial or religious grounds whether or not sanctioned by domestic law. In consequence of this "revolution in international criminal law," an erosion of the earlier principle of exclusive domestic jurisdiction in the area of human rights had taken place. The General Assembly was later to endorse the new principle of the Nuremberg Tribunal.

One expression of this principle was the Genocide Convention, the first human rights treaty adopted by the United Nations (December 9, 1948). This convention branded as a crime "acts committed with an intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such." Today it is all but forgotten that the United States played a key role in its drafting, and that the text was formulated in terms of familiar Anglo-American legal theory and couched in language of traditional American common law concepts. In a speech to the General Assembly shortly before the treaty's adoption, Assistant Secretary of State Ernest A. Gross, the head of the American delegation, drew attention to the prominent part played by the United States in bringing the treaty into existence:

> It seems to the United States delegation that in a world beset by many problems and great difficulties, we should proceed with this Convention before

the memory of recent horrifying genocidal acts has faded from the minds and conscience of man. Positive action must be taken now. My Government is eager to see a Genocide Convention adopted at this session of the Assembly and signed by all member states before we quit with our labors here.

Two days after the convention was adopted by the Assembly, the United States appended its signature.

For a time it seemed that U.S. ratification would come swiftly. On June 16, 1949, President Truman transmitted the Genocide Convention to the Senate, asking for its consent. A subcommittee of the Senate Foreign Relations Committee held public hearings in January and February 1950, during which an Administration spokesman, Deputy Under Secretary of State Dean Rusk, testified that ratification was necessary to "demonstrate to the rest of the world that the United States is determined to maintain its moral leadership in international affairs and to participate in the development of international law on the basis of human justice."

In May 1950 the subcommittee reported favorably on the convention to the full committee, but to meet objections from segments of the legal profession as well as from conservative political forces, the subcommittee recommended that four "understandings" and one "declaration" be embodied in the resolution consenting to ratification. The "understandings" were designed to clarify the Senate's interpretation of certain language in the convention and to prevent its being applied against the United States in the event, for example, of a single lynching. The most important clarification was designed to meet objections that the treaty might adversely affect federal-state relations by sapping the authority of states on criminal matters. The proposed "declaration" met the constitutional issue by noting that the Senate considers ratification "to be an exercise of the Federal Government to define and punish offenses against the law of nations, expressly conferred by Article I, Section 8, Clause 10, of the United States Constitution. . . ."

Even these clarifications—which many thought unnecessary because they were self-evident—failed to elicit positive action by the full committee. A resurgent "nativism," which was gaining momentum from the McCarthy movement, gave support to those who felt that our sovereignty might be undermined by the United Nations and the legal instruments it was forging.

The Eisenhower Administration finally smothered the Genocide Convention and, indeed, all hope of ratification of other

human rights treaties then being considered by U.N. bodies. This was a response to Senator John Bricker's campaign to restrict the presidential treaty-making power, in which he argued that human rights treaties would upset the prevailing balance of federal-state powers. According to Senator Bricker's adherents, the constitutional provision that made treaties the supreme law of the land provided a loophole whereby matters constitutionally within the province of the states would come under federal jurisdiction. (In *Missouri v. Holland,* the Supreme Court had held in 1920 that the Constitution authorizes Congress, in implementation of valid treaty commitments, to pass legislation on certain matters otherwise reserved to the states.)

Partly in order to weaken the offensive against the presidential treaty-making power, John Foster Dulles, on behalf of the Administration, committed the government not to adhere to "formal [legal] undertakings" on human rights, but rather to seek the promotion of human rights everywhere by "methods of persuasion, education and example." He went on to tell a subcommittee of the Senate Judiciary Committee on April 6, 1953, that the Administration would not "become a party to any [human rights] covenant or present it as a treaty for consideration by the Senate." The Secretary of State supported his statement with an argument which, though hoary, continues to be accepted even today by some members of the American Bar Association. The treaty-making power, he insisted, cannot be used "as a way of effectuating reforms, particularly in relation to social matters." It would be a reversal of the "traditional limits" of the exercise of treaty-making, he declared, to use it for the purpose of effecting "internal social changes."

This classic viewpoint had been stated by Charles Evans Hughes in 1929 when he contended that the treaty-making power must be used only "with regard to matters of international concern." But the fact is that various human rights have been dealt with and protected by international treaties since the seventeenth century. The Treaty of Westphalia in 1648, for example, provided for equality of religious rights in Germany. The Congress of Vienna in 1815 advocated the free exercise of religion. And as part of the settlement following the First World War, a number of treaties involving states of Central and Eastern Europe carried elaborate provisions for the protection of minorities, with the League of Nations as a guarantor. During the nine-

teenth century the United States Government itself was a party to dozens of treaties regulating the slave trade.

It is now clear that the Dulles doctrine struck at the very heart of those U.S. foreign-policy goals elaborated during and after World War II which had given emphasis to the intimacy between domestic suppression and foreign aggression, and which had underscored the necessity of extending the rule of law to the world arena. Ironically, Dulles himself, as a member of the U.S. delegation to the General Assembly in 1948, had urged the drafting of a covenant that would translate human rights into law. In an effective speech then, he drew an analogy between the American Declaration of Independence and the Constitution, on the one hand, and the Universal Declaration and the International Covenant, on the other, observing that legally binding instruments followed and gave force to inspirational declarations.

III

Bricker and Dulles notwithstanding, the fifties and early sixties saw the adoption (usually by unanimous vote) of conventions on: the status of refugees (1951); the political rights of women (1953); the status of stateless persons (1954); the abolition of forms of servitude akin to slavery (1956); the abolition of forced labor (an International Labor Organization treaty in 1957); the nationality of married women (1957); discrimination in employment and occupation (by the I.L.O. in 1958); discrimination in education (a UNESCO Convention in 1960); the reduction of statelessness (1961); and the free consent to and minimum age of marriage (1962).

These efforts were capped by the General Assembly's adoption on December 21, 1965, of the Convention on the Elimination of All Forms of Racial Discrimination, the most important treaty to date in the field of human rights. Described by Ambassador Arthur Goldberg as going "to the core of so much of the turmoil and injustice that still marks the world of the Twentieth Century," it constitutes a remarkable breakthrough both in its coverage and its machinery for implementation. Credit for this achievement must go to the powerful Afro-Asian bloc which is particularly sensitive to racial issues.

This convention transcends the race issue. It forbids all forms of discrimination based upon "color, descent, or national or ethnic origin." Thus it was made clear during the U.N. debate

that the convention covers anti-Semitism and "every one of . . . [the] varied manifestations and guises [of racial discrimination] even if not specifically mentioned by name." As impressive as the scope of the convention is the machinery created for the enforcement of its provisions. No other U.N. convention provides a special and permanent organ to deal on a continuing basis with implementation (although a few allow for the submission of unresolved disputes to the International Court of Justice).

The new convention creates a permanent eighteen-member organ—the "Committee on the Elimination of Racial Discrimination"—elected for a four-year period, by and from the ratifying powers. This committee is to receive from contracting states on a regular basis reports of measures taken to fulfill the obligations spelled out in the convention. The reporting procedure constitutes a crucial element in the implementation machinery. For, given the present character of the U.N. and the supremacy of national sovereignty, the most effective means of enforcing human rights is moral suasion. To the extent that contracting states are obligated to report regularly, they are under constant pressure to fulfill treaty provisions. Moreover, the committee may, if it so desires, require a report from a contracting state at any time and, beyond this, can seek "further information."

Clearly, the committee potentially can wield considerable moral authority. In addition to receiving and seeking information, it is required to submit to the General Assembly, through the Secretary-General, an annual report on its activities. Thus it can focus the spotlight of world opinion upon developments in individual countries. Furthermore, the convention gives the committee the additional right of "making suggestions and general recommendations" to the Assembly, based upon its examination of the reports and information received. This right, if exercised, could become a potent force, perhaps resulting in the critical evaluation of reports submitted by contracting states. It is precisely the absence of machinery for critical evaluation that makes the current U.N. reporting system on human rights so inadequate (the I.L.O. excepted).

IV

In December 1962, President John F. Kennedy instructed the American delegation to the U.N. to sign the marriage convention. By 1963, he had become acutely conscious of the importance of

human rights as a factor in the world situation. His historic American University address of June 10 in that year underscored the theme that peace itself "in the last analysis" is "a matter of human rights." In a wide-ranging speech to the General Assembly in September, he once again reasserted the earlier determination of U.S. policy-makers to assume the leadership in promoting human rights everywhere and advancing the rule of law on an international scale. Convinced that the Dulles policy must finally be eliminated, President Kennedy transmitted to the Senate in July 1963 three human rights treaties—those dealing with political rights of women, slavery and forced labor. Urging the Senate's consent, he observed: "The United States cannot afford to renounce responsibility for support of the very fundamentals which distinguish our concept of government from all forms of tyranny."

The treaties selected for transmittal were deliberately chosen to avoid the constitutional issue. The Nineteenth Amendment had brought the political rights of women clearly within the federal jurisdiction; similarly the Thirteenth Amendment had made slavery and forced labor a federal concern. Had he lived, President Kennedy would no doubt have pressed for ratification of these treaties and very likely gone on to urge U.S. accession to other treaties. Until very recently, the Johnson Administration has done little to pursue the Kennedy objective.

The failure to ratify human rights treaties has made it difficult, if not impossible, for the United States to take a constructive part in the effort to implement human rights goals. In March of last year, when an American delegate strongly endorsed the establishment of a U.N. High Commissioner for Human Rights—a Costa Rican initiative—the Soviet Union's representative was able to charge that U.S. advocacy was "hypocritical" and "almost indecent," since the Americans "resolutely refuse to accept legal obligations" contained in international treaties on human rights.

The U.S.S.R. rarely misses an opportunity to note that the United States has yet to ratify the genocide treaty. A typical article from *Pravda* (April 24, 1966) reads:

> It is characteristic that several imperialist powers, in the first place the U.S.A., which has paid lip service to the campaign to halt genocide, have not ratified this convention.
>
> This is no accident. Racial and national oppression is still very widespread in the United States of America.

Of course the Soviet charges have not fallen on deaf ears. Indeed, many delegates at the U.N., including those from friendly and neutral states, find the U.S. failure to ratify human rights treaties incomprehensible and privately question the sincerity of our advocacy of proposals such as that for a High Commissioner for Human Rights. For the majority of states have not been laggard in ratifying the conventions. For example, as of November 1, 1966, 69 countries had ratified the Genocide Convention (the United Kingdom, a long-time abstainer, will soon join); 75 had ratified the Forced Labor Convention; 67 the Slavery Convention; 56 the Employment Discrimination Convention; and 50 the Political Rights of Women Convention.

Besides embarrassing the United States in the conduct of its U.N. policy, abstention precludes the possibility of our complaining effectively about the non-implementation of any convention by a ratifying power. Only those who are contracting parties to a convention are in a position to "blow the whistle" on violations of treaty obligations by an acceding state.

There are, of course, those who consider that the interests of the United States are secured not by building an effective structure of international law but by the use of power. Dean Acheson gave expression to this view when, in his lecture at the University of Virginia on May 7, 1966, he asserted that in the world today the pursuit of peace through law is "illusory." Ambassador Goldberg rebutted the Acheson approach in a lecture at Columbia University twelve days later. Noting that the United States derives its influence "not only from great physical power, but also from the fact that our basic law and our national outlook are premised on the equality and dignity of all men," he went on to say that "the way to peace is . . . to work with all our might for the establishment of a structure of law that will be reliable. . . ."

The clash of views was renewed at the end of 1966 on a related issue. Responding to the Administration's action in supporting U.N. economic sanctions against Rhodesia, Mr. Acheson charged that it transgressed "the First Commandment" of the U.N. Charter: there must be no threat or use of force against the territorial integrity of another state. Ambassador Goldberg, speaking before the Association of American Law Schools on December 29, emphasized that law must foster in the international realm "the same creative and positive values which nations, at their best, have fulfilled in their domestic life." In a crucial passage he

declared: "Law must operate to eliminate discrimination, to assure human rights. . . ."

V

An indication that the Johnson Administration may be returning to the earlier objective of advancing the rule of law by promoting human rights treaties is the decision to sign the Convention on Racial Discrimination. But will the President press for its prompt ratification, so that the United States may become a member of the all-important enforcement organ of the treaty?[1] Resistance can be expected from those in the Senate who will contend that racial discrimination is not a matter of "international concern" and therefore not an appropriate subject for a treaty. But this argument becomes less and less meaningful when apartheid in South Africa, the race problem in Rhodesia and the ethnic conflict in Cyprus rank so high on the U.N. agenda.

It will also be argued that parts of the convention clash with the American Constitution and that Article 4, which calls for a ban on "all dissemination of ideas based upon racial superiority or hatred," and all "organizations" and "propaganda activities which promote and incite racial discrimination," threatens freedom of speech and association. While the convention makes an effort to balance these restrictions by requiring "due regard" for the principles of "freedom of opinion and expression" and "freedom of peaceful assembly and association" embodied in the Universal Declaration of Human Rights, the imprecision of the language does raise a serious question.

When the convention was still in the drafting stage in 1964, the United States objected to language which obligated member states to outlaw organizations that not only "incite" but also merely "promote" racial discrimination. Prior to the final vote on the convention in the General Assembly, Ambassador Goldberg interpreted the language of Article 4 in the context of the "clear and present danger" doctrine: "a government should only act where speech is associated with, or threatens immediately to lead to, action against which the public has a right to be protected." In the absence of such a threat, he went on, the article

[1] The organ is to be elected six months after 27 governments have ratified the convention. Were the United States to be one of the ratifiers, it would undoubtedly be elected to the eighteen-member body.

"does not obligate a state to take action that would prohibit its citizens from freely and fully expressing their views on any subject no matter how obnoxious they may be, or whether they are in accord with government policy or not."

This position was reiterated in the statement which accompanied U.S. signature of the convention: "The Constitution of the United States contains provisions for the protection of individual rights such as the right of free speech, and nothing in the Convention shall be deemed to require or to authorize legislation or other action by the United States of America incompatible with the provisions of the Constitution of the United States of America." Since the convention provides for the use of reservations in so far as they are compatible with "the object and purpose" of the treaty, a reservation incorporating this view could be appended to the ratification.

The other principal U.N. human rights treaties do not pose this problem. A panel of distinguished citizens at a 1965 White House Conference on International Coöperation urged the Administration to press for "prompt" ratification of the Genocide Treaty and the three treaties transmitted to the Senate by President Kennedy. The panel went further and recommended ratification of the UNESCO treaty on nondiscrimination in education, and two I.L.O. treaties barring discrimination in employment and in pay. The question is whether President Johnson, as International Human Rights Year approaches, will heed this advice and give it a high priority. Unless leadership is forthcoming, the malaise of Brickeritis in the upper legislative chamber will continue to embarrass the United States and impede the achievement of its international goals.

TO INTERVENE OR NOT TO INTERVENE

By Hans J. Morgenthau

INTERVENTION is as ancient and well-established an instrument of foreign policy as are diplomatic pressure, negotiations and war. From the time of the ancient Greeks to this day, some states have found it advantageous to intervene in the affairs of other states on behalf of their own interests and against the latters' will. Other states, in view of their interests, have opposed such interventions and have intervened on behalf of theirs.

It is only since the French Revolution of 1789 and the rise of the nation-state that the legitimacy of intervention has been questioned. Article 119 of the French Constitution of 1793 declared that the French people "do not interfere in the domestic affairs of other nations and will not tolerate interference by other nations in their affairs." This declaration ushered in a period of interventions by all concerned on the largest possible scale. For a century and a half afterwards, statesmen, lawyers and political writers tried in vain to formulate objective criteria by which to distinguish between legitimate and illegitimate intervention. The principle of nonintervention was incorporated into the textbooks of international law, and statesmen have never ceased to pay lip service to it. In December 1965, the United Nations General Assembly adopted a "Declaration on the Inadmissibility of Intervention in the Domestic Affairs of States and the Protection of their Independence and Sovereignty," according to which "no state has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other state . . ." and "no state shall organize, assist, foment, finance, incite or tolerate subversive, terrorist or armed activities directed toward the violent overthrow of another state, or interfere in civil strife in another state." Yet again we are witnessing throughout the world activities violating all the rules laid down in this Declaration.

Both the legal commitments against intervention and the practice of intervention serve the political purposes of particular nations. The former serve to discredit the intervention of the other side and to justify one's own. Thus the principle of nonintervention, as formulated at the beginning of the nineteenth

century, sought to protect the new nation-states from interference by the traditional monarchies of Europe. For the main instrument of the Holy Alliance, openly proclaimed in the treaty establishing it, was intervention. Thus, to give only two examples among many, Russia tried to intervene in Spain in 1820, and actually intervened in Hungary in 1848, in order to oppose liberal revolutions. Great Britain opposed these interventions because it was opposed to the expansion of Russian power. Yet it intervened on behalf of nationalism in Greece and on behalf of the conservative status quo in Portugal because its interests seemed to require it.

What we have witnessed since the end of the Second World War thus appears as a mere continuation of a tradition which was well established in the nineteenth century. There is nothing new either in the contemporary doctrine opposing intervention or in the pragmatic use of intervention on behalf of the interests of individual nations. What Great Britain and Russia were doing in the nineteenth century, the United States and the Soviet Union seem to be doing today. Thus, to cite again two spectacular examples among many, the Soviet Union intervened in Hungary in 1956 as Russia had done in 1848, and the United States intervened in Cuba at the beginning of the sixties as it had done in the first decades of the century. Yet there are fundamental differences between the interventions of the past and those of the present. Five such differences have significantly altered the techniques of contemporary intervention, have drastically reduced the traditional legal significance of the consent of the state intervened against, and have affected in a general way the peace and order of the world.

First, the process of decolonization, which started after the Second World War and is now almost completed, has more than doubled the number of sovereign nations. Many if not most of these new nations are not viable political, military and economic entities; they are lacking in some if not all of the prerequisites of nationhood. Their governments need regular outside support. Thus France subsidizes its former colonies in Africa; all the major industrial nations extend economic and financial aid to the new ones, and the United States, the Soviet Union and China do so on a competitive basis.

What makes this aid a lever for intervention is the fact that in most cases it is not just an advantage which the new nations can

afford to take or leave, but a condition for their survival. The Indian economy, for example, would collapse without outside support, and in consequence the Indian state itself would probably distintegrate. Large masses of Egyptians would starve without the outside supply of food. What is true of these two ancient and relatively well developed nations is of course true of most of the new nations which are nations within their present boundaries only by virtue of the accidents of colonial policy: the supplier of foreign aid holds the power of life and death over them. If a foreign nation supplies aid it intervenes; if it does not supply aid it also intervenes. In the measure that the government must depend on foreign aid for its own and its nation's survival it is inevitably exposed to political pressures from the supplying government. Many of the recipient governments have been able to minimize or even neutralize these political pressures by keeping open alternative sources of foreign aid and by playing one supplying government against the other. Some nations, such as Egypt, have developed this technique into a fine and highly successful art.

Second, our age resembles the period of history after the Napoleonic Wars, when the theory of nonintervention and the practice of intervention flourished, in that it is a revolutionary age. Many nations, new and old, are threatened by revolution, or are at one time or another in the throes of it. A successful revolution frequently portends a new orientation in the country's foreign policy, as it did in the Congo, Cuba and Indonesia. Thus the great powers, expecting gains or fearing disadvantages from the revolution, are tempted to intervene on the side of the faction favoring them. This is particularly so when the revolution is committed to a communist or anti-communist position. Thus China has almost indiscriminately intervened throughout the world on behalf of subversive movements, very much in the manner in which the Bolshevist government under Lenin and Trotsky tried to promote world revolution. In many nations, the United States and the Soviet Union oppose each other surreptitiously through the intermediary of governments and political movements. It is at this point that the third new factor comes into play.

Of all the revolutionary changes that have occurred in world politics since the end of the Second World War, none has exerted a greater influence upon the conduct of foreign policy than the

recognition on the part of the two superpowers, armed with a large arsenal of nuclear weapons, that a direct confrontation between them would entail unacceptable risks; for it could lead to their mutual destruction. Both have recognized that a nuclear war fought against each other would be a suicidal absurdity. Thus they have decided that they must avoid a direct confrontation. This is the real political and military meaning of the slogan of "peaceful coexistence."

Instead of confronting each other openly and directly, the United States and the Soviet Union have chosen to oppose and compete with each other surreptitiously through the intermediary of third parties. The internal weakness of most new and emerging nations requiring foreign support and the revolutionary situation in many of them give the great powers the opportunity of doing so. Thus, aside from competing for influence upon a particular government in the traditional ways, the United States and the Soviet Union have interjected their power into the domestic conflicts of weak nations, supporting the government or the opposition as the case may be. While one might think that on ideological grounds the United States would always intervene on the side of the government and the Soviet Union on the side of the opposition, it is characteristic of the interplay between ideology and power politics, to which we shall turn in a moment, that this has not always been so. Thus the Soviet Union intervened in Hungary in 1956 on the side of the government, and the United States has been intervening in Cuba on the side of the opposition. The Soviet slogan of support for "wars of national liberation" is in truth an ideological justification of Soviet support for that side in a civil conflict in which the Soviet Union happens to have an interest. In the Congo, the United States and the Soviet Union have switched their support from the government to the opposition and back again according to the fortunes of a succession of civil wars.

While contemporary interventions serving national power interests have sometimes been masked by the ideologies of communism and anti-communism, these ideologies have been an independent motivating force. This is the fourth factor which we must consider. The United States and the Soviet Union face each other not only as two great powers which in the traditional ways compete for advantage. They also face each other as the fountainheads of two hostile and incompatible ideologies, systems of

government and ways of life, each trying to expand the reach of its respective political values and institutions and to prevent the expansion of the other. Thus the cold war has not only been a conflict between two world powers but also a contest between two secular religions. And like the religious wars of the seventeenth century, the war between communism and democracy does not respect national boundaries. It finds enemies and allies in all countries, opposing the one and supporting the other regardless of the niceties of international law. Here is the dynamic force which has led the two superpowers to intervene all over the globe, sometimes surreptitiously, sometimes openly, sometimes with the accepted methods of diplomatic pressure and propaganda, sometimes with the frowned-upon instruments of covert subversion and open force.

These four factors favoring intervention in our time are counteracted by a fifth one, which in a sense compensates for the weakness of the nations intervened in. Having just emerged from a colonial status or struggling to emerge from a semicolonial one, these nations react to their dependence on outside support with a fierce resistance to the threat of "neo-colonialism." While they cannot exist without support from stronger nations, they refuse to exchange their newly won independence for a new dependency. Hence their ambivalent reaction to outside intervention. They need it and they resent it. This ambivalence compels them to choose among several different courses of action. They can seek support from multiple outside sources, thereby canceling out dependence on one by dependence on the other. They can alternate among different sources of support, at one time relying on one, and at another time relying on another. Finally, they can choose between complete dependence and complete independence, either by becoming a client of one of the major powers or by forswearing outside support altogether.

This ambivalence of the weak nations imposes new techniques upon the intervening ones. Intervention must either be brutally direct in order to overcome resistance or it must be surreptitious in order to be acceptable, or the two extremes may be combined. Thus the United States intervened in Cuba in 1961 through the proxy of a refugee force, and the Soviet Union intervened in Hungary in 1956 by appointing a government which asked for its intervention.

II

What follows from this condition of intervention in our time for the foreign policies of the United States? Four basic conclusions can be drawn: the futility of the search for abstract principles, the error of anti-communist intervention per se, the self-defeating character of anti-revolutionary intervention per se, and the requirement of prudence.

First, it is futile to search for an abstract principle which would allow us to distinguish in a concrete case between legitimate and illegitimate intervention. This was so even in the nineteenth century when intervention for the purpose of colonial expansion was generally regarded to be legitimate and when the active players on the political stage were relatively self-sufficient nation-states, which not only were not in need of intervention but actually were opposed to it as a threat to their existence. If this was so then, it stands to reason that in an age where large segments of whole continents must choose between anarchy and intervention, intervention cannot be limited by abstract principles, let alone effectively outlawed by a United Nations resolution.

Let us suppose that nation A intervenes on behalf of the government of nation B by giving it military, economic and technical aid on the latter's request, and that the government of B becomes so completely dependent upon A as to act as the latter's satellite. Let us further suppose that the local opposition calls upon country C for support against the agents of a foreign oppressor and that C heeds that call. Which one of these interventions is legitimate? Country A will of course say that its own is and C's is not, and vice versa, and the ideologues on both sides will be kept busy justifying the one and damning the other. This ideological shadowboxing cannot affect the incidence of interventions. All nations will continue to be guided in their decisions to intervene and their choice of the means of intervention by what they regard as their respective national interests. There is indeed an urgent need for the governments of the great powers to abide by certain rules according to which the game of intervention is to be played. But these rules must be deduced not from abstract principles which are incapable of controlling the actions of governments, but from the interests of the nations concerned and from their practice of foreign policy reflecting those interests.

The failure to understand this distinction between abstract principles and national interests as guidance for a policy of intervention was in good measure responsible for the fiasco of the Bay of Pigs in 1961. The United States was resolved to intervene on behalf of its interests, but it was also resolved to intervene in such a way as not openly to violate the principle of nonintervention. Both resolutions were legitimate in terms of American interests. The United States had an interest in eliminating the political and military power of the Soviet Union, which used Cuba as a base from which to threaten the security interests of the United States in the Western Hemisphere. The United States also had an interest in avoiding whatever would jeopardize its standing in the new and emerging nations. The United States failed to assign priorities to these two interests. In order to minimize the loss of prestige, the United States jeopardized the success of the intervention. Instead of using concern for prestige as a datum among others in the political equation—that is, as an interest among others—it submitted to it as though it were an abstract principle imposing absolute limits upon the actions necessary to achieve success. In consequence, the United States failed thrice. The intervention did not succeed; in the attempt we suffered the temporary impairment of our standing among the new and emerging nations; and we lost much prestige as a great nation able to use its power successfully on behalf of its interests.

Had the United States approached the problem of intervening in Cuba in a rational fashion, it would have asked itself which was more important: to succeed in the intervention or to prevent a temporary loss of prestige among the new and emerging nations. Had it settled upon the latter alternative, it would have refrained from intervening altogether; had it chosen the former alternative, it would have taken all the measures necessary to make the intervention a success, regardless of unfavorable reactions in the rest of the world. Instead, it sought the best of both worlds and got the worst.

The Soviet Union's intervention in Hungary in 1956 is instructive in this respect. The Soviet Union put the success of the intervention above all other considerations, and succeeded. Its prestige throughout the world suffered drastically in consequence. But Hungary is today a communist state within the orbit of the Soviet Union, and Soviet prestige recovered quickly from the damage it suffered in 1956.

The interventions of the United States in Cuba, the Dominican Republic and Viet Nam, as well as others less spectacular, have been justified as reactions to communist intervention. This argument derives from the assumption that communism everywhere in the world is not only morally unacceptable and philosophically hostile to the United States, but is also detrimental to the national interests of the United States and must therefore be opposed on political as well as moral and philosophic grounds. I shall assume for the purposes of this discussion that, as a matter of fact, communist intervention actually preceded ours in all these instances, and shall raise the question as to whether our national interest required our counter-intervention.

Ten or twenty years ago, this question could have been answered in the positive without further examination. For then communism anywhere in the world was a mere extension of Soviet power, controlled and used for the purposes of that power. Since we were committed to the containment of the Soviet Union, we were also committed to the containment of communism anywhere in the world. However, today we are faced not with one monolithic communist bloc controlled and used by the Soviet Union, but with a variety of communisms, whose relations with the Soviet Union and China change from country to country and from time to time and whose bearing upon the interests of the United States requires empirical examination in each concrete instance. Communism has become polycentric, that is to say, each communist government and movement, to a greater or lesser extent, pursues its own national interests within the common framework of communist ideology and institutions. The bearing which the pursuit of those interests has upon the interests of the United States must be determined in terms not of communist ideology but of the compatibility of those interests with the interests of the United States.

Subjecting our interventions in Cuba, the Dominican Republic and Viet Nam to this empirical test, one realizes the inadequacy of the simple slogan "stop communism" as the rationale of our interventions. While this slogan is popular at home and makes but minimal demands upon discriminating judgment, it inspires policies which do either too much or too little in opposing communism and can provide no yardstick for a policy which measures the degree of its opposition by the degree of the communist threat. Thus on the one hand, as part of the settlement of the

missile crisis of 1962, we pledged ourselves not to intervene in Cuba, which is today a military and political outpost of the Soviet Union and the fountainhead of subversion and military intervention in the Western Hemisphere, and as such directly affects the interests of the United States. On the other hand, we have intervened massively in Viet Nam, even at the risk of a major war, although the communist threat to American interests from Viet Nam is at best remote and in any event is infinitely more remote than the communist threat emanating from Cuba.

As concerns the intervention in the Dominican Republic, even if one takes at face value the official assessment that the revolution of April 1965 was controlled by Cuban communists, it appears incongruous that we intervened massively in the Dominican Republic, whose revolution was, according to our government's assessment of the facts, a mere symptom of the disease, while the disease itself—that is, Cuban communism—is exempt from effective intervention altogether.

This type of intervention against communism per se naturally tends to blend into intervention against revolution per se. Thus we tend to intervene against all radical revolutionary movements because we are afraid lest they be taken over by communists, and conversely we tend to intervene on behalf of all governments and movements which are opposed to radical revolution, because they are also opposed to communism. Such a policy of intervention is unsound on intellectual grounds for the reasons mentioned in our discussion of contemporary communism; it is also bound to fail in practice.

Many nations of Asia, Africa and Latin America are today in a pre-revolutionary stage, and it is likely to be only a matter of time until actual revolution will break out in one or another of these nations. The revolutionary movements which will then come to the fore are bound to have, to a greater or lesser degree, a communist component; that is, they risk being taken over by communism. Nothing is simpler, both in terms of intellectual effort and, at least initially, practical execution, than to trace all these revolutions to a common conspiratorial source, to equate all revolutionary movements with world communism, and to oppose them with indiscriminate fervor as uniformly hostile to our interests. The United States would then be forced to intervene against revolutions throughout the world because of the

ever-present threat of a communist take-over, and would transform itself, in spite of its better insight and intentions, into an anti-revolutionary power per se.

Such a policy of intervention might succeed if it had to deal with nothing more than isolated revolutionary movements which could be smothered by force of arms. But it cannot succeed, since it is faced with revolutionary situations all over the world; for even the militarily most powerful nation does not have sufficient usable resources to deal simultaneously with a number of acute revolutions. Such a policy of indiscriminate intervention against revolution is bound to fail not only with regard to the individual revolution to which it is applied but also in terms of its own indiscriminate anti-communism. For the very logic which would make us appear as the anti-revolutionary power per se would surrender to communism the sponsorship of revolution everywhere. Thus anti-communist intervention achieves what it aims to prevent: the exploitation of the revolutions of the age by communism.

In truth, the choice before us is not between the status quo and revolution or even between communist and non-communist revolution, but between a revolution hostile to the interests of the United States and a revolution which is not hostile to these interests. The United States, far from intervening against revolutions per se, has therefore to intervene in competition with the main instigators of revolution—the Soviet Union, Communist China and Cuba—on behalf of revolution. This intervention should serve two alternative aims: first, to protect the revolution from a communist take-over, and second, if we should fail in this, to prevent such a communist revolution from turning against the interests of the United States. Such a policy, substituting the yardstick of the American national interest for that of anti-communism, would obviously form a complete reversal of the positions which we have taken in recent years and of which our interventions in Viet Nam and the Dominican Republic are the recent prime examples.

If this analysis of our policy of intervention is correct, then we have intervened not wisely but too well. Our policy of intervention has been under the ideological spell of our opposition to communism and potentially communist-led revolutions. Yet while this ideological orientation has continued to determine our policy of intervention, the Soviet Union has continued to pay lip service

to support for "wars of national liberation" but has in practice relegated these wars to a secondary place in the struggle for the world. This softening of the Soviet ideological position has become one of the points of contention in the ideological dispute between the Soviet Union and China. In a statement of June 14, 1963, the Chinese Communist Party declared that "the whole cause of the international proletarian revolution hinges on the outcome of revolutionary struggles" in the "vast areas of Asia, Africa and Latin America" that are today the "storm centers of world revolution dealing direct blows at imperialism." In their reply of July 14 of the same year, the Soviet leaders opposed the " 'new theory' according to which the decisive force in the struggle against imperialism . . . is not the world system of socialism, not the struggle of the international working class, but . . . the national liberation movement." The Soviet Union's recent practice of restraint in fomenting and supporting revolution has matched this theoretical position. This ideological "revisionism" has of course not prevented the Soviet Union from intervening, as in Syria and Somalia, when its national interest appeared to require intervention.

One factor which cannot have failed to influence the Soviet Union in toning down its ideological commitment to intervention has been the relative failure of ideological intervention. The United States, China and Cuba have joined the Soviet Union in the experience of that failure. The new and emerging nations have been eager to reap the benefits of intervention, but have also been very anxious not to be tied with ideological strings to the intervening nation. After making great efforts, expending considerable resources and running serious risks, the participants in this worldwide ideological competition are still approximately at the point from which they started: measured against their ambitions and expectations, the uncommitted third of the world is still by and large an ideological no-man's-land.

This experience of failure is particularly painful, and ought to be particularly instructive, for the United States. For we have intervened in the political, military and economic affairs of other countries to the tune of far in excess of $100 billion, and we are at present involved in a costly and risky war in order to build a nation in South Viet Nam. Only the enemies of the United States will question the generosity of these efforts, which have no parallel in history. But have these efforts been wise? Have the commit-

ments made and risks taken been commensurate with the results to be expected and actually achieved? The answer must be in the negative. Our economic aid has been successful in supporting economies which were already in the process of development; it has been by and large unsuccessful in creating economic development where none existed before, largely because the moral and rational preconditions for such development were lacking. Learning from this failure, we have established the theoretical principle of concentrating aid upon the few nations which can use it rather than giving it to the many who need it. While this principle of selectivity is sound in theory, its consistent practical application has been thwarted by the harsh political and military realities which may require economic aid which is economically not justified, as well as by political and military considerations derived from the ideological concerns discussed above.

This principle of selectivity must be extended to the political and military sphere as well. We have come to overrate enormously what a nation can do for another nation by intervening in its affairs—even with the latter's consent. This overestimation of our power to intervene is a corollary of our ideological commitment, which by its very nature has no limit. Committed to intervening against communist aggression and subversion anywhere, we have come to assume that we have the power to do so successfully. But in truth, both the need for intervention and the chances for successful intervention are much more limited than we have been led to believe. Intervene we must where our national interest requires it and where our power gives us a chance to succeed. The choice of these occasions will be determined not by sweeping ideological commitments nor by blind reliance upon American power but by a careful calculation of the interests involved and the power available. If the United States applies this standard, it will intervene less and succeed more.

