paratus, bureaucratic politics, and the constraints of American domestic politics the contributors search for reasons why things went wrong and for some sense of whether "better" policy can be expected to emerge.

These are good essays, gracefully written and penetrating. Nevertheless, there is little concrete guidance as to what alternative policies should be. Galbraith, for example, forcefully cites the failures of American policy toward Third World nations, but except for recommending that we stop doing a lot of the things we have been doing there—and of course that is the beginning of wisdom—none of the contributors offers much that is positive. Nowhere is there the quality of detailed and carefully thought-out policy recommendations (whatever one might think of their propriety) typified by Tucker himself in *A New Isolationism* or in his advocacy of military intervention in the Persian Gulf.

Contributors to this volume probably should not be blamed for this lack; all of us are still groping clumsily toward alternative policies. Still, some recognition, however critical, of recent thinking about economic dominance of poor countries by rich ones, or of the implications of transnational terrorism, or of the accumulating evidence that in the Third World many poor people are becoming *absolutely* poorer despite growing gross national products would have been welcome. The editors themselves express a fear of "unchanging interests supported by a changing rationale." Yet one comes away with the suspicion that Pierre Hasner's critique of Nixon-Kissinger foreign policy, "deadly wrong in their present view of the rest of the world [the Third World, that is] and in their long-range view of where that world is going," might be applied to some of these contributions as well. Especially for those analysts who concentrate on dissecting the policy-making apparatus to see where things went wrong, one has a stronger sense of search for better ways of deciding and executing policy than for fundamentally different policies to be executed.

Two possible reasons for this can be offered. First, despite the criticisms offered in it, the volume does have a certain air of "establishmentism," or at least of establishment critics. As a Yale professor myself, it is almost impossible to miss the fact that all but one (Hasner) of the contributors had then-current or recent roots on the East Coast (twelve out of fourteen had been based in Washington or Cambridge, with a thirteenth from Princeton). Second, there are the limitations of the essay genre. For example, a recurrent and important theme of the volume is the relative importance of public —even élite—opinion as a constraint on policy-makers, with frequent speculation on the content of current opinion and how it may have changed from that of the cold war years. The editors wonder about the relative contributions of anticommunism, security concerns, and imperial interest in shaping opinion. They also observe that there is "little ground for the belief that, in the arena of foreign affairs, the public has broken its deeply ingrained habit of deferring to presidential judgment and initiative." There are, however, means to establish pretty accurately whether and how public opinion has changed; such means are not employed in these essays.

The problem of weighting the contributions of anticommunism, security considerations, and imperial interest is much more difficult, as is that of establishing whether and how a change in public opinion actually does matter in policy-making. It would be unfair to expect much progress on these complex questions within the format of such an essay. A good formulation of the question, yes—but answers, no. Similarly, it would be unfair to expect here grand theorizing or rigorous empirical social science on matters of international dominance or inequality. In lamenting their absence from this volume, we are merely reminded of what we cannot expect to find in such essays, and of how very much we need to *know* (not just have opinions about). We need good essays like these. We also need to keep vividly in mind that our search for a new foreign policy still bears a too-close resemblance to our "understanding" in the 1950's and early 1960's, when there seemed to be so many certainties. Real understanding on the basis of knowledge must be the foundation of new policies that one day might make us proud rather than ashamed.

Global Reach
by Richard J. Barnet and Ronald E. Müller

(Simon & Schuster; 508 pp.; $11.95)

The Role of Transnational Business in Mass Economic Development A Working Group Report by United Church of Christ

Collin Gonze

In an interesting turnaround a pair of usually tough-minded intellectuals, Richard Barnet and Ronald Müller, have written an indignant moral denunciation of the international spread of American business, while a United Church of Christ Working Group in a report of February 1, 1975, has produced a mild wrist slap in the context of a *Realpolitik* acceptance of "things-as-they-are." Barnet and Müller want a better world; the UCC, safer and cleaner investments.

