"They could trade more with each other, and be less dependent on the developed countries for trade. The LDCs have within themselves all that is required for growth. They have surpluses of fuel and of the principal minerals. They have enough land to feed themselves, if they cultivate it properly. They are capable of learning the skills of manufacturing and of saving the capital required for modernization. Their development does not in the long run depend on the existence of the developed countries, and their potential for growth would be unaffected even if all the developed countries were to sink into the sea." This is one avenue of potential Third World development I wish Harrington had explored more deeply. Another is the development experience of a number of the socialist nations that have chosen an isolationist approach.

And the travel journals? They are finally a disappointment. They do reveal the intense feelings of guilt, revulsion, and fear that a Westerner—and particularly one as compassionate as Harrington—experiences in the presence of the extremes of Third World poverty. And they provide useful insight into the development motivations of many of the key planners in those countries. But unfortunately they do not sufficiently capture the reality of this vast majority itself, or lessen the emotional span between the reader and the poor. Robert McNamara's frequent references to "marginal people" and the "absolute poor" has done nothing to increase American empathy for them. Harrington's references to the "wretched of the wretched" will bring them no closer to our hearts.

The impact of poverty, and the solution to it, was made real to me in a slum of Nairobi, when a destitute mother holding her starving child succinctly analyzed her economic plight and her aspirations and concluded by saying, "If I have work, my baby will live. And if I don't, then she is dead." Harrington journeyed to the world's poor, but returned without reporting the voices of such aware people, many of whom are providing inspired and creative local leadership in poor communities. Unless the vast majority of Americans who know little of the economics of poverty, and hear only of the faceless masses, can hear what such individuals have to say, there is little hope for action.

American Multinationals and American Interests
by C. Fred Bergsten, Thomas Horst, and Theodore H. Moran
(Brookings Institution; 535 pp.; $18.95/$8.95)

Thomas N. Thompson

Books that deal with the multinational corporation (MNC) have multiplied in recent years. Most have been written either by unloving critics or by uncritical lovers. The unloving critics pillory all multinational enterprise as a source of pervasive ill, while the uncritical lovers eulogize the global welfare that, in their view, is the end result of multinational enterprise. At last a book on the MNC that is at once comprehensive, rigorous, fair-minded, and even brilliant. Upon publication American Multinationals and American Interests became a classic. It is easily the most useful analysis of the MNC available. It is also well written.

MNCs have become a force to reckon with, not only because of the size of American firms, but because of the growth of multinational firms all over the world. Yet, as the authors point out, the U.S. has no consistent, coherent policy toward foreign investment and the MNC. Nor has it ever had one. Bergsten et al. believe the United States must define a clear policy toward multinationals and play a leading role in international economic arrangements, and must do so for reasons beyond America's size and traditional leadership position in the world political economy. First, the U.S. is by far the largest home country for multinational corporations. In 1971 American-based firms accounted for 52 per cent of the stock of all foreign investment. Second, and less widely recognized, the United States is the second largest host country for foreign direct investment. Canada is first, albeit overwhelmingly with U.S. capital.

The book is divided into four sections: analysis, domestic policy, foreign policy, and recommendations for a new MNC policy. The first reviews the literature and develops a number of analytical issues. Classical international investment theory has many shortcomings, the authors believe. Most traditional analyses assume perfect competition, complete knowledge of foreign and domestic investment opportunities, no externalities, no foreign retaliation, perfect substitutability between domestic and foreign investments, full employment, and balance of payments equilibrium. Of course many of these conditions are not met in the real world. World markets are not, for one, perfectly competitive.

The deficiencies in traditional international investment theory help explain why home countries such as the United States have been reluctant to accept laissez-faire policy prescriptions without qualification. The alternative, however, has been an unsatisfactory, eclectic, ad hoc approach. The Treasury Department determines tax and balance of payments policy. The Department of State concerns itself with expropriation policy and aid issues. Other agencies have other functional responsibilities.

There is no coordinated program. For example, there has been no coordinated effort by the U.S. Government to promote national economic objectives with an overall policy toward MNCs. This would seem to be a key step in eventually promoting much needed international agreements where MNCs are involved.