THE ALLIANCE THAT LOST ITS WAY

By Eduardo Frei Montalva

JACQUES Maritain, the French philosopher whose thought has inspired the development of the Christian Democratic movement, maintains that history moves simultaneously in opposite directions: while the energies of society are debilitated by inaction and the passage of time, the creative forces of freedom and the spirit tend inevitably to revitalize the quality of those energies.

The evident historical importance of the Alliance for Progress, both as a human activity and as a conceptual program, makes it impossible for it to escape the workings of this general principle; thus, the generous initial concepts, the commitments and the hopes which arose after the early success of some of its programs have gone hand in hand with the renewed attacks against democracy, the loss of markets for Latin American primary commodities, the decline of foreign investment, the consolidation in power of unjust régimes and the acceptance of alternative, evolutionary processes which only retard the revolutionary changes that so many of these countries need.

The Alliance for Progress is committed to the achievement of a revolution which, as a political instrument, should be placed at the service of democratic ideas and the interests of the majority so that it will bring forth a substantial change in the political, social and economic structures of the region. This change must be swift, and the responsibility for bringing it about belongs not just to a group of leaders or to a technocratic élite but to the whole of society. The Latin American origins of the Alliance for Progress were specially evident in the non-Marxist political parties which had no links with the national oligarchies and were strongly opposed to the traditional Latin American Right.

The Latin American revolution, as a force for rapid and substantial change, has been germinating for the last decade; it is now a permanent and dynamic torrent which is weakening the political and social institutions of the continent. The form taken by this drastic change will depend on the time which elapses before the forces of revolution are finally released. The greater

the delay, the greater will be the accumulated pressure and the greater the violence of the eventual explosion.

The Latin American revolution has clearly defined objectives: the participation of the people in the government and the destruction of the oligarchies; the redistribution of land and the ending of the feudal or semi-feudal régimes in the countryside; the securing of equal access to cultural and educational facilities and wealth, thus putting an end to inherited privilege and artificial class divisions. Finally, a main objective of the revolution is to secure economic development, coupled with a fair distribution of its products and the utilization of international capital for the benefit of the national economy.

These are precisely the same objectives as those of the Alliance. Obviously a revolution thus defined is not the only means whereby rapid change can be achieved in Latin America, but it is the one with which the Alliance has been identified from its very beginnings.

The immediate goal of those who support the Alliance should not be the achievement of perfect inter-American coöperation and solidarity; their task is rather to accelerate the liberation of the forces of freedom, justice and solidarity among peoples who are hindered in their advance by the intellectual limitations of those unwilling to adapt to anything new, and by the material limitations retarding development. The task is to construct a dynamic image of the Alliance on the basis of facts and not to permit it to become a mere formula. The responsibility for the success of the Alliance is that of the whole hemisphere, because, as John F. Kennedy said, "Those who make peaceful revolution impossible will make violent revolution inevitable."

International coöperation is essential to secure these objectives. However important the internal effort of the developing countries may be, it will inevitably be insufficient in view of the enormous requirements of economic development and structural change. It would not be difficult, under a totalitarian régime, to arrange for the rapid accumulation of resources and thus advance economic development by sacrificing democracy; but neither the permanent values of the people of Latin America nor the international community as a whole would really benefit from such a solution. This is why international coöperation as established by the Alliance for Progress is absolutely necessary.

There are two basic positive aspects of the Alliance as it was

originally proposed: first, it established principles for hemispheric coöperation with a clear ideological orientation expressed by its forthright support for a democratic revolution in Latin America; second, it represented a change in the hitherto prevalent concept of financial and economic assistance given by the United States. In future, this assistance would cease to be given haphazardly or lent to this or that country to face emergencies, and it would no longer be designed to solve problems solely in a form determined by the donor. According to the terms of the Alliance, donor and recipient nations coöperate. Foreign aid is only part of a program of common achievement previously agreed on by countries which subscribed to the Charter of Punta del Este. Such arrangements for multilateral mutual coöperation were certainly new in the history of economic relations within the hemisphere. If we concentrate on these two basic characteristics and ascertain whether they have led to the achievement of concrete results during the last few years, we shall have a clear understanding of the evolution of the Alliance and the reactions it has elicited in Latin America.

II

At Chapultepec in 1945, the countries of Latin America laid great emphasis on the economic problems which industrial development and the instability of their external markets would engender in the postwar era. They suggested to the United States the advisability of making formal arrangements for concerted action in the economic field. At that time the prevalent doctrine was based on the acceptance of the notion that the free market is a final arbiter in all questions regarding international prices and movements of capital. An agreement on such matters was therefore considered superfluous.

In 1948, at the Bogota conference, this attitude was maintained by the representatives of the Washington government. The United States was too concerned with the reconstruction of Europe and aid to Asia to pay attention to her southern neighbors, who, according to Secretary of the Treasury George H. Humphrey, had only to open their frontiers and grant facilities to investors from the United States for their troubles to be at an end.

In the years immediately following the Second World War, Latin America did not have to face excessively grave problems,

because the foreign assets saved during the war and the bonanza created by the Korean conflict were sufficient to alleviate short-term pressures. But serious difficulties were accumulating for the future. The Economic Commission for Latin America (ECLA) repeatedly pointed out that there were structural failures which could lead the Latin American economies into a period of stagnation. The economic recession at the end of 1953 and 1954 showed clearly how disadvantageous the situation of these countries really was. It was on the basis of this position that at the Petropolis conference Latin America searched for a solution grounded on greater coöperation with the United States. On that occasion it was agreed, with the United States abstaining, to form a Commission of Experts who were given responsibility for preparing a draft proposal for the creation of an Inter-American Bank.

The notorious failure of the 1957 Economic Conference of the Organization of American States marked the beginning of a period of evident deterioration in hemispheric relations culminating in the lamentable events which marred the visit of Vice President Nixon to Latin America in 1958. That same year, President Kubitschek of Brazil addressed a letter to President Eisenhower on the need to reformulate inter-American relations, and soon after announced his now famous *Operación Panamericana*. Two months later Secretary of State John Foster Dulles replied, advising the younger nations of Latin America to implement reforms and step up their internal effort to solve their economic problems.

In spite of the disproportion between the original conception of the *Operación Panamericana* and the response of the Secretary of State, the attitude of the United States was already changing. Two years later, in the Act of Bogota, Latin America obtained the United States' formal acceptance of the idea of the interdependence of social and economic development and also succeeded in weakening the former insistence of the United States that private capital should be the principal instrument for financing the region's economic development. At that time, too, the Special Fund for Social Development was created, with a contribution of $500 million from the government of the United States.

The Bogota meeting marked a change in inter-American politics and opened the possibility of realizing Latin American aspirations as to the direction hemispheric coöperation should take. The seeds of the Alliance had been sown and on March 13, 1961,

President Kennedy announced his decision to carry out an Alliance for Progress. In August of that same year the Charter of Punta del Este was signed.

Latin American public opinion received the Alliance with enthusiasm; it was regarded as the beginning of a period which would open enormous possibilities for the economic and social development of Latin America. At the same time it marked the end of an unhappy period in which, as President Kennedy said, North Americans had not always grasped the significance of the Western Hemisphere's common mission. In fact, the Alliance was essentially a Latin American conception which became reality because it was accepted by the United States and specially by President Kennedy, who understood it and injected new life into it.

In spite of its limitations, the Charter of Punta del Este had an immediate and significant impact. In the first place, from a political point of view it was clearly seen that the United States supported basic change. As a result, economic and political interests became active in opposition. An unholy alliance of the extreme Right and Left took form to prevent the Charter's implementation. The reactionaries, mindful of their vested interests, maintained that the Alliance was a utopian and unrealistic program; the Marxist groups described it as an instrument of imperialism, useless for bringing about the needed change. Though using different reasons and channels, both were in accord—neither for the first time nor for the last. The victims have been the Latin American people, because this collusion prevented the reforms necessary for instituting a rapid and authentic democratic process in the hemisphere.

Thus started a long controversy on the nature of the Alliance. Its ideas have been interpreted and reinterpreted; its objectives, principles and achievements have been openly and covertly distorted. Moreover, governments which had accepted and wanted to put the Punta del Este program into operation were either overthrown or found themselves threatened by the reactionary forces of the continent or by the violence of the extreme left.

This has resulted in many divergent opinions being formed about the Alliance. Some regard it as a scheme to finance corrupt governments uninterested in reforming anything; others think of it as a program to make the rich richer. To the landed, industrial and financial oligarchies, the Alliance represents a

danger because, by placing an exaggerated emphasis on social revolution, it deters foreign investors. To others, emergency aid is only a way of propping up a false stability which in turn prevents the working class from truly understanding its situation and opportunities, thus retarding the real revolution. Many others, especially those representing governments, complained that the work of the Alliance was being slowed up by the requirement that planning and reform precede the granting of aid.

If we compare the speech made by Secretary of the Treasury Dillon at Punta del Este with the text of the Charter itself, we will see that certain clear definitions presented in the speech were expressed much more ambiguously in the Charter. On the other hand, those who attended the meeting of Punta del Este will surely remember the efforts made by some Latin American delegations to diminish the force of the *Declaración de los pueblos de América* in order to obscure the need for implementing basic structural reforms. The decisiveness and skill with which Richard Goodwin of the United States delegation acted at the time secured a final text which, though weakened in some respects, was sufficiently clear to be considered a true interpretation of the real situation in Latin America.

Other criticisms have been made, but the ones that really matter have come from those effectively committed to the ideals of the Alliance—those who have expressly given it their backing or have supported national or international policies which coincide with the objectives of the Alliance.

Has the Alliance achieved these objectives? Has it preserved democracy and helped to implement substantial changes? Unfortunately the answer is negative; the Alliance has not achieved the expected success. It cannot be said that since 1961 there has been a consolidation of democratic régimes in Latin America. On the contrary, various forces have threatened democratic governments, seeking either to overthrow them or to prevent the implementation of their programs. Nor have structural reforms taken place at the expected rate.

This does not mean that the Alliance has failed. It has brought about many beneficial changes. Under its auspices there have been advances in education, in public health services, in communal improvement, in the development of rational economic programs and in better understanding between Latin America and the United States. But these constructive achievements could

have been secured simply with the financial assistance of the United States, plus, of course, the demand that these additional resources should be used rationally by the recipient countries. The problem is that what was fundamental to the Alliance for Progress—a revolutionary approach to the need for reform—has not been achieved. Less than half of the Latin American countries have started serious programs of agrarian reform. Drastic changes in the tax system are even scarcer, while the number of genuinely democratic régimes, far from increasing, has actually declined. In other words there has been no strengthening of the political and social foundations for economic progress in Latin America. This is the reason why the ultimate objective of the Alliance—the formation of just, stable, democratic and dynamic societies—is as distant today as it was five years ago. Several experiences indicate that economic progress alone does not suffice to ensure the building of truly free societies and peaceful international coexistence. The problem does not stem solely from the inadequate flow of internal financial resources. What has been lacking is a clear ideological direction and determination on the part of the political leaders to bring about change. These two factors are intimately related and they involve the collective political responsibility of all the members of the Alliance.

Many Latin American governments have used the Alliance as a bargaining lever to obtain increases in U. S. aid precisely so as to avoid changing their domestic situation. These governments have committed themselves to internal reforms which later they knowingly allowed either to become a dead letter, or worse, to be completely controlled or used for the benefit of those in power.

For some of those who signed the Charter of Punta del Este, the important fact was the promise of the United States to help find $20 billion for Latin America. The reforms and the structural changes were regarded only as marginal conditions, clearly less important than the increase in financial aid. That is why the meaning of the Alliance was distorted and its origins often forgotten. To avoid compulsory reforms—in other words, to avoid revolution—the Latin American right wing willingly coöperated with the Marxists in regarding the Alliance as a creation of the United States exclusively. From this position they made unfair demands on the United States, destroying the true meaning of the national effort to accomplish the tasks of the Alliance. The

Alliance ceased to be mentioned or studied in Latin America except when it involved a commitment on the part of the United States, while in the United States the Executive, Congress, the intellectuals and even public opinion accepted it as a vital task —but a distorted task because, unfortunately, the United States also fell into the trap.

It is unnecessary to point out names or dates, but at some stage the imaginative, dynamic commitment of countries united by a common ideal was gone. The name, Alliance for Progress, became yet another label for all forms of aid. Uncoördinated emergency loans became "Alliance loans;" technical and financial aid freely given to dictatorships was also "Alliance aid." The Alliance in fact became just one more source of assistance instead of a concerted program of mutual coöperation. Even though the aid retained its financial value, its ideological significance was completely lost. The flow of dollars given by the United States was carefully watched, but there was no equivalent effort on the part of Latin Americans to reform and become more democratic. Hence the Alliance has not reached the people of Latin America for whom it was created.

This is one of the most serious criticisms made of the Alliance: that the people have not been able to participate in it. Could it have been otherwise? The people are grateful for the assistance received, but they have no sense of belonging to the scheme. The revolutionary awareness of the Latin American people has evolved in such a way that it can now be considered as a norm—giving direction to their principal activities. The Alliance has failed to channel this awareness, and it has not provided the needed leadership; in fact, it does not belong in this revolutionary mainstream.

The Latin American institutions which collaborate with the Alliance do not include trade unions, student federations, peasant leagues, coöperatives, etc., yet it is vital that such organizations should take part in an enterprise which is essentially popular and whose success depends fundamentally on its capacity to satisfy the demands made by the community. From a political point of view this is one of the weakest aspects of the Alliance; its task is to carry through a revolution which will bring about economic and social development, and for this it is absolutely necessary that the people as a whole be committed to it. The loyal participation of the community in this effort to build an

egalitarian society is the only way in which the objective can be achieved. This is why the Alliance must incorporate all sectors of society in its work of transformation.

III

Another grave problem of the Alliance is its inability to promote the integration of Latin America. The process of integration lacks speed and direction; it is hard to avoid the conclusion that it has stagnated. This is certainly the case with the Latin American Free Trade Area. The number of approved concessions declines annually; even now there is not a single product enjoying preferential treatment in all the LAFTA countries. Although the Treaty of Montevideo has been in operation for only five years, the rate of increase of the intra-zonal trade has actually started to decline.

Faced with this frustrating experience, one is inclined to look at the success of the Central American Common Market. Yet the objective of the Alliance is a *Latin American* common market which means that integration must be successful in both groupings. Again, we come up against the absence of a political decision on the part of each individual country and a lack of leadership in the Alliance as a whole. The forces of nationalism, and of those committed to the status quo, have been stronger than those representing the real interests of these countries. Noisy voices are raised to decry the more advanced schemes of integration as utopian. But what is really utopian and illusory is to pretend that the countries of Latin America will be able to develop and achieve their destiny in the world of the future if each is locked up in its own isolated compartment.

The alternatives are clear: either the Alliance achieves one of its most important objectives by giving integration the needed vital impulse, or in a few years it will become evident to all that in the 1960s a great opportunity was lost because of petty nationalism.

The United States has only recently decided to support the integration of Latin America; previously its position seemed to be rather negative. The United States has an important responsibility to discharge if the Alliance is really going to achieve one of the fundamental objectives of the Charter: the strengthening of the economic integration agreements, in order to build a common market which will widen and diversify trade among the

countries of Latin America. In addition to liberalizing the trade of these nations, it is necessary to arrange stabilization schemes for the prices of some primary commodities to ensure that the income they produce does not go below certain acceptable levels.

The armaments race also conspires against the strengthening of the Alliance. The annual expenditure of the Latin American countries on armaments has reached $1.5 billion. Yet the average yearly sum made available by the United States to Latin America in the period 1961–65 was $1.1 billion. The two figures clearly show that present arms purchases seriously undermine the objectives of the Alliance. A Latin American country in 1965 had, in proportion to population, approximately the same number of men under arms as the United States. India, with twice the population of Latin America and having had two armed conflicts in recent years, has fewer soldiers than Latin America.

Nobody can possibly suppose that these weapons and armies are going to deter an aggressor from outside Latin America. Equally, the assertion that to stop subversion these countries must purchase fifty-ton tanks, supersonic aircraft and battleships defies belief. The armaments race encourages distrust and nationalism and these in turn are among the chief enemies of integration. It also diverts important resources which should be utilized to satisfy the urgent need for economic and social development. It is therefore essential that a decision be taken at the highest levels of the Alliance to establish a quantitative limitation on arms purchases.

IV

Over a year has elapsed since President Johnson showed his determined support for the Alliance by announcing an extension of the period during which it will be in force. The commitments undertaken in 1961 will not now lapse in 1970, but only when the desired objectives have been achieved. Washington's various expressions of dedication to the Alliance have certainly kept hope alive, but the substantial decisions needed to inject life into this coöperative enterprise are still waiting.

The first and most important decision involves the restoration of the original character of the Alliance as a common enterprise solidly based on the needs of its member countries. For this to be achieved, its concept as a multilateral undertaking must be revived; this in turn demands a greater delegation of technical

and political responsibility to the Inter-American Committee of the Alliance for Progress and the Committee of Experts. This is not just a doctrinaire need; it has a direct practical purpose, namely, the integration of the people into the work of the Alliance. This integration will take place when the Alliance identifies itself with Latin American interests, concepts and purposes. On the other hand, the need to bring about change, and the intimate relation between this and the securing of foreign financial aid, implies the adoption of decisions which, as a matter of principle, can only be taken by each nation independently. It is inadmissible that the mere fact of making available financial aid gives any nation the right to demand that another implement specific types of structural changes. This would constitute an intolerable infringement of national sovereignty. That is why, in this situation, it is necessary to use multilateral channels for the supply of foreign assistance. Any other system might lead to new forms of scarcely veiled paternalism.

It is also important that the Alliance should openly become identified ideologically with the more progressive groups in Latin America. The future of this continent will not be contained within well-worn political and economic channels, as was so often and unsuccessfully tried during the last few decades. The Alliance must regain its essential popular character by participating in and supporting the organizations and activities of all sorts of social groups, and by granting technical and financial aid for coöperatives and for community projects in matters of health, housing and education. In general, it must support the work of the basic popular organizations within each community. The best way to show the real meaning and direction of the Alliance is to give a decided impulse to the really important transformations such as agrarian reform. The social and political impact of this reform is so great that if the Alliance were really to support it, it would vastly strengthen the collaboration of the progressive forces of Latin America.

The salvation of the Alliance depends on the implementation of all these measures: the support of integration, the discouragement of the armaments race and the finding of a coöperative solution for the problems of external trade. The problem is not one of financial resources only, though at certain times these have been scant when compared with the legitimate needs of the region. It is essentially a political problem requiring the expres-

sion of the will to change, together with the acceptance of the measures needed to bring about this change. People do not support governments because they have dutifully complied with directives from this or that international organization; they support them when they offer a promising political and economic alternative to present frustrations, and the hope of moving into a better future.

The necessary measures can be secured only by overcoming age-old resistance and destroying privileges which have remained unassailed over the years. To achieve this will also return to the American continent its true revolutionary mission. This is both possible and necessary because, as Toynbee said, "If America can bring herself to go this far, she will, I believe, have worked her passage back to a point at which it will become possible for her to rejoin her own revolution." The American Revolution was a truly glorious revolution. It was glorious for two reasons. The basic issues that it raised were spiritual, not material; and, even if this may not have been the intention of some of the Founding Fathers, it was, in effect, as Jefferson perceived and Emerson proclaimed, a revolution for the whole human race, not just for the people of the Thirteen Colonies.

LAST CHANCE FOR A COMMON MARKET

By Jacob K. Javits

EARLY in April, the Presidents of the nations of the Western Hemisphere will meet to consider the urgent and unresolved problems in which they have common interests. They will undoubtedly take special cognizance of the inadequate rates of economic growth in Latin America and will attempt to agree on new measures to accelerate development. Experts have been meeting and proposing solutions to this problem for many years. What makes this summit conference so important, however, is that it is capable of overcoming the major obstacle to all previously proposed solutions: the lack of decisive, high-level leadership toward economic integration.

If the summit conference succeeds, it could equal in importance the Rio Conference of 1947, the Bogota Conference of 1960 and the Punta del Este Conference of 1961. If it fails, Americans—North and South—will have lost an opportunity for action that may not recur for many years, if at all.

If the presidents fail to grapple with the difficult decisions involved in speeding up economic development, they will be ignoring the demands of the people of Latin America for a higher standard of living, and thereby exposing the continent to the threat of growing and possibly uncontrollable stress and violence. The choice facing them today is between the risk of instability caused by rapid economic progress and the possibility of violent revolution born out of frustration and anger. Unquestionably, the choice must be for decisive but peaceful measures to bring about rapid economic development—accepting the risks of temporary instability while it is being achieved. To reach this goal, the summit conference must put the prestige and power of the hemisphere's highest political leaders behind a continental approach to the economic problems of Latin America, and outline a new strategy based on this approach as well as on the lessons and achievements of the last five years.

This strategy, it is clear, must include the creation of a genuine Latin American Common Market. Because past experience has shown that agreement in principle is not enough, a definite timetable for negotiating a common market treaty must be decided

upon. A start must be made, too, on several major supporting projects which are multinational in scope: improved national development planning; coördinated and attainable programs for regional development; arrangements for more effective participation by the private sector in national and regional development; and more adequate external financial and technical assistance.

Agreement in principle on the part of the United States also will not be enough. To make this new strategy succeed, our government will be called on to take measures which will not always be popular in Congress or in our business community.

Admittedly this is a difficult undertaking. Success may well depend on a concerted effort by opinion-makers throughout the hemisphere to obtain political and public acceptance for it. To accomplish this, there is a need for an Action Committee for a Latin American Common Market, patterned after the Monnet Committee which did so much to gain approval of the European Economic Community (E.E.C.). Steps have already been taken to organize such an effort for Latin America.[1]

Fifteen years ago the success of the Marshall Plan was assured because the European countries realized early that their national economic problems were not exclusively their own, but part of Europe's general economic crisis. They recognized that they could not resolve these difficulties individually, but that by working together with common objectives and a single purpose they could achieve rapid economic recovery. Although there are some leaders in Latin America who understand this principle, they have not had the necessary support to galvanize a continental effort. Others, while acknowledging the need for joint action, have not been willing to assume the leadership.

The example of Europe is clear. If the goals of economic growth and social reform set forth in the Alliance Charter are to be achieved in our lifetime, that example should be followed.

II

It is generally agreed that the rate of economic development in Latin America is dangerously slow. After five years of the Alliance for Progress, and six years of two experiments in economic

[1] Two years ago, I invited the leaders of democratic political parties and trade unions of the Americas and Latin American leaders devoted to the cause of democratic reform and unity to join me in the establishment of an Action Committee for a Latin American Common Market. Dr. Alberto Lleras Camargo and I have now formed an organizing committee of Latin American, U.S., European and Canadian leaders to lay down the basis for the larger Action Committee.

integration, the continent is still faced with serious food shortages, inadequate housing, insufficient industrial production and limited internal and external markets. The Latin American Free Trade Association (LAFTA) and the Central American Common Market (C.A.C.M.) were both organized in 1960 as a basic Latin American contribution to the solution of these problems. But progress has been discouraging—especially in LAFTA.

Several important factors have contributed to the limited progress under LAFTA. For one, tariff cutting is permissive and commodity-by-commodity rather than automatic or across-the-board. As a result, sensitive items, including industrial products, remain protected behind high tariffs in such countries as Argentina, Brazil and Mexico. Hardly any industrial products which are of vital importance in creating a regional market have been subject to significant tariff cuts. National economic policies are not being coördinated adequately. The organization lacks a central executive to give the Treaty of Montevideo greater momentum and a high-level political body to give it clear policy direction and the capacity to act. Complementary agreements, designed to accelerate regional industrial development, have proven too complex to be really effective. Lack of an executive has also meant that joint planning and joint development activities have been neglected.

This is not to say that C.A.C.M. and to a lesser degree LAFTA have made no progress at all. In Central America, intrazonal exports have expanded from $33 million in 1960 to $140 million in 1965. Among the five member countries, 92.5 percent of all trade is now free of restriction, and the proportion of their trade which is intraregional has grown from 7.2 to 18.7 percent.

Progress toward the elimination of regional trade restrictions in LAFTA, which now includes Mexico and all of South America, has been slower. Nevertheless, even with the built-in limitations of a loose, voluntary organization, its exports have increased from $775 million in 1962 to $1.4 billion in 1965, or from 6 to 11.3 percent of the total trade of the member nations. Nearly ten thousand tariff concessions have been negotiated in five years.

In December 1966, LAFTA ministers meeting in Montevideo approved a resolution to establish a permanent Council of Ministers as the organization's top policy-making body. Since this constitutes a change in the treaty, member parliaments will have to ratify it. At the same time, foreign ministers of the member

countries approved a resolution which could result in LAFTA members taking a common position toward third countries and toward international organizations. Also, the meeting of three Latin American presidents, and representatives of two others, in Bogota last August endorsed the move toward full economic integration of Latin America.

These are small gains, but they provide a source of encouragement to the Latin American leaders who are working for a truly integrated continental market. These men are not visionaries, but political and business leaders who are committed to finding the means to resolve their problems. My own conversations with experts and political and business leaders over the last four years have persuaded me that there is an overwhelming case to be made for the immediate establishment of a Latin American Common Market built on the progress already made by LAFTA and the Central American Common Market. Of course, the decision to establish a common market, in what form and by what timetable, must be made by the leaders of Latin America themselves.

One approach was suggested in the report issued by Raul Prebisch, José Mayobre, Felipe Herrera and Carlos Sanz de Santamaria in April 1965 in response to a request by President Frei of Chile. It envisages a single continent-wide common market composed of all of Latin America and including the Central American Common Market as a single unit. The common market would be built on integration machinery already in being, such as the Inter-American Committee on the Alliance for Progress (C.I.A.P.) and the Inter-American Development Bank, and on agreements that would go beyond the provisions of the Treaty of Montevideo. The principles embodied in these agreements would supersede conflicting provisions of the Treaty. The report lays down certain basic principles that would govern the common market's trade, regional investment, monetary and financial policies, its treatment of the less developed members of the common market, and the role of indigenous and foreign private enterprise in the development of Latin America. Under this plan, tariffs on intra-regional trade would be reduced in ten years to a level not exceeding 20 percent; nontariff barriers would be correspondingly reduced and eliminated automatically within the same period. The total elimination of restrictions would be the final objective, but it would be achieved gradually, on the basis of experience gained during the first ten years of the market.

The report also recommends the establishment of more effective institutions to govern the affairs of the common market. A council of ministers would have the supreme power of decision within the market; decisions would be based on unanimous agreement and the right to veto would be restricted. The executive authority of the community would be vested in an executive board of four to six members and there would be a provision for a Latin American parliament to focus public attention on key issues facing the common market and to foster greater public support for the principle of integration. A financial body would be created to promote regional investment, and an ad hoc conciliation committee would act as a supreme court in resolving disputes arising from differing interpretations of the agreements governing the common market or the regulations issued by the executive board.

Another set of proposals that could lead to a Latin American Common Market were fashioned by four hundred business leaders from North and South America as members of the Inter-American Council for Commerce and Production (C.I.C.Y.P.). In its closing declaration after a meeting in Mexico City last May, the Council declared its support for the acceleration of economic integration in Latin America.

Specifically, the Council called for closer coördination of the activities of LAFTA and the C.A.C.M., and a more direct and effective involvement of businessmen in these organizations. C.I.C.Y.P. also urged coördination of monetary policies, foreign exchange problems, taxation, social legislation, treatment of foreign investors and tariff policy. In addition, the Council called for accelerated and automatic reduction of tariffs and other restrictions and greater encouragement of industrial complementation agreements. The declaration emphasized the importance of monetary stability to the success of economic integration and to the effective coördination of balance-of-payments and investment policies. It also stated that new integration arrangements must specifically deal with the great differences currently existing in the average incidence of customs tariffs and in the degree of economic development of the Latin American countries.

It is obvious, then, that important economists, businessmen and political leaders are already on record in favor of the principle of a Latin American Common Market. It now remains for the hemisphere's presidents to make the decision to start negotiations on a treaty, set a timetable for the drafting of a treaty, appoint

a high-level committee to negotiate it, and establish terms of reference to guide the negotiations.

Although the form of the proposed common market is clearly for the leaders of Latin America to decide, I would like to set forth what I believe should be some of the terms of reference.

The proposed Latin American Common Market should: (1) lead to free trade within the common market area within a fixed timetable and on an automatic basis of across-the-board, phased reductions; (2) institute development policies to generate more rapid industrial expansion and higher agricultural productivity; (3) be outward looking; (4) have a low common external tariff; (5) give only temporary protection to infant industries and at moderate and gradually decreasing levels; (6) accord fair treatment to private domestic and foreign investment; (7) encourage competition and discourage monopolies; and (8) provide for the relatively free movement of capital and labor within the region.

An institutional framework with a strong central executive and strong political direction would seem to be a requirement. Whether the gap between LAFTA and a Latin American Common Market should be bridged in a single step or in a series of steps is properly a subject for negotiation, but whatever road is taken, a continent-wide and fully integrated common market should be attained within a period of time fixed in a treaty. Progress by sectors or by subregional common markets should be fully examined in this light.

One hopes that, concurrent with efforts to establish a common market, the leaders of Latin America will agree on specific multinational projects to improve the infrastructure of the hemisphere, for such projects in the fields of electric power, transportation and communications can help lay a sound basis for more extensive integration. Some progress has already been made in this field. Last July, the Board of Directors of the Inter-American Development Bank established a Pre-investment Fund for Latin American Integration to originate, encourage and finance studies which will lead to multinational projects of significance to Latin American development and integration. In September 1966, the Development and Resources Corporation of New York submitted to the Bank a comprehensive report outlining for the Pre-investment Fund an initial program of action, a method of approach and a series of nineteen studies. They range from the promotion of heavy industry to the development of electric

power (the Salto Grande Hydroelectric Project involving Argentina and Uruguay, the Joint Tumbes River Development Project involving Ecuador and Peru) and the interconnection of Central American Power Systems.

Some significant multinational projects are already beyond the study stage. For example, Paraguay, Brazil and Argentina are involved in a hydroelectric power venture—the Acaray Project. Brazil and Argentina have a ten million k.w. hydroelectric project on the Parana River under serious consideration. The Pampas de Olmos irrigation and hydroelectric project, which would greatly benefit Peru and surrounding countries, has been the subject of a careful study financed by the U.N. Special Fund and the Peruvian Government.

One multinational effort vitally necessary to the progress of integration is improved communications within Latin America and between North and South America. The present inadequacies of communication among the American nations are incongruous in this age of space miracles. They prevent the free exchange of ideas and information and have been a major obstacle to effective inter-American political and economic relations. One way of markedly improving the situation would be to establish an inter-American television system, making use of the present television facilities on both continents, but utilizing communications satellites for transmission between Latin American nations and between the continents. It could be established as a regional system or as part of the worldwide communications satellite system known as INTELSAT (International Telecommunications Satellite Consortium). The project might start as an educational TV system, the cost of which could be substantially offset by sharing facilities with telephone and telegraph traffic. At a later stage the system could be expanded for commercial TV programming, if the participants so desire.[2]

[2] According to a recent study made by highly qualified American communications experts, a regional system could be established with a satellite of advanced design and a minimum of seven major earth stations, utilizing existing radio and TV stations and microwave distribution systems. The annual cost of operating and amortizing the system, including recurring costs for the new TV program material, is estimated to be approximately $45 million. If the system is shared with telephone and telegraph services, it is estimated that it could earn $15 million annually within a few years and could break even in five to ten years. The cost of developing the initial educational TV programs seven days a week in two languages would be approximately $44 million a year. The initial cost involved in acquiring and launching the satellites, and building the earth stations and other ground facilities would require about $80 million, according to the experts. The cost of developing this network could be shared between the public and private sectors.

III

It is generally understood that the reduction of tariffs by itself will not bring about rapid economic development or a rapid increase in intraregional trade in Latin America. In Europe, the E.E.C.'s gradual tariff reduction has taken place in the context of highly competitive industrial societies. It was these competitive forces which made tariff reductions effective as a spur to trade and industry.

In Latin America the level of industrial development is relatively low. Industry operates in an atmosphere of limited competition and low-volume production. A conscious national effort must be made to stimulate economic development, with private enterprise playing a major role in delineating and executing carefully devised development plans. Improvement of national development planning should receive the highest priority and the most strenuous support.

How effectively the private sector may participate in Latin American development will be determined by its own willingness to meet the requirements of the times, by the investment climate created by governments and by the precise role assigned to it in the treaty establishing a common market.

It is clear that private enterprise—both domestic and foreign—has contributed enormously to Latin America's development, and that today the economies of South and Central America are overwhelmingly based on private enterprise. It is in Latin America's interest—and ours—that this should be so in the future. It is true that the private sector in Latin America has yet to demonstrate that it can meet the material needs of the people or that it is ready to accept its obligations to society. A considerable segment of private business in Latin America does not seem to have learned the lessons that private enterprise in the United States and in other Western industrialized nations absorbed decades ago.

The primary lesson is that business, to be successful and socially viable, must be conducted "in the public interest" and, through shareholding, should be as widely owned as possible.

Also, in too many cases the importance of reasonable prices and living wages as a means to achieve social stability and increased consumption is not understood. There is also a lack of appreciation of the beneficial effect of increased competition on produc-

tion and prices and of the rationalization of production which could come through a common market. Business is often reluctant to accept—and to negotiate with—labor unions, not understanding the need for a vigorous and democratic labor movement. Obsolescence in production is widespread and the involvement of private enterprise in community action leaves much to be desired. And business is frequently unaware of its responsibility in the fields of housing, education, health and land reform. Substantial progress must be made on all these fronts before private enterprise will be ready for the vast task facing the Latin American economy.

One effective instrument of private enterprise in Latin America has been the ADELA Investment Company.[3] Organized two years ago for the purpose of investing in the economic development of Latin America, ADELA is proving that investment—even of limited resources—made with foresight and imagination can have a strong impact on the economy and can be profitable. Made up of 140 industrial companies, banks and financial institutions from Europe, the United States, Canada and Japan, this multinational investment company is not a passive investor but a catalyst for other investors and an entrepreneur helping local groups to identify investment opportunities and translate them into projects. To date, ADELA has invested $33 million of its own capital in projects in agriculture, wood and paper pulp, manufacture of machinery, general manufacturing, chemicals, textiles and finance companies. However, ADELA has had a multiplier effect of almost ten times, so that the actual investment in its fifty-odd projects exceeds $300 million. One of ADELA's prime considerations in making a particular investment is whether the enterprise will be viable in conditions of a common market when the prospects for larger markets and adequate profits are far greater.

Latin American governments face new obligations, too. In many countries the climate for private investment must be improved and better incentives developed to permit private enterprise to flourish. And this will have to be done at the same time governments endeavor to provide for social justice. The two are by no means incompatible.

The rights and obligations of private enterprise—both domestic and foreign—ought to be clearly defined in a common market

[3] Editor's note: ADELA was originated in 1961 in the NATO Parliamentarians' Conference by Senator Javits, and was later supported by Senator Hubert H. Humphrey.

treaty. To take a protectionist attitude toward foreign investment in order to preserve the prerogatives of domestic entrepreneurs would be a mistake. The contribution of private foreign investment in the form of new machinery, management know-how, production and distribution techniques, and competition is essential if Latin America is to develop at a satisfactory rate.