Barnet and Müller waste no time in surfacing their eschatological intentions: Multinational business managers

are "world conquerors" who, unlike Alexander the Great, Napoleon, and Hitler, have the necessary organization, technology, money, and ideology for success in their crusade. To eschatology is added a deep and chronic pessimism: "Present and projected strategies of global corporations offer little hope for the problems of mass starvation, mass unemployment, and gross inequality. Indeed, the global corporation aggravates all these problems, because the social systems it is helping to create violates three fundamental human needs: social balance, ecological balance, and psychological balance."

The authors of the UCC report have no such fears: Although "the flood of doomsday predictions to which we are all exposed readily foster a sense of powerlessness, even hopelessness," they cheerfully remind us that "even the biggest corporation is not an impersonal thing but a living organism which can enter into dialogue."

Barnet and Müller burn with a flame of an unnamed secular religion; the UCC authors calculate coldly the impact of American business on the developing world to assess the responsibility of church investors there.

"The one characteristic of global corporate technology with the most devastating consequence for poor countries is that it destroys jobs." (Barnet and Müller)

"It is obvious that direct employment by transnational business in the Third World is very small. On the scale of its present investment in the LDC's, the transnational business cannot possibly contribute significantly to the solution of their massive unemployment problems." (Working Group)

The two groups clash on other subjects—the responsibility of business for starvation in the Third World, on technology transfer, and on the relevance of the whole process of mass development itself. In the end, if Barnet and Müller have earned a superior claim to our belief, it is because *they* (and not the church group) raise the issue of whether the whole value system transmitted by business enterprises is not more diseased than the pathology to which it is addressed. The export of American culture and the establishment of consumerism crudely aping that of Americans is perhaps the most resented, feared, and yet powerful impact of U.S. multinational corporations. To some, power comes out of the barrel of a gun; to others, from the pages of a Sears catalogue.

Who can fail to sigh with relief at the end of the bar-and-bordello culture that so frequently follows a strong American presence overseas when that presence is vacated? One recalls with shame the differing functions assigned to guardian angels in a small French town. In an ancient castle two delicate stone angels watch over the graceful tomb of Agnes Sorel. A kilometer away, on an ancient crumbling wall, a poster advertising a "Lincoln" dishwashing machine with a life-size repairman sprouting absurd wings bears the announcement that "Toutes les Lincolns ont les anges gardiens." It is this massive vulgarization and destruction of centuries of culture in the name of economic expansion that is at the center of Barnet's and Müller's indignation. Unfortunately, their book is flawed.

American multinationals are *not* the cause of mass unemployment in the Third World, and one would be hard put to find an observant Third World worker to agree with this thesis. Out of the world's four billion people, perhaps one million are on the payrolls of U.S. multinationals' foreign subsidiaries, and more than three-quarters of these are concentrated in the industrialized world.

In a similar vein Barnet and Müller ask: Why are poor countries poor? And answer: "Because finance capital generated by past wealth-producing activities was not used to maintain, much less expand, the local economy." Finance capital in Tanzania, in Botswanaland, in India or Egypt? India, largely free of a multinational corporate presence, independent for almost thirty years, today spends eight times as much on defense as on agriculture. How can one compare the hierarchy so deeply embedded in Indian society with the hierarchy at General Motors? Egypt also provides a paradox Barnet and Müller ignore: Twenty years of Nasserite socialism and isolation from the corruptive influence of Western capitalism have ended with a whimper and an anxious search for private Western financing.

Barnet and Müller declare their respect for the balanced forces of human culture and their desire for a restoration of an integrated existence and worldview. In an anticlimactic final chapter they earnestly but vaguely plead for a decentralization of ownership and a reestablishment of the neighborhood as a source of power. One is reminded of those rearguard philosopher/poets of the prewar period, G.K. Chesterton and Hilaire Belloc, who looked longingly at the integrated culture of the Middle Ages when Church and State, Lord and self, town and country, seemed indissolubly linked. The power of modern business lies precisely in its limited aims, limited means, and limited (thus more easily defensible) perimeters of responsibility, and not, as Barnet and Müller claim, in those vacuous pretensions of ubiquitous omnipotence to which our Great Captains of Industry are so addicted.

