ing. Obviously there is a danger of further proliferation, but the more interesting question is why so *few* states have joined the nuclear club. The explanation may lie in the fact that there are so many *potential* proliferators. Perhaps these would-be club members realize that going nuclear might push a rival neighbor to the same step, nullifying any political or military advantage that might have been gained initially.

In trying to show the impact of weapons research, Sivard argues that advances in military technology are unmatched in the civilian field. She is wrong. One has only to watch the almost endless commercials for home computers ("tools for modern times," to paraphrase one of the more creative ads) to appreciate the depth and breadth of the revolution in communications and electronics wrought by the microchip. These developments have not come from the military but from civilian firms and will have enormous consequences for the U.S. and the global economy. In fact, the military has been among the last to exploit many new technologies. In part this is due to the long gestation period for new weapons — ten years of development is not unusual - and in part to the conservatism of military bureaucracies. Defense firms are good at producing new, incrementally better versions of old weapons but not at producing the really innovative.

The repressive tendencies of military regimes are the subject of another section of this volume, but Sivard's case is weakened by quirks in her data. For example, her chart on repressive Third World regimes classifies South Korea as highly repressive but North Korea as only repressive. Similarly, the Philippines, Taiwan, Thailand, and India are all classed as highly repressive, but Laos, Vietnam, and China are only repressive. These are absurd distinctions that call into question the value of the entire exercise.

Moreover, by focusing on the Third World, Sivard leaves out the most significant examples of civilian-dominated repressive regimes: the Soviet Union and Eastern Europe. In her chart, Latin America is clearly the most repressive continent, with eighteen of twenty-four regimes rated as repressive or highly repressive. But if one turns to the statistical tables, one finds that Latin American countries spend an average of only 1.4 per cent of their GNPs on defense. This may increase as a result of the Falklands war but will still be low by world standards. Military spending clearly is not the only culprit.

Sivard's solution to the ills of world militarism is, of course, disarmament and a new international security system that contains mechanisms for deterring aggression, for resolving disputes, and dealing with breaches of the peace. She is quite right in suggesting that the search for alternatives to the present international system is not new, but I'm afraid we are no closer to developing such an alternative system than we ever have been. Wishing will not make it so, and national military strength will likely remain for the foreseeable future the basis for national security. The present system leaves much to be desired, but *it's all* we've got.

Of course negotiated arms control agreements are vital components of the present security system, and Sivard is quite right in noting the importance of aroused public opinion in advancing the process. On the other hand, I find it hard to understand how the public will help *simplify* arms control. Proposals for deep cuts, like those offered by George Kennan and retired Admiral Noel Gaylor and favored by Sivard, are useful in defining where we want to go, but they are extremely difficult to negotiate. Similarly, freeze proposals approved by voters are welcome expressions of a broad mandate for arms control but are no substitute for the step-by step negotiations that she calls "ponderous and unwieldy."

Ms. Sivard would do well to return to the format of earlier years, when she stayed closer to her data and avoided rhetorical flourishes. The high ground is the political center. The task for 1983 and especially for 1984 is to seize that position by defining a responsible centrist approach to defense, arms control, and economic strength that strikes the proper balance among these essential elements of national security. WV

U.S. INTERNATIONAL MONETARY POLICY: MARKETS, POWER, AND IDEAS AS SOURCES OF CHANGE
by John S. Odell

(Princeton University Press; xvi + 376 pp.; $35.00/$8.95)

Stephen Rousseas

As World War II neared an end the United States and Britain, fearing a resurgence of the economic chaos that had preceded the war and contributed directly to it, engaged in their own battle over how to reorganize the international monetary system.

Under the old gold standard, internal equilibrium had been subordinate to the "rules of the game" governing the external balance of payments. With fixed exchange rates pegged to gold, any balance of payments deficit—so this scenario went—would be adjusted by an outflow of gold, leading to a contraction of domestic credit and a decrease in output. In a system of competitive goods and factor markets, prices would soon fall, but this would have no effect on income or the level of voluntary employment. The resulting rise of exports and fall of imports would lead to a correction of the balance of payments deficit.

The countries that received the gold outflow would experience exactly opposite effects. Yet no one country could corner the world's supply of monetary gold, since the more gold it got, the less likely were its chances of holding on to it. Gold was like quicksilver: It could not be grasped firmly but oozed between the fingers, flowing from one country to another.

This price-specie-flow mechanism, as it was called, was an idealized system confined to economic textbooks. Central banks, for one thing, did not always follow the "rules of the game." And markets were not as competitive as textbooks made them out to be; deficit countries found their real output declining and unemployment rising under a regime of sticky prices. With the onset of the Great Depression in the 1930s, the gold standard was abandoned by one country after another. Exchange controls were imposed, currencies were competitively devalued, tariffs were raised, and import quotas were imposed as each country tried to export its unemployment to the rest of the world. Economic warfare became the rule, with each country following "beggar-thy-neighbor" commercial policies. World trade imploded and a full-scale world war exploded.