IV

The accomplishments of the Alliance for Progress are not insignificant. They reflect the determination of government officials, business leaders and international civil servants to meet Latin America's economic problems. In this vital but limited respect, the Alliance must be considered a success. It must be credited with doing a considerable amount to defuse temporarily an explosive situation, but as long as the reasonable economic and social demands of the people of Latin America are not satisfied the danger of an explosion remains.

It is disheartening to have to acknowledge that after five years of the Alliance the same basic problems exist: food shortages, inadequate housing, insufficient industrial production and limited internal and external markets. Doubtless without the Alliance these problems would have reached catastrophic proportions. Even with its support the Latin American economy has barely been able to grow at the minimum rate of 2.5 percent per capita set at Punta del Este.

Why has the Alliance not even begun to solve Latin America's basic problems? One major reason is that it has not developed a cohesive political doctrine that could provide strong motivation for rapid but evolutionary change. Perhaps we in the United States expected too much of it in such a short time span. Perhaps our friends in Latin America believed it could gather and maintain its own momentum without their total commitment to its objectives. Perhaps we both underestimated the gravity of the situation and the effects of the continued rapid growth in population—2.8 percent per year.

But, very importantly, the Alliance received insufficient support from LAFTA as a vehicle of economic development. In other words, while some Alliance funds were used in a multinational framework, the bulk had to be spent relatively inefficiently in limited national markets and for national development projects which contributed little to integration.

No matter where the fault may lie, we have learned that no single program—even one as generous and well-intentioned as the Alliance—can be the complete answer to the many and deep-rooted problems of a continent. All the Alliance can do, or should be expected to do, is continue to provide external support for reform and modernization. It is the responsibility of the Latin American governments and their peoples to carry on the programs of development and to provide a better framework for development—namely, a common market.

We can then provide Latin America with adequate financial and technical support and we can encourage other industrialized nations to follow our example. The $253 million in public funds contributed by Western Europe to Latin American countries on a bilateral basis between 1960 and 1964 represent 8 percent of the total bilateral aid to Latin America in this period; the amount could be significantly expanded. But to increase external aid will not win the struggle unless the summit conference demonstrates a new will to tackle fundamental problems on a continent-wide basis. Once these decisions are made, external aid can provide the margin for victory.

The nations of Latin America must be certain that they will have the support of the U.S. Government in these efforts. At all levels our government has publicly endorsed the establishment of a Latin American Common Market. Last August, celebrating the fifth anniversary of the Charter of Punta del Este, President Johnson specifically pledged our full support and urged that the pace be quickened. "Time," he said, "is not our ally." The Congress has on several occasions stressed the desirability of economic integration, and many business leaders have spoken out urging Latin America to move ahead on this vital problem. We have come to realize during the last thirty years that one region's prosperity is related to the prosperity of others. And Latin American prosperity is of interest to us politically as well as economically. A prosperous Latin America, dedicated to the pursuit of higher living standards, will prove a powerful ally in the struggle for a better world order.

But our day-to-day policies in recent years have not been geared to providing the conditions for a workable common market. Often we have failed to support the forces of change in Latin America—the new industrial managers, labor unions and progressive political movements. We have also relied heavily on

the traditional, conservative ruling groups who are wary of economic integration and the continental approach. We have done so because these groups appeared to be in a position to guarantee stability, respect for private property and public order. These appearances have often proved illusory in the long run, as in Cuba and in other countries where military juntas took over and undermined stability rather than strengthened it.

The Bogota and Punta del Este Conferences marked a major break with this practice. We recognized that the United States could no longer equivocate in this way and that we had to place basic long-term U.S. national interest in the hemisphere above short-term interests which may be dictated by commercial or "stability" considerations. We must offer a partnership to the forces of change. During the past six years we have given increasing support to those elements in Latin America which are committed to modernizing American society, although our record is not entirely consistent in this respect. If we are to be accepted in Latin America as a nation which truly understands the needs of the Latin American people, we will have to persevere along this line. Also, we must take specific steps in support of a Latin American Common Market.

We should give our support for sectoral or subregional integration agreements, even if they do not conform to certain provisions of GATT, based on conditions and experiences prevailing in postwar Western Europe—not in Latin America today. We should also make a major attempt through GATT to obtain from industrialized nations generalized preferences for the exports of all developing countries; or, alternatively, we should seek the abolition of existing preferential arrangements—such as the E.E.C.'s with its associated African states, and the United Kingdom's with Commonwealth nations. If within a fixed time these attempts to remove discrimination against Latin America do not succeed, we will then be in a position to negotiate preferences with the proposed Latin American Common Market.

The United States should be ready to support the Inter-American Development Bank's Pre-investment Fund for Latin American integration. As soon as a sufficient number of feasibility studies are completed, we could contribute as much as $1 billion in loans to a special operating fund and seek a similar sum from other industrialized nations and international lending agencies. Once the Latin American Common Market is securely estab-

lished—say in ten years—and it is found to be to our mutual advantage, the United States should be ready to negotiate a Western Hemisphere Free Trade Area, including Canada. This would first involve raw materials, then semi-manufactures and finally manufactured products. If in the meantime, preferences have been agreed upon between the United States and the Latin American Common Market, they should be phased out in favor of the Free Trade arrangements.

The prospects for next month's summit conference would be more encouraging if there were indications that the leaders of the Americas were firmly convinced that steps must be taken immediately to establish a Latin American Common Market. Obviously, the situation is not analogous to that of Western Europe in 1955. Ten years after the end of the war, there was an advanced degree of industrialization upon which economic integration could be based; a high level of regional trade activity and a network of transportation and communications facilitated the ultimate achievement of economic integration. Latin America is clearly at a disadvantage in these respects. This offers an argument which serves those who would oppose or delay economic integration. But in fact it is inertia and a provincial nationalism rather than inadequate industrialization and communications which are blocking economic change.

The presidents at the summit can be expected to establish an inter-governmental committee to negotiate a common market treaty. But that is not enough. An Action Committee—serving as the focal point for those working toward the same goal—is still important in creating an atmosphere of public and parliamentary support for the treaty. The committee would solicit the active support of key leaders of non-communist political parties, business groups, trade unions, the academic community and the press of Latin America, who are agreed on the principle of economic integration and who are prepared to build up the necessary political support to make this goal realizable. With such support, acceptance of a common market and supporting measures can be assured.

What would economic integration mean to Latin America? In purely economic terms, it would result in the improvement of Latin America's terms of trade with industrialized nations and would provide a powerful pull on foreign private capital. It would provide a pool of resources for the construction of a regional

transportation system including coastal shipping and inland road, rail and air transportation. It would stimulate more rapid economic growth through strengthening competition and allocating industries rationally and profitably. It would lead to greater diversification of production and less dependence on the export of primary products. It would materially raise the standards of living of the people and open vast opportunities for ownership by Latin Americans themselves. In political terms, it would create an atmosphere for continent-wide coöperation in solving hemispheric problems and would immeasurably strengthen Latin America's voice in world councils. What remains to be seen is whether this long-postponed opportunity is about to be realized now.

ARGENTINA: THE POLITICS OF LATE INDUSTRIALIZATION

By Eldon Kenworthy

BOOKS on Latin America written ten years ago called attention to two parallel developments in the region. The major countries were industrializing, and urban-based parties were cementing their hold on national politics. It was natural to conclude that the two trends were related—that the economic dislocations of the depression and war had broken the back of the old order, leaving national policy firmly in the hands of groups identified with democracy and all-out industrialization. This was the "twilight of the tyrants" and the noonday of "the middle sectors." Recent observers are less sanguine. They see middle-class politics proceeding apace and the cities dominating the economic scene, but what (they ask) has become of all-out industrialization? Somewhere on the way from light to heavy industry, from an urban-circumscribed to a truly national market, key nations of the continent have begun to drift. While the cities swell with rural migrants escaping the static hinterland, economic growth seems mired in bogs of inflation, inefficiency and vacillating policy.

The disillusionment arises not so much from a comparison of economic performance today with that of twenty years ago as from the discrepancy between present performance and past expectations. The immediate postwar years promised so much, not only in terms of new political alignments but in terms of the tractability of economic problems. Today, when the obstacles to economic development appear to be innumerable and elusive, it is easy to forget that ten years ago we tended to assume that "takeoffs" followed automatically upon the fulfillment of a few specific preconditions, such as the achievement of an ample level of investment. Latin America appears today to be doing far better in creating demand than in supplying jobs, housing and mass-produced goods. While the economies of the region are keeping ahead of population they seem to be losing in their race with "rising expectations."

Dissatisfaction with present trends is widely apparent in Latin

America: both major contestants in the Chilean election of 1964 were proponents of extensive reform; the recent reorganization of government in Uruguay was made in a mood of national emergency; and in the last round of coups the justification most frequently heard was that military rule is needed to avert economic chaos. Nowhere is the discrepancy between promise and reality more visible than in Argentina, a nation with notable advantages over her neighbors in soil, climate and developed human resources. Over the past thirty years per capita national product has increased only 45 percent or at an average annual rate of 1.5 percent. It is not that economic gains are being wiped out by the population explosion—between the last two censuses population grew at an annual rate of only 1.7 percent; adequate growth just is not occurring. Most disheartening perhaps is that in thirteen of the past thirty years the economy actually lost ground (again in per capita terms). In other words, the pace has been quite unsteady, and recently a recession has appeared every second or third year.

There are no political compensations for this disappointing economic performance. General Onganía, who came to power in last June's coup, is Argentina's eleventh chief executive in a quarter-century. Of those only three were duly elected. Over the last fifteen years national policy has been made by a succession of seven presidents, eighteen ministers of the economy, seventeen foreign ministers, sixteen ministers of the interior and fifteen ministers of war. For more than half of the past quarter-century martial law or its equivalent has been in force somewhere in the country. When the U. S. Government deplored the Onganía coup for breaking the "continuity of democratic government," it was either reaching back to the twenties or speaking of a very immediate past.

The standard American explanation for so disappointing a record has been Peronism. A typical view (here quoted from *The New York Times*) holds that "for at least a century Argentina was the most advanced and prosperous nation in Latin America. It lost its way in the Perón era and is still groping and floundering about. The natural wealth, the brains, the ability are still there, but unharnessed because of political sickness." According to this analysis, Perón so unbalanced the economy and so embittered politics that this wealthy, resourceful, etc., nation still lies under a cloud, some ten years after his overthrow. The explanation is

typically American in that it reflects the economic determinism we so often apply to the Third World. If a country possesses sufficient economic resources and enough trained manpower, we can imagine no major obstacle to its rapid development. Hence, if development is stalled, the cause must be fortuitous—in this case, the accident of bad leadership. Perhaps it is because our own political institutions and ideology have changed so gradually and so continuously—in short, have adapted themselves so successfully—that we relegate such matters to a realm of second importance in analyzing the processes of change elsewhere.

On separate occasions both the President and the Secretary of State have compared the Alliance for Progress to the New Deal. But the New Deal pursued social and economic reforms within the context of existing political institutions, and in a society which already was highly integrated and fully industrialized. The problems confronting Latin America, if they have anything in common with U. S. experience, are more nearly analogous to those we faced in the last half of the nineteenth century, when the question of which groups would have tenure to take the economy in which direction was resolved, and all-out industrialization begun. It was an era initiated by marked political change, with new groups dominant in politics, new emphases in ideology, and radical transformations in institutions. Similar changes may be necessary before Latin American nations can fully industrialize. Americans may resist the suggestion that a period which includes the Civil War has relevance for other societies; slavery, after all, was a social question peculiar to a relatively few nations. But where has major economic transformation not been accompanied by "social questions" that severely test existing institutions?

Peronism grew out of Argentina's first decade of industrialization. It presided over a second in which industrial expansion met mounting obstacles. Argentina has just completed a third decade in which the Peronists have been out of power, but many of the obstacles have remained. It hardly seems reasonable to blame capricious leadership or a particular political faction for the country's continued failure to achieve sustained economic growth and political stability. Actually, Argentina's difficulties lie in the political responses she initially made to the requirements of industrialization, and these responses may be pertinent to other cases of "late industrialization;" that is, they may appear in

other nations which, having entered the twentieth century as exporters of primary products, are trying to convert to industry under politically more difficult and technically more complex circumstances than applied in an earlier era.

II

What are the political requirements of industrialization? Many might be listed, but two stand out as primary. First, groups that identify their own interests with industrialization must shape national policy. Second, the rest of society must be persuaded to accept this distribution of power as well as the sacrifices which industrialization entails in the initial stages of capital formation.

Like most American nations, the United States began its independent existence as an adjunct to more developed economies abroad. Its cities were clearing houses for the export of agricultural products and for the import of manufactured goods. The cities gradually added simple manufacturing to their commercial role, so that by mid-century the United States had a dual economy: semi-industrial and somewhat self-contained in the north, agricultural and export-oriented in the south—a bifurcation like that in many Latin American countries today. It is not necessary to subscribe to an economic interpretation of the causes of the Civil War to suggest that its chief *effect* was to remove from national policy-making the one group most likely to have obstructed the further expansion of industry. Not only were the southern planters read out of national politics, but the ideology of freedom, revived in the conflict over emancipation and free soil, was used to retard the formation of new challenges from labor and small farmers. The freedoms emphasized in the 1880s were property rights and free association. They were used against unionization and state regulation. Similarly, the equality emphasized was less the political and social egalitarianism of Jackson's day and more the "equality of opportunity" of Horatio Alger, which justified the low wages and high profits that made rapid capital formation possible. Those on top earned their position; those on the bottom could also rise. In this way, the United States met the two political requirements of industrialization: power for the entrepreneurs and a suitable justification for the rest.

In contrast, Argentine entrepreneurs have never been able to shape national policy as did our industrial capitalists. The po-

litical influence of the agrarian sector was not abruptly cut off as it was by our Civil War, and remains a factor today. As for organized labor, it acquired political influence simultaneously with the earliest industrialization. Many of the industries which first took root in Argentina were owned by foreigners or by recent immigrants who exerted little influence over public policy. The first non-aristocratic governments represented commercial interests (linked to the export economy) and the professions. Neither this early middle class nor the rural élite had strong reasons for curtailing unionization in industry. As a consequence, when native industrialists began to exert influence over policy in the late thirties, they met the countervailing influence of the unions, already nationally organized in the C.G.T. From its inception, therefore, the era of industrialization in Argentina has known a degree of political pluralism not found in the America of Jay Gould and Andrew Carnegie. Argentine entrepreneurs formed but one of several pressure groups to which politicians were attuned: to be successful, they had to build coalitions encompassing a number of diverse groups.

Turning to the second political requirement of industrialization—popular justification, which we shall call ideology—we find Argentina at no less of a disadvantage. As the American case suggests, an ideology of industrialization must serve a number of purposes simultaneously. It must justify rejection of the old order and commitment to a new one, while maintaining the public's trust in the political leadership. To industrialize, Argentina had to reject her traditional export economy that had relegated her to a condition of dependence on nations which were already industrialized. This meant rejecting a half-century of leadership by capable, anglophilic leaders, and of finding a substitute for their conception of modernization through borrowing. To do this, Argentines resurrected a still older tradition: the emphasis on sovereignty that accompanied the break with Spain. National independence was proclaimed a major justification for industrialization. The difficulty was and is, of course, that preoccupation with economic sovereignty makes industrialization more arduous, since the process requires inputs of investment and recent technology which may not be sufficiently available at home.

Argentines might have accepted the sacrifices implicit in industrialization without foreign investment if there had not been

another theme interwoven in their ideology—the tradition of mass consumption which grew out of their early prosperity. Given the fact that organized labor appeared at the inception of industrialization, it is doubtful that the distributive issue could long have been ignored in any case. But the easy success of the export economy fed expectations of grandeur for the nation and of well-being for the citizenry which could not be sustained during the industrial transformation. Perón exploited the dissatisfaction of the workers by describing industrialization in terms of more jobs, better pay and greater availability of consumer goods, and he implied that these could be obtained without sacrifices. Today many talk of necessary sacrifices to advance economic development, but few are willing to make them.

Many of the differences between the American and Argentine patterns seem to be associated with changes in the world environment, allowing one to speak of "early" and "late" industrialization. Approximately fifty years separate the moment when, in each country, the contribution of manufacturing to the national product surpassed that of agriculture, but Argentina at that moment (in 1935) was considerably more modernized than the United States (in 1885). Only 15 percent of the U. S. population then lived in cities of 100,000 or more, while in Argentina the comparable figure was almost three times as large. In an already industrialized world, an export economy can be highly productive as long as its markets are strong. (Imagine the antebellum South with mechanical cotton-pickers and chemical sprays, purchased with northern capital.) Thus Argentina could afford large cities with high levels of consumption, generating middle-class politics. But the effects of this trade-based modernization may make industrial changeover more difficult when it comes. Middle-class attitudes toward industry are ambivalent; curtailment of consumption, even of luxuries, is resisted. Also, international standards of human necessities have risen continuously in this century. Governments cannot ignore the welfare of their populations to the degree possible even fifty years ago.

Late industrialization is often accompanied by more foreign involvement than early industrialization. To compete with existing economies, even in local markets, the newcomer must adopt the latest technology, which is elaborate and expensive, entailing imports of foreign capital and technicians. Whatever its economic benefits, this foreign component can be a source of irrationality

and tension in the political sphere, particularly where nations are highly politicized. In Argentina mass politicization accompanied modernization, thus preceding industrialization by two decades. To the unsophisticated voter, nationalist slogans are more appealing than intricate lessons in the need to coöperate with foreign investors. This is particularly true when, in justifying the need to industrialize, leaders criticize the dependence inherent in the export economy. How is the public to distinguish the "bad" foreign investment which made Argentina a prisoner of markets controlled by more powerful nations from the "good" foreign investment that will aid industrialization and independence?

III

The differences just enumerated are too skeletal to give much sense of the Argentine pattern of industrialization; we must reintegrate these observations into the narrative of recent Argentine history. The successful exploitation of the country's resources, begun in the 1880s, was the work of foreign capital (mostly British) teamed with a native agrarian élite known to Argentines as "the oligarchy." These paternalistic but capable modernizers saw an impressive future for their country in the development of an export economy relying on advanced nations for capital and durable goods and paying for these by exporting the wheat, wool and meat which Argentina can advantageously produce. Geography, in placing the pampas next to the port and administrative center of Buenos Aires, coöperated in the realization of the dream. Although rural landowners, the oligarchs resided in the metropolis and fostered urban expansion. Much of their export earnings, and of the foreign capital their organizational skills attracted, filtered down to the quarter of the nation's population already urbanized by the turn of the century (cities of twenty thousand or more). "Lateness" directly helped, in that the technology developed in the first industrial revolution (steamships, combines, railroads and finally refrigeration), purchased with foreign capital and manned by European immigrants, made the export sector highly productive. With an optimism not uncharacteristic of a late Victorian society, Argentines pinned their hopes on the specialized role assigned to them in the world economy.

In time the dream soured. Falling prices on the world market, flights of foreign capital, a decelerating capacity to export due to

rising home consumption—these and other problems which Argentina had experienced struck simultaneously during the depression, and with such severity as to call into question the continuing viability of the export economy. In the first of what was to become an accelerating cycle of military coups (at intervals of first thirteen, then twelve, seven and finally four years), the oligarchs resumed the full governmental control which they had relinquished a decade before to the urban middle class. Argentine historians refer to the thirties as the "infamous decade," largely because of the electoral frauds perpetuated by an élite which valued middle-class coöperation enough to utilize democratic forms, but cherished power at this juncture even more. This was not their only discrepancy, however. While ostensibly maintaining the export economy and market mechanisms, they actually initiated many of the trends toward industrialization and state economic controls commonly associated with Perón. That they did so reluctantly, under the pressure of world events, can be seen in their hesitation to recognize their innovations. No one spoke of the resulting industrialization as the dawn of a new day; it was merely "diversification" of the existing economy. Not until the war added new insecurities to those remaining from the depression did government spokesmen seize on industrialization as Argentina's salvation.

The populace grew more politicized between the wars, as a politically apathetic generation of immigrants gave way to native sons, and as rural peons streamed into the cities in search of better jobs. By the outbreak of the Second World War, half the adult males were voting in national elections, whereas 15 years earlier less than a third had voted, and 25 years earlier, less than a tenth. Given the export economy's painfully visible dependence on foreign nations, not to mention the climate of world opinion in the thirties, it is not surprising that appeals to this ever enlarging public should be colored by nationalism. The oligarchs, unable to champion their recent innovations, had to answer for having "sold out" the country to foreign interests. What made these charges hard to refute was that they came not only from the urban left but from elements of the traditional right, particularly in those provinces that had not benefited from the pampas-based economy. Earlier, the oligarchs had disarmed their nationalist critics by opposing the United States in hemispheric meetings and by granting few concessions to U. S. busi-

nessmen. This, another Peronist tendency that antedates Perón, could be afforded in the days when the principal markets and capital sources were European. As industrialization proceeded, however, American capital became more attractive and, with the coming of the war, American weapons too. Rather than abandon hemispheric independence, the sovereignty-conscious military turned to industrialization—and momentarily to Germany—as an alternative source of armaments, precisely at the time when elements of the oligarchy were seeking closer ties with U. S. investors. This defection of the military from the oligarchs' coalition made possible the emergence of a new coalition of military, labor and native industrialists which, in contrast to what had gone before, was overly committed to industrialization and a closed economy.

The military junta which seized power in 1943 found that the quest for autarchy was not sufficient motive to enlist support for industrialization. This was especially true after the fall of the Axis had discredited military régimes. Among the officers in the junta, Perón was alone in cultivating labor's support through a broader definition of industrial goals. He linked the international vulnerability felt by various classes of Argentine society to the internal vulnerability experienced by the workers, particularly recent migrants from the interior. With the oligarchy serving as whipping boy in each case, Perón championed industrialization as the corrective for both lack of sovereignty and inequality in the distribution of wealth. When in 1945 the régime needed additional political support, the other officers accepted this coalition with labor and the omnibus ideology of industrialization that we associate with Peronism. As demonstrated by the popular majority which Perón received in the essentially free election following this realignment of political forces, the ideology had national appeal.

Because of the prosperity generated by Argentine trade during and immediately after the war, Perón was able for a brief time to pursue simultaneously the three goals of industrialization, independence and distributive justice. In these salad days of his régime he confidently told another Latin American president that "there is nothing more elastic than the economy." Foreign exchange accumulated during the war was spent nationalizing foreign holdings, such as the by-then decrepit British railroads. Government policies stimulated light consumer-goods industries

which, with wage increases, contributed to an immediate rise in the workers' standard of living. Agriculture, identified with the oligarchy, was permitted to decay, leading to a decline in exports. On balance, the industrial expansion of the late forties increased the goods and services available to the public without accumulating new capital, replacing necessary imports or generating new exports.

Sustained industrial expansion requires increased inputs of machinery, fuel and component products. Since the bulk of these items still had to be imported, the collapse of the only sector able to earn foreign exchange—agriculture—brought the expansion to a halt in the early fifties, aided, it is true, by drought. Perón fell at a time when the economy had regained its momentum. Both the improvement and his fall are related to his late conversion to sounder economic policies. The brief success of the "elastic" years, however, had so reinforced the ideology of industrialization that the public would not accept less than simultaneous advances on all fronts, and Perón, trying to hold his coalition together, was in no position to explode his own myths.

The 1946–47 level of per capita national production was not regained in any consecutive two-year period until 1960–61. One might have thought that this postwar stagnation would have undermined the ideology of industrialization, much as the depression destroyed faith in the export economy. But for most Argentines, the dream of painless industrialization lives on. Few groups will countenance threats to sovereignty, real or imagined, or curbs on domestic consumption, even when presented as necessary for restoring full economic growth. The measures suggested by economists and tried by the braver politicians, such as oil franchises leased to foreign firms or meatless days to boost exports, are rejected by the public. In many instances a self-fulfilling prophecy operates, whereby attempts to instigate economic reforms are construed by the public as evidence that the government is beholden to a single class or to foreign influences; the public refuses to coöperate and the reform falters, confirming the initial judgment that the policy was not a good one. Argentine society is neither simple enough nor sufficiently organized for effective coercion; without the compliance of housewives, retailers, taxpayers, businessmen and union leaders, the government can do very little.

Attempts have been made to break through this combination

of economic mythology and political cynicism. Frondizi challenged the ideology of industrialization by concocting a counter-ideology of "development" (*desarrollismo*) which called for sacrifices in the present to generate growth assuring independence and high mass consumption in the future. In practice, however, the workers felt that they were being singled out to make the sacrifice. Since Frondizi could not persuade the military to permit the Peronists access to policy-making, labor did not accept the new ideology. Illia tried a different tack. Coming to power after more than a year of thinly disguised military rule in which intramilitary conflicts erupted into open violence, Illia stressed the primacy of constitutional norms. Though maximizing political stability ("A government exists; take care of it" was one of his party's slogans), he believed that once the cycle of coup and countercoup was broken, the economy would mend itself. By simply ignoring crises, Illia set a postwar record for uncoerced calm. And the economy did in fact appear to regain momentum; per capita product rose 6 percent in both 1964 and 1965. Whether this vindicates Illia's diagnosis is difficult to say, however, for these were also years of exceptionally good harvests.

Illia often had to buy political peace with economic coin: wage and price increases, tolerance of inefficiency in state-owned enterprises. The result was an inflation reaching 30 percent per year, which, despite the underlying prosperity, deeply troubled many Argentines. A Gallup poll taken in Buenos Aires in late 1964 showed the rising cost of living to be the answer most frequently given to the question: "What are the nation's most serious problems?" The same poll showed that while most citizens found the Illia administration "okay," they also found it undynamic—an attitude captured by cartoonists who pictured the president as a tortoise. It was obvious that pressing national problems, like inflation and the reorganization of the railroads that ran a $400 million deficit in 1966, were not being tackled. Under Frondizi Argentines had policy innovations and perpetual political crises; under Illia political stability but few innovations. By mid-1966 they were ready for innovation again. As the newsweekly *Primera Plana* stated after the military seized power and announced "its decision to reconstruct Argentina," few regretted the passing of a government "whose antiquated, pastoral and partisan vision of national problems was turning back the clock." What subsequently has troubled many Argentines is how long it has taken

the new régime to elaborate the reforms which, at the time of the coup, it said were essential.

Too many citizens and friends of Argentina still view its problems in technocratic terms. Given the underlying political premises, a military government is not likely to provide a solution to basic problems, certainly not in the short run.

IV

Argentina is a country with many political currencies, that is, many different resources that can be converted into power at the highest level of policy-making. In the United States one can exert influence through wealth, prestige, "connections," riots, etc., but to *determine* policy one must be able to determine who the policy-makers shall be, and here only one currency serves: votes and acceptance by the specialists in votes, the political parties. In Argentina, however, military action (if the officers are sufficiently united) or mass demonstrations and strikes (if on a large enough scale) can determine policy as effectively as votes. General Onganía is not Argentina's General Eisenhower; he is her General MacArthur, and the relative success of the two men is instructive. The military provides an alternative road to power for those élites which have little popular following, hence few votes. An Argentine president, if he receives a vote of no confidence from any group able to invoke the support of the military, faces the alternatives of reversing his policy or being ousted.

Under these conditions, political stability requires that key groups concur on policy—or a president so skillful in managing coalitions that he makes them think they concur. For much of the Peronist decade, both conditions obtained. Having both labor and the military in his coalition gave Perón an unbeatable combination, votes and violence, and while Eva lived he managed his coalition with considerable skill. The post-Perón predicament is how to find a set of policies that are as capable of attracting broad support but more realistic than Perón's ideology of industrialization. Well-fed and militarily secure, Argentina lacks the obvious goads to unity and sacrifice.

The only solution appears to be to establish a single political currency based on the vote, and this means bringing the Peronists out of the wilderness. They have more votes than any other group and, as they represent the social stratum with the least education and the narrowest economic margin, they are probably the most

suspicious of postponed goals. Whether Peronist leaders are now prepared to abandon their previous ideology of industrialization for something more realistic is difficult to say. Having artificially been consigned to the role of permanent opposition, they have had no motive for wanting to disabuse their following of its myths. It seems probable, however, that if assured the full use of their votes, at least one major faction of Peronist leadership would give up defending the past and prove responsible in making policy proposals.

The rub is that, so far, the military refuse any solution which would give Peronists a major role in government. They are faced, then, with the choice between no solution (*i.e.* things as they are) and inventing their own. General Onganía, who five years ago crushed the kind of military solution he is now trying to implement, obviously has been converted to the second alternative. His analysis of the problem is that political wheeling and dealing has prevented civilian governments from implementing the "obvious" solutions to the country's ills. What is needed, he believes, is nonpartisan leadership (which the military can offer) coupled with the neutral advice of economists. Apparently the generals are deceived by the ease with which they can seize power. Ruling by decree, they can *make* policy, undiluted by the compromises inherent in coalitions, but can they *implement* it? Only by regimenting society in some degree can one rule by fiat—unless, of course, the society is primitive, which Argentina's is not. Yet the Onganía junta favors no such regimentation, and one doubts that its business allies would coöperate with it if it did. General Onganía wants to be less "statist" than Illia, less "totalitarian" than Perón and yet rule without compromises.

It is hardly surprising, therefore, that six months after coming to power the junta increasingly resembles its civilian predecessors. Like them, it is dependent on the compliance of various groups for implementing policies, and the price they extract for their coöperation often has the effect of neutralizing those policies. For example, the junta delayed and moderated its proposal for reorganizing the railroads so as not to alienate the unions that can obstruct implementation. Similarly, Onganía has shuffled his top personnel, replacing some of the original "nonpartisans" with more experienced men that have the confidence of the business community. Like previous governments, this one is learning that there is little neutral advice and that measures taken to increase

the government's support in one sector of society weaken it in another.

One advantage of a military régime over a civilian government would seem to be that it does not have to worry about being deposed. But since officers inside the junta learn political realities at a faster rate than their compatriots back in the barracks, coups by one military faction against another are a common feature of military rule in Argentina. Already there are rumors that Onganía has been given a deadline by which time he must produce results or be replaced. If the present régime does not demonstrate an effectiveness so far unseen, it may be supplanted by a more Nasserist group of officers, or some face-saving formula may be devised for returning "the mess" to the civilians. In general, however, one can say that attempts to *impose* a solution on Argentina must be costly if they are not to be futile—that is, costly in terms of regimentation—or futile if they avoid being costly.

BONN CHANGES COURSE

By Theo Sommer

THE German scene has changed beyond recognition. After years of drift and indecision, a new sense of vigor and purpose permeates Bonn. By 1966, stagnation had bred discontent; growing vexation touched off a leadership crisis which eventually engulfed the unfortunate Dr. Erhard; out of this crisis emerged the government of the Grand Coalition. For the first time in the history of postwar Germany, Christian Democrats and Social Democrats joined forces in a federal administration. In forging this new link, Kurt-Georg Kiesinger and Willy Brandt installed in power the biggest majority bloc any freely elected German parliament has ever seen—marshalling 447 out of 496 Bundestag votes. On this overwhelming combination turn both the anxieties and the hopes of the German people.

While the hopes center around the attainment of specific short-range and medium-range policy goals, the anxieties focus on the long-range effects which this tremendous concentration of power in the ruling coalition, and the attendant diminution of the opposition's influence, might have on the political health of the nation. May not such a great disparity grievously harm West Germany's fledgling democracy? Is it not bound to sap the vitality of parliamentary life? And might not the amenities of shared power induce the shareholders to perpetuate the present arrangement? These questions have been asked in Germany as well as abroad, and as yet there are no definite answers. But at least it must be conceded that the Kiesinger-Brandt government is sensitive to the problem and determined to ward off the dangers inherent in a Grand Coalition. "In this coalition," Chancellor Kiesinger has promised, "there will be no sharing of power and sinecures between the partners, there will be no glossing over of mismanagement, and the forces of parliamentary life will not be paralyzed by arrangements behind the scenes. . . . The strongest safeguard against possible abuse of power is the firm resolve of the partners to maintain their coalition only for a limited time—that is, until the end of the present term." These were strong words, and they must have put some, if not all, doubts to rest.

There are other misgivings, however, arising not so much from the sheer numerical preponderance of the Grand Coalition as

from its ruthless matter-of-fact approach to politics. It is not, indeed, an ideological partnership. On the contrary, the alliance between Christian and Social Democrats marks the end of ideology and the triumph of pragmatism. The political antagonisms and the personal animosities of yesteryear have all subsided, and along with them have vanished many of the principles on which they had been based. Naturally this is regretted by some observers. Yet Germany has seen too much needless ideological discord in recent years and for too long has been harking back to the past. This explains the urge to move on to a policy oriented toward issues, not one fed from preconceived notions. It also explains, perhaps, the unlikely troika of Kurt-Georg Kiesinger, Willy Brandt and Herbert Wehner—a former member of the Nazi party, a former emigrant and resistance worker, and a former communist. Incongruous as their combination may seem, it is deeply significant, and reassuringly so. In more than one respect the new cabinet is a cabinet of national reconciliation (embracing even Franz Josef Strauss, long cast in the role of West Germany's incorrigible bad man). It is an assembly of men who have all been through their own individual purgatories. Together they represent much of the folly and a great deal of the glory of Germany's past, and together they can afford to let bygones be bygones.

Commentators abroad have not failed to note the coincidence of Dr. Kiesinger's take-over and the rise of a new radical right in West Germany, but many of them have drawn unwarranted conclusions. There is no causal relationship at all between the two events, and, more particularly, there is not the faintest resemblance between the businesslike attitude of the new government and the vulgar "know-nothing" slogans of the National Democratic Party. True, West Germany may be expected to be a less pliant and more assertive partner from now on; in a world where sovereignty and national interest are again writ large, its enthusiasm for collective ventures will be no more automatic than anyone else's. It will begin now to live up to its material weight, as *The Economist* recently put it. But this is a far cry from the distortion of nationalism into the megalomania which many suspect possesses the new rightist movement.

At any rate, the National Democrats, their recent electoral successes notwithstanding, are nothing to be mortified about. The Germans, remembering to remember 1933, will do well not

to underestimate the dangers of right-wing extremism; but observers abroad should take care not to overestimate them. The salient fact is that even in recent Landtag elections the overwhelming majority of voters supported the established democratic parties—92.1 percent in Hesse, 92.6 percent in Bavaria. This is not 1932, and the Nazis are not about to take over. What has happened can be explained without resort to dramatics. In fact, it was bound to happen some day.

Extremists belong to politics like crabgrass to suburban lawns. Every democratic nation has its minority of primitives, ranging from French Poujadistes, British Fascists and Italian neo-Fascists to America's John Birch Society. In Germany, both the radical right and the radical left have been outlawed for many years, but it was naïve to assume that extremist views would not seek new outlets. So far as left-wingers are concerned, they will not find much response as long as communism rules in East Germany.