With unreasoned rage the authors concentrate a special ire on their own class and benefactors, the managers of multinational enterprises, seeing them as souls lost, in search of a legitimate identity. The new church to which they belong, like the old, demands regimentation and hierarchy, the enemies of freedom. To some, primitive seems best, in socialism as in Christianity. But one cannot, surely, accept that axiom in what passes for a sophisticated analysis of what is wrong with contemporary capitalist political economy. If only the modern American corporation were as rigidly hierarchical, as dedicated to "stability," as the authors claim. But the hierarchy is permeable and the system dynamic.

As the *Harvard Business Review* explains it: "Few persons can learn anything faster than managers faced with real problems. But they must be willing to suspend their status as hierarchs and to assume the humbler status of students under competent teachers."

Skill, it seems, is more readily placed at the service of venality than of social justice. And a considerable part of the success of American multinationals abroad is a consequence of

the "liberating" effects consumerism has on ancient class discrimination. The great enemies of American commercialism in Western Europe, for example, were not the working classes but the owning ones, for it was *their* privilege and power which the *défi americain* challenged. The practice of measuring men by their purchasing power rather than their kinship struck, for a while, deep fear into the heart of the Western European mandarinate. They caught on to the game soon enough, however, and are now outdoing us.

In a chapter entitled "The Obsolescence of American Labor," Barnet and Müller cast a scarcely disguised contemptuous look on American workers. The theme is familiar enough: The corporations have less and less need for U.S. workers, who are being displaced by machines and by their more docile, cheaper foreign counterparts. It is the theme of the AFL-CIO. (Elsewhere, incidentally, the foreign workers on U.S. payrolls abroad are characterized as "labor aristocrats," which should be news to most of them.) To be sure, Barnet and Müller do report accurately on the attempts of certain industrial unions in the U.S. and abroad to restore lost bargaining power through the coordinating work of international trade-union secretariats like the International Metalworkers Federation. The long-range intent of such labor alliances—to unify all workers on the worldwide payrolls of multinational corporations—would certainly be sabotaged, however, were one of Barnet and Müller's pet recommendations to be applied, namely, "the restoration of certain powers to national governments." All too frequently it is the existence of host government power over the local labor movement that prevents the establishment of strong local unions. With some exceptions, many Third World governments are all too ready to deliver to multinational corporations labor contracts worthy of an old-time plantation owner. As authors of the UCC document politely explain it:

"In the developing nations, trade unions do not function as they do in the U.S.—sometimes this is because the corporation has accepted as an inducement for investment in the developing country the promise of the host government that it 'would have no labor problem.' Sometimes this is the case because the local unions are not true worker organizations but a worker control mechanism operated by the political party in power in the host country...."

In perhaps their best analytical chapter, "The Global Corporation and the Public Interest: The Managerial Dilemma of the Nation State," Barnet and Müller note that "there is a connection between the mounting instability in the U.S. and structural changes in the world political economy. A global transformation has been taking place in the private productive system which has not been reflected in government." Governments, including our own, are simply not capable of keeping up with the companies. A large ("large," mind you, not "giant," not even a "world oligopoly,") U.S. trading company consummates a wheat deal with a Russian state manager and—lo and behold—Ivan has bread and Johnny—well, Johnny has to pay more for his Hostess cupcake. Months later, Congress is still trying to uncover how the Agriculture Department was fronting for the company.

Even more serious are the chronic problems involved in the taxation of multinational corporations. An enormous proportion of U.S. foreign trade takes place *within* companies. Foreign and U.S. corporations deal with their own agents or subsidiaries. Tax codes and agreements covering double taxation between the U.S. and other countries are encyclopedic. Hence companies have regiments of tax specialists to bend regulations to their needs. But U.S. Internal Revenue personnel specializing in this field probably number less than a dozen persons. Even at the most elementary level—U.S. customs—government employees are hopelessly outspecialized, outmanned, and outfoxed by the companies. Under these circumstances, and with more than 20 per cent of multinational corporate profits being generated abroad, the sovereign authority of the U.S. Government is more fic-

tion than fact. As Barnet and Müller point out, government is "crippled by the institutional lag in tax, banking and securities fields due to the 'technological breakthrough' in the accounting industry." In other words, there exists an informal understanding that companies involved in international trade shall police themselves. An unusually large reservoir of faith and forbearance in private enterprise is necessary to believe in the effectiveness of such a system.

