

Left progressive framework it provides valuable information. Harald Jung's historical essay on El Salvador is a highpoint of the book and deserves greater exposure. Michael Harrington's ruminations on the results of the Nicaraguan revolution are particularly interesting. Harrington's sympathetic discussion concludes that any progressive government will be difficult to maintain in Nicaragua because "there are immense forces at work built into the very structure of the world economy which militate against this outcome."

The observation is wise; its application to all of Central America would diminish our tendency to see complicated social issues as civil wars in which we can choose sides. The tendency to make choices in terms of good-guy/bad-guy partisan arguments is present across the political spectrum—in some "liberation theology" as well as in "white papers"—and it is obfuscating intelligent debate. But then again, when we lack intelligent works upon which to base our thought, what more can we expect?

The conflicts and dilemmas that make the El Salvador crisis so difficult to resolve, regardless of ideology, are illustrated in the fine, impartial debate here on Salvadoran agrarian reform, drawn largely from the pages of *Food Monitor*. To summarize briefly and incompletely, the writers agree that a population explosion and industrial agriculture have created a huge mass of landless peasants in this densely populated Latin American country. They all agree to a need for land reform and redistribution of wealth. But they disagree as to the form of reform: whether to distribute land in miniplots, which, some argue, would exaggerate the food scarcity; whether the land should be used to produce food for internal consumption or for cash crops to pay for petroleum and manufactured imports. They agree that the landed oligarchy's opposition must be overcome, but they disagree about how to do it. Is reform possible or at all meaningful? Can the Duarte government carry out land reform with military terrorists and the oligarchy in its midst? Should the whole group be tossed out, with the turmoil and bloodshed that would result and no guarantee that beneficial reform would, in fact, come about in the end? There remain undiscussed

and unanswered questions: What of the disagreement among the rebel groups as to the shape of land reform? What about the pressure of the world economy that Michael Harrington observes in Nicaragua, a pressure that forces revolutionary governments to conform to patterns the revolution opposes? Look at bankrupt Costa Rica. It has the same combination of reduced income from low coffee prices and increased expenditures without the overpopulation. What will be the effect of reform or revolution on the burgeoning urban population of El Salvador, the 40 per cent of the population that requires increasing supplies of food?

The editors have given us a valuable compilation. In it we see the complexity of the crisis. Unfortunately the editors do not themselves grasp the complexity, either in Central America or in U.S. foreign policy—a failure apparent in the introductions, which do not tie the book together as we would wish. The reader must work to profit from the collection.

The editors use the Reagan administration as their "strawman," but the already dated White Paper and the rhetoric of Jeane Kirkpatrick are given far too much space, while other, long-range, and more important issues remain unexplored. Of course we must consider the individuals who actually make policy (and here the White Paper with its Red-scare mentality provides worrisome doubts), but this is but one element among many. The Reagan administration while it struggles to establish a consistent policy toward El Salvador is at the same time in difficulty with the Guatemalan military junta and with the Sandinistas. The Central American problem predates this administration; recall Carter's moves to support Duarte immediately before Reagan's inaugural, not discussed in this book. The complexity of the crisis and the dilemmas posed by internal Central American problems, understood by Harrington and Jung and present in the agrarian reform debate, provide U.S. policy-makers with limited choices, which are in turn further limited by the United States' own domestic politics.

I recommend this book for the jewels within its rough. After all, how many chances do you have to read intelligent writing on Latin America?

THE MONEY LENDERS: BANKERS AND A WORLD IN TURMOIL

by Anthony Sampson

(The Viking Press; 336 pp.; \$16.95)

Benjamin J. Cohen

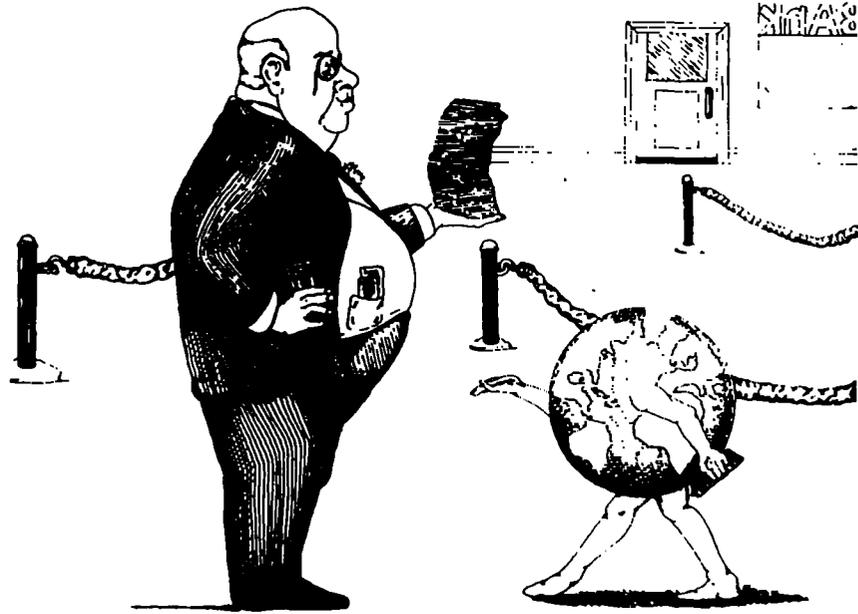
What is the role of private banking institutions in the late twentieth-century world economy? How did banks come to play such an influential role as the financiers of nations and governments? What are the effects of their global lending operations? Who bears the risks? And might it be true that the system is really no stronger than its weakest link? These are some of the questions posed by Anthony Sampson in his far-reaching new study of the "money lenders"—those sober-suited, pin-striped descendants of the Medici and Rothschilds who today manage the daily flow of literally billions of dollars around the world. Like his previous works on the International Telephone and Telegraph Company (*The Sovereign State of I.T.T.*), the giant oil companies (*The Seven Sisters*), and the armaments industry (*The Arms Bazaar*), this book is smoothly written, easily digested, and studded throughout with entertaining anecdotes to pique the reader's interest. It is an excellent introduction to the universe of international money, and Sampson is one of the best practitioners of the higher journalism.