Yet there have always been both right-wing parties and right-wing voters, and many factors have recently militated in their favor. Germany, 22 years after the war, is still partitioned; the Atlantic Alliance appears to be coming apart at the seams; European unity, seemingly within reach ten years ago, is again a remote ideal; and no one could reasonably have expected that General de Gaulle, preaching the virtues of nationalism to the French, would not find a few disciples across the Rhine. Some kind of "nationalist backlash" was probably inevitable after two decades of vain pilgrimage toward a supranational *ersatz* fatherland. In this respect, it is easy to agree with Edwin D. Canham's shrewd observation: "The wonder is not that an extreme party has grown up to represent at most 10 or 15 percent of the people, but that there has not been more protest in the form of nationalism."

Domestic developments also helped revive rightism: disquieting signs of an economic recession, the frustrating spectacle of a government slowly losing its grip and fierce infighting amongst the leaders of the Christian Democratic Union (C.D.U.). The weakening of the democratic center presumably contributed as much to the N.P.D. successes as did all other factors put together. The N.P.D. is a hodgepodge of divergent groups. Normally it would attract the disgruntled ex-Nazi, the professional nationalist, the genuine conservative, the fearful petit-bourgeois; but in

the autumn of 1966 it also attracted a great many disappointed democrats who wanted to register their protest against the protracted malaise in Bonn. These protest-voters did not turn their backs on the principle of democracy, they only deemed its actual practice inept and inefficient. They can easily be won back again if the new government gives convincing proof that democracy can and does work.

The founding fathers of the Grand Coalition know this full well. They realize that they can find salvation, as it were, only through good works. This is why they have tackled the immediate problems at hand with resolve and speed: balancing the budget by rigorous cuts while simultaneously resuscitating the economy by judicious pump-priming; preparing reforms to ensure a more equitable distribution of income between the federal government, the *länder* and local authorities; introducing a degree of guidance for medium-term financial planning. But impressive though these first steps were, the new departures in German foreign policy are even more significant.

In this field, the task of innovation has long been awaiting action by the Bonn government. While the outside world kept changing ever more rapidly, the Erhard Administration far too frequently acted as though the axioms of 1949 were still valid. To be sure, some adjustments were made, and Dr. Gerhard Schröder, Brandt's predecessor in the Foreign Office, can claim most of the credit for them. The "opening toward the East," for instance, was cautiously begun under his aegis; and the "Peace Note" of March 25, 1966, marked the first serious attempt to play upon a theme which the German Communists had so far been permitted to monopolize. But Schröder failed in breaking up the old thought patterns. His "policy of movement"—Germany's timid contribution to the post-Cuban détente—foundered on the opposition put up by the conservative wing of his own party; and the Peace Note, ill-explained before its circulation and with no follow-up effort afterwards, remained a one-shot operation. Only now is there a government that can face the uncertainties of the future with the comforting feeling that its home base is intact. Probably it took the Grand Coalition to provide a reliable parliamentary majority for any policy of innovation and to produce the new style of leadership: relaxed though determined, self-confident but not arrogant, matter-of-fact but imaginative.

II

In three major areas the new government is about to rethink and refashion German foreign policy in order to cope with the changed world situation: in its relations with its Western allies, in its relations with the communist nations, and, finally, in its relations with the communist-dominated eastern half of Germany. In none of these areas will reappraisal prove easy, nor is it going to produce any perfect answers. Despite the obvious difficulties, the present government will not shy away from the task. And while it may still be too early to predict just how far the Kiesinger-Brandt coalition will venture toward new shores, some of the main ingredients of its thinking are already discernible. The chief element would seem to be somber realism.

Realism dictated a new approach vis-à-vis France, if only to clear the air after three years of growing mutual irritation and recrimination. To this extent Kiesinger and Brandt were successful during their January visit to Paris. The Chancellor declared that there had been "an absolute reanimation" of the Franco-German friendship treaty of 1963, and General de Gaulle observed that this treaty was "now reappearing in the light." But no one in Bonn deludes himself about the actual import of such rhetorical harmony. There was a large measure of agreement in the realm of lofty words and ideas, especially about Franco-German coöperation being a perennial necessity. On most significant matters, however, there was only agreement to disagree—though not to let such disagreement stand in the way of steadily growing convergence. Germany continues to support the entry of Great Britain into the Common Market, while Gaullist France is still hostile. Bonn deems it in its best interest that American troops remain on German soil, while de Gaulle would prefer to see them go. Like his predecessor, Dr. Kiesinger sympathizes with Washington's Viet Nam policy, which the General has repeatedly denounced in the harshest terms. Nor do German and French statesmen see eye to eye regarding Europe's ultimate institutional order.

All these differences were glossed over for the time being, with the joint enthusiasm for building bridges with Eastern Europe providing a conveniently distractive backdrop. But they are bound to crop up again, and one can reasonably doubt whether the new era of Franco-German friendship ushered in last January could long survive another round of debate about fundamentals.

The government is not anxious for such a debate. It is prepared to leave insoluble issues aside for the moment and to devote its efforts to the possible rather than to the ideally desirable. The question, of course, is whether General de Gaulle will settle for less than total German acceptance of his views. If he does not, the second blooming of Franco-German amity will quickly fade.

In the meantime, however, Bonn will be careful not to snub the General. This goes especially for Great Britain's renewed effort to enter E.E.C. It is true that in his inauguration speech Chancellor Kiesinger said: "The Community of the Six should be open to all those European states who agree with its aims. We should, in particular, be gratified if Great Britain and other EFTA countries were to become members of the European Communities." Yet this judiciously worded statement did not commit the government to any particular course in support of Mr. Wilson's application. In this matter Bonn shows extreme reluctance to take positive action. As long as France is opposed to the British entry, Bonn considers it quite useless to press the point. It has little leverage vis-à-vis General de Gaulle, and would not want to jeopardize the recent improvement in relations with Paris and the concomitant appeasement of "German Gaullists" by embarking like Strauss on a pro-British campaign probably doomed to failure. "We favor British E.E.C. membership, but we shall not act the part of the bulldozer," was the way one spokesman put it. Seen from London, this must appear as realism with a vengeance, but it reflects the prevailing mood of the new administration.

The same kind of realistic approach leads to somewhat different conclusions with regard to the United States. The new government, like the old one, refuses to be talked into making a choice between Paris and Washington. It does not consider Franco-German friendship a bar to continued close relations with America. West Germany cannot but value and foster its transatlantic ties. As Chancellor Kiesinger phrased it in his inauguration speech: "The Government will not forget the big aid which the United States has afforded us in the past two decades. It is aware that its alliance with the United States and the other parties to the North Atlantic Treaty Organization is still of vital importance to it today and in the foreseeable future." But while the principle of alliance remains undisputed, its modalities are certain to come under close and critical scrutiny.

It would be dishonest, in this context, to deny that a hereto-

fore unknown resentment has built up with regard to the Johnson Administration and its handling of both bilateral relations and alliance affairs. It is generally accepted by now that Dr. Erhard's fate was sealed after he returned empty-handed from his last visit with President Johnson, having failed to move the Americans from their currency offset demands. Even those who were content to see Erhard go regretted that, in the last analysis, it was American insensitivity which brought him down. Prominent "Atlanticists" gave vent to their irritation, and inevitably it was Secretary McNamara who came in for most of the criticism. The Secretary of Defense has long been rubbing even staunch friends of the United States the wrong way. He has frequently ruffled German feelings by not only being right but being rudely so; he appears to many as a tireless arms merchant with shockingly high-pressure sales techniques, and there are leading figures in both coalition parties who blame the present disarray of NATO as much on him as on General de Gaulle. To all this must be added the agitation over recent Soviet-American negotiations for a nonproliferation treaty. American handling of this issue created the impression in Bonn that Germany was to be stampeded into signing a document about whose previous history it had been informed only spottily and belatedly and the implications of which remain unclear. Suspicions were aroused that the Johnson Administration was putting its common interests with the Soviet Union above the common interests of the Western Alliance.

Germany is not about to take up a Gaullist attitude toward the United States. Opinion polls bear out the belief that America is still regarded as an indispensable and reliable partner. But the government of the Grand Coalition will no doubt take a more independent stance in defining Germany's national interest. The Federal Republic no longer feels like a ward of Washington. It will not hesitate to disagree with, and if necessary to deviate from, American-sponsored policies. The formula that obtains vis-à-vis Paris best describes the changed relationship with America too: coöperation wherever possible, frank and friendly dissent wherever necessary—and for the rest, avoidance of useless ideological disputes.

As far as NATO is concerned, the new government has not had time yet for a thorough reappraisal. Officially, the word is that the alliance must be "consolidated and developed in keeping with present-day requirements." Unofficially, it is realized that this

will be less easily done than said, and that, indeed, the twin goals of consolidation and adjustment may be mutually exclusive. Small wonder, therefore, that little is any longer heard about NATO reform. Priority is now being accorded to a more modest salvage operation designed to save as much as possible of NATO's integrated structure as an insurance against renewed communist aggressiveness. But three propositions now seem to be widely accepted.

First, the Atlantic Alliance will not survive the year 1969 in its original shape. The spirit of integration is waning. Not only France but Britain and the United States as well are trying to regain or reinforce their autonomy of decision. The apparently unavoidable galloping proliferation of committees and subcommittees will provide new channels for procedural procrastination, yet is is unlikely to produce any political answers; problems will be buried rather than solved. What ails the alliance has long been recognized. It is hard to conceive of a more lucid diagnosis than that submitted by the Three Wise Men as long ago as 1956. But their therapy, reasonable though it was then and topical though it still is today, proved politically unacceptable ten years ago and would find even less favor today. Inevitably, the fabric of the alliance is weakening. Differentiation will go on, looser structures will evolve. NATO as a dominating, all-pervading feature of everyday life is bound to disappear—it will become one fact of life amongst many.

Second, it would be unrealistic to expect that British and American troops will forever remain stationed on German soil at present force levels. In this respect, Bonn seems to be resigning itself to the inevitable. It will no longer try to prevent just any reduction—one reason being that its financial dilemma prohibits further attempts to "buy" undiminished allied presence; the other, that in the absence of acute crisis in Europe present allied strength may indeed be considered unnecessarily high. Instead of roundly opposing any and every withdrawal, the government will probably endeavor to keep it within reasonable limits and to affect its modalities, making sure that sufficient air transport capacity and pre-positioned matériel depots are maintained to allow speedy reinforcement of garrisons in times of renewed crisis. It will also attempt to effectuate a reasonable measure of tacit or explicit East-West reciprocity. Moreover, if the trend toward a thinning out of forces continues, no one ought to be

surprised if the Germans themselves conformed to it. This might be by a drastic restructuring of the Bundeswehr—possibly cutting down the Army from twelve to, say, eight divisions, turning it into a largely professional body and backing it up with a sizeable militia-type force for static defense. Such a reform is certainly not an immediate prospect, and Dr. Schröder, now Minister of Defense, is reported to take an extremely critical view of it. But there is now an incipient public debate on the subject, and it is by no means assured that Minister Schröder will ultimately prevail.

Third, Bonn now recognizes that there is little hope of arranging institutional methods to reinforce America's nuclear guarantee for Europe in such a way as to remove the last doubts which the protected may harbor about the sincerity and trustworthiness of their protector. The M.L.F. idea of nuclear co-ownership and co-determination has finally been buried. The McNamara approach through a Select Committee ended in something of a disappointment, and it must be expected that efforts will be made to arrange more participation in planning than presently envisaged. Such participation, however, will henceforth be the limit of Germany's aspirations.

To sum up this line of argument, NATO is still counted upon for the maintenance of peace in Europe, but is not seriously expected to produce the answers to even its own problems. No longer is it considered absolutely immutable. When Foreign Minister Brandt was reported to have expressed doubt, during a visit in Paris, that there would still be a NATO in the seventies, that was later explained away as witty banter with the press, not a weighty political prognosis. Yet there could have been more to it than the official interpretation allowed for: the recognition that NATO may not be a permanent fixture of the international scene but rather an organization with a limited span of useful life, guaranteeing a temporary order against forcible change but not frustrating the movement of history toward new horizons. Astonishingly enough, there is almost total congruence between this view and that formulated by President Johnson in his last State of the Union Message: "In Western Europe we shall maintain in NATO an integrated common defense. But we also look forward to the time when greater security can be achieved through measures of arms control and disarmament and through other forms of practical agreement." Delicate problems would

arise, however, if the United States should unduly force the pace and refashion its policies without paying proper heed to its partners' sensitivities and interests. And possibly damage may already have been done in one case: the nonproliferation treaty.

This case deserves at least brief analysis because it sheds significant light on the way the new German government thinks and acts. The Kiesinger-Brandt administration does not hesitate to drop claims that are either unrealistic or unsubstantial, but wherever actual substance is concerned it remains adamant.

The Erhard government had grave doubts about achieving nonproliferation by universal treaty and seriously considered withholding its signature unless four options were kept open. The first was the chance to use a total German renunciation of nuclear weapons as a bargaining counter in future negotiations with Moscow on German unity; (indeed, the Foreign Office toyed with the idea of signing a nonproliferation pledge only with the Western allies). The second was the possibility of taking part in an allied nuclear force on the basis of co-ownership. The third was participation in alliance arrangements for nuclear planning and crisis management—on the principle that permanent renunciation of nuclear weapons must be compensated for by permanent participation in a reliable system of nuclear deterrence. The fourth was the creation of a European nuclear force.

The new government has now deleted the first two options from its program. The artificial link between total nuclear abstinence and progress towards reunification was dropped; and the claim to ownership has been abandoned (though not publicly) as the basis of Bonn's practical policy. The third and fourth options are still insisted on, but they are now presented in a different conceptual framework. "In regard to the nonproliferation of nuclear weapons," Willy Brandt has stated, "the Federal Republic has no special interest other than the natural one it shares with other non-nuclear countries." Indeed, the new brief does not contain a single argument that could be considered exclusively German. Rather it points out basic interests which are common to all non-nuclear states: security, untrammeled development of nuclear research and technology for peaceful purposes, mutuality of duties and privileges between atomic haves and have-nots, maintenance of an open road to regional associations of a supranational character.

Bonn's main concern in this connection involves the economic

uses of atomic energy. The weapons monopoly of the superpowers, it is argued, must not harden into a technological monopoly. While West Germany agrees to forego nuclear explosions for peaceful purposes on its soil, it has an overriding interest in ensuring that the nonproliferation treaty does not impair scientific research and industrial development. This is so in particular as regards the development of plutonium techniques and the enriching of natural uranium in German plants. While the Federal Republic does submit willingly to stringent EURATOM controls, it would be extremely reluctant to accept universal control without adequate safeguards against industrial espionage; nor would it accept one-way inspection that would lay open the technology of the civilian nuclear states to the superpowers without some reciprocal baring of industrial secrets by the latter.

However the Geneva negotiations turn out, the politically significant fact of the nonproliferation dispute is easy to grasp. When the big nuclear powers put their common interests ahead of everything else, the non-nuclear powers were expected to do likewise. What is astonishing, even revolutionary, about this is the fact that the Federal Republic for the first time refused to follow America's lead in a matter of vital importance and fell into line with the other nuclear have-nots. It discovered that its vital interests dictated concerted action with states like Japan, India, Italy, Sweden, Switzerland and Canada—only two of which, one notes, are members of NATO. In the end, Germany will sign, but it will not be rushed into signing without trying to protect its scientific, technological and industrial interests. And although it would be rash to jump to conclusions, one would do well to note that this first deviation might turn out to be of more than passing significance.

III

In another field, Eastern policy, American and German paths fortunately are converging; it is here that the innovating spirit of the new government has wrought the most sweeping changes. The revised attitude toward Eastern Europe is plain to see. Bonn has quietly dismantled the Hallstein Doctrine, the principle which had come to mean that the Federal Republic refused to entertain diplomatic relations with any state, apart from the Soviet Union, which recognized the Ulbricht régime. This principle has been reinterpreted to permit ties with former satel-

lites which, according to the "birthmark theory," never had a genuine choice in the matter. Establishment of diplomatic ties with Rumania was the first result of the doctrinal revision. The two sides formally registered their differences about the status of East Germany but agreed to ignore them in practice, thereby creating a pattern that may make history. Contacts have also been made with Czechoslovakia, Hungary and Bulgaria. Only Poland spurns Bonn's overtures outright. The East German reaction to the prospect of further West German breakthroughs has been a spate of vilification, supported by the Soviet Union with massive propaganda blasts if little else. It seems unlikely that these protests will prevent other Eastern countries from following Rumania's example. Bonn, at any rate, will not be deflected from its course; it expects to open diplomatic relations with at least one additional East European state in 1967.

Yet the actual measure of achievement does not tell the whole story. Of deeper significance is the revolutionary change of mind which the new policy mirrors. The Grand Coalition has left the trenches of the cold war. It has scrapped the old concept that reunification must precede détente, as well as the philosophy that any step toward relaxation of tension in Europe must be linked with a step toward German unity. In doing so, Bonn has finally fallen in step with nearly all its Western allies. Kennedy's "peace strategy," Johnson's concept of "peaceful engagement," de Gaulle's vision of "*détente, entente, coopération*"—all are now accepted and echoed. "Germany was for centuries the bridge between Western and Eastern Europe," stated the Chancellor. "We also should like to fulfill this mission in our time." His Foreign Minister, in an eloquent plea before the Council of Europe, testified to the sincerity of Germany's new approach: "The Federal Government intends to make its contribution to détente in Europe. The problems of Europe, like those of Germany, simply cannot be settled in a cold war atmosphere. We are therefore striving for an overall improvement of our relations with all the East European states. . . . We shall not let ourselves be discouraged by difficulties or disappointments."

Such difficulties and disappointments will be inevitable. Obviously, the shadow of history weighs less heavily on the "southern tier" of the Warsaw Pact states—the Balkan-Danubian group—than on the "northern tier." Normalization of relations with the southern grouping may prove comparatively easy; rapproche-

ment with the northern will be difficult. Prague, it seems, is relenting on its former condition that the Munich Agreement of 1938 be declared null and void from the moment of its signature; Kiesinger's formulation about the treaty's invalidity may have cleared the way for a settlement. But Poland refuses normal relations until Bonn undertakes to forego any access to nuclear weapons, recognizes the Oder-Neisse frontier and, for good measure, the East German régime. Both Kiesinger and Brandt have repeatedly had friendly things to say about Poland; particularly, they reiterated the old offer of nonaggression declarations and amended it to include "the unsolved problem of the division of Germany," which is a roundabout way of registering respect for both the Elbe and the Oder-Neisse line. Yet they still insist that the boundaries of a reunified Germany can be determined only in a settlement freely ratified by an all-German government. A majority of West Germans would now be prepared to recognize the Oder and Neisse as the Eastern border of a united Germany, but this is not yet reflected in government policy.

Other difficulties are in store. For example, Jugoslavia recognized East Germany as late as 1957, thereby causing Bonn to break off relations with her. Jugoslavia is not eligible under the birthmark rule for normalization of relations, but it would seem absurd if the rule worked against ties with the most liberal of the communist states.

The Grand Coalition has made clear that its new Eastern policy is not directed against the Soviet Union nor designed to divide the Warsaw Pact members among themselves. But some difficulties with Moscow are unavoidable. The Soviet leaders, worried by China, are bound to resent Bonn's initiative. And East Germany, determined to frustrate what it regards as a dangerous outflanking manœuvre by West Germany, is proclaiming a kind of Hallstein Doctrine in reverse—no diplomatic relations between communist countries and the Federal Republic without Bonn's full recognition of East Germany. In its fury it is risking isolation even within the "socialist camp." The irony is, of course, that Walter Ulbricht is belatedly assuming the part of a communist mirror-image Adenauer exactly at a time when Bonn is preparing to scrap many of the concepts that guided its conduct toward East Berlin during the past decade.

We come now to the third area in which the Grand Coalition is rethinking and refashioning German policy; it acts here with

greater hesitation, perhaps, and less fanfare, but with equal incisiveness. The new point of departure is the frank admission that reunification is not just around the corner. This admission makes an interim policy imperative—a policy which, while not losing sight of the ultimate goal, aims at rendering partition less intolerable. Willy Brandt has announced the revised doctrine, which rests on three axioms:

> 1. German unity remains our goal, but it is not a goal which we expect to attain in the short run or without contradictory developments.
> 2. Détente in Europe must embrace détente in Germany. We shall endeavor to exploit to the full all possibilities of intra-German contacts so that the two halves of our people do not grow even further apart from one another.
> 3. We are striving for a regulated coexistence (*geregeltes Nebeneinander*) in Germany, such as might be useful to prepare for more comprehensive solutions.

In effect, this means that the doctrine of détente will also be applied to the precarious relationship between the two Germanys. The old idea of isolating East Germany has been dropped, for it was realized that isolation of the régime would inevitably serve to isolate the seventeen million East Germans, too. The new concept calls for coöperative partition instead of antagonistic partition. "We wish to ease the situation, not harden it," said Chancellor Kiesinger. "We wish to bridge the gulfs, not deepen them." To achieve such a moderate and sane policy the government must uproot many deeply ingrained official attitudes. But it is obviously willing to tackle this task without letting itself be unduly handicapped by homemade doctrinal fetters. While the new policy requires the establishment of contacts between West and East German authorities, it is argued, this does not imply any recognition of a second German state, nor the legitimation of the Ulbricht régime. (Possibly this position will be formulated in a "general disclaimer," denying any intent of according recognition and freeing Bonn for any specific action deemed necessary to alleviate Germany's plight.)

The limits of the new concept are clearly indicated. Bonn is prepared, for the time being, to accept the existence of a Communist Germany, but it will not accord it recognition as a separate national entity. For this reason, the Hallstein Doctrine must be expected to remain in force with regard to non-communist countries, especially the emerging states of the Third World, although in future it might be less rigidly applied. On the one

hand, East Germany's recognition of, say, an African state need not necessarily imply automatic rupture of diplomatic relations with Bonn; there exist less formal but more damaging punishments. On the other hand, it is quite conceivable that the exchange of trade missions with East Germany will henceforth be looked upon more benevolently.

The Kiesinger-Brandt line has not yet hardened into a detailed program of action. East Berlin in any case is in no mood to match Bonn's new-found realism. It has responded to Bonn's signals with a campaign of hate that seems almost pathological. But the cold warriors in East Berlin are bound to lose friends and influence even in their own camp, and then the moderates will have their say. Once that comes to pass, the road leading toward a détente between the two Germanys will be open.

This will not mean reunification, but a more tolerable state of affairs than what prevails at present. For what ails the Germans is not so much that their nation is divided; it is rather that seventeen million of them have to live under an oppressive régime. If that régime became less oppressive, if it were democratized and liberalized now though remaining communist, partition would be less unbearable than it is now. This has long been one strain of German political thinking. Recently Herbert Wehner, chief Socialist architect of the Grand Coalition and now its Minister of All-German Affairs, went as far as to say that he would not exclude a revision of Bonn's nonrecognition doctrine if East Germany evolved along Austrian lines—(separate but free)—or even on the Jugoslav pattern—(communist but free). It was amazing to see how little uproar these unorthodox views caused. There are, in fact, more and more German politicians who would be prepared to accept the statement that the goal of German policy must be reunification—or else the creation of conditions that make reunification superfluous or at least its absence tolerable.

This is not, of course, official policy—not yet; and neither are a number of the other ideas outlined above. But they are all elements which will go into the making of Germany's future foreign policy. Some of them will no doubt be toned down, others will not. Together, they indicate the general direction which the new departures initiated by the Grand Coalition will take.

THE POLITICAL OCEAN

By E. W. Seabrook Hull

THROUGHOUT written history the ocean has been a chancy source of food, a highway for trade and conquest, a battleground and a source of pleasure and recreation. It has been mostly a two-dimensional environment for which there has grown up a respectable body of law and precedent whose geopolitical significance and diplomatic utility are clearly understood. But now man is extending his reach into the third dimension, and traditional concepts of freedom of the high seas and of territorial waters are confounded by situations without precedent. Friend and foe alike join together at sea for common scientific purposes. Increasingly man is turning to the depths of the sea to meet the varied needs of his civilization ashore. International waters have become a matter of both national and private corporate interest. Conversely, private interests on and under the high seas have now become a matter of worldwide, multinational interest—as have those things that nations and individuals do along their own shorelines.

Looking just a little bit ahead, moreover, it is clearly evident that the things we now set out to do in the ocean will change the world as we know it—not so much geographically as economically, politically, demographically, climatologically and technologically. It is an alchemy, in fact, that has already begun and the rate of reaction is itself accelerating. Thus it is that in the world of international affairs, as well, the ocean assumes new dimensions—involving new problems and opportunities.

Consider that whatever level of social, political, technological and industrial order we have achieved, indeed whatever we have wrought, is the result mainly of our efforts in exploring and utilizing the physical assets of rather less than a third of our planet's surface. For dry land—the continents and the islands—constitutes slightly less than 30 percent of the area of the earth. The rest is water—a rigorous and complex fluid continuum known as the World Ocean, which until recently man utilized only superficially. If in the past it served largely to separate peoples and their viewpoints, it is now about to bring them together in cooperation for common purpose, in inconsiderate dispute and in honest conflict of interest. For all over the world men now view

the ocean as a practical and exploitable resource with which to meet the needs of our advancing technological civilization.

The reasons man turns to the sea are axiomatic and incontrovertible; they stem from the sheer excellence of his technologies. Advances in medicine and public health have increased man's average life expectancy vastly. This, in turn, is producing a population growth of such magnitude that already it outstrips man's ability to derive sufficient food from the soil. Simultaneously, the galloping growth of his industries is depleting known reserves of critical raw materials—both mineral and energy resources—to a point where, in many cases, exhaustion is both predictable and imminent.

But, if demands spawned by his technological prowess now exceed his landborn resources, these very technologies also enable him to turn to the sea. Thus, while rising demand squeezes traditional supplies and pushes their prices up, a rapidly developing technology is pushing down the cost of working oceanic resources. Whenever these rising price and lowering cost curves cross, man turns to the sea. This happened hundreds of centuries ago with food, sponges, red coral, pearls and salt evaporated from seawater. More recently it has happened with petroleum, sulfur, magnesium, iodine, fluorine, coal, iron ore, tin, calcium carbonate (seashells as raw material for cement), sand, gravel and others.

Whenever someone talks enthusiastically and loosely about feeding the world's starving millions on plankton soup or about mining manganese nodules from the seafloor two to three miles down, the principle of the crossing curves must be kept in mind. There are many things we are doing now or starting to do in the ocean which a few years back would have been derided, but there are some which we will not be doing for some years yet to come. It is simply a matter of elementary economics—the natural relationship of need, technology and capability. And, from an engineering viewpoint, the ocean is the least known and harshest of all our major terrestrial environments.

To understand the political implications of the science and technology of oceanography, it is first necessary to know something of the nature of the ocean itself and its relationship to man and his objectives. For this is not a piece of real estate which belongs to this nation or that, or which has traditionally been subject to a multiplicity of private and sometimes conflicting interests. Indeed, not only is it the common property of all the

creatures of this earth, but it also provides the very basis of life as we know it. Thus, in developing the resources of the sea, consideration for the general welfare must be paramount.

II

Geographically the World Ocean is one. Its waters are in constant and complex motion from the surface to the greatest depths. Its great currents move immense quantities of heat from one part of the world to another; the very fact of the ocean moderates climates from the equator to the poles. Indeed, the ocean is mainly responsible for the comparative gentleness of our terrestrial environment. Topographically, the ocean's basic features are the continental shelves extending nominally to a depth of 600 feet from the shore, the continental slopes which plunge sharply to depths of 8,000 to 12,000 feet, and the abyssal plains, the depth of which ranges generally from 12,000 to 16,000 feet. The deep ocean floor is variously characterized by broad plains, individual seamounts (some higher than Everest), the world's longest and most rugged mountain ranges, and deep trenches, one of which —the Marianas Trench—slices down to seven miles.

Chemically, the ocean contains in solution and/or in suspension virtually every element occurring naturally on earth and—since the proliferation of nuclear tests—several that do not. Some of these occur only in minute amounts. But, since the ocean in toto contains some 317,000,000 cubic miles of water, statistically even trace elements calculate out to vast resources. But theory and practice, though directly related, are often generations apart, and in the proximate future it will be practical to extract only a few of these materials directly from seawater. The normal ocean (if there is such a thing) contains about 34 parts per thousand by weight of dissolved salts. This makes it a fine electrolyte and a highly corrosive fluid, which is one of the main problems the ocean engineer faces. High pressures in the ocean's depths and high mechanical forces from the ocean in motion are others.

While the extraction of mineral wealth—apart from magnesium and a few others—directly from seawater may be slow in developing, exciting mineral resources do exist on and just under the ocean floor. Many of these occur in the relatively shallow waters of the continental shelves which together constitute an area roughly equal to that of Africa, and are well within our present technological reach. There is scarcely a shelf area in the world

today that is not now, or soon to be, subject to offshore petroleum exploration. Though less common and less readily exploited, sulfur is also a valuable shelf resource. The newest potential, however, is in the area of "hard minerals"—the ores of the metals and basic chemicals upon which our industries feed and with which we fertilize our fields. Since the shelves are part of the continental structure, they contain ore deposits in forms familiar to us. Also the action of coastwise currents has served, it now is evident, to concentrate extensive alluvial deposits of minerals—both those occurring originally on the shelves and those brought down by continental rivers. These heavy minerals include rutile, ilmenite, cassiterite, scheelite, monozite, zirconium, magnetite, glauconite, tin ores, gold, silver, platinum, diamonds and others. Deep beneath many continental shelves are rich deposits of coal, already mined by the United Kingdom and Japan. Japan is also mining iron-bearing sands from beneath its shelf waters, and diamonds are mined off the coast of South West Africa. Exploration vessels are currently searching for minerals off the coasts of Thailand, Malaysia, New Zealand, Tasmania, Australia and Alaska.

Along the shallow and middle-depth areas of the continental slopes, deposits of phosphorite are often found—in places where it is not readily available ashore. This is an essential fertilizer material and may shortly be extracted from untitled real estate by vessels on the high seas a mile or more above the "mine."

Biologically, the ocean is the most densely populated environment on earth and contains the greatest variety of species. Properly conserved and utilized, the ocean has the potential for closing the gap between foreseeable land-based resources of animal protein and the needs of an exploding world population. Today we catch and eat only a very small proportion of the edible species in the ocean. And, by and large, we still hunt—rather than husband. The sea can be a far greater source of food than it is today, but only if conservation is practiced, and this requires complete international coöperation. The fishing of some species is all too efficient, and there are signs that traditional fishing grounds are being "fished out." In the case of whales—particularly the blue whale, the largest mammal ever to live on earth—there is a real danger that the point of no return may already have been passed, and that some species may be doomed to extinction. (Incidentally, the high population density of the ocean is also the bane of the ocean engineer's existence—for sea

creatures will variously eat, nest on, colonize, dissolve and just plain attack any material man places in the ocean.)

The ocean, then, has a potential perhaps without precedent for providing the four basic categories of natural resources upon which the health, wealth and progress of modern man so greatly depend: food, water, energy and mineral resources. The geographical distribution of these resources conforms only in part to the pattern of comparable resources ashore. In some cases—marine life, for example—not only is there no conformity, but the resource is indeed migratory and ranges according to whim, instinct and changing oceanic conditions over many parts of the world. Consider the implications. A valuable species may spawn in one part of the world and graze in another. In both places and in between, it is fished and harvested. If that harvesting at any point is excessive or if the environment at any point is altered adversely, the impact of these acts may be felt thousands of miles away: an act by one nation, even within its own territorial waters, may destroy an asset upon which the very life of another nation depends.

Many "have-not" nations may soon become "have" nations as a result of finding nearby oceanic resources. Australia provides a striking example of just such a prospect. Traditionally a heavy net importer of both raw materials and energy sources, Australia has found oil and gas in her offshore waters. Early results of exploration for hard minerals on her shelf lands show considerable promise. Thus could a largely agrarian economy be transformed into one of vital industrial growth with implications extending far beyond her borders. Also, lower energy costs could speed the day when large-scale desalination plants become economic—when arid Australia becomes lush and verdant.

Australia is only one example of how the utilization of the ocean may redraw the economic map of the world. Since most nations border the sea, the implications of intelligent utilization of the ocean resources are far-reaching and their ramifications complex. The ocean and its incipient new relationship with man and his needs will become an increasingly vital element in international affairs. In some cases it facilitates the attainment of international policy objectives; in that role it is the implement, the tool. In other cases the interaction of man with the sea produces situations that can be resolved only in the international diplomatic arena. In this role the ocean is causative.

III

There is no scientific or engineering discipline that is not, or will not soon be, applied in the ocean. Already the social and political sciences are becoming involved, and because of the ocean's growing economic and international significance, it presents a challenge such as the law has seldom encountered. It is a whole new world for the insurance underwriter. In fact, there is scarcely a thing we do in our land environment that we will not soon seek to do in the ocean. Already, we hunt on it and in it. We farm it. We mine it. We dump in it. We study it. And, in the case of hurricane control, at least, we may be about to try to change it. Indeed, we are even starting to live in it—initially as scientists and students studying it and as military men preparing to build permanent bases on the ocean floor. Less than a decade away is the resort "aquotel"—an idyllic "bubble on the bottom" resting on white sand midst the ever-changing beauty of some coral reef, a universe away from the harsh cry and stench of the megalopolises that now threaten our coastal areas like some deadly creeping mold. It does not stretch the imagination too far to visualize whole self-contained communities beneath the waters of the world's continental shelves. It has already started with liquid storage. Dry goods warehouses are not far off. The technologies are nearly here; economic justification is slightly more distant.

But man cannot do all of these things without generating conflicts. Sometimes these will be conflicts of interest contained entirely within a single national ecology. As often as not, however, the conflicts are international. Sometimes there is a conflict over whether it is one or the other. Among innumerable examples ranging over many fields, a few—both resolved and unresolved—may serve as illustrations and stimulate further thought.

Last fall a couple of entrepreneurs with more imagination than knowledge of the sea set out to build an artificial island on Cortes Bank—a seamount rising from depths of 10,000 feet to within a few feet of the surface of the Pacific about 110 miles west of San Diego. There were reports that they proposed to declare it a new and independent nation called Abalonia. The would-be island builders now deny this was their intention, but admit they hoped to build a processing plant on their island and harvest the rich crops of abalone and lobster that abound there. Their "island" was to have been a surplus World War II concrete troop carrier,

but the sea had other ideas, and before it could be safely grounded in the planned eight feet of water, wind and wave had dragged it to a greater depth where it now resides as a navigation hazard. Charges have been lodged.