It is easy to understand the difficulties in formulating an overall policy toward the MNC. A central issue in the debate over the MNC is the distribution of costs and benefits arising from foreign direct investment. The distributional issue has two dimensions: distribution of the costs and benefits (a) between home and host countries and (b) among key groups, especially labor and capital, within a country. What is of course striking about distribution issues where the MNC is involved is the complete lack of agreement among interested parties.

It is in this context that the second
section of the book is so valuable. Chapters are broken down to focus on exports, imports, and the balance of payments; labor; access to raw materials; tax issues; and antitrust policies. Generally speaking the conclusions reached on these issues will frustrate both the uncritical lovers and the unloving critics. After meticulously going through a number of arguments and presenting some original empirical analysis as well, the authors typically conclude on labor issues: "As eager as the AFL-CIO has been to conclude that U.S. employment suffered as foreign investment grew, and as the multinationals have been to argue the converse, neither conclusion does even rough justice to such a complex question."

A more definitive conclusion is reached on tax and monetary issues. Here it is argued that, despite well-publicized exceptions, as a general rule multinationals do not escape taxation by investing overseas. In a similarly definitive assessment of monetary issues the authors conclude that multinational enterprises appear to contribute significantly to the effectiveness of international monetary arrangements, as well as to the maintenance of liberal U.S. trade policies.

But the most interesting chapter is on raw materials. The careful laser-like analysis is a joy to read. Over 30 per cent of U.S. foreign investment is in the extractive industries, although its share has been declining recently. In 1975 the United States depended on imports for at least 25 per cent of its consumption of each of thirty key minerals and metals, and this percentage is rising for virtually all of them.

The authors' analysis suggests that a developing host country's need for higher revenues and the development of its bargaining skills have produced a new interaction between the developing host country and the natural resource investor. As a result the crude image of Anaconda, British Petroleum, and Alcan has been shattered. "In the petroleum industry," write the authors, "the major corporations are in the process of being transformed, with or without nationalization, from independent and dominant actors into junior partners of the host governments; and they are virtually helpless to prevent it. These changes are being duplicated across the spectrum of direct investment in the extractive industries."

As the bargaining strength of developing countries increases, it is inevitable that six or eight or twelve years after capital is sunk in large successful extractive operations tax rates will rise to 60-70 per cent and supervision of price and marketing policy will pass to the hands of host-country officials. Needless to say, the increasing exercise of countervailing power by host countries is not yet reflected in the rhetoric of the developing host countries. Nor is it generally understood that even a small decline in the rate of overseas development cannot be offset by U.S. sources without major changes in the American public's willingness to tolerate massive environmental damage.

The book's third section, on foreign policy analysis, analyzes four dominant attempts to relate in a systematic fashion the activities of the MNC to the economic and political interests of the home country. These attempts are identified in terms of the following competing schools of thought: neo-imperialist, neo-mercantalist, sovereignty at bay, and global reach. The first two postulate that the growth of the MNC represents an extension of the power of the home country at the expense of the host countries. The sovereignty-at-bay and global-reach schools of thought postulate that the growth of multinational firms represents an extension of their power at the expense of the power of both home and host countries. None of these approaches is deemed adequate by the authors because none of the schools provides either a comprehensive analysis or a clear guide as to what American policy should be.

What concerns the authors most is that although American subsidiaries account for a swelling share of world output and world trade and investment, there is an emaciated chair at negotiations involving U.S. firms. No one represents American interests broader than those of the firms themselves. In the light of the evolutions of the bargaining power of host countries, the U.S. Government cannot be indifferent to the ability of host countries to employ MNCs in advancing their national goals. Indeed MNCs can become hostages to host-country interests and, left unsupervised, may act as ambassadors of the host country rather than of home-country policies. The political clout of American investors in the Soviet Union who lobby in support of a liberal U.S. Soviet policy...
comes immediately to mind.

In the final chapters a call is made for policy reform in various areas: taxation; compensation for domestic workers; firms or communities hurt by foreign investment; antitrust; insurance and guarantees through the Overseas Private Investment Corporation; host country expropriation; and investment in the USSR. All of these reforms would be intended to control the level of foreign investment in order to increase the returns from each unit. In addition the authors favor a new international regime for the MNC; “Rules are needed to protect the firms from escalating and inconsistent demands of the many governments they must deal with. Rules are needed to check the firms’ abuses of power, to restore their legitimacy, and to enable them to contribute effectively to world economic and political progress.” This book is a strong beginning toward those goals.