Ironically, bankers were assigned no significant role at all in the design of the international monetary system agreed on at Bretton Woods, New Hampshire, in 1944. Bankers were then in disgrace, their reputation in tatters following upon the financial calamities of the interwar period. Principal responsibility for maintaining order in the postwar period was to rest with two novel multilateral institutions, the International Monetary Fund and the World Bank. Yet almost as soon as the war ended the money lenders began to reassert themselves, their main vehicle being the Euro-currency market. The practice of taking deposits and making loans in foreign currencies (which is what the Euro-currency market is all about) originated in London. But as Sampson describes, the trick caught on quickly and spread like wildfire, leading to the establishment of an in-

ternational financial market of quite unprecedented scope and magnitude. As one banker could say toward the end of the 1960s, "By building an apparatus in an amazingly short time for the collection and redistribution of the world's surplus cash and capital resources, the commercial banks have produced a unique machinery for serving the financial needs of the whole world." And thus was the scene set for the return of the banks to center stage.

The catalyst was the rapid rise of oil prices beginning in 1973. As Winston Churchill said in another context, never before had so many owed so much to so few. On the one hand were the OPEC producers, receiving more money than most could immediately spend; a safe refuge for their new wealth had to be found somewhere. On the other hand were the oil consumers, faced with import bills far greater than many could immediately pay; the funds had to be borrowed from someone. And there, in between, were the banks, already practiced at taking and lending money internationally and quite prepared, for a consideration, to act the role of intermediaries in the process of "recycling petrodollars." Sampson quotes a U.S. Senate staff report: "While the oil price rise was something close to a disaster for the world economy, it created a bonanza for the banks." In short order, private institutions displaced the IMF and World Bank as the principal source of external finance to nations.

That the impact of the banks intermediary role has been positive thus far cannot be doubted. Had they not been there to facilitate the recycling of OPEC surplus earnings to countries in need, governments might well have slipped back into the mutually destructive "beggar-thy-neighbor" syndrome that helped produce the Great Depression of the 1930s. But clearly there are risks too, as Sampson emphasizes—in particular the risk of default by a major borrower (Poland? Turkey? Brazil?) soon leading to generalized financial chaos as debt piles upon debt. Metaphors for the current situation abound. One banker describes it as a merry-go-round that can keep going only so long as no one tries to get off. Others speak of mutual hostages or of an embrace in which debtors and creditors now find



themselves inexorably locked. The dangers are highlighted by Sampson's glances back in history, which richly illustrate how little really is new under the sun. In the fifteenth century the financial empire of the Medicis nearly foundered because, as their historian concluded, they "succumbed to the temptation of seeking an outlet for surplus cash in making dangerous loans to princes." In the nineteenth century numerous crises resulted from the defaults of some sovereign borrowers. And then, of course, there was the financial collapse of the 1930s, still fresh in the memories of older bankers. "No one who went through those times," Sampson quotes one as saying, "can feel altogether confident when people today say that the world's banking system is fundamentally sound."

Yet if the dangers are so obvious, how could we have allowed ourselves once again to become so dependent on the money lenders? In fact, we got here *faute de mieux*; our governments have failed to come up with anything sounder. Ultimately, responsibility for maintaining order in the system rests with the public authorities, not private entities. Else what are governments for? Sampson is right in concluding that the world's economic future is too important to be left to bankers alone. As he writes: "The creation of a more stable economic system can only be achieved by cooperation between nations." The question is whether governments

will remember the past or whether, as Santayana warned, they are condemned to repeat it. [wv]

THE ENDLESS WAR: FIFTY YEARS OF STRUGGLE IN VIETNAM

by James Pinckney Harrison
(The Free Press; xii+373 pp.; \$17.95)

Paul M. Kattenburg

The stream of histories, studies, and analyses generated by Vietnam seems as endless as the war—or, more properly, the revolutionary struggle—that Harrison recounts in this new volume. This is all to the good; if such books as Harrison's are indeed read and thus serve the educational purpose for which most of them were intended.

Harrison emphasizes the key years 1930-80 in his always coherent though somewhat surprising organization of the vast amount of material at hand. Part one of the book, for example, is called "History Read Backward: The Final, First and Second Victories of the Vietnamese Communists." It takes us back and forth from the final and, in the Communist point of view, prematurely victorious offensive of 1975 to the first revolutionary upsurges before World War II and the "eight years' arduous struggle" against the French. Harrison then goes on, in his second part, to ex-