Though Cortes Bank is beyond any conceivable three or even twelve mile limit and though geologically it cannot be construed as being part of any continental shelf, several U.S. Federal agencies (mainly the Army Corps of Engineers) claim jurisdiction. They cite the 1958 Geneva Convention on the Territorial Sea & Contiguous Zone and the 1958 Convention on the Continental Shelf, now duly ratified, as their authority. The Shelf Convention concedes a nation sovereignty over the benthic resources (those of the seafloor) of its entire continental shelf, without regard to any territorial sea limitation, to a depth of 600 feet "or beyond that limit to where the depth of the superjacent waters admits to the exploration of the natural resources of said areas." The implication here is, and the intent of the designers of the convention was, that of a continuum—*i.e.* benthic sovereignty may be exercised over a continuous stretch of seafloor starting with the beach and extending outwards and downwards to whatever depth the nation is able to work its benthic resources. Beyond that point sovereignty ceases, and there is nothing in the convention suggesting that jurisdiction may again be claimed at some point farther out in the ocean where it is once again shallow, as with the case of Cortes Bank.

This may seem like a fine point of law, but it is far from that. The Geneva Convention was concerned mainly with such things as lobster fishing and offshore oil exploration at a time when people still thought that everything man would do of this nature he would do mainly from the surface of the sea, and before there was such an "ocean-awareness" as there is now. The Geneva Convention is not sufficient to the times, and one or several more comprehensive conventions will have to be designed, negotiated and ratified before many more years pass.

There are several current cases in point. One is the North Sea, which is almost entirely continental shelf by the simple 600-foot definition. The exception is a deep trench bordering the southern tip of Norway. Legally this should have cut Norway off from participating in the North Sea petroleum development, but by the willingness of the other riparian states simply to ignore this trench, Norway got its share of the pie.

Not so simple, nor so pressing as yet, are the seamounts which in many places far from any sovereign shore rise to within a few feet of the ocean's surface. By any available legal definition the waters over these seamounts are "high seas," where freedom reigns, and their summits are indeed unclaimed territory. Our advancing ocean technology is already sufficient to enable anyone to establish high-and-dry platforms—even islands of rock and earth—in these shallows. As the case of Cortes Bank suggests, the builder could claim sovereign rights and establish a new nation, laying claim as well to the seafloor "to a depth of 200 meters or beyond that limit to where . . ." and so forth, according to the Geneva Convention.

Regardless of the frightening and perhaps not entirely realistic prospect of a proliferation of new and tiny nations all begging United Nations membership and perhaps deftly playing off East against West for profit and plenty, these seamounts present some real and present problems. Vema Seamount off the coast of South West Africa was discovered a few years ago by the U. S. Research Vessel, *Vema*. Its top covers a considerable area and comes to within a few feet of the surface. Originally its summit abounded with South African lobsters and other marketable sealife, but commercial fishermen quickly fished it out. Now they are busily seeking other seamounts. There are reports that some of them have been successful and are keeping the location strictly to themselves. It isn't hard to visualize a small shooting war developing among fishermen poaching on one another's private finds—all this on the "high seas" whose freedom is traditional, and over territory for which no body of international law exists.

This is the nub of the problem. As long as the high seas were used mainly as a fishing ground and primarily as a means of transport, and by fishermen whose range was relatively limited and whose catch was individually small, complex problems did not arise. There was little conflict of interest; in fact, there were no vested interests at all. But now a whole spectrum of overlapping interests is about to be imposed on the World Ocean, and it may be that they can be properly served only by granting rights and title to specific areas of seafloor or volumes of sea-space itself. In any event, the interested parties must have some kind of legal recourse, and the interests of the many must be protected from the depredations of the few.

Interests will often be in direct conflict. This can be seen al-

ready in the continental shelf areas where transoceanic telephone cables often encounter the trawls and nets of fishermen, with the subsequent loss of either or both. One sees it, too, in the rising incursion of foreign fishing fleets in waters that have traditionally supported populations of the contiguous landmass. Or again, the saltwater marshlands that line the coasts of much of the world are the maternity wards and nurseries of many species of fishes, including many of high commercial value. These species spawn and/or migrate into the marsh creeks to mature and then return to the sea. Yet the human predation of these marshes is proceeding at a frightening pace. Every year thousands of acres fall prey to the tailings of the channel dredge, the fill of the super coastal highway and the deadliest pollutant of all, the suburban development. An effort is now being made in the United States to give this resource some kind of survival priority. However, a good argument can be made that these marshlands are worldwide resources and should be subject to international protection. Regardless of the principle of sovereign lands and territorial waters, the marshlands are a key element of a safe and productive ocean.

Similar arguments can be made with respect to the age-old habit of using the ocean as a bottomless sink for sewage and waste; the damage that ocean miners may do to other benthic resources; the attempt, which is bound to come, to alter climate by diverting ocean currents; and the mounting conflict among the burgeoning commercial fisheries.

It is said that the international agreements relating to Antarctica and outer space provide precedents for establishing similar agreements with respect to the ocean. This is not entirely true; for, short of gaining scientific knowledge, we cannot see at present what can be done with outer space or with Antarctica that is productive. Conflicts of interest in the ocean have already manifested themselves in direct confrontations, though for the most part these have been resolved around the conference table by regional agreements. But the time is fast running out when this kind of "each case on its own merits" solution will serve, for soon solutions will conflict with solutions. Unlike Antarctica and outer space, the ocean is an intimate, human environment. Anyone can go down into the deep ocean, either to satisfy his curiosity or to do useful, productive work. Just as surely as the pioneers a century ago opened up the great American West, so man will open up the World Ocean to all of his dreams, exploits and endeavors.

Whether this exploration and exploitation is orderly or chaotic, whether we manage to wrest the needed riches from the sea and still leave its bounty for generations to come, depends in large measure on the acumen, foresight and dedication of what we do today.

IV

One of the most obvious and traditional uses of the ocean is as a road to conquest and a buffer for defense. Today the submarine-launched ballistic missile is the most secure, perhaps the most deadly weapon in the world. The ocean highways are still man's primary means of transport between continents, and to keep them open for national use is a primary naval mission. A strong merchant marine continues to be a criterion of national power, and showing the flag in foreign ports is an old and still-valid instrument of foreign policy.

But now the ocean takes on new dimensions as an implement of foreign policy. Starvation and malnutrition are spectres that cast a shadow over the world's efforts to attain a lasting peace. The land fails to meet food needs today, and even the most conservative estimates of the population growth in the years just ahead spell catastrophe unless alternative sources are found. The ocean is just such a potential source if properly administered, properly conserved and properly husbanded.

The idea—at least in the minds of American policy-makers—is not merely that the food resources of the sea should be provided to the less developed and, for the most part, most populated nations, but rather that these nations should be given the technical ability to exploit this source of nutrition for themselves. Hence, the Agency for International Development is heavily engaged. The proper exploitation of fishery resources requires both a knowledge of the ocean and the creatures that can be harvested and a sound and growing capability in the design, construction and use of the equipment required for their exploitation. Thus, the ocean serves our national interest both in providing a source of food for the less developed nations and in building up their ability not only to feed themselves but to increase their technological competence.

As a bridge for friendly contact and common purpose between East and West, oceanography has proved highly successful—despite occasional ineptness by the State Department and retaliation in kind by the Soviet Union. There is something about the

ocean—it is massive, infinitely complex, powerful and impersonal —that seems to transcend specific national interests and temporal political considerations. As in other fields of international science, those who study the sea get along rather well, and international oceanographic expeditions are planned and participated in with little regard for ideological considerations. For example, scientists from 46 nations—East and West—participated in the recent Indian Ocean Expedition.

Such expeditions can be used effectively to promote regional cohesiveness and coöperation, especially among groups of less developed nations. In many cases oceanographic efforts sufficient to produce useful results exceed the capabilities of small nations to carry them out by themselves. Therefore it is only logical that they join forces to achieve a common objective. If this also serves the purpose of encouraging nations to work together or tends to formalize an obviously advantageous regional grouping, so much the better. The nations that ring the Pacific, for example, cooperate not only in scientific research, but also to protect themselves against the ravages of tidal waves and to conserve the Pacific fisheries. In some cases there have even been reasonably successful efforts to settle conflicts—as between high seas fishermen trawling for pelagic (free swimming) species and those using sea-bottom traps to catch Alaska king crabs. Less successful has been the International Whaling Commission, whose minutes read well but whose enforcement procedures leave much to be desired.

There are now at least half a hundred international bodies concerned with one or another aspect of oceanography, many of them under the auspices of the United Nations. In the end we will have to have a global administration of the World Ocean—an administration of laws and procedures and perhaps, even, of enforcement capabilities. Meanwhile, we are beginning to use the ocean in ways never heretofore anticipated and in ways which will increasingly impinge on the conduct of international affairs. What we do will determine whether the ocean draws nations together or expands the area of their conflicts. And everything we do with the ocean for our benefit will be to no avail if in the process we destroy it.

TOWARD A NEW ORDER IN INDONESIA

By Guy J. Pauker

THE most dynamic factors in Indonesian politics today are the action fronts of university and high school students, KAMI and KAPPI. Many of their members were born after the August 17, 1945, Proclamation of Independence. Unlike their elders, who are still inclined to blame "imperialism" for the mess their country finds itself in, the new generation holds President Sukarno personally responsible. For them the man who led the nationalist movement forty years ago is neither a father-figure nor a charismatic leader, but the creator of a bankrupt and dishonorable Old Order.

For years almost all articulate adult Indonesians had been caught in the cobweb of slogans and acronyms spun by Sukarno. Even his political enemies used his language of phantasy in criticizing him. The Sukarno régime exposed all students to massive doses of indoctrination, but the students choked on what their elders had relished. The new generation has a mind of its own, hostile to ideology and pragmatically interested in deeds rather than words. They abhor hypocrisy, for which they have coined the term *plin-plan,* and reject the notion that past achievements can buy anybody permanent absolution from present sins.

A year ago KAMI and KAPPI acted as the catalyst which precipitated the Army's first measures against the old order. After the assassination of Army Commander Achmad Yani and five other senior generals on October 1, 1965, the Army reacted in military fashion: viewing the Indonesian Communist Party (P.K.I.) as the enemy, they rounded up and killed or imprisoned all leaders, cadres and followers whom they were able to capture. Party Chairman D. N. Aidit, about half of the politburo and of the central committee, and no less than 200,000 persons associated with the P.K.I. lost their lives. While many communist cadres were killed by the Army, which was determined to prevent the resurgence of the P.K.I., the mass murders were perpetrated primarily by the villagers themselves. They took place mostly in East and Central Java and in Bali, where population pressure is becoming intolerable. In the past the village communities had absorbed the population increase by dividing again and again their limited resources among a growing number of claimants, in

accordance with a well established pattern of "shared poverty." In 1964–65 the communists started inciting the poor and landless peasants to alter unilaterally the village communities' agrarian relations. The killings may have been less motivated by ideological clashes, as the local cultures were known in the past for their tolerance, than by the extreme social tensions of Malthusian origin created by the communist challenge to the accepted way to deal with overpopulation.

For months before the assassination of the generals the P.K.I. and its political allies had spread rumors that a "Council of Generals" (of course "sponsored by the C.I.A.") was plotting to overthrow the President. Yet, in the aftermath of the events of October 1 the Army did not move against Sukarno and seemed to want to ignore the circumstantial evidence incriminating him, although at that time an indignant public opinion might have acclaimed an Army coup. But the cabinet remained largely intact. The exceptions were its overt P.K.I. members who disappeared, the late Army Commander who was replaced by General Suharto, and the Air Force Commander, Air Vice Marshal Omar Dani, who was dismissed on October 16. Obviously the Army was anxious to give an example of self-discipline, leaning over backwards to respect the Indonesian Republic's constitutional framework.

In contrast to the Army's military posture during those testing days, Sukarno reacted in typically political fashion. At first he said very little except to promise a "political solution" that never came, while obviously biding his time until passions had died down. Deprived of the mass support that the P.K.I. had given him for almost a decade, Sukarno was nevertheless still highly confident of his charismatic hold on the Indonesian people. In answer to mounting pressure to have him outlaw the P.K.I., Sukarno told the leaders of the People's Provisional Consultative Assembly on December 6, 1965: "Do not push me or dictate to me what to do. . . . If you do not accept my leadership any more, all right, kick me out."

The first significant shift in the balance of political power came a week later, on December 14, when General Nasution, Ruslan Abdulgani, the Minister of Information, and the highly respected Sultan Hamengku Buwono collectively took over the Supreme Operational Command (KOTI), replacing Dr. Subandrio, the President's closest confidant.

Sukarno personally was not challenged. Direct action against him was initiated by the students only in January 1966, when the cost of living price index (1957–100) jumped from 36,347 (in December 1965) to 56,020, following an inept currency reform. Years of financial and economic mismanagement had brought about hyperinflation. The students seized on this universally popular grievance—the skyrocketing prices—to demand basic changes. Inviting the military to act, KAMI paraded with banners saying, "The people are hungry. Long live the Armed Forces." Posters appeared insulting Sukarno and his wives. Students were shot at by palace guards.

There was at the time a meeting of minds between students and Army leaders which makes it difficult to establish who initiated specific moves. But KAMI was certainly more than a tool of the Army. Its drive came from religious student groups, both Moslem and Christian, and support was widespread among the younger generation. It kept Djakarta in an uproar for more than a month.

Defiantly, Sukarno paid public homage to the P.K.I. and announced that he had not changed his conviction that the Communists must participate in the government "for the sake of national unity." He also appealed to his followers to form a "Sukarno Legion" for his defense, and made large sums of money available for the creation of goon squads against KAMI. Finally, on February 21, Sukarno dismissed General Nasution, who had been Defense Minister since July 1959. Still the Army did not react and the President seemed to have regained the upper hand.

With increasing militancy, the students staged huge demonstrations, demanding the banning of the P.K.I., lower prices and a new cabinet. In striking contrast with his reluctance to ban the Communist Party, the President did not hesitate to ban KAMI and to close the University of Indonesia. KAMI responded by organizing a "student regiment" named for Arief Rachman Hakim, a fourth-year medical student who had been killed in one of the demonstrations against the Palace. Finally, as turbulence mounted, Sukarno panicked and, on March 11, 1966, signed an order which he himself had drafted, empowering the Army Commander, General Suharto, "to take all steps deemed necessary to guarantee security, tranquility and stability." The next day General Suharto used the order to ban the P.K.I., and a week later fifteen key members of the Sukarno cabinet, including Dr. Su-

bandrio, were arrested, some directly by KAMI, which turned them over to the Army.

By the end of the month the cabinet had been reshuffled and its effective control had passed into the hands of a triumvirate composed of three Deputy Prime Ministers: General Suharto, who is in charge of defense and security; Adam Malik, who assumed responsibility for social and political affairs and became Foreign Minister; and Sultan Hamengku Buwono, who handles economic, financial and developmental affairs. There is, of course, a difference between the position of General Suharto, whose political power is based on the support of the Army, and that of the two civilian members of the triumvirate, who have considerable personal stature but no organized power base in society.

Since March 1966 these three men have faced the forbidding task of creating a new order in Indonesia. This involves overcoming the political legacy of the Sukarno régime and establishing a viable new constitutional system. A bankrupt economy must be rehabilitated, stabilized and turned toward development after 25 years of mismanagement during which time the population of Indonesia has grown from 70 million to almost 110 million. A deep moral crisis has been generated, chiefly by the impact of modernization which challenges traditional ways and values, and compounded by the spectacle of corrupt and dissolute leaders and the material pressures generated by hyperinflation. This crisis must be overcome. The conflict of interests between a central government which is almost devoid of revenue and the Outer Islands which have long been neglected and mistreated must also be speedily reconciled to obviate threats to national unity. Last but not least, after being cut off from most of the world community by a foreign policy which had aligned her with Communist China against everybody else, Indonesia has now to redefine her international position at a time when she is equally indebted to the Western world and to the Soviet bloc. Furthermore, all these tasks have to be synchronized and carried out at a pace not so slow as to alienate the impatient young generation, nor so fast as to generate massive resistance from those who had been identified with the old order.

II

As with other countries in the Third World, Indonesia's most critical need today is political stability. Without it none of the

other urgent tasks facing the new government can be carried out successfully. Indonesia does not start out with a promising political legacy. The Dutch colonial administration avoided preparing the country for self-government. Political activities were repressed and top administrative positions were occupied by expatriates. Furthermore, the indigenous political tradition was authoritarian and élitist, and did not give the nationalist movement a useful background for the practice of democracy. The only asset inherited from the colonial past seems to have been genuine respect for the rule of law, which may facilitate in the future the consolidation of constitutional government.

The political experience of the first two decades of independence has left nothing but bitter memories. Democratic leaders such as the brilliant first Prime Minister of the Republic, Sutan Sjahrir, who died heartbroken in April 1966, had prematurely attempted to introduce parliamentary government in 1945. In the decade following the Proclamation of Independence, fourteen cabinets were formed, more or less in accordance with parliamentary rules of the game, although no elections had yet been held. The result was that the country's confidence in its leading political figures had been eroded before they ever received electoral endorsement.

The first general elections, held in September 1955, were politically disappointing although technically impressive: they produced a perfect representation of a deeply divided society. The illiterate masses proved remarkably capable of choice, singling out four parties from more than forty competitors. The P.N.I. (Indonesian Nationalist Party) obtained 22.3 percent of the votes; the Masjumi (Consultative Council of Indonesian Moslems) obtained 20.9 percent; the N.U. (Moslem Teacher's Association) obtained 18.4 percent; the P.K.I. obtained 16.4 percent. All received a proportional number of seats in parliament.

As the Indonesian people had seen in the elections a modern form of magic ritual promising immediate relief from life's many hardships, optimism was naturally soon replaced by grief. Nothing had changed, not even the names of the politicians who took their places in the new, elected parliament. Within months Sukarno—whose formative years in the early 1920s had been shaped by Marxist and Fascist doctrines, not by democracy—started a campaign to "bury the parties." It ended in July 1959 with the establishment of "guided democracy" supported by the Army, which despised party politics but believed in civilian government.

Regarding the President as a nationally important institution rather than as an easily replaceable politician, the officer corps for seven years shunned the temptation to establish a military régime and tried to convince themselves that "guided democracy" was more than claptrap behind which Sukarno ruled arbitrarily, satisfying primarily his megalomania and romantic world view. When finally the gruesome events of late 1965 and the pressure of the students forced the Army to face reality, their political reflexes were conditioned to return to the constitutional system which Sukarno had betrayed with their tacit approval.

The first and most urgent step to be taken was to terminate Sukarno's personal dictatorship. But the Army leaders were aware of the fact that the masses, especially the Javanese who constitute about half of the total population of the country, had strong emotional attachments to the President, having transferred to him the awe which ancient kings inspired. Even within the élite, including the officer corps, many believed that the President should be kept and his sins covered up, because of his usefulness as the mythmaker on whom national unity depended.

The Army leaders decided that to establish a constitutional tradition and avoid excessive convulsions the transition from the old order to the new should take place gradually; Sukarno's authority should be eroded slowly, while that of the new régime was being established. Furthermore, the power balance in the armed forces, which were still not completely of one mind, and in society as a whole had to be shifted by carefully replacing officials favorable to Sukarno with supporters of the new order.

With General Suharto in charge of the government and of the armed forces, General Nasution assumed the role of political educator to the nation. In numerous speeches and declarations he advocated return to the rule of law and to a moral political order. His personal integrity qualified him well for that task, but he also had reason to feel personally responsible to the nation for having played a major role in the 1959 abolition of parliamentary government and the return to the presidential system of the 1945 Constitution, which had helped Sukarno to become a dictator.

In April 1966, soon after the new cabinet had been established, the Army launched a campaign advocating a "return to the Constitution" and elections within three years. None had been held since 1955 because of the likelihood of a communist victory. Now that the P.K.I. had been banned, the Army was interested in re-

turning to representative government, in the belief that the country needed a new base for legitimate authority.

General Suharto reminded the President publicly that under the Constitution he was subordinate to the Provisional Consultative People's Congress (M.P.R.S.). According to Article I, Paragraph 2, of the Constitution of 1945, "sovereignty is vested in the people and exercised fully by the Consultative People's Congress," which should consist of "the members of parliament" and of "delegates of the regions and other groups." But in March 1960 Sukarno had dismissed the parliament elected in September 1955, in order to get rid of his political enemies, and had replaced it with a handpicked body which would "closely coöperate with the government in the framework of guided democracy." Of the 257 elected members of parliament, 130 were named to this body, with an equal number of additional members representing various "functional" groups, including the military. Then in August 1960 Sukarno constituted the M.P.R.S., consisting of parliament plus 94 appointees representing various regions and 232 more representing groups.

Sukarno himself had never been elected directly or indirectly by the Indonesian people. In May 1963, M.P.R.S. adopted a decree proclaiming him President for life. Indicative of the shift that had taken place since then in Indonesian public opinion, the new régime found it possible to use M.P.R.S. as a first step toward liquidating the old order. After some delay due to Sukarno's obstructive tactics, M.P.R.S.—purged of P.K.I. representatives and with a substantial number of recent additions—held a session from June 20 to July 5 last year. The Army now was obviously determined to carry out its quasi-legal action against Sukarno as thoroughly as its earlier extra-legal action against the P.K.I. In preparation for the session, General Suharto appointed a committee of the armed forces which drafted position papers on all issues on the agenda, to guide the 120 officers participating in the deliberations.

The final decisions of M.P.R.S. came very close to the policies suggested in these "tactical guidelines." General Nasution was elected Speaker of M.P.R.S., the March 11 Presidential Order giving General Suharto emergency powers was ratified, and it was decreed that, if the President were incapacitated, General Suharto should take over as Acting President. Suharto was also instructed to form a new cabinet, the earlier decree making Su-

karno President for life was withdrawn and the government was asked to hold general elections on July 5, 1968. The banning of the P.K.I. was ratified and the teaching of Marxism-Leninism was outlawed.

The adoption of these Army-sponsored policies meant that they had the support of significant civilian political forces. But despite this show of strength the Army leaders accepted a further compromise with the President. The new cabinet formed in late July had a presidium of five members chaired by General Suharto, but in addition to his political partners, Adam Malik and Sultan Hamengku Buwono, it included representatives of the Nationalist P.N.I. and Moslem N.U. parties known to be friendly to the President.

KAMI and KAPPI were bitterly disappointed, having hoped for a real showdown. Resorting again to direct action against Sukarno, the students kept demonstrating in the streets, until on October 3, while storming the Palace, they had a serious clash with Army units. Sixty-two young men and women were wounded. Thereafter street demonstrations stopped until the end of the year when Sukarno's defiant stubbornness brought KAMI and the military together again.

Between September and December three former cabinet members had been tried and sentenced to death by an Extraordinary Military Court (Mahmilub): Jusuf Muda Dalam, former Minister for Central Bank Affairs and Governor of the State Bank; Dr. Subandrio, former First Deputy Premier and Foreign Minister; and Omar Dani, former Commander of the Air Force. The trials revealed the moral decadence and financial corruption of the old order and its intimate association with Communist China. It also gave renewed publicity to the circumstantial evidence linking the President to the events of October 1, 1965.

Far more important politically was the fact that the Mahmilub proceedings, broadcast and televised live to the whole Indonesian nation, gave Dr. Subandrio and Omar Dani a chance to plead that they were merely agents of the President, whose policies they were implementing. By sentencing them to death, the Mahmilub was by implication indicting Sukarno. Although to Western eyes the trials may appear political rather than legal proceedings, Indonesian public opinion accepted their outcome.

During its July 1966 session M.P.R.S. had asked the President for a full account of the Gestapu-P.K.I. affair, as the killing

of the six generals is known in Indonesia. Sukarno ignored that request. Following the Omar Dani trial, which drew attention to the fact that the President had made no effort to use his authority to stop the conspirators and may even have praised their deed, the Associations of Indonesian Lawyers and Judges asked on December 16, 1966, that the President's role in the Gestapu-P.K.I. affair be investigated. KAMI and other groups promptly endorsed the request and resumed street demonstrations against Sukarno, this time obviously in agreement with the Army.

On December 21 the Armed Forces Commanders issued a joint statement threatening to "take firm action against anybody who was unwilling to implement the decisions of the M.P.R.S." Still the President waited three more weeks before sending M.P.R.S. a written message on January 10, 1967, challenging that body's right to ask him for any accounting. He added that to him the Gestapu-P.K.I. affair "was a complete surprise," repeating a statement he had already made twice in written testimony submitted to Mahmilub during the Subandrio and Dani trials.

Two days later the Army conveniently announced the capture of the most wanted participant in the Gestapu-P.K.I. affair, Brigadier General Supardjo, who is believed to have acted as liaison between the conspirators and the President. As Speaker of M.P.R.S., General Nasution told the press on January 26 that investigation of Supardjo had disclosed the President's coöperation with the conspirators and the efforts he had made at that time to prevent General Suharto from crushing the attempted coup. He then announced that an M.P.R.S. session was being planned for March or April in order to make a constitutional decision concerning the President. He stressed emphatically the extreme importance of settling "this serious problem" in a constitutional manner. As counterpoint to General Nasution's statement, the Indonesian radio network informed the whole country on January 28 that "hundreds of thousands of students held an orderly show of force in Djakarta this morning demanding the trial of President Sukarno by the Extraordinary Military Court (Mahmilub) as soon as possible." During the following weeks, the President resisted considerable political pressures demanding his resignation. A compromise, which may be only temporary, was reached on February 20 when the President announced that he had signed a statement transferring all executive powers to General Suharto.

III

The passing of Sukarno will simplify but not solve the problems confronting Indonesia. The officer corps has now assumed responsibility for the government, though more reluctantly than military groups elsewhere in the Third World. The political involvement of the Army in the early 1950s started as a reaction against political parties which were trying to use personally ambitious officers for their purposes. Then in late 1958, when the parliamentary system appeared incapable of giving their country good government, the officer corps discussed at length the various military coups which were taking place in Iraq, Pakistan, Burma, Thailand and the Sudan. For Indonesia they decided on a "middle way" between the total noninvolvement in politics expected from the officer corps of Western countries and the Latin American type of military government: there would be no coup, but the officers as a corporative body would participate in the formulation and implementation of national policies. Thereafter, throughout the period of "guided democracy," members of the officer corps were increasingly included in the cabinet, parliament, the diplomatic corps and the administrative agencies and deliberative councils of government, in the capital as well as in the provinces. Although fear of "creeping militarism" was often expressed by thoughtful Indonesians, the Army did not dictate policies.

Even following the July 1966 session of M.P.R.S., which instructed General Suharto to form a new cabinet with the primary purpose of achieving political and economic stability, the military did not take over. At the Army seminar held at the Staff and Command School in the last days of August, political, economic and defense problems were discussed by senior officers, together with some leading members of the academic community from Djakarta, Bogor, Bandung and Jogjakarta, who have since played an important role as members of General Suharto's "brain trust."

At the seminar it was argued that the country needed healthy civil-military relations, and that because general elections were necessary to create a constitutional-legal basis for the future, some political turbulence must be accepted during the electoral campaign. The officer corps was urged not to seek the kind of stability which stifles the creative forces of society and was warned against the danger of succumbing to militarism during the difficult period ahead. It emphasized that the Army's task must

be not only to protect the country from a communist dictatorship of the extreme left, but to uphold democracy and therefore shun equally dictatorships of the extreme right, including military rule.

However well-meaning and self-disciplined, the Army will not find it easy to make the right decisions concerning the political reconstruction of Indonesia. Not all the 150 generals and 400 colonels in the Army are as dedicated to the public good as General Suharto and his closest associates. Vested interests have developed in the last decade and there is no lack of arrogance among some of the military in their relations with civil society. These elements will be a constant threat to the delicate balance between the representative democratic principle, which makes parties and politicians a "necessary evil" in any polity, and the corporative principle which gives the Army the means to participate in the government without creating a military dictatorship.

Of course meaningful elections cannot be held without political parties, and this raises serious problems in the aftermath of the Sukarno era. Of the four parties which established their prominence in September 1955, only two are still legally in existence today: the P.N.I. which claims six million members, and the N.U. which claims eight million members. The figures are not genuine indicators of political participation but may come close to these parties' electoral strength. The P.N.I. was always close to the President in the past. How it will adjust to Sukarno's loss of power remains to be seen. The party is also badly divided between a left wing reputed to shelter crypto-communists who escaped the massacre of late 1965, and a right wing which would like to find its place in the present power structure. The N.U. in turn is a party with considerable rural strength, but weak among the articulate urban population and lacking national leaders with real intellectual and political stature.

Although both the P.N.I. and the N.U. have national organizations, their strength is primarily Javanese, dividing the population of East and Central Java along lines similar to the clerical-anticlerical cleavages of Western Europe. Being based on ideologies rather than interests, these two parties do not compete for the same electorate, but represent antagonistic groups which have sometimes clashed violently in the recent past and were unable to reach a compromise on constitutional issues in the period of parliamentary government preceding Sukarno's dicta-

torship. A political system dominated primarily by the P.N.I. and N.U. would not hold much promise for the future of Indonesia, despite their substantial electoral following.

But the future of the extreme left raises even more serious problems. While the new electoral law may disenfranchise former members of the P.K.I. and of its front organizations, there are obvious dangers in bottling up the political energies of perhaps as many as twenty million people. Banning the P.K.I. has ended the communists' earlier hopes of securing power by parliamentary means. Though the killing of numerous cadres has probably destroyed the organizational structure of the party, this does not mean that the political potential of the extreme left has vanished overnight. Last August the Army revealed that about half of the members of the P.K.I.'s central committee were in hiding or had left the country. In January 1967, Peking-oriented communist publications in various countries reproduced a declaration of the politburo of the P.K.I. dated August 17, 1966, announcing the decision to reconstruct the party, prepare for armed struggle and create a united front under P.K.I. leadership "to overthrow the Fascist régime of Suharto-Nasution." "The sole road leading to the victory of the revolution," it said, "is the road of people's war, the road lit by the brilliant thought of Mao Tse-tung." The Army claims that much of the political turbulence occurring in Indonesia today is "political guerrilla warfare" organized by the communist underground.

Ideally, the lessons of the recent past should orient the former supporters of the extreme left toward a democratic socialist party. Until now no such party of national scope has been available, although discussions are being held concerning a merger of the former Socialist Party (P.S.I.), banned by Sukarno in 1960, and the National-Communist Murba Party, banned in 1965 and rehabilitated a few months ago, as a basis for a new Socialist Front.

In addition to the dangers from the Indonesian left, there is serious concern about right-wing Islamic extremism. The fanaticism displayed by some of the Moslem activists who were helping the Army in late 1965 to mop up communists was disturbingly reminiscent of the terrorism of the Darul Islam movement which plagued various parts of Indonesia in the past. The spectre of armed insurrection for the purpose of creating a theocratic state still haunts Indonesia.

Ways will have to be found to channel constructively those

Islamic political energies which do not find an outlet in the N.U. This is especially true in the Outer Islands. The government thus faces another difficult decision: whether to permit the reëstablishment of the Masjumi Party, banned by Sukarno in August 1960, or to encourage the creation of a new Moslem political organization. At present there is reluctance to permit the revival of Masjumi, although it included some very able, modern and rational Moslem leaders. One reason is that the Masjumi, rightly or wrongly, has been suspected of hidden sympathies for the Darul Islam as a countervailing power to the P.K.I. Besides, in 1958 some of its most prominent personalities were involved in the rebellions in Sumatra and the Celebes against the central government. The N.U. is understandably reluctant to endorse the revival of a political competitor which received almost eight million votes in 1955, making it electorally the strongest party in all provinces of Indonesia except East and Central Java.

The problem of the Masjumi merges in part with the equally challenging task of giving the Outer Islands adequate responsibility. Having rejected a federal system in favor of a unitary state, Indonesia has yet to work out a formula for its "more perfect union." Java and Madura cover only 7 percent of the area of Indonesia but contain two-thirds of the total population. This in itself creates in the Outer Islands fear of domination by the Javanese. Compounding the difficulty, the average population density of Java is over 1,300 persons per square mile, and in the Javanese heartland it exceeds 3,000 per square mile, which means an average of five persons per acre of all land, including mountains and swamps. Consequently the pressure of population on resources reaches Malthusian dimensions in those overcrowded areas. As Java contains a major part of the country's urban population and is the seat of the central government, its existence depends heavily on imports. However, it currently produces only 17 percent of the country's exports earning foreign exchange. Political stability demands therefore not only a reconciliation of ideological interests, but a tolerable harmonization of regional economic interests.

The political reconstruction of Indonesia requires willingness to compromise and coexist on the part of all the political forces mentioned above. But the most difficult problem confronting the Suharto government is to give a sense of progress and purpose to the younger generation whose outlook on life is so different from

that of its elders. If the actions of KAMI and KAPPI are indicative of their mood, none of the existing political parties is likely to be an adequate channel of expression for their aspirations.

IV

The population of Indonesia grows by 2.5 million annually. Real income per capita dropped by about 5 percent between 1958 and 1965. The economy has been stagnant since Independence. The only real achievement of the Indonesian government is its educational program, which produces every year tens of thousands of high school graduates and thousands with university degrees. The political awakening of the new generation, which debunked Sukarno's charisma, was largely caused by indignation about the country's economic plight. But in the eyes of the young the new régime is also on probation. The portents of possibly explosive conflict between generations are already visible in the streets of Djakarta, where student battalions are marching to the sound of drums and cymbals.

No feat of political engineering can create a genuine new order in Indonesia if current efforts to overcome the economic crisis fail. The Suharto cabinet is aware of the problem. Saddled by the old order with an external debt of $2.7 billion, which it is currently trying to reschedule, the new government, during negotiations in Tokyo in September 1966, gave its non-communist creditors a candid account of the economic and financial situation: the price index had risen from 100 in 1957 to 150,000 in July 1966; money in circulation had increased from 12 billion rupiah in 1955 to 10,000 billion rupiah in July 1966; exports (exclusive of revenue from oil) had dropped from $900 million in 1951 to $360 million in 1966; the budget deficit had increased from 23 billion rupiah in 1961 to 18,000 billion rupiah in 1966.

Besides "guided democracy," Sukarno had also instituted a "guided economy." Using international issues as a pretext, most of the country's foreign-owned productive enterprises were taken over by the government and were thereafter wrecked by mismanagement. Budget control of government expenses disappeared as the Sukarno régime made discretionary use of funds obtained through deficit financing. From an average annual increase of about 25 percent up to 1960, the money supply increased by nearly 50 percent in 1961, approximately doubled in 1962 and

1963, rose by more than 150 percent in 1964 and then more than quadrupled in 1965.

When Sultan Hamengku Buwono took over as Deputy Prime Minister for economic, financial and developmental affairs in March 1966, he pledged to balance the government budget as soon as possible, as part of a major effort to fight the inflation. Whereas his predecessors no longer bothered to present budgetary draft bills to parliament before the beginning of a fiscal year, if at all, the draft bill for the 1967 budget was submitted on November 17, 1966, and on December 24 parliament approved it.

For the first time in years the budget is balanced, comprising revenues and expenditures of 81.3 billion new rupiah (about $813 million at current exchange rates). On the expenditure side an important feature is the reduction of defense spending from 70 percent to 25 percent of the total. On the revenue side the 1967 budget counts on 29.5 billion new rupiah (or $295 million) from foreign credits. Both assumptions may be excessively optimistic, but they do indicate the determination of the Suharto government and of the armed forces to achieve stability and to establish good relations with the international community, on which Indonesia's future must heavily depend.