Love and Sex:
A Modern Jewish Perspective
by Robert Gordis
(Farrar, Straus & Giroux; 290 + xii pp.; $8.95)

John Hawley

In Stern, Bruce Jay Friedman’s fascinating novel, a heroic schlelmel returns from work to the Wasp suburb in which he lives, only to discover that, in the face of a blinding snowstorm, he cannot find his home. “Feeling ridiculous, he sat down in the snow, but then he quickly became frightened and shouted ‘Get me!’ into the night.... He urinated in the snow, feeling giddy and dangerous in this white place more private than a thousand bathrooms. When the wind hit him in his open fly, he imagined himself freezing up swiftly, breaking off with a quick snap like winter wood....

Contemporary Jewish novelists accept the implicit metaphor that sex offers as a language, one that speaks the subliminal words that are crucial but may never become conscious. Thus, Friedman presents Stern’s symbolic emasculation of a danger necessarily implied in accepting one’s membership in both the diaspora and Gentile America. Surrounded by goyim and all that is goyische in America, the fact of being Jewish dominates the imaginations of many such authors, rendering them agonizingly self-conscious about those distinctions that, while polyvalent, are surely by now part of the total American experience.

In this multiethnic country, no longer even mythologized as a melting pot, one’s “difference” is rapidly becoming one’s pride rather than one’s albatross. It is this resistance to being amalgamated that, ironically, is molding a future American identity. For many Jewish writers this has always been the case, although its sincere acceptance has sometimes been vitiated by an author’s own ambivalence, verbalized in a mixture of guilt and hauteur. The natural outcome of this combination can be polemics—an aggressive ranking and disparaging of those divergent experiences and ideologies that might be more profitably simply shared. It is unfortunate that in this new book by Professor Gordis, which often voices his desire to remain openminded and pursue the golden mean of simple truth, there is an unnecessary amount of polemic—all the more distracting in its ineptitude.

The author may not be aware of this tendency, for much of his stated purpose flies in the face of such recognition. He presents a fine, if familiar, analysis of the contemporary malaise in sexual ethics and he offers his volume (based, he says, on Jewish scriptures and tradition) as a contribution to the advancement of a rational, rather than overly dogmatic, approach to sexuality. Gordis has, of course, chosen a highly controversial topic and methodology, for exegetes ranging from Louis Epstein to Roland de Vaux have stressed the tentative nature of any search through the Bible for a pre-existent sexual code. Gordis is clearly aware of this danger, and emphasizes the need to read scripture through the eyes of tradition, seeking more for general models than specific norms. However, in his desire to emphasize the singularity of the Jewish contribution to contemporary sexual ethics he apparently feels the need to denigrate other traditions.

Christianity and, specifically, Roman Catholicism is set up as a strawman stuffed with misconceptions and half-truths. Dr. Gordis’s book is full of such irresponsible statements as the following: “The Catholic Church has never retreated from its position that divorce is a mortal sin bringing in its wake the penalty of automatic excommunication....” But according to Catholic doctrine divorce is neither sinful nor does it result in excommunication. Gordis would have us believe that the Catholic Church teaches that “sexual relations are permissible only when they may lead to the begetting of children,” which is inaccurate, and that “marriage is an estate which can be countenanced [sic] only because it is essential to the perpetuation of the human race; it is a concession to man’s lower nature and hence it must bear the stigma of a punishment.” He also makes such bald and outrageous statements as: “Since Augustine, the Church has taught that an embryo must be baptized if it is not to suffer eternal damnation,” and “In the New Testament, where divorce is generally prohibited, the only ground recognized as permitting or requiring the dissolution of a marriage is adultery; the Catholic Church has enshrined this dictum in canon law.”

By this time the reader is ready to swallow anything, if he or she has been able to accept Gordis’s major premise in his many sets of self-serving syllogisms: “In classical Christianity, the attitude toward sex is decidedly negative; unlike Christianity, Judaism cannot be held responsible for the tragic bifurcation between love and sex to which so much of the current moral chaos must be attributed.... This myth derived from the Christian attitude that sex is essentially evil.”

Gordis is a professor of the Bible and a Jewish leader. He has written more than twenty books and should, by now, understand the dangers of half-truths and the need to present facts in their historical setting. In his discussion of the Halakah and the development of the authority of tradition as a moderating