At the United Nations Monetary and Financial Conference at Bretton Woods in 1944 the two main protagonists were Harry Dexter White of the U.S. Treasury (who was later pilloried by the House Un-American Activities Committee) and John Maynard Keynes, representing the United Kingdom. Keynes's plan was to abolish gold in favor of an international unit of account and establish a world central bank that would allow for the orderly growth of international liquidity and also control the flow of funds to underdeveloped countries.

But the United States, besides being *the* emergent power of the postwar world, was sitting on a major part of the world's supply of monetary gold. White effectively sabotaged the Keynes plan and worked out a compromise arrangement: a much weakened International Monetary Fund (under U.S. control) with a separate International Bank for Reconstruction and Development (also under U.S. control). In lieu of a conventional gold standard there was now to be a system of relatively stable exchange rates over which the IMF would preside. A well-defined mechanism would allow these rates to be changed in an orderly fashion, without competitive devaluations, to correct a "fundamental disequilibrium" in any country's balance of payments.

The problem, of course, was to distinguish cyclical from fundamental disequilibria. But the system worked fairly well in the immediate postwar period under the hegemony of the United States, with the dollar serving as a key reserve currency on a par with gold. It all came crashing down during the administration of Richard Nixon and the tenure of his bellicose secretary of the treasury, John Connally of Texas. This is the story John Odell tells in *U.S. International Monetary Policy*.

His study is a reworked doctoral thesis that details the breakdown in 1973 of the Bretton Woods system, gives a cursory analysis of international monetary policy under the Carter administration, and adds a few (apparently last-minute) words on the Reagan administration. It is a well-told story marred only by the penchant for empirical, loosely defined hypothesis-testing that one expects to find in dissertations. But if one overlooks the scientific pretensions and the dull exegesis of various theories of decision-making, the book is valuable reading.

Odell distinguishes three major U.S. policy shifts. The first came in 1965 with the creation of IMF Special Drawing Rights (SDRs), as a way of reforming the gold standard, and the expounding of Robert Triffin's plan for solving the international liquidity problem through an expanded IMF—all the trappings of Keynes's original plan for an independent central world monetary and development bank. In this, Under Secretary of the Treasury Henry Fowler and Francis Bator, President Johnson's White House economist, were also counting on international cooperation and consultation among the major trading partners. The Bretton Woods approach of relatively stable par values was to be maintained, with special attention to ways of promoting and maintaining world economic growth by an orderly growth of international liquidity.

The second policy shift came in 1971 with Nixon's suspension of gold convertibility, followed by a third shift in 1972 that led to the policy of floating exchange rates. In analyzing each of the three policy shifts, Odell tries to sort out the role played by national security, international market conditions, the domestic political framework, and what he calls "cognitive perspectives," or the power of "ideas." Given the size, relative insularity, and self-sufficiency of the U.S., domestic considerations and bureaucratic in-fighting have virtually no role to play in explaining any of the policy shifts. Nor was national security a prime mover. What remain, therefore, are international market conditions and cognitive perspectives.

Odell rightly criticizes economists for their tendency to explain the shifts in purely economic terms and himself places a heavy emphasis on their cognitive aspects. He is careful, however, to qualify his argument (virtually undermining it in the process) by pointing out that the cognitive elements predominate only when market conditions are *in extremis*, i.e., when large and sudden shifts of the balance of payments and recurrent deficits serve to bring the dollar as a key currency reserve into doubt, resulting in foreign claims on the dollar far exceeding the gold reserves of the U.S. Faced with these conditions, the U.S. Government could, like the Kennedy and Johnson administrations, impose short-term capital controls while making efforts to forge an international agreement on a realignment of par values within the Bretton Woods framework. Or, as has been the case more recently, the U.S. can move unilaterally and coercively by banging international heads together to get what it wants —an attempt to correct its Vietnam-induced balance of payments deficits on American terms and at everyone else's expense.

Odell's book is particularly enlightening in its analysis of the death of the Bretton Woods agreement at the hands of the Nixon administration. Nixon's Secretary of the Treasury Connally looms in this book almost as large as the state he hails from. Connally blamed Europe and Japan for the country's deficits and was all for "breaking some crockery." The U.S. was "in the hands of the money changers," and Connally was for closing the gold window. "So the other countries don't like it. So what? Why do we have to be reasonable?" he argued. After listening for six hours to a group of economists and top staff at a specially called Treasury conference, he laid out his credo with typical Texas candor: "My basic approach is that the foreigners are out to screw us. Our job is to screw them first. Thank you gentlemen."

Nixon did close the gold window, demanding as well a revaluation of European currencies and the yen. Chaos prevailed as Europe and Japan fought back with threatened retaliations and import controls. The result was the Smithsonian Agreement of

December, 1971, which collapsed a little over a year later, when private transnational speculators staged repeated attacks on the dollar. One of the more sordid stories of speculative manipulation involved the banking system itself:

"Recognizing the profits to be made, some banks reportedly organized 'rings' that would secretly enter the market with large transactions intended to move an exchange rate temporarily, drawing 'greater fools' in after them, and then they would reverse the transactions and take the speculative profit."