As a further token of the new régime's intent, an excellent foreign investment law was also adopted by parliament on December 24, reversing the trend of past years. This measure was initially recommended during the July session of M.P.R.S. by the faculty of economics of the University of Indonesia, which drafted comprehensive guidelines for economic, financial and developmental policies and persuaded the armed forces to endorse them. On the basis of the new law, the United States and Indonesia signed on January 7 a guarantee agreement providing insurance for American private investors. Earlier, on December 12, the government had issued orders returning foreign enterprises to their owners, who had been dispossessed in 1963–1965 during the "confrontation" with Malaysia. This measure followed an agreement with the Netherlands in September, under which claims for nationalized Dutch estates were settled for 600 million guilders ($157 million) payable over thirty years after a seven-year grace period.

The response to these measures has been favorable. By late January, thirteen foreign oil companies from the United States, Western Europe and Japan were negotiating with the Indonesian

government for the exploration and exploitation of Indonesia's offshore oil, and foreign interest in various other business ventures in Indonesia was rapidly increasing.

Besides its efforts to create a favorable climate for private foreign investments, the Indonesian government has also taken purposeful steps to ease the burdens on its catastrophic balance of payments. Multilateral negotiations with the United States, Great Britain, France, West Germany, Italy, the Netherlands and Japan started in July in Tokyo and involved long, medium and short-term debts. Under existing agreements, payments due to all creditors in 1966, including communist countries, amounted to not less than $530 million, while Indonesia's total foreign exchange earnings for that year were estimated at $430 million. In September at a second meeting in Tokyo, an eighteen-month moratorium was granted by the Western creditors on debts already in arrears or due by the end of 1967, and some further progress toward a settlement was made in Paris in December. Meanwhile separate negotiations conducted in Moscow resulted in November in a moratorium on about $800 million in debts to the Soviet Union, a major part of which is the result of armament purchases since 1960.

Unable to repay immediately foreign debts incurred in the past in pursuit of an improvident policy of grandeur, Indonesia cannot hope to overcome the current acute economic crisis without additional credits. These are not likely to come from sources other than her Western friends, who have already made available in 1966 new grants and loans totalling $174 million in support of her stabilization program.

In July, Indonesia applied for readmission to the International Monetary Fund and to the International Bank for Reconstruction and Development and was accepted by both institutions at their annual meetings in September. Teams of I.M.F. and World Bank experts have since surveyed the economic situation of Indonesia and have made hardheaded recommendations. For instance, for 1967 they suggest an import program of only $298.8 million, less than half the amount initially envisaged by Indonesian officials. The emphasis is on materials and spare parts that would give quick returns in agriculture, transportation, industry and energy, while replacements and new development are to be postponed for a later stage of the stabilization program. These measures are guided by the realization that the most prac-

tical immediate goals are to increase production in agriculture so as to reduce rice imports and improve cash crops; to increase mining production for export; and to improve the performance of existing industries which overall have been operating at less than 15 percent of capacity.

Economic stringencies have had a salutary effect on Indonesia's foreign policy. On August 11 the unfortunate "confrontation" with Malaysia was terminated and on September 28 Indonesia was welcomed back into the United Nations. The road is clear now for the constructive role in Southeast Asia and in the international community befitting a country of Indonesia's size, human and natural resources, and strategic importance.

As the new order consolidates itself and the anxieties and passions of the present recede into history, Indonesia will be able to appreciate the constructive nature of its past relations with the United States. Besides political support for Indonesia's legitimate national aspirations, American economic assistance over a period of twenty years, until Sukarno said "Go to hell with your aid," has not burdened Indonesia with crushing debts for unworthy purposes. Of a total of nearly $800 million in economic aid up to 1965, $302 million was in the form of grants for which no repayment was required, $243 million was in loans repayable in rupiah, and only $255 million was in loans repayable in dollars.

But foreign aid and advice from whatever source and for whatever purpose should be only of marginal and temporary importance to a country with Indonesia's natural endowments. In essence its problems are domestic and, if the state of mind of the present régime and of the new generation remains as lucid and purposeful as it seems to be at present, Indonesia should have a great future in the community of nations.

NEW PERSPECTIVES ON TRADE AND DEVELOPMENT

By Isaiah Frank

THE first meeting of the United Nations Conference on Trade and Development (UNCTAD) in 1964 marked a turning point in relations between poor and rich countries. As we approach the second conference, now scheduled to convene in New Delhi early in 1968, it is fitting to assess the impact of UNCTAD on thought and policy with respect to the trade problems of the low-income countries.

The first UNCTAD dramatized a salient fact about the development process—namely, that the sluggish increase in the poorer countries' capacity to import had become a principal constraint on their economic growth. But the conference went far beyond a diagnosis of the problem and gave expression to some basic policy implications and prescriptions, mainly in the form of measures to be adopted by the advanced countries to increase the foreign-exchange receipts of the less developed countries. Furthermore, the conference set up institutional machinery designed to exert continuous pressure on the rich countries to find ways of meeting the needs of the poorer countries.

Today, not quite three years after the conclusion of the 1964 conference, the policies of the rich countries are being subjected to a steady pounding in a formidable array of international organizations operating under the aegis of UNCTAD: the conference itself which is a plenary body of more than 120 countries; a 55-nation Trade and Development Board which acts as an executive organ between meetings of the conference; and numerous more specialized committees, subcommittees, working parties and expert groups, all serviced by a permanent secretariat of several hundred people. In 1966 scarcely a week went by when one of these UNCTAD bodies was not in session.

Talk is cheap. And one can well understand the frustration reflected in a recent statement by U Thant, Secretary-General of the United Nations, when he lamented "the slow rate of progress on virtually every recommendation of the first UNCTAD Conference, even those adopted unanimously."[1]

[1] Statement made to the Economic and Social Council at its 41st session, in the summer of 1966.

At the same time it would be a mistake to underestimate the cumulative force of the *process* of confrontation launched at UNCTAD. When a responsible Western government is faced with a series of international meetings on an issue such as tariff preferences for less developed countries, it cannot simply send someone to sit on his hands. As part of its preparation, the government will reëxamine its policies; it will react to proposals put forward by an international secretariat; it will often suggest alternatives; it may draw upon the resources of the academic community for analysis and ideas; it may sound out various domestic interest groups; and, increasingly, it will consult with other advanced countries in seeking a concerted position. In the three years since the first UNCTAD, there has in fact developed a certain institutionalization of this process of consultation among the industrial countries as the problems of the low-income countries have gradually become one of the principal preoccupations of the Organization for Economic Coöperation and Development (O.E.C.D.).

All this ferment is bound to shake things up. Within the U. S. Government, for example, there has been a searching examination of a variety of policies, some of which would scarcely have been considered a few years ago. Other countries too are giving high priority to the trade problems of developing countries. Related ideas and initiatives are being studied and formulated by international organizations such as the World Bank, the International Monetary Fund (I.M.F.) and the General Agreement on Tariffs and Trade (GATT). While this activity has not yet produced any basic changes in policy, it must be recognized that the gestation period for such changes is necessarily a long one. But gradually, as rigid ideological positions on the side of both developed and developing countries give way to a more receptive pragmatism, certain approaches representing a broad consensus are coming to the fore.

Before assessing the state of current thinking on trade and development, however, I might indicate how the trade of the developing countries has in fact evolved during the first half of the 1960s. A review of the major trends is particularly appropriate because some significant changes have emerged since the decade of the 1950s—the period that served as the main backdrop for the original UNCTAD conference.

II

What sparked the concern in the early 1960s about the growth prospects of developing countries was the unequivocally adverse trends in their exports during the latter half of the fifties. In terms of physical volume, exports increased only sluggishly; because of falling prices for many basic commodities, earnings from exports grew at an even slower rate, averaging 3 percent annually. Looking to the future, the United Nations projected a widening gap between the imports needed to support accepted growth targets of 5 percent annually and the capacity of developing countries to pay for such imports from the proceeds of their exports. This gap between required imports and anticipated exports was the point of departure for the entire UNCTAD approach.

In examining the 1960–65 record, however, one finds another type of "gap"—a marked divergence between U.N. projections prepared for the first UNCTAD conference and the actual trends in the foreign trade of developing countries. Exports of developing countries increased at an annual rate of 6 percent during the first half of the sixties, a rate 50 percent higher than the rate projected by the U.N., and twice as great as the corresponding figure for the latter half of the fifties. Pointing out this difference does not imply that the U.N. was "wrong." In no sense did it purport to forecast what would actually happen; it intended merely to project trends based on certain past relationships and assumptions about the future.

As it turned out, demand for certain products was more responsive to increases in income than had been assumed in the U.N. projections. But the main factor that threw the projections off was the unexpectedly high growth rates of the industrial countries comprising the principal export markets of the developing countries. The U.N. assumed that total output in the advanced countries would increase annually by 3.7 percent, the same rate as in the decade 1950–60. Since, in the latter half of that decade, output increased even more slowly, the U.N. projections did not seem unduly pessimistic. In fact, however, the increase in output of the industrial countries in 1960–65 accelerated to 4.7 percent, largely due to the doubling of the growth rate of the United States compared to the preceding five years.

One might well have expected that, in doubling their export

growth rate, the low-income countries would also have increased imports substantially. To the surprise of many observers, however, the growth rate of imports did not accelerate but remained at the 4 percent per year figure that obtained in 1955–60. At that rate, the import requirements of sound development plans remained unsatisfied.

Another way of looking at the changing export-import relationship may cast some light on what has been happening. In 1957–59, the developing countries imported an average of $3.2 billion of goods per year in excess of their exports. By 1963–65, however, this net transfer of goods from the outside world had contracted to an annual average of less than $0.6 billion. According to both GATT and the United Nations, if imports as well as exports are measured on an f.o.b. basis, there was actually in 1965 a small net transfer of real resources away from the developing countries, in the sense that their exports of goods exceeded their imports.

How does one explain this anomalous situation? After all, the essential purpose of aid is to permit low-income countries to invest in excess of their own current savings by allowing them to make net drawings on the real resources of the rest of the world. But now we find that, because of a much slower growth of imports than of exports, these net drawings have, for the developing world as a whole, shrunk to zero.

As is true of so many aspects of economic development, it is difficult to evaluate this trend while speaking of "the developing world as a whole." To some extent, the explanation lies in the more rapid expansion of exports of petroleum than of other products from developing countries, and in the channeling by oil countries of a significant part of their proceeds into reserve accumulations. For non-petroleum exporters, however, the most important factor appears to have been the rapidly increasing sums required to service their foreign debts. In Latin America, where the burden is most acute, debt service absorbed 15 percent of export earnings in 1964 as compared to only 6 percent in 1956. For some countries—Chile, Brazil, Turkey—public debt service has grown to 20 percent or more of export receipts. At the same time, payments by developing countries for other "invisible" items in their balance of payments—transport and other services, dividends and other investment income—have increased sharply, correspondingly reducing the sums available to pay for commodity imports.

The disappearance of the import surplus previously enjoyed by the low-income countries may be viewed from another perspective. At the beginning of the sixties aid and other capital flows to developing countries were of sufficient volume to offset net payments for invisible items in the balance of payments, with enough left over to finance a sizeable excess of imports of goods over exports. With the failure of the volume of aid to increase significantly during the first half of the sixties, while financial claims mounted, the low-income countries as a whole have simply had to limit their imports to what they could pay for with the proceeds of their own exports. As put by the World Bank in its most recent annual report, "A shortage of such resources [aid] is reflected most directly by insufficient growth in imports. Barring an unforeseen change in world markets, imports of developing countries cannot be expected to grow sufficiently unless the flow of external funds is increased considerably."

The situation has been further aggravated by the tendency for food production in the low-income countries to lag significantly behind food requirements. The Indian food crises of 1965 and 1966 are dramatic instances, but the problem is widespread. Consequently, food imports have been rising as a proportion of total imports into low-income countries, thereby impairing their capacity to import goods contributing more directly to development.

In sum, despite impressive statistics on the rapid growth of exports from developing countries in the first half of this decade, those countries as a group still face the problem which set the stage for the first UNCTAD conference—namely, a squeeze on their capacity to finance the imports necessary for satisfactory growth.

One line of action to meet this problem is to step up substantially the flow of capital, and particularly the flow of aid on liberal repayment terms. If the United States were willing, despite Viet Nam, to take the lead on this score, one could be quite hopeful. A crucial test will be the scale on which the United States supports the pending replenishment of the resources of the International Development Association. Even if we accept the most optimistic expectations, however, increases in aid are not likely to obviate the need for increasing the earnings of low-income countries from their own exports.

III

In the foreseeable future, export prospects of low-income countries will depend overwhelmingly on markets for primary products—food, raw materials and fuels. Not that exports of manufactures have been lagging. On the contrary, one of the most impressive achievements of the 1960–64 period was the rapid growth in manufactured exports from developing countries. But they still represent only about 10 percent of total exports.

Given the continuing dominance of primary commodities as a source of export earnings, it is understandable that the main concentration at the first UNCTAD conference was on issues of commodity policy. Since then, much attention has been devoted to this subject; and I believe that real progress has been made, both in understanding what has been happening and in evolving mechanisms for coping with some of the problems.

An important advance is the wider recognition that there is no panacea in this field, and that the beginning of wisdom is to take as hard a look at the differences among commodities and countries as to generalize about the similarities. The dictum that aggregates conceal as much as they reveal is particularly pertinent to international commodity policy.

Consider, for example, the growth of the world market for traditional exports in the first half of the sixties. The record varies from an increase in the value of world exports of over 80 percent in the case of maize, tin and zinc to actual declines for other commodities including cocoa, manganese ore and rubber. Among commodities registering increases of between 30 and 50 percent are not only petroleum but also iron ore, wood, rice, lead, meat and livestock, citrus fruit and copper. Even within broad commodity categories there was a significant degree of dispersion. For example, although agricultural raw materials as a group showed the slowest export growth rate, exports of wood were among the fastest growing of all commodity exports.

One might expect, then, that the foreign trade performance of individual countries would be determined largely by the composition of their traditional exports. For a particular country a rapid growth of exports would thus be associated with specialization in commodities for which world exports increase rapidly. One of the most revealing findings of a recent GATT study, however, is that the trade fortunes of a particular country are likely to be depen-

dent less on how its traditional commodities fared worldwide than on changes in its *share* of world trade in these commodities and on its success in developing new lines of production for export. These results—which are broadly substantiated in preliminary studies by the World Bank—underline the importance of a country's own internal and external policies.

A major objective of international commodity policy is the achievement of a higher level of export earnings for developing countries as a whole. Since the first UNCTAD conference, thinking has tended to shift increasingly away from the notion, espoused by the French, that this objective can be universally pursued through commodity agreements or, as the French put it, the "organization of markets." Today it is widely recognized that policy must depend largely upon the market characteristics of the particular commodity in question.

From this viewpoint, UNCTAD, in recent studies, distinguishes three broad categories of commodities by their market characteristics: commodities produced wholly or mainly in developing countries and not subject to serious competition from substitutes (*e.g.* coffee); commodities produced wholly or mainly in developing countries but subject to competition from substitutes, especially synthetics (*e.g.* natural rubber); and commodities produced in substantial quantities by both developed and developing countries (*e.g.* sugar). While some commodities may not fall squarely in any one group, the distinction is nevertheless useful for policy purposes.

Broadly speaking, agreements aimed at raising prices can be effective in increasing producers' incomes mainly with respect to commodities in the first group, for which somewhat higher prices will not significantly reduce demand. For commodities in the second group, higher prices for the natural product would be self-defeating, since the result would be to encourage further substitution. What is required for this group are cost reductions to improve the competitive position of the natural product, and diversification over the longer term into production with more favorable market prospects. Regarding the third group of commodities—those produced in substantial amounts in both developing and developed countries—the main problems arise from import barriers in the advanced countries. Here the principal aim of policy should be to increase the access of low-income countries to the high-income markets.

The scope for commodity price-fixing agreements as a means of raising the export earnings of developing countries is quite limited. Only five major commodities—coffee, tea, cocoa, bananas and tin—clearly meet the two most important conditions: that production take place primarily in developing countries, and that demand for the product be relatively inelastic with respect to price changes. In 1964, exports of these commodities amounted to approximately 12 percent of the total exports of developing countries. If coffee and tin are excluded—since agreements already exist for them—the remaining products account for only about 4 percent of exports.

For a number of years the United States has insisted that the subject of commodity agreements could usefully be considered only on a case-by-case basis. This ad hoc approach has not always been taken at its face value by representatives of developing countries, some of whom have paraphrased the U.S. position as "opposition to commodity agreements on a case-by-case basis." Actually, the United States took the lead in 1962 in negotiating the International Coffee Agreement and in bringing opposing producer interests together. Although the implementing legislation required for complete American participation had rough going before it was passed by the Congress, we have coöperated fully in efforts to make the agreement work.

Despite a series of crises during the five-year life of the Coffee Agreement, there is reason for optimism. The agreement has certainly contributed to the stability of the coffee market. And, with prices well above the 1962 level, it has more than fulfilled the original objective of preventing declines below that level. Moreover, the long-run prospects for a smoother and more effective functioning of the Coffee Agreement are favorable because of improvements that have recently been introduced. Adjustment of quotas has now been made less subject to political pressures, and more responsive to the automatic test of price changes in the submarkets for the principal types of coffee. And steps have been taken to prevent the previous widespread evasion of quota limitations and to encourage diversification out of coffee.

In the last several years the United States has participated actively in two major attempts to negotiate a cocoa agreement. While neither was crowned with success, there are grounds for hoping that the air has now been cleared sufficiently to make possible the conclusion of a workable agreement on the next try.

If there is wider acceptance today of the limited applicability of commodity agreements, there is also franker acknowledgment that their prime purpose is not the traditional one of moderating price fluctuations around a long-term trend. Rather, it is to alter the trend itself in order to increase the export earnings of developing countries, or, as a minimum, to prevent them from falling. This is what is meant in UNCTAD parlance by the objective of "equitable" and "remunerative" prices, and it has been broadly accepted today by all the advanced countries.

To what extent can commodity agreements add to the external resources available to developing countries? According to a recent estimate,[2] if monopoly pricing were pushed to the point of maximum returns for producers, it would add perhaps a billion dollars per year to their revenues. As an increment to export receipts, this theoretically maximum figure would represent only a modest increase of 3 percent or the equivalent of only half of the average annual increase in export earnings by the developing countries in the period 1960–65. Viewed, however, as a form of aid or net resource transfer from rich to poor countries, the figure is substantial, amounting to 10 percent of the public and private flow of capital to developing countries in 1965.

It is proper to regard international price-fixing agreements as a form of aid, since they are a disguised means of taxing consumers in the developed countries in order to provide resources to the low-income countries—resources which the governments of those countries can, at least potentially, mobilize for purposes of development. However, as Harry Johnson points out, once one begins to think of international taxing mechanisms for financing development, one is struck by the relative inefficiency of commodity agreements.[3] The distribution of neither the burden nor the benefits conforms to optimum tax principles; and such agreements are notoriously difficult to negotiate and administer.

In a rational world, there would be no particular reason for disguising taxation through a price-raising mechanism. Nor would it be necessary to link international taxation exclusively to primary commodities. Any number of other, more general and equally automatic schemes could be devised. For instance, if the advanced countries were to earmark for development assistance a

[2] John A. Pincus, "Trade, Aid and Development," New York: McGraw-Hill, 1967. The commodities included in the Pincus estimate are coffee, tea, cocoa and sugar.

[3] Harry G. Johnson, "Economic Policies Toward Less Developed Countries." Washington: Brookings Institution, 1967.

2 percent tax on imports of all commodities from all sources, it would yield over $2 billion, a sum equal to an increase of one-third in the current volume of bilateral aid to less developed countries. Moreover, because the trade of advanced countries has been increasing rapidly, the yield of the tax would rise by about 9 percent annually. I am not advocating any particular tax, but merely illustrating the theoretical possibilities for simpler and more efficient devices to mobilize resources for development.

In connection with domestic farm-support programs, economists have long urged the superiority of direct subsidies financed through general taxation over indirect transfers through market-support schemes. The widespread resort to the less efficient technique reflects the farmers' preference for disguising the subsidy and the government's preference for reducing its budgetary cost. Similarly, in the case of foreign aid, practical considerations argue in favor of the commodity agreement where it is feasible. With the volume of bilateral aid remaining virtually stationary at $6 billion for several years in the face of rising prices and an increasing need for assistance, methods such as commodity agreements, whatever their limitations, can provide a much-needed additional transfer of resources to developing countries.

More important over the long run is improved access to the markets of industrialized countries. With the notable exception of petroleum, industrial raw materials move relatively freely in international trade. But primary agricultural products face a wide range of restrictions—tariffs, quotas, excise taxes, as well as preferential trading arrangements benefiting particular low-income countries at the expense of others. Pledges to moderate or eliminate such restrictions were made by the advanced countries both at the UNCTAD conference and, more recently, in the new GATT article on trade and development. Despite high-sounding expressions of principle, little progress can be reported. The basic pattern of restrictions remains—either because of a fiscal interest in maintaining revenues, or, more commonly, because of the overriding desire of governments to protect competing domestic producers. Moreover, given the internal political pressures in advanced countries, it is probably unrealistic to expect any major dismantling of agricultural restrictions in the near future.

IV

Although little has been accomplished in easing access to markets for primary products, the first UNCTAD conference did induce a substantial advance in coping with the short-run instability of export earnings. Traditionally, international efforts to moderate export instability concentrated on the commodity-agreement approach. Partly as a result of the complexity and limitations of arrangements tied to individual commodities, a new and more generally applicable technique was adopted in 1963 by the International Monetary Fund. It provides for special drawing rights on the Fund to "compensate" countries for shortfalls in their export proceeds below the level of the medium-term trend. At the first UNCTAD conference in 1964, the developing countries pressed for a substantial liberalization of this facility, and in 1966 some of their major recommendations were adopted by the Fund.

As now liberalized, a Fund member may draw up to 50 percent (although ordinarily not more than 25 percent in one year) of its quota to offset export shortfalls as compared to only 25 percent previously. These drawings are additional to a country's normal borrowing rights in the Fund and, as a practical matter, are available on virtually automatic terms. Moreover, compensatory drawings no longer affect the conditions under which members have access to successive "tranches" of ordinary drawings. Like ordinary drawings, however, funds borrowed under the compensatory arrangement are repayable in three to five years.

In assessing the importance of compensatory finance, it would be a mistake to be unduly influenced by the fact that the original fund facility was used only a few times—by Brazil and the United Arab Republic in 1963 and by Sudan in 1965. This infrequency of use reflects partly the improvement in commodity markets after the new facility had been established, and partly the initial reluctance of countries to prejudice the terms of their access to ordinary fund drawings. With the latter consideration no longer applicable under the liberalized rules, and with a softening in a number of commodity markets already in view, there is good reason to expect more active recourse to this facility in the future.

To supplement the I.M.F. scheme, the United Kingdom and Sweden put forward at the UNCTAD conference a proposal for dealing with adverse movements in exports which could not be

dealt with adequately by short-term balance-of-payments support. At UNCTAD's invitation, the proposal was examined by the World Bank. Concluding that it was addressed to a major problem confronting the developing world, the Bank staff submitted a specific scheme to the United Nations for carrying it out. The Bank's proposal aims to insure against the disruption of development programs resulting from unpredictable adverse movements in export receipts in cases where those movements are either too sustained or too severe to be dealt with by short-term balance-of-payments assistance.

To be eligible to receive support under the Bank proposal, a country would have to enter into a prior understanding with the administering agency both as to reasonable expectations of export earnings over the period of its development plan and as to the policies to be pursued in carrying out the plan. Provided the country lived up to its policy commitments and had no other readily available source of finance, support from the scheme in the form of long-term loans would be triggered by a deficiency of exports as compared to the agreed reasonable expectations. According to World Bank estimates, between $300 and $400 million per year would be needed to operate the scheme over an experimental period of five years, even after taking account of other possible sources of finance including the I.M.F.

The Bank's proposal would provide a valuable addition to the existing array of international instruments for long-term development finance. Countries ready to meet the disciplines implicit in the scheme would be assured that their development efforts would not be disrupted by export shortfalls due to causes beyond their control. And, as a natural concomitant of the scheme, a new and constructive relationship should emerge between individual developing countries and the international community, a relationship in which "the incentives and prospects for effective internal development performance would be greatly strengthened."[4]

V

Developing countries are convinced that over the long run they must increasingly become exporters of manufactured products. In their view, no matter what measures are taken to improve the conditions of trade in primary materials, the long-term pros-

[4] International Bank for Reconstruction and Development, *Supplementary Financial Measures*, December 1965.

pects are not encouraging for most of the basic commodities in which they specialize. Diversification into manufacturing would lead to a more rapid expansion of exports while moderating the sharp short-term swings to which primary commodity trade is peculiarly vulnerable. Even aside from foreign exchange considerations, developing countries regard the growth of manufacturing as essential in the modernization process because of its "linkage" effects in inducing investment in related sectors—that is, in industries supplying the inputs and using the outputs of the manufacturing sector.

Recent trends support the view that manufacturing is the most "dynamic" export sector of the low-income countries. Excluding processed metals, exports of manufactures to the developed countries increased 14 percent annually in 1960–64, outstripping even the growth rate of petroleum exports. But the absolute volume of exports of manufactures is still low and heavily concentrated in a small number of developing countries—Hong Kong, India, Mexico, Taiwan and Pakistan.

Obstructing efforts to broaden and accelerate the expansion of developing countries' exports of manufactures are two main roadblocks: restrictions imposed by the advanced countries, and questionable policies in the developing countries themselves. On the first set of barriers, UNCTAD has had a notable impact. In contrast, the obstacles erected by the developing countries themselves have until recently been regarded in UNCTAD as virtually forbidden territory, the subject being introduced only in connection with the World Bank's proposal for supplementary finance.

In dealing with the first roadblock, one of UNCTAD's accomplishments has been to help dispel a widespread misconception in advanced countries. Until recently, the prevailing view was that, with average rates of duty in the United States and the European Economic Community at only about 12 percent, tariffs did not significantly limit exports from low-income countries. In a report prepared for the first UNCTAD conference, however, the U.N. gave prominence to data assembled from GATT and other sources which showed that figures on average tariff levels substantially understate the degree of protection of manufactured products of the kind originating in less developed countries.[5]

[5] The report was reproduced in 1963 in the United Nations, *World Economic Survey, 1962*, Part II. See especially p. 66–68 and p. 79.

Two reasons explain this underestimation of protection. First, the duties on products which the less developed countries are capable of manufacturing are generally higher than the average of 12 percent. Clothing, for example, is dutiable at 25 percent in the United States, 15 percent in the Common Market, and 25 percent in Japan. Comparable figures for shoes are 17, 20 and 30 percent; for bicycles, 14, 21 and 25 percent; for toys and sporting goods, 25, 18 and 22 percent.

Second, and equally important, is the fact that tariff rates typically increase with the degree of processing. While the Common Market's tariff is zero on hides and skins, it is 9 percent on leather and 16 percent on leather manufactures. A similar escalation of duties in relation to the degree of processing is found in the tariff schedules of other industrial countries as they pertain to such products as cocoa, cotton, jute, paper, rubber, wood and others. That this structure of tariffs discourages trade in the more highly fabricated products is obvious. In fact, the deterrent is considerably greater than first appears.

Suppose that unprocessed logs are admitted duty-free; that plywood manufactured from these logs is subject to a duty of 20 percent; and that the logs constitute 50 percent of the value of the finished plywood. In this case, a domestic manufacturer of plywood benefits from a 20 percent duty calculated on the full value of output, not just on the 50 percent of the value which he contributes in the manufacturing process. As a result, the height of the tariff as a percentage of the value added by him is not 20 percent but 40 percent. Thus, tariffs really protect processes rather than products; and the process of manufacturing plywood is protected to the extent of 40 percent.

"Effective" tariffs are generally higher than the "nominal" rates due to the admission of raw materials and semi-finished goods at lower rates than finished goods. Although much of the empirical work in measuring effective tariffs has been carried out in the past few years by university economists independently of UNCTAD, the U.N. conference provided a strong impetus. In a recent study, Professor Bela Balassa of Johns Hopkins has demonstrated that the average effective tariff for consumer goods is 25.9 percent in the United States, 30.9 percent in the European Common Market, 40.4 percent in the United Kingdom and 50.5 percent in Japan. These figures underscore the significance of including in the Kennedy Round, and in subsequent tariff nego-

tiations, reductions in duties on manufactured products important to the present or potential export trade of less developed countries.

Regrettably, UNCTAD's success in highlighting tariff obstacles has not been matched by a comparable impact on what is undoubtedly the most restrictive set of barriers to processed exports confronting the low-income countries. I refer to the Long-Term Cotton Textile Arrangement negotiated in 1962 under GATT auspices. As expressed in the preamble, its purpose is to permit increased access for low-income countries' exports of cotton textiles, while insuring that the growth in this trade takes place in an "orderly manner" so as to avoid market "disruption." However, what started out as an understandable accommodation to certain social and political realities in the advanced countries has in practice become the vehicle through which highly restrictive quotas have been imposed—in Europe as well as in the United States—with little regard to the criteria for determining the existence of market disruption.

Recently, the Director-General of GATT deplored the current trend in restrictions imposed under the sanction of the Cotton Textile Arrangement. Last fall it was denounced in much blunter language, by Congressman Thomas Curtis of Missouri, who is the ranking Republican on the House-Senate Joint Economic Committee and one of four Congressional delegates to the Kennedy Round: "The operation of the cotton textile agreement is shocking to me. It allows a kind of administrative discretion and lack of objectivity that to my knowledge is equalled nowhere else in the U.S. Government." Despite these criticisms, however, the arrangement has been the subject of surprisingly little public debate, and the prospects are good that it will be renewed when it expires this year. Surely here is an area where UNCTAD should be helping to expose the gap between avowed purposes and actual performance. Although a formal review of the arrangement is conducted annually in GATT, no study has been made by UNCTAD nor has it established any committee to review the workings of the textile agreement.

In contrast, the continuing interest of developing countries in preferential, rather than simply equal, access for their processed and manufactured goods to the markets of advanced countries has by no means been neglected. At the first conference, the lines seemed tightly drawn, with all developing countries firmly sup-

porting the idea of tariff preferences, and the United States opposing it in principle. In the intervening period, however, one detects a certain convergence of the two positions, with the developing countries displaying a livelier sense of the complexity of the technical and policy issues involved, and the United States, on its side, showing a greater willingness to examine specific proposals on their merits and expressing a more sympathetic attitude toward the objectives of preferences. In a speech last November, Anthony Solomon, the American Assistant Secretary of State for Economic Affairs, posed the issue as follows: "Does equal treatment for all make sense when the competitive strength of infant industries in the poor countries is obviously no match for long-established mature industries in the developed countries?"

The argument for preferences is in some respects an extension into the export sector of the infant-industry argument for protection of the home market. It rests on the need to overcome the initial disadvantages faced by a newcomer in manufacturing, including the high cost of gaining a market foothold. But unlike infant-industry tariffs which can totally insulate inefficient domestic industries from outside competition, preferences extended to all developing countries provide built-in limitations on inefficiency. The exporter in the developing country would have to compete on equal terms with suppliers from other less developed countries, and with domestic producers in the advanced countries to which he seeks to export. He would also continue to compete, although not on equal terms, with exporters of the same product from other advanced countries, who might still be in a position to overcome their tariff disadvantage.[6]

On the other hand, there are also strong arguments against a system of preferences. Once granted, they would tend to create a vested interest in existing levels of protection as among the advanced countries, and would militate against further efforts to liberalize world trade, since lower most-favored-nation tariffs would result in lower margins of preference. Secondly, preferences applying to all developing countries would favor the more ad-

[6] Two other differences should be noted. First, in infant-industry protection, the costs are borne by consumers in the less developed country imposing the tariff; in the case of preferences, the costs would be borne by the developed countries, chiefly those granting the preference. Second, the degree of advantage to particular industries conferred by a system of preferences would depend on the accident of relative tariff levels in the preference-giving countries rather than, as in the infant-industry case, on the potential international competitiveness of the industries receiving the tariff advantage.

vanced among the developing countries, since they would be the ones in a position to take prompt advantage of the new opportunities. If efforts were made to distinguish among developing countries, a preference system would become exceedingly complicated to administer and would tend to fragment the world trading system even further. Lastly, any general preference system adopted by the advanced countries would inevitably be accompanied by quantitative safeguards against "market disruption," and in the end these might leave the developing countries with less effective access than they had before.

In brief compass it is difficult to probe more deeply into the complex issues in the debate on preferences. There may, however, be a fairly simple way of providing some preferences, limited in time, without departing too radically from the existing framework of domestic legislation and international negotiations. Whatever concessions are negotiated in the Kennedy Round will be put into effect only gradually; in the case of the United States the staging of tariff reductions will be spread over a period of not less than five years. Consideration should be given to making the new rates effective for developing countries immediately upon conclusion of the negotiations and perhaps extending the staging of the reduction for the advanced countries over a period of at least ten years. Tariff cuts negotiated multilaterally after the Kennedy Round could similarly be applied in advance to developing countries. Such limited preferences might provide a basis for assessing the costs and benefits of some of the more far-reaching schemes recently proposed.

VI

Improved access to the markets of advanced countries, whether on a preferential or on a nondiscriminatory basis, is unlikely by itself to be a major stimulus to exports of manufactures from low-income countries. Crucial to the success of such measures are the trade and financial policies of the low-income countries themselves. Because of their sensitivity, however, UNCTAD has thus far scarcely attempted to come to grips with the range of problems in this field.

Policies of import substitution—that is, of manufacturing those products which otherwise have to be imported—frequently operate at cross-purposes with the avowed objective of promoting exports of manufactured products. Reliance on a highly pro-

tected domestic market tends to relieve an industry of the disciplines required for achieving international competitiveness. This is not to say that import substitution is undesirable. Newly established industries often do require some initial protection before they can stand on their own feet and compete on equal terms with foreign manufactures. And balance-of-payments considerations often impel developing countries to seek to save foreign exchange by producing at home manufactured goods that were formerly imported.

The issue today is not whether developing countries should pursue policies of protection or of free trade. After all, neither the United States nor Continental Europe industrialized under conditions of free trade. For the developing countries, the issues are rather which industries to protect, by how much, and in what way to effect the transition from import substitution to export promotion. These are questions to which UNCTAD should address itself.

A protective tariff is among the most powerful instruments of economic planning. It is a means whereby a levy is imposed on the community at large in order to permit the establishment or continuation of an industry. Unless a tariff is selective so that it lends support to those sectors where the present or potential comparative advantage is greatest, there will be a misallocation of resources that few poor countries can afford. Yet in many countries the system of protection is often arbitrary and completely independent of the priorities in their development plans. Planning and foreign trade are administered in separate compartments as if they bore no relation to each other.