One recalls the response of multinational corporations to the Johnson Administration's attempt to control the export of capital during the Vietnam war by the establishment of an export licensing system. Our major banks sprouted overseas branches like mushrooms after a rain, and proceeded to borrow and lend from the free-floating Eurodollars already out there. The painful farce that U.S. authority could control the flow of foreign investment was finally abandoned by a now wiser Congress some years later.

The case of Volkswagen is also interesting. Beginning in the seventies, VW's market share started to tumble, particularly in the U.S. The old rigid, hierarchical chairman was removed and one of the "new breeds" was brought in. This one duly noted that, as the value of the dollar declined from DM4 to DM2.4, his company was facing financial disaster in its richest market. The new chairman, therefore, insisted on building a plant in the U.S. But workers' representatives, with a one-third share of the votes on the supervisory board, and the State of Lower Saxony, with a 20 per cent shareholding in the company, resisted and forced the resignation of the new prophet. Today VW sales in the U.S. have declined from more than 500,000 to 300,000 a year, and the company is prepared to see that halved again. Still worse, it seems that U.S. sales are being subsidized, anyway, to prevent the market from disappearing altogether. A U.S. VW plant seems unavoidable.

Surely, if a God of business exists, his name is Market Force. For the time being, the principal historical force available to counter a multinational company is another multinational company. For those wishing to peer beyond, to the battle of titans and Armageddon, one suggests investigating the possibilities of establishing a multinational company engaged in the production and (profitable) marketing of New Value Systems.

Mankind at the Turning Point: The Second Report to the Club of Rome by Mihajlo Mesarovic and Eduard Pestel

(Dutton/Readers' Digest Press; 210 pp.; $12.95)

R. W. Behan

This book, like its antecedent, *The Limits of Growth*, describes a series of simulations of the world's behavior. In order to determine how the world behaves, the authors, again like their predecessors in *Limits*, have constructed a model of the world, in mathematical terms, and stored that model represent the world?

By altering the conditions in which a computer-model of the world operates—by creating various simulations or "scenarios"—one can anticipate how the real world might operate provided he keeps in mind one thundering question: How well does the model represent the world?

The characteristics of the model itself, in other words, enormously influence the various outcomes of altering the scenario conditions. When the Mesarovic/Pestel model fails to generate the doomsday outcomes of the *Limits to Growth* model, one can scarcely avoid recalling a *New Yorker* cartoon depicting an ebullient systems analyst: "According to *our* computer," he reports, "by the year 2000 everything will be just peachy."

The authors of *Mankind at the Turning Point* are not that sanguine, but by no means are they alarmist or apocalyptic. Their model is an entire order of magnitude more sophisticated than the *Limits* model. Instead of constructing a single amorphous and homogeneous Earth, Mesarovic and Pestel consider ten different regions, some of which *need* to grow and to grow dramatically, some of which would do well to strike an equilibrium, and some of which might better "undevelop" here and there. The authors are anxious, all right, but thinking people can share their anxieties. They want the world to be seen as an interdependent mosaic of interrelated regions and nations; they are almost desperate for cooperation to displace conflict among them; and the authors are in a hurry—delay or passive acquiescence to the status quo can only exacerbate the global crisis.

Limits to Growth was a physical-environment, antipollution argument for the cessation of global growth and economic development. It was precisely the kind of argument that enraged the Third World delegates to the U.N. Conference on the Environment in Stockholm: The pollution problem of hyperconsumption in the developed nations could be solved by a steady-state world, which, of course, would freeze the global distribution of wealth and guarantee that the problem of underconsumption in most of the world would last forever. *Mankind at the Turning Point*, almost perfectly to the contrary, is a human-environment plea for empathetic, compassionate, global cooperation in achieving an optimal level of global development, and scarcely mentions pollution at all. To my way of thinking, the book has its priorities in order.

Limits to Growth concentrated on symptoms; it played exceedingly well the compound-interest game, "if present trends continue," and predicted the dismal consequences of doing so. *Mankind* concentrates instead on the problem—the inequitable and intolera-