By that time George P. Shultz, the current secretary of state, had replaced John Connally as treasury secretary. Shultz, a Chicago product and erstwhile colleague of Milton Friedman, delivered the coup de grace to Bretton Woods by moving the international monetary system to floating exchange rates. Interventions in foreign exchange markets by the Treasury and Federal Reserve were to be kept at a minimum, and then only to correct overly disordered market conditions. Market forces were to be given free rein. This is where Odell's initial rendering appears to have ended, but events marched inexorably on.

Now we have the Reagan administration playing havoc with the international monetary system via its supply-side nostrums and the policies of Federal Reserve Board Chairman Paul Volcker (who, as treasury under secretary for monetary affairs in the Nixon administration, played the key role of point man in the demise of Bretton Woods). In October, 1979, Volcker's monetarist policy of targeting monetary aggregates added floating interest rates to floating exchange rates. Thus, at a time of world depression, interest rates have soared, and so too has the dollar. At the same time, the bloated debt of such Third World countries as Mexico, Argentina, and Brazil threatens to wreck the international monetary system, leading to a collapse of the world economic order on a par with the 1930s. And as unemployment rates soar worldwide, the major trading countries are moving toward beggar-they-neighbor commercial policies.

We seem to be back where we started, with few lessons learned in the process. International cooperation never has been lower in the period since World War II. The cold war is being revived with an alarming acceleration in the arms race. Round and round we go, piling one stupidity on another at the altar of laissez-faire. WV

THE AFRICANS
by David Lamb
(Random House; 363 pp.; $17.95)

THE DESTRUCTION OF A CONTINENT: AFRICA AND INTERNATIONAL AID
by Karl Borgin and Kathleen Corbett
(Harcourt Brace Jovanovich; 240 pp.; $14.95)

Carol Lancaster

"Africa is dying," warned Edam Kodjo, executive secretary of the Organization of African Unity. He gave the warning in 1978, and since that time the political and economic crises afflicting sub-Saharan Africa have tended to worsen. There have been recurring or escalating conflicts in Chad, the Horn, and Southern Africa and coups d'état or attempted coups in Liberia and Kenya, known for their political stability, and in Ghana and Upper Volta, where democracy at last had replaced military dictatorships. Many of these countries are unable to pay their foreign debt or even the interest on that debt. Many cannot afford essential imports. In some places roads have deteriorated so badly that farmers no longer attempt to send their produce to market, and imported foodstuffs have become scarce and expensive. Meanwhile, the prospect of improved economic conditions remains gloomy.

Yet how easy it is, particularly for Westerners, to lose perspective on Africa. Most African countries have been independent for less than twenty-five years and at independence were extremely poor in both human and material resources. Life expectancy was low, illiteracy high, educational opportunities few. Often there was only a handful of college graduates to lead the new nation. Roads, where they existed, ran from the interior to the coast, facilitating exports but not national economic and political integration.

Forming a nation was (and still is) an enormous challenge, since the boundaries of African states had been drawn up in Europe with little consideration for the boundaries of African ethnic or religious groups or the historical tensions among them. Still, despite current troubles, a bit of historical perspective suggests that there is much life and hope on the continent and that the standard of living for the average African has improved since independence. There are some political success stories: the persistence of practicing democracies like Nigeria and Zimbabwe and a smooth transfer of political leadership in Senegal and Cameroon. And there are some economic success stories as well, as in Cameroon. In most African countries life expectancy has risen by a decade since independence; illiteracy has dropped with the rapid expansion of educational opportunities, particularly in primary education. And the creative imagination of Africans, their artistic expression, their approach to human relationships, their very ability to cope patiently and hopefully with adversity, continues to offer the rest of the world much of value and interest.

These two books focus largely on current problems. David Lamb is a journalist who spent several years traversing the continent, observing and reporting on Africa and Africans. His object here is to provide an introduction to Africa for the uninformed but interested reader, and he takes on the immensely difficult task of trying to communicate the nature of African society today, its politics and economics. At times he is clearly baffled and exasperated by the Africans he is trying to understand and explain. Yet his book is one of the few of its kind that is relatively current—though hardly anything involving contemporary Africa remains current for long.

The Africans is readable, comprehensive, and frequently insightful. However, it is marred by several problems, some unavoidable, others simply unfortunate. It is probably impossible in one volume to provide an accurate picture of an immense continent full of widely differing peoples with complex histories and cultures. The treatment is bound to be superficial and occasionally even misleading. The author attempts to describe contemporary Africa largely through a series of anecdotal impressions grounded in his own experiences. (The bibliography suggests that Lamb's reading does not go much beyond similar works by others.) Consequently, the reader is left to wonder just how representative of Africa these experiences are.

The avoidable problem with *The Africans* is its occasional inaccuracy. For example, it is simply not true that, as Lamb asserts, half of all U.S. aid to Africa in the late 1970s went to Zaire. At its peak in 1977, U.S. economic and military assistance to Zaire was 14 per cent of the total for Africa.