Research recently undertaken by Hal Lary of the National Bureau of Economic Research provides one promising empirical approach to the identification of manufacturing industries in which developing countries should have a competitive advantage. By using data on "value added" by manufacture in different industries, Lary was able to array various industries in relation to the intensity of their use of the two factors which are typically scarce in less developed countries: labor skills and physical capital. His technique involves separating value added per employee in each industry into its wage and non-wage components, and using the wage part as a measure of skills and the non-wage part as a measure of physical capital. Lary's studies are still preliminary, but they illustrate one possibility of working out a basis for

a reasonable policy of protection for low-income countries by concentrating on those industries in which skill and capital requirements are toward the lower end of the scale.

One would hope that UNCTAD, with the help of the newly established U.N. Industrial Development Organization, would turn some of its resources toward developing a basis for a rational foreign trade policy for low-income countries. And as part of such a policy, consideration should be given to techniques for maintaining some pressure of external competition on protected industries, possibly through the gradual lowering of tariffs. In this way, a policy of import substitution can evolve into a growing capacity to export manufactured products.

Foreign trade policies of low-income countries frustrate development in other ways. For example, the importation of luxury goods is typically subject to a high degree of import restriction in order to conserve foreign exchange and encourage saving. Commonly, however, both objectives are defeated by stimulating the production of the same goods at home, using imported raw materials and intermediate products as well as imported capital goods. Luxury consumption continues, and the imports required to sustain domestic production may leave little net saving of foreign exchange. A more effective way of meeting the country's objective would be through a nondiscriminatory internal consumption tax applying equally to domestic production and to imports. Yet very little attention has been given in UNCTAD to the relation between internal tax structure and trade policy.

Internal fiscal and monetary policies are touchy subjects for developing countries. Too often these countries have been at the receiving end of preachments about financial rectitude by governments of advanced countries, including some which themselves have not achieved notable success in maintaining price stability under conditions of strain on real resources. Considering the lesser capacity to save and to tax in low-income countries, and the tremendous pressures on precisely those resources that are essential to a vigorous development effort, one cannot but be impressed with the enormity of the job of managing a development program with a reasonable degree of price stability. Despite the widespread international attention already devoted to this problem, it cannot sensibly be avoided by UNCTAD. For inflationary fiscal and monetary policies operate with special force to frustrate a country's objectives in foreign trade.

Experience has shown that a sustained and rapid rate of inflation under a system of fixed exchange rates results in an almost chronic overvaluation of a country's currency. Whatever correction takes place periodically through devaluation is quickly overtaken by the increase in the domestic price level. The most direct effect of the overvaluation is to encourage imports and discourage exports since, at existing exchange rates, domestic prices will be too high in relation to prices in the world market. As foreign exchange reserves become exhausted, the government has no alternative but to intervene to offset the incentive to import and the disincentive to export. And here is where the difficulties get compounded, because the management of such a "disequilibrium system" tends to get more and more complex and is soon beyond the capacity of most governments.

To encourage exports, special exchange rates may be declared for particular commodities, rebates may be granted on transport charges, special rights may be given to keep or sell on the free market some part of the foreign exchange earned from exports. Yet, while incentives to export are being adopted, other government departments may be leaning in the opposite direction, trying to hold down the volume of exports through taxes or outright prohibitions in order to prevent consumer prices from rising or to insure supplies of materials for domestic processing. On the import side, overvaluation tends to vitiate, in whole or in part, tariff protection intended for domestic industry. To counter the encouragement of imports, tariffs (including surcharges) may be raised to astronomical levels, advance deposits may be required of importers, and, most commonly, a system of quantitative import controls may be instituted.

Controls are, of course, unavoidable in some situations. But as comprehensive controls become the normal way of life because of the persistence of disequilibrium, adverse effects on development are inevitable. The system tends progressively to insulate a country from the competitive pressures of the world market, to introduce wasteful and inequitable distortions, to invite corruption and increasingly to substitute for constructive activity a preoccupation with "beating the system."

According to an UNCTAD report issued in 1966: "The majority of the developing countries, which generally maintain comprehensive control systems, have continued—and in many instances reinforced—their existing import policies, in the form of

increased duties, quota or license restrictions . . ."[7] Considering the pervasive effects on foreign trade and development of internal fiscal and monetary policies which give rise to comprehensive controls, it is essential that these policies now be brought within the orbit of UNCTAD's discussions.

VII

As a new organization born in 1964, UNCTAD has not had easy going. It has set as its goal no less than the reshaping of world trade in the interests of developing countries. But, as any practitioner in foreign economic policy will testify, tough as it is to get funds for foreign aid, it is even tougher to bring about changes in trade policy favorable to "low-wage" countries. The domestic interests immediately affected are more concentrated and the political resistance more difficult to overcome.

In focusing world attention on the growth needs of the developing countries, UNCTAD has made a solid contribution toward greater accommodation to those needs by the advanced countries. It can also claim a considerable measure of credit for stimulating such specific advances as the adoption by GATT of a new set of articles on trade and development; the liberalization by the International Monetary Fund of its facilities for compensatory finance; and the pending World Bank proposal for supplementary finance to offset unexpected adverse movements in exports.

UNCTAD is viewed by the developing countries as *their* organization. Unlike GATT, the I.M.F. and the World Bank, which came into being through the initiative of the advanced countries, it was a creature of the less developed countries and was brought to life over the initial indifference or opposition of the advanced countries. Perhaps this explains, at least in part, why its pressures have thus far been directed almost exclusively toward changes in the policies of advanced countries. It remains to be seen whether UNCTAD can evolve into an organization capable of dealing with the totality of the trade problems of the developing world, including those policies of the low-income countries themselves which are so crucial to their development.

[7] UNCTAD, *Review of International Trade and Development 1966*, Part II, p. 23 (mimeographed report TD/B/82, 20 July 1966).

THE SUEZ CRISIS

A Footnote To History

By Winthrop W. Aldrich

SINCE I retired as United States Ambassador to Great Britain in February 1957, so much has been written about the events leading up to the seizure of the Suez Canal by the Egyptian Government in July 1956, and so much controversy has arisen over the reaction of the French, British and American governments to that event, that it might be useful for me to set down as briefly and clearly as possible the story of what happened as seen from the American Embassy in London.

The first intrusion of the Egyptian question into Anglo-American relations during my term as Ambassador in London came before Anthony Eden became Prime Minister and soon after I arrived at my post early in 1953. In May of that year, violent attacks were being made by the new Egyptian régime under General Naguib on the continued presence of British troops in the large British military base in the Suez Canal Zone. The British Government felt that United States policy was definitely sympathetic with the Egyptian point of view, and British opinion received the quite erroneous impression that we were putting pressure on Britain to withdraw its forces from the base. Later the feeling developed that but for this pressure the British forces would have remained there and Nasser could never have seized the Canal.

A further sense that America was unfriendly arose from misunderstandings between Eden, who had just become Prime Minister, and Secretary of State John Foster Dulles, in connection with proposals for joint financing of the Aswan High Dam. Opposition to the plan developed in Congress, and finally Secretary Dulles cancelled American participation. He did so without informing the American Embassy in London. This was not unusual, as I was never asked my opinion on matters of policy except when Dulles was in London or I accompanied Eden to Washington.

Such were the preliminaries to the Suez crisis of July 1956.

On July 26 of that year I left London for New York by air on a short vacation. One hour later the British Government received

news that the Egyptian police had taken over the headquarters of the Suez Canal Company under the decree of nationalization. Not knowing I had left, the Prime Minister immediately invited me to attend a meeting of the British Cabinet which was being called at once. Mr. Andrew Foster, who was Counsellor of Embassy, attended that meeting as chargé d'affaires. The shock to the British Government was very great because it had received no warning from its Intelligence that seizure was imminent.

The Cabinet reached no conclusions at this meeting other than that there must be immediate consultation with the United States at a high level. While I was still airborne en route to New York, Mr. Robert Murphy, Deputy Under Secretary of State, left for London by air to confer with the British Government. On my arrival in New York I flew to Washington and went directly to Mr. Dulles' house where he was in consultation with the members of his staff. Mr. Dulles was just back from an official visit to Peru. A state of agitation prevailed. The Secretary was receiving reports that the British were planning to use force against Egypt unless the Canal was restored forthwith to the Suez Canal Company. I participated in the discussion but did not feel that much weight was given to what I had to say. Some extremely able men were among the participants, for example, Livingston Merchant, Herman Phleger and Robert Bowie.

On Tuesday, July 31, Secretary Dulles and I flew to England and had conferences for two days with top members of the British Government including Eden, Foreign Secretary Selwyn Lloyd, Harold Macmillan and Lord Salisbury. Mr. Dulles persuaded the British to call a conference to be held in London as soon as possible; it was to be composed of the parties to the Covenant of 1888, under which the Canal had been made an international waterway, and the other nations whose ships made the greatest use of the Canal.

This conference, August 15–24, which came to be known as the First Suez Conference, produced a plan, signed by eighteen nations, for the future operation of the Canal by an international board. The plan was taken to Nasser by a committee headed by Mr. Robert Menzies, Prime Minister of Australia. Mr. Menzies, a man of wisdom, eloquence and ability as a negotiator, seemed to me a perfect choice to head this important mission, and I believe he did everything humanly possible to persuade Nasser to accept the Eighteen Nations Plan.

The rapport between Mr. Eden and Mr. Dulles was not at all good at any time, and it now had deteriorated further. It should be noted that the original effect of the seizure of the Canal on the British Cabinet was to persuade it that force might have to be used, and there is no doubt in my mind that Dulles at this time gave the impression to Eden that the United States would also be prepared to use force if all else failed. As Dulles put it, he wanted to do everything possible to prevent the situation from reaching a point where there was no alternative except the use of force, but he also said in effect that, when the situation had reached a point where every other expedient to make Nasser "disgorge" had been tried ineffectually, then, to put it in Dulles' diplomatic language, the use of force was not excluded. One of the tragic things about the situation was that Eden did not see that in this language there was no *commitment* to use force and that when it came to the final and formal decision we might not be willing to use it.

After Nasser had turned down the Eighteen Nations Plan, the British were ready to take the matter up in the Security Council of the United Nations and to ask for immediate action against Egypt. Secretary Dulles, however, persuaded them not to do so. He had conceived of a new plan, afterwards known as the Canal Users' Association Plan. In retrospect it is apparent that the British and Secretary Dulles never saw eye to eye regarding this second plan. Almost at once it became plain that Eden thought of it as having been devised to justify the use of force as a last resort. Although every effort was made to make our position clear, the British regarded the plan as a slap in the face to Nasser. This became evident from Eden's statements in Parliament on September 11, in which he said he was urging its adoption as a preliminary to the use of force if Egypt did not coöperate. Secretary Dulles, on the other hand, thought of the plan as a desirable step in keeping the users of the Canal together in order to work out a good arrangement with Egypt for its operation. Failing this, it could still prepare the way for the submission of the matter to the Security Council. This difference in point of view led to great and continuing misunderstanding. A second conference of the canal users, called to consider this second plan, convened in London on September 19 and was attended by Secretary Dulles and a group of his advisers. At the end of that conference agreement was reached to set up the Suez Canal

Users' Association, known as SCUA. The Ambassadors in London of the participating countries were instructed to complete the organization, but I doubt if any one of them believed that it could accomplish anything.

Up to this moment there had been no slightest indication of any collusion between the French and British Governments in dealing with the Suez crisis. Nor had there been any unusual circumstances which would have caused the United States Embassy in London to suspect that preparations were already underway by the British Government to intervene with force in Egypt.[1]

Indeed the American Ambassador to London and the Ambassadors of the countries party to SCUA were busily engaged, under the instructions of their respective governments and with Lord John Hope, Secretary of State for Foreign Affairs of Great Britain in the chair, in perfecting and completing as rapidly as possible the organization of SCUA.

At this moment and while Secretary Dulles and his advisers were in the air on their way back to Washington, the British and French Governments, without first informing the U.S. Government, laid the situation resulting from the seizure of the Canal before the Security Council of the United Nations. This had the immediate effect of changing the scene of action to New York and Washington. Selwyn Lloyd, the then British Foreign Secre-

[1] In the book by Terence Robertson, entitled "Crisis: The Inside Story of the Suez Conspiracy," the following quotation appears from an account by Maurice Bourgès-Maunoury (appointed Minister of Defense in the Cabinet of Prime Minister Mollet of France, January 1, 1956):

"Once our own preparations were under way and the Israelis decided when to attack, our assistance programme was speeded up and I had to consult with the Americans to get spare parts and items of equipment we lacked. The Americans knew just about everything that was going on in Paris. I saw Ambassador Dillon about once every two weeks to request further supplies from the United States, and in my opinion he was quite aware that they were destined for Cyprus, from where a proportion was sent on to Israel.

"It was Ambassador Dillon who told me that the British were also asking United States Ambassador Aldrich in London for equipment and supplies from the United States. In total, we asked for and received ninety different items of arms equipment, and the British received a hundred and sixty-seven different types. It is quite pointless for the Americans to continue to say they were kept in the dark about our plans. Certainly Mr. Dillon was a clever man, and not likely to be deceived. In fact, on one occasion I asked him why, in view of the readiness with which the United States met our requests for arms and supplies, it was being politically so anti-French and anti-British, particularly in New York. He replied that Washington was exerting heavy pressure on the English in the hope that they would stop the French. If that was the case, Ambassador Aldrich must have been lacking powers of persuasion in his dealings with Whitehall." (New York: Athenaeum, 1965, p. 148.)

The fact is that at no time while I was Ambassador did the British ask for military equipment and supplies from the United States, and when I called Ambassador Dillon's attention to the foregoing statement he assured me that there was not one word of truth in the entire quotation set forth above.

tary, flew at once to New York to take charge for the British of the presentation of the joint appeal of the British and French to the United Nations. While Mr. Lloyd was still in New York, I received a cable from Secretary Dulles (addressed as well to our Ambassadors in France, Israel and other countries interested in Near Eastern affairs) saying that there was growing uncertainty about what Israel was up to, specifically in connection with the reported mobilization, and requesting any information available in London. I replied that as soon as Selwyn Lloyd returned from New York he had an appointment to dine with me so that I could inquire what the British Government knew about the intentions of Israel.

Accordingly, on Sunday evening, October 28, the day before the Israeli attack on Egypt, Mr. Lloyd had dinner with me, together with Walworth Barbour, my deputy, and Mr. Harold Beeley, the Middle East expert of the Foreign Office. I asked Mr. Lloyd if he was informed with regard to the size and significance of the Israeli mobilization. He replied that he was in the dark as to details, but that Her Majesty's Government had made a very strong statement to the Israelis to the effect that if they should attack Jordan, Great Britain would be obliged to fulfill its treaty obligation to come to Jordan's defense. He observed further that the Government would deplore this because it would mean that Britain would be engaged against Israel on the side of Nasser. I asked Lloyd specifically whether he did not think Israel might be planning to attack Egpyt, to which he replied that he had no evidence to show that the Israeli mobilization was directed against Egypt.

When I pressed him, he reiterated that the British Government had no information as regards a possible attack on Egypt, that it was very much more concerned about a possible Israeli attack on Jordan. In the house of Commons Selwyn Lloyd repeated the statement that he did not know what the Israeli mobilization signified at that moment. Since no ambassador can admit that he does not credit the statements of the Foreign Secretary of the country to which he is accredited, I have always taken the position that, in spite of later evidence to the contrary, Mr. Lloyd did not deliberately mislead me.[2]

[2] Under the circumstances, I arranged to have all telegrams to Washington from that time on drafted by Mr. Barbour and myself jointly. And thereafter I never had any conversation with the British without having Mr. Barbour with me.

The next day, October 29, on hearing the news of the Israeli attack on Egypt, I asked at once for an appointment with Mr. Lloyd. At 10 a.m. the day following, he and Mr. Beeley met with me and Mr. Barbour in the Foreign Office. I asked Mr. Lloyd what the British Government intended to do in view of Israel's action. He replied that he thought Her Majesty's Government would immediately cite Israel before the Security Council of the United Nations as an aggressor against Egypt. Surprising as it may be in retrospect, that was his exact statement. He added that the French Prime Minister and Foreign Secretary were on their way to London and that the British Government would want to discuss the situation with them before taking action, as they wished to act in concert with the French. Moreover, he said, the British had shipping and cargo of great value in the Canal and it would be necessary to take this into consideration. Mr. Lloyd concluded by saying that he could not tell me definitely what action the British would take until after the meeting which was to be held at once, but that he would inform me of the decision immediately after luncheon. I reported Mr. Lloyd's statements to Washington by cable and arranged to keep a telephone line open to Washington for further communications.

At 1:30 p.m. Mr. Lloyd's private secretary called James Moffett, my private secretary, and said that Mr. Lloyd would have to go directly to the House of Commons after luncheon, so he could not see me at the time arranged. However, Sir Ivone Kirkpatrick, Permanent Under Secretary of the Foreign Office, would see me at 4.45 and tell me exactly what had been decided. When I saw Sir Ivone at the appointed hour, he started the interview by handing me two sheets of foolscap paper. When I asked what they were he replied, "They are ultimatums, one addressed to Israel and the other to Egypt." I then read the documents and asked whether the demand that Egypt withdraw all armed forces to a point ten miles from the Canal meant that these forces must withdraw to a point ten miles west of the Canal. He replied, "To points ten miles away from the Canal on both sides." After reading these ultimatums, I expressed the opinion that Egypt could not possibly accept the conditions addressed to her. At this, Sir Ivone simply shrugged his shoulders. I then asked whether they had been already served and he replied, "Yes. The ultimatum to Egypt was served at 3:20 p.m. and that to Israel at 3:30 p.m., in each case on their Ambassadors in London."

I asked if the ultimatums had been made public and he answered, "Yes. The Prime Minister is making the announcement in the House at the present moment."

"In that case," I said, "the only thing I can do is telephone the contents of these documents to Washington immediately, but of course the President and the Secretary of State will have already learned of this action taken by Her Majesty's Government on the news services."

It is worth noting that the ultimatums stated that the British and French intended to go in and occupy Port Said, Ismailia and Suez whether or not the Egyptians and Israelis complied with the demand that they withdraw their forces from the vicinity of the Canal. When Mr. Barbour and I telephoned the news to Washington we were, as expected, met by the statement that it had already appeared on the news tickers. The only thing we could contribute was to read the actual text of the ultimatums to the State Department.

The effect on our Government of this sudden and unexpected British and French move and of the actual opening of hostilities against Egypt two days later was catastrophic. The British Government had been told over and over again at the highest levels that we wished to do everything possible to avoid the use of force, and for force to be used without any warning came as a profound shock.

Prime Minister Eden and the British Government were immediately subjected to terrific pressure. President Eisenhower and Secretary Dulles would have no further direct communication with Eden, and the Canal was at once blocked by Nasser. In Parliament the opposition of the Labour Party increased from day to day and even Harold Macmillan and others of Eden's supporters in his own party began to weaken; moreover the value of sterling was falling rapidly in the international markets. On top of all this the United States was coöperating with Russia in the United Nations to bring about the withdrawal of British and French troops from Egypt. Eden was ill and seemed incapable of coping with the situation which had arisen.

From that moment the duties of the American Embassy in London consisted in (1) trying to make clear to the British Government the reasons for our attitude as expressed by President Eisenhower and Secretary Dulles in Washington and Ambassador Lodge at the United Nations; (2) coöperating with the

British and our Sixth Fleet in efforts to protect and evacuate safely American citizens in Egypt; (3) assisting the American attempts to aid in the unblocking of the Canal; (4) coöperating with the magnificent efforts of the American oil industry to see to it that European needs for oil were met by diverting tankers around the Cape of Good Hope and shipping large reserves of oil from the United States; and (5) last but not least, assisting in the efforts of the United States Government to bring about first a cease-fire and then a withdrawal of the British forces in accordance with the resolutions of the General Assembly.

With Eden's increasing difficulty in coping with the situation because of his growing physical weakness, I was enormously helped at this time by the willingness of several important members of the British Cabinet to exchange views with me with great frankness and to permit me to convey their view and ideas directly to Washington, without passing through the Foreign Office. This condition of affairs continued from the date of the attack on Egypt until Eden retired and Mr. Macmillan succeeded him as Prime Minister on January 9, 1957.

I want to emphasize that Eden's departure to Jamaica and his retirement shortly after his return were brought about at the time entirely by serious illness and not by political considerations, although I believe that he would no doubt have retired as Prime Minister later in any case.

There are several matters growing out of the invasion of Egypt which I would like to refer to particularly.

Rumors that the invasion of Egypt by the British and French forces was in any manner interfered with by the Sixth Fleet are completely unfounded. At that time the Sixth Fleet in the Eastern Mediterranean was primarily engaged in the evacuation of American citizens from Egypt. Absolutely no incident of any kind occurred. After hostilities commenced, I was much concerned that the British agree that a corridor should be provided between Cairo and Alexandria where no bombing would take place, so that American citizens could be evacuated in safety. This agreement was entered into and carried out.

When the British thought it necessary as a result of the Suez operations to strengthen their position in dollar reserves, the United States Government coöperated fully and gladly in making available the full amount which could be drawn by the British from the International Monetary Fund and in dealing with the

approaching installment of the British debt to the United States. Furthermore, it did everything in its power to bring about an increase of shipments of crude oil and gasoline from the Western Hemisphere to Great Britain and Europe in order to make good as far as possible the deficits resulting from Nasser's blockade of the Suez Canal and the sabotage of the pipeline pumping stations by the Syrians.

For some reason, Washington had come to the conclusion that if Eden should retire the new Prime Minister was going to be R.A.B. Butler. I was convinced that the Queen would summon Harold Macmillan, since Salisbury, in whom I knew the Queen had great confidence and who I felt sure would be consulted, had come to the conclusion that Macmillan was the person best fitted to deal with President Eisenhower because of the close association they had had in Africa during the war. This proved to be the case. While Eden's retirement was a very sad event, the ultimate designation of Macmillan as his successor was most helpful in improving relations between our two governments.

There has been much discussion of why the British forces which intervened in Egypt did not progress further than Ismailia. General Keightley, who was in command, was very much blamed by certain people for not seizing the entire Canal immediately, which he could easily have done because the Egyptians had been so thoroughly defeated by the Israelis. General Keightley told me later that the reason he stopped near Ismailia was that his instructions were to go into Egypt in order to bring about a cease-fire between the Egyptians and the Israelis, and that when this purpose had been accomplished he had no other mission in Egypt. He also observed that if the enterprise had been mounted for the purpose of throwing Nasser out, it would have required much greater preparations than those actually made. He also said the British and French in fact went in to bring about a cease-fire and in the hope of preventing interference with the Canal.

Of course the invasion did bring about a cease-fire and did prevent the Israelis from overrunning Egypt. But if the real purpose of the invasion was to eliminate Nasser, the fact remains that the Canal was blocked immediately and the ensuing events made the operation as a whole a classic example of what diplomats would call a completely "counter-productive enterprise."

One very important point raised by Professor Herman Finer of the University of Chicago in his book "Dulles Over Suez"

(which is to my mind a remarkably valuable historical essay despite the fact that the author is evidently strongly prejudiced against Secretary Dulles) requires correction.

A resolution had been adopted in the General Assembly of the United Nations on November 7 calling on Britain and France to withdraw their forces from Egypt. The Indian delegation, headed by Krishna Menon, proposed that it be superseded by a resolution demanding that these forces be withdrawn "forthwith." Whereupon Paul-Henri Spaak of Belgium introduced an amendment to eliminate "forthwith," thus leaving a phased withdrawal a possibility. As Professor Finer describes the situation, Spaak,

> tried to influence Lodge, and succeeded momentarily in doing so, to such effect that Lodge, also influenced by the other members of the U.S. delegation (some of them strongly anti-Soviet) thought of voting for the Belgian Amendment. At noon that day, a victorious vote seemed possible. The NATO countries pressed for such a vote and some Latin American countries asked why it was thought necessary to inflict another humiliation on America's allies. But the State Department was consulted. This meant that the President was consulted. This meant, further, that Dulles was consulted. And this resulted in Henry Cabot Lodge's being told to do what he had it in his heart to do before the nations of the Western world had begun to trouble his mind and conscience about justice and Russia and Western power. He led the abstentionists. The vote was 37 against the Belgian Amendment and 24 for it, with 18 abstentions, including the United States. The French delegates judged that if the U.S.A. had voted against, so, too, would the Latin Americans.[3]

What actually happened was as follows. On November 22, which was over a weekend, I happened to be staying with Lord Salisbury at his place in the country and I was called to the telephone by Deputy Under Secretary Murphy from the State Department in Washington, who said in effect, "You will be very glad to know that the State Department is instructing Henry Cabot Lodge to vote in favor of the Belgian Amendment and if the Belgian Amendment is not adopted to refrain from voting on the Afro-Asian resolution." I replied in effect that I thought it would be very helpful to have Lord Salisbury, Harold Macmillan and R.A.B. Butler listen in on the conversation and hear what to my mind was the most encouraging thing that had happened since the invasion of Egypt had taken place. The necessary telephone connections were made so that these three important members of the cabinet could hear the good news immediately.

[3] Chicago: Quadrangle Books, 1964, p. 448.

The purpose of the Belgian Amendment was, of course, to enable the British and French to withdraw in an orderly manner and without undue humiliation. With the news that the United States would support this amendment, I went to bed in a happier frame of mind than at any time since the crisis had started. The next morning, however, we found to our astonishment and dismay that Mr. Lodge had abstained from voting for the Belgian Amendment, that it had been defeated and that Mr. Lodge had then voted in favor of the Afro-Asian resolution, which had been adopted without change. In other words, the action taken by the United States Delegation to the United Nations was diametrically opposite to the instructions which I had been informed Lodge had received from the State Department.

In this case the statement in Professor Finer's book is wrong. The State Department was not responsible for the action taken by Lodge on November 23.[4]

Nothing during my term as Ambassador in London injured the relations between the United States and Great Britain so much as Lodge's reversal of the instructions which Deputy Under Secretary Murphy told me he had received from the State Department and which he had repeated directly over the telephone to top members of the British Government.

I have never been able to find out how the reversal actually occurred. Of course, President Eisenhower himself may have authorized Lodge's action. In any event I feel that it was most unfortunate that the original critical decision made by the State Department should have been reversed.

One of the chief difficulties during the Suez Crisis was that Eden was in doubt whether the various plans put forward by Dulles were intended to bring about the results which Eden himself desired, or to thwart them. For example, it was a question whether the Users' Association was intended by Dulles to be a means of ultimately justifying the use of force. In his book "Full Circle," Eden states that Dulles actually told him that SCUA would "mobilize the opinion of the world in case it became necessary to use force." On the other hand, while I do not think any of the foreign ambassadors with whom I was dealing in connection

[4] It may be worthwhile to correct at this point an error in Robertson's book, "Crisis" (*op. cit.* p. 313). He refers to a telephone call from Under Secretary Hoover to me just after these events had taken place, instructing me to protest to the Foreign Office because a revolt in the ranks of Eden's own party was being construed in Washington as a direct attack on President Eisenhower. No such telephone conversation took place.

with the formation of SCUA believed any more than I did that the plan would be effective, I do not think any of us supposed that it was a device for mobilizing world opinion in case the use of force became necessary. I cannot verify personally Secretary Dulles' use of the quoted words, for although when he came over to London I was with him in all the formal interchanges, I cannot be sure what he and Eden said to one another in their private talks. I did everything in my power to prevent Eden from misunderstanding Dulles' position, but I do not think I was successful. I believe that even at the last moment Eden thought that, faced with a fait accompli, we were going to recognize what he believed was Britain's vital interest and would support him.

In retrospect I believe that one of the underlying reasons why so much bitterness arose between Great Britain and the United States during the Suez Crisis was that the British felt that they were justified in ultimately using military measures to enforce an international treaty which had been unilaterally violated by Nasser, and when his action created a direct threat to the national interests of Great Britain.

On the other hand there were some Americans in Washington and New York who felt that the invasion of Egypt by British and French forces without warning not only was a betrayal of its ally, the United States, but was also another example of colonialism, which they regarded as a world evil that must be destroyed.

In a speech which I delivered at the Council on Foreign Relations in New York in April 1957, I said, "I am convinced that the complete reëstablishment of the close relations which formerly existed between the United States and Great Britain is essential to the welfare and security of the Western World and I believe that this will be brought about in the near future with the exercise of patience, understanding and steadfastness of purpose on the part of the people of both countries." In the ten years which have lapsed since that speech, the confidence I then expressed has been most happily and completely justified.

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In this first-rate study, Mrs. Kumar concludes that India has not yet suffered from the formation of the E.E.C. or its arrangements with certain African countries, but that British entry would put India at a disadvantage. The book is balanced and sophisticated, showing great knowledge of what is going on in Europe as well as of India's own economic problems and their relation to those of the rest of the developing world.

AID, TRADE AND DEVELOPMENT: THE RICH AND POOR NATIONS. By John Pincus. New York: McGraw-Hill (for the Council on Foreign Relations), 1967, 400 p. $10.00.

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U.S. TRADE POLICY: NEW LEGISLATION FOR THE NEXT ROUND. By John W. Evans. New York: Harper and Row (for the Council on Foreign Relations), 1967, 114 p. $3.95.

By the summer of 1967 the United States will have to decide what to do when the President's power to cut tariffs under the Trade Expansion Act expires. This book considers the alternatives and recommends a practical course which can be pursued in stages to give the President power to follow up on the Kennedy Round, negotiate with the less developed countries, and begin to take effective action against nontariff barriers.

ECONOMIC POLICIES TOWARD LESS DEVELOPED COUNTRIES. By Harry G. Johnson. Washington: Brookings Institution, 1967, 279 p. $6.75.

Impressive economic analysis combined with some political assessment leads the author to general and specific policy conclusions favoring commodity agreements that support prices and tariff preferences for manufactured goods. In either case aid will have to rise because the expansion of industrial production and exports from the less developed countries will take time.

MODERN ECONOMIC GROWTH: RATE, STRUCTURE, AND SPREAD. By Simon Kuznets. New Haven: Yale University Press, 1966, 529 p. $12.50 (Paper, $2.95).

A basic examination by a major authority of what is known about growth in non-

communist developed countries, with briefer consideration of the position of less developed countries.

PUBLIC INTERNATIONAL LENDING FOR DEVELOPMENT. By Raymond F. Mikesell. New York: Random House, 1966, 244 p. $4.95 (Paper, $2.45).

First-rate account of history, present practices and unsolved problems.

NEW DIMENSIONS OF POLITICAL ECONOMY. By Walter W. Heller. Cambridge: Harvard University Press, 1966, 203 p. $3.50.

At the core of these expanded Godkin Lectures is an exceptionally clear exposition of what is new about the "new economics" and wherein it differs from the oversimplified Keynesianism most people believe it to be. There is also some interesting history drawn from Professor Heller's experience as Chairman of the Council of Economic Advisers and a set of proposals for giving the states a more effective part in the economy.

FISCAL HARMONIZATION IN COMMON MARKETS. Edited by Carl S. Shoup. New York: Columbia University Press, 1967, 2 v. $30.00.

An effort to advise the E.E.C. about harmonizing taxes led Professor Shoup and others to see how little theoretical or practical work had been done on a subject that increases in interest as trade barriers fall. To fill the void they produced this impressive study which concentrates on the European Community but also deals with EFTA, Latin America, East Africa and, surprisingly, COMECON.

The United States

RESPONSIBILITY AND RESPONSE. By Maxwell D. Taylor. New York: Harper and Row, 1967, 84 p. $3.50.

Lectures by the former Chairman of the Joint Chiefs of Staff and author of "The Uncertain Trumpet" put forward a doctrine of national policy based on the situation in a "multipolar power relationship." Two lectures are devoted to Viet Nam.

THE BITTER HERITAGE: VIETNAM AND AMERICAN DEMOCRACY, 1941–1966. By Arthur M. Schlesinger, Jr. Boston: Houghton, 1967, 126 p. $3.95.

This brief and critical book is drawn from articles by Mr. Schlesinger reflecting his concern with and dissent from recent developments in American foreign policy and their impact domestically.

THE ARTILLERY OF THE PRESS: ITS INFLUENCE ON AMERICAN FOREIGN POLICY. By James Reston. New York: Harper and Row (for the Council on Foreign Relations), 1967, 116 p. $3.95.

With apt examples from his own experience, the noted journalist shows how contemporary conditions have heightened the conflict between the people's right to know and the government's need for secrecy in the conduct of foreign affairs. One conclusion: the power of the President to influence opinion is more to be feared than that of the press.

GEORGE C. MARSHALL: ORDEAL AND HOPE, 1939–1942. By Forrest C. Pogue. New York: Viking, 1966, 491 p. $8.95.

This second volume of what will probably be the definitive biography of the late general (Volume I noted here January 1964), based in part upon Marshall's papers, covers the period from his becoming Chief of Staff of the U.S. Army to the invasion of North Africa.

THE PENTAGON: POLITICS, PROFITS AND PLUNDER. By Clark R. Mollenhoff. New York: Putnam, 1967, 450 p. $7.95.

As the subtitle quietly hints, this is hardly a favorable appraisal, by a Washington journalist.

THE FIRST NEW DEAL. By Raymond Moley with the assistance of Elliot A. Rosen. New York: Harcourt, Brace and World, 1966, 577 p. $12.50.

Mr. Moley deals with the first years of the F.D.R. Administration, when he was the chief Brains-Truster and before he moved into opposition. A useful, front-row contribution to those years before 1936.

THE AMERICAN LEGION STORY. By Raymond Moley, Jr. New York: Duell, 1966, 443 p. $6.95.

Mr. Moley *fils* here offers a very favorable account of the American Legion, "one of our great free institutions." One could wish for a moratorium on "story" in book titles.

NOVEISHIE TENDENTSII V ORGANIZATSII UPRAVLENIA KRUPNYMI FIRMAMI V SSHA. Edited by S. M. Men'shikov. Moscow: Izdatel'stvo "Nauka" (for Akademiia Nauk, SSSR, Institut Mirovoi Ekonomiki i Mezhdunarodnykh Otnoshenii), 1966, 321 p. Rubles 1.20.

A survey of new trends in the organization and management of large industrial enterprises in the United States, prepared at the Institute of World Economy and International Relations of the Soviet Academy of Sciences.

THE HISTORIAN AND THE DIPLOMAT. Edited by Francis L. Loewenheim. New York: Harper and Row, 1967, 213 p. $6.95.

Essays, somewhat unconnected, relating to the role of history and historians in American foreign policy.

RUSH TO JUDGMENT. By Mark Lane. New York: Holt, Rinehart and Winston, 1966, 478 p. $5.95.

The much disputed critique of the Warren Commission inquiry into the assassination of President Kennedy.

CHARLES EVANS HUGHES AND THE ILLUSIONS OF INNOCENCE: A STUDY IN AMERICAN DIPLOMACY. By Betty Glad. Urbana: University of Illinois Press, 1966, 365 p. $5.95.

A study of the thought and policies of Charles Evans Hughes as they bore on U.S. diplomacy up through his resignation as Secretary of State in 1925.

THE TIME BETWEEN THE WARS: ARMISTICE TO PEARL HARBOR. By Jonathan Daniels. Garden City: Doubleday, 1966, 372 p. $6.50.

An American newspaper editor, and son of Wilson's Secretary of the Navy, here reviews, though not in much depth, America between the two wars. The final volume in the Mainstream of America Series.

The Western Hemisphere

INSIDE SOUTH AMERICA. By John Gunther. New York: Harper and Row, 1967, 610 p. $7.95.

In these perceptive and remarkably comprehensive observations, based largely on numerous interviews and direct experience, Mr. Gunther presents an up-to-date and valuable assessment of contemporary South American complexities. While his-

torical generalizations contained in the book may be questioned, the work is good vintage Gunther.

LATIN AMERICA IN SOVIET WRITINGS: A BIBLIOGRAPHY. Compiled by Leo Okinshevich, Edited by Robert G. Carlton. Baltimore: Johns Hopkins Press (for the Library of Congress), 1966, 2 v. $25.00.

Prepared by the Hispanic Foundation in coöperation with the Slavic and Central European Division of the Library of Congress, this fundamental bibliography of writings concerning Latin America in the Russian language also contains Soviet translations of studies by Latin American authors. Volume I covers the period 1917–1958; Volume II, 1959–1964.

LE BRÉSIL: UNE AMÉRIQUE POUR DEMAIN. By Jean-Jacques Faust. Paris: Éditions du Seuil, 1966, 252 p. Fr. 15.

In this thoughtful assessment of contemporary Brazil, a director of Agence France-Presse writes of Brazil's continuing quest for greatness. The author views Brazil's present military régime, which he sees as subservient to the United States, as perhaps a final chance for middle-class capitalism to play a role in Brazil's economic and social development.

1931: OS TENENTES NO PODER. By Hélio Silva. Rio de Janeiro: Civilização Brasileira, 1966, 407 p.

Part of a Brazilian scholar's projected study of Getulio Vargas, this fourth volume covers the year 1931. Useful documents and source materials; little interpretation or analysis.

COLOMBIA: A GENERAL SURVEY. By W. O. Galbraith. New York: Oxford University Press (for the Royal Institute of International Affairs), 1966, 177 p. $4.80.

This revised edition of an earlier work (1953) contains updated material on political and economic developments. A useful introduction to contemporary Colombia.

OVERTAKEN BY EVENTS: THE DOMINICAN CRISIS FROM THE FALL OF TRUJILLO TO THE CIVIL WAR. By John Bartlow Martin. Garden City: Doubleday, 1966, 821 p. $7.95.

An invaluable detailed study of those events from the assassination of Trujillo to American intervention, by a former Ambassador to the Dominican Republic who later became President Johnson's personal envoy charged with resolving peacefully the political crisis. The book frames in human terms the overwhelming complexity of personalities and issues. While the author's premise—that the communists had taken over the revolution—may be questioned, the first-hand nature of this account, along with its objectivity, makes for fascinating reading and much reflection.

LA RÉVOLUTION DE SAINT-DOMINGUE. By Marcel Niedergang. Paris: Plon, 1966, 230 p. Fr. 19.44.

A correspondent for *Le Monde* surveys the Dominican Revolution, condemns the intervention by the United States, and concludes that these tragic events are but a further indication of the revolutionary nature of contemporary Latin America.

Western Europe

FROM SARAJEVO TO POTSDAM. By A. J. P. Taylor. New York: Harcourt, Brace and World, 1966, 216 p. $5.50.

A popular but lively and richly illustrated historical survey. Characteristically, Mr. Taylor introduces his subject by remarking that culturally the only precise and accurate definition of Europe is "the area which uses the major and minor diatonic scale."

THE IDEA OF EUROPE. By Denis de Rougemont. New York: Macmillan, 1966, 434 p. $8.95.

A French-Swiss journalist and political scientist presents a sensitive historical review "of how men from the time of Homer to the present day have come to think of Europe as a cultural entity."

EUROPE OF THE DICTATORS, 1919–1945. By Elizabeth Wiskemann. New York: Harper and Row, 1966, 287 p. $6.95.

A book for the general reader by an able author well equipped to handle the intricacies of Central and Eastern European history in those years.

THE TROUBLED GIANT: BRITAIN AMONG THE GREAT POWERS, 1916–1939. By F. S. Northedge. New York: Praeger (for the London School of Economics and Political Science), 1966, 657 p. $17.50.

A substantial though compressed account of Britain's foreign policy from the middle of the First World War to the outbreak of the Second—a period seen as one of relative decline not merely of resources but in ability to adjust ideas to new circumstances.

HAROLD NICOLSON: DIARIES AND LETTERS, 1930–1939. Edited by Nigel Nicolson. New York: Atheneum, 1966, 447 p. $7.50.

This is the first volume of Harold Nicolson's diary which he kept from 1930 until 1964. It is well edited (by his son) and its abundant detail makes for absorbing reading. "Name dropping" is quite impossible in a work that is naturally full to the brim with the great and the near-great of the times.

THE DOWNFALL OF THE LIBERAL PARTY, 1914–1935. By Trevor Wilson. Ithaca: Cornell University Press, 1966, 415 p. $7.50.

A narrative, rather than a "Namierized," account of the strange fate that befell the historic Liberal Party.

PURPOSE AND POWER. By Harold Wilson. Boston: Houghton, 1966, 194 p. $5.00.

Fifteen selected speeches by Britain's Prime Minister between October 1964 and November 1965.

BRITAIN LOOKS TO GERMANY. By D. C. Watt. London: Wolff, 1965, 164 p. (New York: International Publications, $6.25).

A valuable work of synthesis assessing the development of British policy toward Germany since the Second World War.

ABDICATION. By Brian Inglis. New York: Macmillan, 1966, 433 p. $6.95.

An ably written and absorbing account of the background and circumstances of Edward VIII's abdication in 1936.

DE GAULLE AND THE WORLD: THE FOREIGN POLICY OF THE FIFTH FRENCH REPUBLIC. By W. W. Kulski. Syracuse: Syracuse University Press, 1966, 428 p. $8.50.

An extensive appraisal, which strives hard to discriminate between the negative and positive features of de Gaulle's foreign policy in light of their bearing upon French national interests.

NO LAURELS FOR DE GAULLE. By Robert Mengin. New York: Farrar, Straus and Giroux, 1966, 402 p. $6.95.

A strong anti-Gaullist appraisal based on the diary of a French journalist during the years 1939–43.

LA REVANCHE DE 1945. By General Beaufre. Paris: Plon, 1966, 313 p. Fr. 14.58.

General Beaufre's memoirs and reflections on the period 1940–1945 in France and the French resistance abroad.

FRENCH COMMUNISM IN THE MAKING, 1914–1924. By Robert Wohl. Stanford: Stanford University Press, 1966, 530 p. $12.50.

A welcome study, detailed and well documented, of the background, origins and early history of the French Communist Party.

DIVISION AND COHESION IN DEMOCRACY: A STUDY OF NORWAY. By Harry Eckstein. Princeton: Princeton University Press, 1966, 293 p. $6.75.

An examination, by a Princeton political scientist, explicitly designed as a case study in the area of comparative politics.

A SHORT HISTORY OF SWEDEN. By Stewart Oakley. New York: Praeger, 1966, 292 p. $6.50.

An introduction for the general reader.

THE ADENAUER ERA. By Richard Hiscocks. Philadelphia: Lippincott, 1966, 312 p. $5.50.

A sober, factual, but not particularly penetrating or novel analysis of the Adenauer era, by a former British diplomat turned scholar.

THE FEDERATION OF GERMAN INDUSTRY IN POLITICS. By Gerard Braunthal. Ithaca: Cornell University Press, 1965, 389 p. $7.50.

This balanced and interesting examination of the relation of German business to the executive, the legislature, the civil service, the parties and public opinion is firmly based on both a close study of the *Bundesverband der Deutschen Industrie*'s activities and a familiar grasp of the key issues in postwar Germany's economic and political history.

HITLER'S SOCIAL REVOLUTION: CLASS AND STATUS IN NAZI GERMANY 1933–1939. By David Schoenbaum. Garden City: Doubleday, 1966, 336 p. $5.95.

An analytical treatment of the impact of National Socialism on the various sections of German society—labor, business, agriculture, women and the state itself.

THE WAFFEN SS: HITLER'S ELITE GUARD AT WAR, 1939–1945. By George H. Stein. Ithaca: Cornell University Press, 1966, 330 p. $7.50.

A scholarly and conscientious effort to trace the history of the Waffen SS, the military branch of Hitler's élite guard, in its complex and confusing relations with the Wehrmacht in the course of the war.

THE TRIAL OF THE GERMANS. By Eugene Davidson. New York: Macmillan, 1966, 636 p. $12.50.

An ambitious account, by the president of the Foundation for Foreign Affairs in Chicago, of the trial of the 22 major defendants at Nuremberg following World War II.

AUSTRIA BETWEEN EAST AND WEST, 1945–1955. By William B. Bader. Stanford: Stanford University Press, 1966, 250 p. $7.50.

An analysis of the period of the postwar occupation of Austria, with particular emphasis on the revival of political life, the vicissitudes of the communists and the eventual Soviet withdrawal.

MEIN LEBEN: WEG UND UMWEG EINES SCHWEIZER SOZIALDEMOKRATEN. By Walther Bringolf. Bern: Scherz, 509 p. Swiss Fr. 24.80.

The autobiography of a Swiss Social Democrat ranging from the years of the First World War up to the 1960s. Particularly interesting because Switzerland served as a place of refuge for so many revolutionaries and exiles over those years.

ITALY BETRAYED. By Peter Tompkins. New York: Simon and Schuster, 1966, 352 p. $6.50.

A former O.S.S. agent here criticizes, in a vigorous and personal narrative, the failure, quite unnecessary in his eyes, of the Allies to take full advantage of Mussolini's fall. The policy of working with Victor Emmanuel and Badoglio comes in for particular criticism.

MATTEI: OIL AND POWER POLITICS. By P. H. Frankel. New York: Praeger, 1966, 190 p. $6.00.

An account of the remarkable career of Enrico Mattei and his influence in the world of international oil interests.

THE SEARCHERS: CONFLICT AND COMMUNISM IN AN ITALIAN TOWN. By Belden Paulson with Athos Ricci. Chicago: Quadrangle Books, 1966, 360 p. $6.95.

A book arising from the question why the little hill town of Castelfuoco, near Rome, votes more than 70 percent communist.

VATICAN POLITICS AT THE SECOND VATICAN COUNCIL, 1962–5. By George Bull. New York: Oxford University Press (for the Royal Institute of International Affairs), 1966, 157 p. $1.70 (Paper).

A concise but informative account.

THE THIRTY THOUSAND: MODERN SPAIN AND PROTESTANTISM. By Carmen Irizarry. New York: Harcourt, Brace and World, 1966, 399 p. $6.95.

A journalist's informed exploration of contemporary Spain's relation to its Protestants.

JOURNEY TO THE FRONTIER: TWO ROADS TO THE SPANISH CIVIL WAR. By Peter Stansky and William Abrahams. Boston: Atlantic (Little, Brown), 1966, 430 p. $7.50.

The dual biography of two young Englishmen—Julian Bell and John Cornford—who were to die in the Spanish Civil War. Most interesting for the history of those times.

COMBAT OVER SPAIN. By Captain José Larios, Marquis of Larios, Duke of Lerma. New York: Macmillan, 1966, 308 p. $6.95.

The Civil War memoirs of a bomber and fighter pilot in Franco's air force, based largely on the author's diaries and letters of the time.

Eastern Europe and the Soviet Union

THE ICON AND THE AXE. By James H. Billington. New York: Knopf, 1966, 786 p. $15.00.

An excellent, provocative and well-written survey of the history of Russian culture. Contains some debatable theses but is far above most works of this scope.

FORCED LABOUR AND ECONOMIC DEVELOPMENT: AN ENQUIRY INTO THE EXPERIENCE OF SOVIET INDUSTRIALIZATION. By S. Swianiewicz. New York: Oxford University Press (for the Royal Institute of International Affairs), 1965, 321 p. $7.20.

A Polish economist who spent three years as a Russian prisoner combines an economic explanation of why the U.S.S.R. resorted to forced labor with a warning that developing countries may be pushed in the same direction by the effort to industrialize rapidly. Though there may be reservations about some of the analysis, the book is certainly suggestive.

THE SOVIET MIDDLE EAST: A COMMUNIST MODEL FOR DEVELOPMENT. By Alec Nove and J. A. Newth. New York: Praeger, 1967, 160 p. $6.50.

An inquiry by two well-qualified scholars into economic and social development in the national republics of Central Asia and Transcaucasian Asia and the mixed blessings of Russian participation and control.

SOVIET SOCIALIZED MEDICINE: AN INTRODUCTION. By Mark G. Field. New York: Free Press, 1967, 231 p. $6.95.

An introductory study, intended for the layman, of the Soviet health service.

EASTERN EUROPE IN TRANSITION. Edited by Kurt London. Baltimore: Johns Hopkins Press, 1966, 364 p. $8.95.

A group of papers, covering various facets of change in Eastern Europe, based on the Fifth International Conference on World Politics held in the Netherlands in September 1965.

WESTERN POLICY AND EASTERN EUROPE. Edited by David S. Collier and Kurt Glaser. Chicago: Regnery (in coöperation with Foundation for Foreign Affairs), 1966, 245 p. $7.50.

Papers from a German-American conference held in March 1965.

POLAND'S POLITICS: IDEALISM VS. REALISM. By Adam Bromke. Cambridge: Harvard University Press, 1967, 316 p. $9.95.

The subtitle indicates the underlying theme of this scholarly work: that the conflict between political idealism and political realism "stands out as the single most pervasive phenomenon in modern Polish political life." Emphasis is on the post-1945 period.

PILSUDSKI'S COUP D'ETAT. By Joseph Rothschild. New York: Columbia University Press, 1966, 435 p. $10.00.

A scholarly, but quite dramatic account of the "causes, events, and consequences" of Józef Piłsudski's coup d'état of May 1926.

YUGOSLAVIA'S REVOLUTION OF 1941. By Dragisa N. Ristić. University Park: Pennsylvania State University Press (for the Hoover Institution on War, Revolution, and Peace), 1966, 175 p. $7.50.

A useful and revealing eyewitness account, but well documented also, of the Simović coup d'état of March 27, 1941, an event which was to have fateful and worldwide repercussions.

The Middle East

A FINANCIAL ANALYSIS OF MIDDLE EASTERN OIL CONCESSIONS: 1901-65. By Zuhayr Mikdashi. New York: Praeger, 1966, 340 p. $17.50.

A straightforward effort to "analyze and interpret the determinants of methods

and rates of payments of major oil concessions . . . and the financial performance of the parties concerned." Professor Mikdashi foresees full local government control of the oil industry, and recognition by both the governments and the companies that oligopolistic control of excess capacity (keeping out newcomers) is necessary to maximize prices, profits and income from taxation.

ARMÉE ET POLITIQUE AU MOYEN-ORIENT. By Bernard Vernier. Paris: Payot, 1966, 252 p. Fr. 15.

The army considered as an engine of modernization in nine Middle Eastern countries, by a member of the Paris Centre d'Études de Politique Étrangère.

THE MIDDLE EAST AND NORTH AFRICA 1966–67. London: Europa Publications, 1966, 903 p. £5.

Bigger, better, more complete than ever, this latest edition (the thirteenth since 1948) can claim to be the most up-to-date survey, directory and who's who for the Middle East and North Africa.

CONCISE ENCYCLOPAEDIA OF ARABIC CIVILIZATION: THE ARAB WEST. By Stephan and Nandy Ronart. New York: Praeger, 1966, 410 p. $14.50.

A useful companion volume to the authors' earlier encyclopedia dealing with the Arab East.

THE ARAB BA'TH SOCIALIST PARTY: HISTORY, IDEOLOGY, AND ORGANIZATION. By Kamel S. Abu Jaber. Syracuse: Syracuse University Press, 1966, 218 p. $6.50.

A well-researched study of the genesis, development and character of the Ba'th and its radical Arab-socialism, its unfinished internal conflict and its turbulent role in recent Arab history.

LE ROYAUME D'ARABIE SAOUDITE FACE À L'ISLAM RÉVOLUTIONNAIRE, 1953–1964. By G. Jean-Louis Soulié and Lucien Champenois. Paris: Colin, 1966, 134 p. Fr. 14.

A brief discussion beginning and ending with "the fundamental problem" for the Near East: "Can it move resolutely forward while at the same time safeguarding its spiritual rear?" In contrast with the nationalistic disorder displayed by some of its neighbors, Saudi Arabia in its unique way seems to be making a positive response.

DIARY OF THE SINAI CAMPAIGN. By Major-General Moshe Dayan. New York: Harper and Row, 1966, 236 p. $5.95.

A candid narrative of the eight-day conquest of Sinai in 1956, blunders and all, by the man who planned and directed it.

ZION RECONSIDERED. By Jakob J. Petuchowski. New York: Twayne, 1967, 143 p. $4.50 (Paper).

This small book, in the author's words, "represents a testing of Zionist pronouncements by the touchstone of Israeli realities," in the hope of generating discussion and the creation of a healthier relationship between Jews in Israel and those outside.

MISSION IN PALESTINE 1948–1952. By Pablo de Azcárate. Washington: Middle East Institute, 1966, 211 p. $6.75.

A valuable source for students of the Palestine problem and a case history of how an international body can and cannot act, by the Principal Secretary of the Palestine Conciliation Commission, 1949–1952.

LE RÉGIME POLITIQUE LIBANAIS. By Charles Rizk. Paris: Librairie Générale de Droit, 1966, 170 p. Fr. 21.30.

A capable description of the confessionally based, socially heterogeneous Lebanese political system, by a young Lebanese scholar and television commentator, together with suggestions for constitutional reform.

THE KURDS. By Hassan Arfa. New York: Oxford University Press, 1966, 178 p. $5.60.

A brief but useful account by an Iranian statesman and soldier (Iranian Chief of Staff 1944–46) of a turbulent people from its vague pre-Islamic origins down to its present long struggle for autonomy against the armed forces of Iraq.

THE FOREIGN POLICY OF IRAN: A DEVELOPING NATION IN WORLD AFFAIRS, 1500–1941. By Rouhollah K. Ramazani. Charlottesville: University Press of Virginia, 1966, 330 p. $7.50.

This authoritative and readable volume is a systematic description and critical analysis of a hitherto neglected subject. The author is Professor of Government and Foreign Affairs at the University of Virginia.

THE COMMUNIST MOVEMENT IN IRAN. By Sepehr Zabih. Berkeley: University of California Press, 1966, 279 p. $6.00.

An Iranian scholar's important study of the oldest communist movement in the Middle East, its history in relation to Iranian political development and the basis for its mass appeal.

DIE WIRTSCHAFTLICHE ENTWICKLUNG AFGHANISTANS 1800–1965. By Eberhard Rhein and A. Ghanie Ghaussy. Opladen: Leske, 1966, 208 p. DM. 26.

A latecomer to Western influence and the beginnings of economic growth, Afghanistan offers to economists and political scientists an interesting example of "up-from-nothing" development.

AFGHANISTAN: DAS LAND IM HISTORISCHEN SPANNUNGSFELD MITTELASIENS. By Max Klimburg. Vienna: Österreichischer Bundesverlag, 1966, 313 p. Schillings 148.

A competent, closely written survey of contemporary Afghanistan growing out of the author's study and travel in 1956–61 at the "crossroads of Asia."

South and Southeast Asia

ASIAN BUREAUCRATIC SYSTEMS EMERGENT FROM THE BRITISH IMPERIAL TRADITION. Edited by Ralph Braibanti. Durham: Duke University Press (for the Duke University Commonwealth-Studies Center), 1966, 733 p. $17.50.

Following introductory essays on "Structure of the British Imperial Heritage" and "Recruitment and Training of British Civil Servants in India 1600–1860," other scholars contribute chapters on the higher bureaucracy in India, Pakistan, Burma, Ceylon, Malaya and Nepal.

SOUTH ASIAN POLITICS AND RELIGION. Edited by Donald Eugene Smith. Princeton: Princeton University Press, 1966, 563 p. $15.00.

These essays by 22 scholars representing the fields of political science, history, anthropology, sociology, law and religion form a comparative study of emerging relationships among India, Pakistan and Ceylon.

SOUTH ASIAN AFFAIRS. NUMBER TWO: THE MOVEMENT FOR NATIONAL FREEDOM IN INDIA. Edited by S. N. Mukherjee. New York: Oxford University Press, 1966, 114 p. $4.00.

A selection of papers read at a St. Antony's seminar in 1964 providing varying interpretations of the movement for national freedom in India.

INDIA'S ROOTS OF DEMOCRACY. By Carl C. Taylor and Others. New York: Praeger, 1966, 694 p. $10.00.

This work describes the setting within which India's planned development began, its rural development programs and assessments, and the analyses of observed experiences.

DEVELOPMENT STRATEGY IN THAILAND: A STUDY OF ECONOMIC GROWTH. By Robert J. Muscat. New York: Praeger, 1966, 310 p. $15.00.

The author explains that his work evolved from the needs of development planners, foreign aid technicians and others for a scheme for Thailand, which now lacks a defined economic development plan. He traces the pattern of past development, recent growth and structural changes and the dynamics of agriculture and industry there.

WHY VIET NAM? By Frank N. Trager. New York: Praeger, 1966, 238 p. $4.95.

Serving, in effect, as a strong defense of the Administration's position on Viet Nam, Trager's account of the conflict begins with an exploration of remote Vietnamese history and concludes with a hopeful appraisal of the Ky government.

VIET CONG: THE ORGANIZATION AND TECHNIQUES OF THE NATIONAL LIBERATION FRONT OF SOUTH VIETNAM. By Douglas Pike. Cambridge: M.I.T. Press, 1966, 490 p. $8.95.

Mr. Pike bases this careful study of the character and nature of the N.L.F. and its relationships with communism and North Viet Nam on data personally collected during six years of service as U.S.I.A. official in Viet Nam.

DATELINE: VIET NAM. By Jim G. Lucas. New York: Award House, 1966, 334 p. $4.95.

A Pulitzer Prize journalist, who was also twice winner of the Ernie Pyle Award for war reporting, publishes his dispatches over a two-year period showing how the war was being fought by both the Vietnamese and their American advisers.

HELL IN A VERY SMALL PLACE: THE SIEGE OF DIEN BIEN PHU. By Bernard B. Fall. Philadelphia: Lippincott, 1967, 515 p. $8.95.

This veteran Viet Nam specialist attempts an account of what really happened at Dien Bien Phu. Because almost all local documents were destroyed before the siege, he relies largely on French archival material, views of non-French garrisons and voluminous correspondence.

SUKARNOS KAMPF UM INDONESIENS UNABHÄNGIGKEIT: WERDEGANG UND IDEEN EINES ASIATISCHEN NATIONALISTEN. By Bernhard Dahm. Frankfurt/Main: Metzner, 1966, 295 p. DM. 36.

A discussion of the belief in *Ratu-adil* (the Javanese myth of Indonesian independence), followed by Sukarno's role in the Indonesian movement. Well organized, with useful appendixes.

East Asia and Pacific Ocean

CHINESE PHILOSOPHY, 1949–1963. By Wing-tsit Chan. Honolulu: East-West Center Press, 1967, 290 p. $7.50.

An annotated bibliography of 213 books and 756 articles (in separate sections, each arranged chronologically), published in Mainland China, with some newspaper articles and Hong Kong material added. The compiler is a scholar in Chinese philosophy now at Dartmouth College.

CHINESE COMMUNISM. By Robert C. North. New York: McGraw-Hill, 1966, 256 p. $4.95 (Paper, $2.45).

A Stanford professor of political science, one of the first to specialize in Chinese Communism, surveys adaptations of Marxist-Leninist ideas to conditions in China, especially in light of the West and of a nuclear world. Very useful appendixes include a chronology of China from 1644 to the explosion of the nuclear device in 1964, a biographical register and bibliography.

MAO TSE-TUNG IN OPPOSITION, 1927–1935. By John E. Rue. Stanford: Stanford University Press (for the Hoover Institution on War, Revolution, and Peace), 1966, 387 p. $10.00.

A detailed study based on Chinese and Western sources of Mao's difficult and crucial years from 1927 to the Tsun-yi Conference in 1935, the date when he actually won control of the Party, during which period many strategies affecting today's China were formulated.

BASIC TACTICS. By Mao Tse-tung. New York: Praeger, 1966, 149 p. $4.95.

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Four university economists have carried out a comprehensive study of the Liberian economy under the auspices of Northwestern University. They argue that the growth in production since 1950 has had little or no impact upon the structure of the society or economy.

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Professor Bretton has written a highly critical account of Nkrumah's rule with particular emphasis on the later years. While the book contains much general material of interest, it lacks the balance and detail which will be required of the definitive study of Ghana's first ten years of independence.

CHALLENGE OF THE CONGO. By Kwame Nkrumah. New York: International Publishers, 1967, 304 p. $7.50.

This interesting work completed within six months after Nkrumah's overthrow contains many documents exchanged between Ghana's former President and various important figures involved in the Congo from the time of independence onward. Included is a secret agreement between Lumumba and Nkrumah to unite their two countries with a capital at Leopoldville.

THE GHANA COUP: 24TH FEBRUARY 1966. By Colonel A. A. Afrifa. New York: Humanities Press, 1966, 144 p. $5.00.

A shrill denunciation of Nkrumah by one of the three principal figures who engineered the coup. The author's devotion to British concepts and culture make him sound strangely unlike the usual concept of an African nationalist of the 1960s.

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This important book by a former Minister of Information and close associate of Lumumba gives an impassioned history of the frustrations of African nationalists in the Congo and elsewhere. In his sympathetic portrait of Lumumba he introduces some highly contentious remarks about the alleged complicity of the Western powers, the U.N., the church and the C.I.A. in the political-diplomatic manœuvres which overpowered him.

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By Donald Wasson

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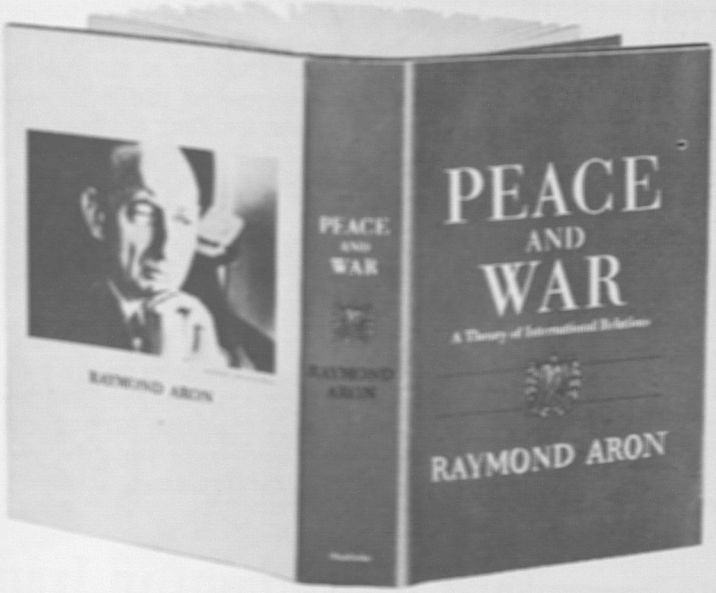

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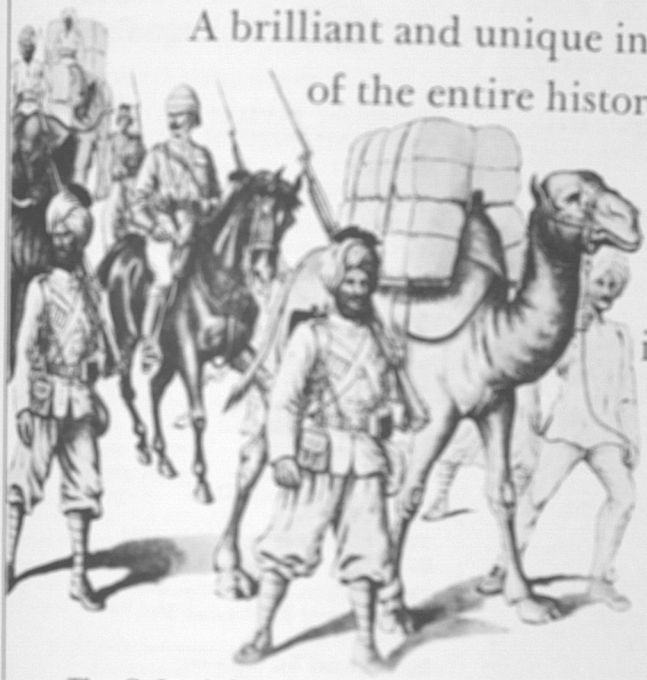

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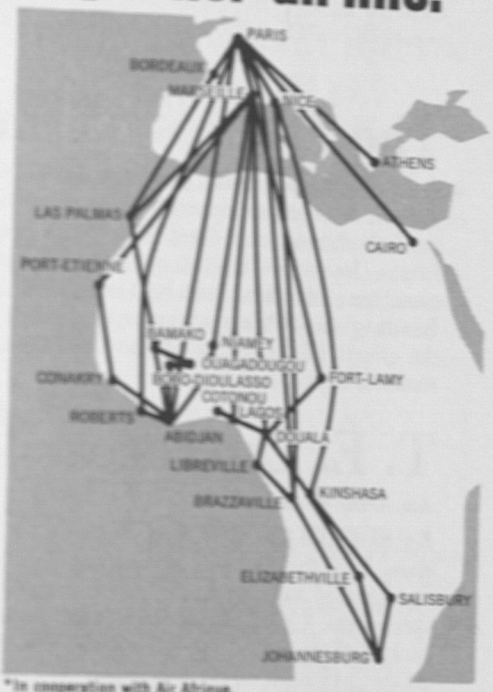

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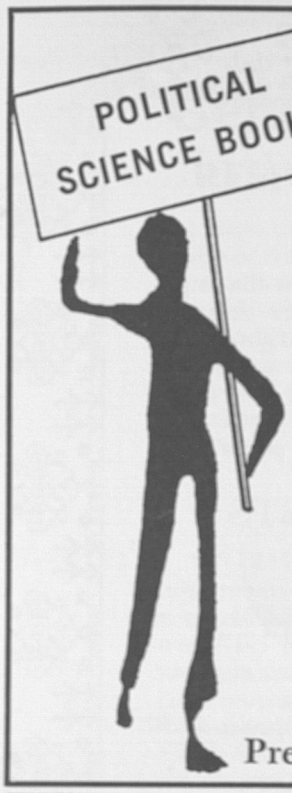

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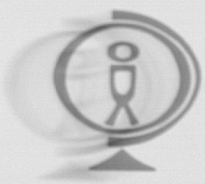

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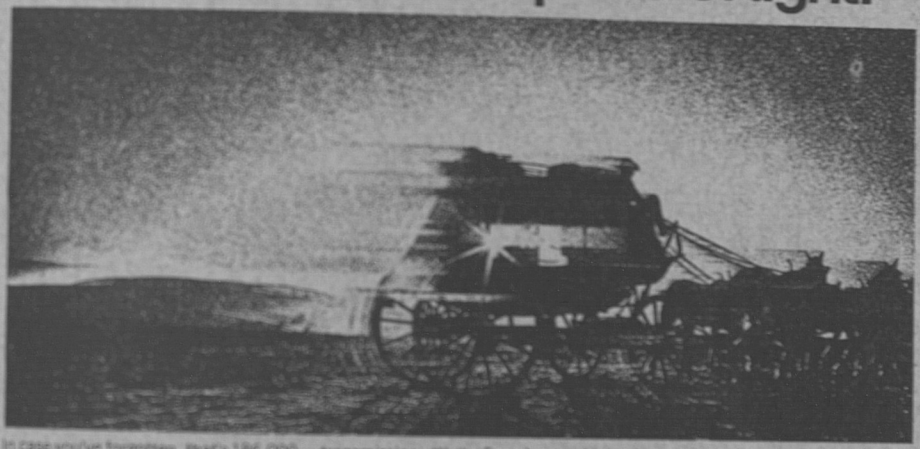

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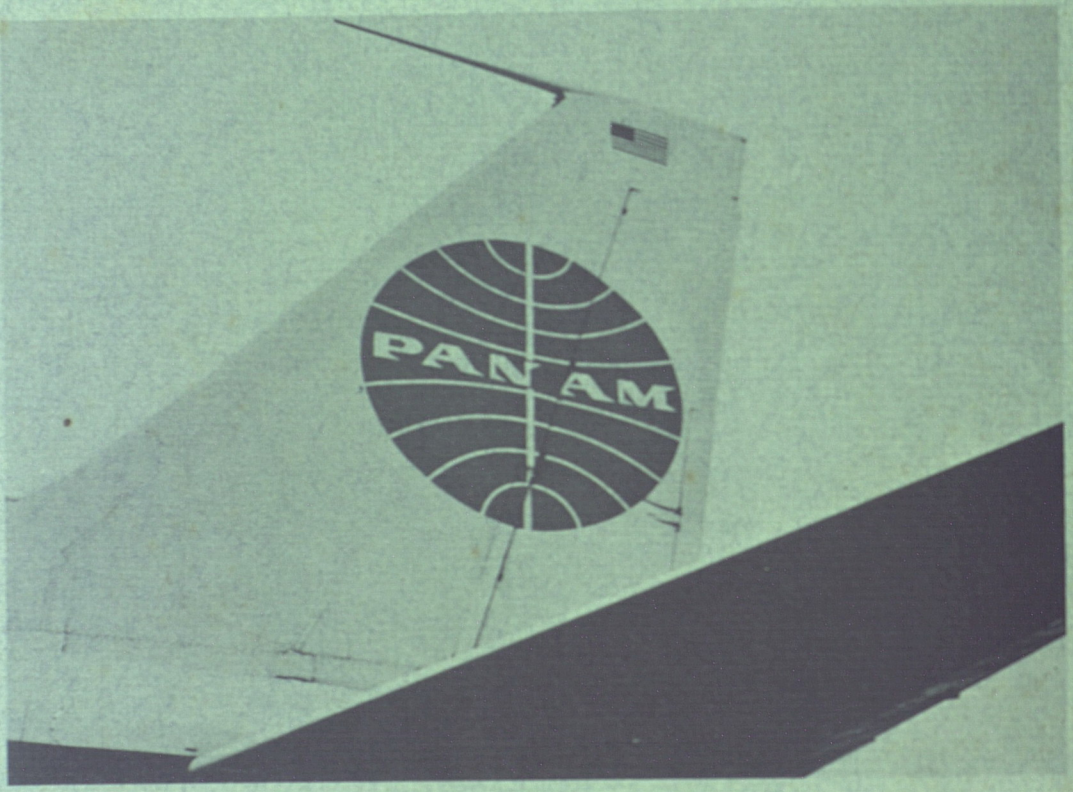

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