

## BOOK REVIEWS

*In Whose Interest? International Banking and American Foreign Policy.* By Benjamin J. Cohen. New Haven, Conn.: Yale University Press, 1986. 347 pp., \$20.

Reviewed by HENRY S. TERRELL

*In Whose Interest*, by Benjamin J. Cohen, takes a close look at the strategic interaction between international banking and international political interests. The theme of the book is that "In practice, high finance can no longer be kept separate from high politics."<sup>1</sup> Cohen argues that bankers and politicians often have very different goals and motivations, and that more formal and institutionalized relations between both groups are needed to accommodate the legitimate interests of each.

The book is divided into three parts. The first part develops a methodology for integrating international banking developments and U.S. political interests. One chapter entitled the "Incredible Quarter Century" carefully traces the growth of international banking activity from the 1960s to the present. The author looks at the reasons why bankers historically have expanded their international sovereign lending quite rapidly, often because of what has been termed "disaster myopia," the failure to recall the historical risks in that type of lending. He takes a historical perspective in suggesting that the current period of limited international lending is temporary and that international trade and financial integration in the long run, as well as the need for asset and liability diversification, will create appropriate incentives for bankers to expand their international lending activities. "The business will go on."<sup>2</sup>

In light of this, Cohen focuses on four issues for policy debate: effectiveness, efficiency, equity, and external relations. The first three are generally familiar

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1. Benjamin J. Cohen, *In Whose Interest? International Banking and American Foreign Policy* (New Haven, Ct.: Yale University Press, 1986), p. 3.

2. *Ibid.*, p. 55.

to economists, and it is the latter, the focus on external political relations, that distinguishes this book from others on international banking and finance.

The second part contains a fascinating and scholarly review of the history and problems of sovereign borrowing from the Roman Empire, Renaissance Italy, 19th century Czarist Russia, and early 20th century lending to Latin America. Although it does divert the reader's attention from the main theme, the chapter highlights a number of historical generalities about sovereign lending that are applicable to the present. The history of the interventions and the political interests of the creditor country governments is especially pertinent, although today's new institutions, closer economic integration, and better communication make some of the earlier examples merely anecdotal.

Cohen then uses four detailed case studies of international banking problems to demonstrate the close interactions of high politics and high finance, and the political constraints imposed by banking relationships. The first case study analyzes the threat posed by the possibility of Arab depositors withdrawing their funds from U.S. banks. The author correctly concludes that the true threat was negligible because most deposits were of fixed maturity and by necessity any deposits withdrawn from an individual bank would remain within the banking system and would be returned at small (but not zero) cost in the interbank market. He notes the problem was not one of macroeconomics, but one of micropolitics where large banks holding the majority of the deposits might apply political pressure to influence U.S. Government policy in the Middle East. The author faults the Government for basing its policy decisions on inadequate statistics, and here there are several minor technical errors where he fails to distinguish between data collected by the government and data available in government publications. For many years the U.S. Treasury Department has collected data on liabilities to individual OPEC countries at banks' domestic offices, and since 1975 the Federal Reserve has collected similar data from foreign branches of U.S. banks. Such data were available for official policy analysis. The data reported in official publications, however, contains aggregations of selected country totals, where such aggregations were made public for essentially political reasons.

Two other well written and interesting chapters review the freezing of Iranian assets in 1979, the leverage that the freeze exerted on obtaining the release of the hostages, and the constraints that banks' exposure to Poland had on U.S. policy during the suppression of the Solidarity movement. The U.S. government receives high marks for its handling of the asset freeze, and

low marks for pushing banks to lend to Poland when the U.S. government thought Poland might liberalize its economy and political system. The resulting large bank exposures ultimately restricted U.S. policy options when the Polish government cracked down on Solidarity. Cohen credits the success in the Iranian case to a simple moderate policy objective and the maintenance of good communication between banks and policymakers during the negotiations with the Iranian government.

The author reviews the Latin American debt problem as a case study. Since so much has been written on this subject it is difficult to be unique. The interesting insight in this chapter is that the political capital reaped by U.S. actions to assist these countries in 1982 and 1983 later dissipated when the borrowers came to associate their economic austerity with ungenerous U.S. financial policies.

The third and final part of the book contains the diagnosis and policy prescriptions that many will find provocative. The chapter on diagnosis suggests that situations are easier to manage when the government has coherent objectives, information is available, banks and officials openly communicate, and all sides practice moderation.

Most of these conclusions do not seem controversial on first inspection. Increased communication between banks and official agencies is the author's principal policy prescription. To improve communication, Cohen suggests a regular structured dialogue between several senior bankers, major government officials, such as the Secretaries of Treasury and State and the Chairman of the Federal Reserve Board, and chairmen of various House and Senate committees. The author expects that such a dialogue would not result in collusion or corporatism, because each set of players would simply exchange information.

While it is hard to oppose better communication, this reviewer believes this kind of broad-based meeting *sans* agenda is in H. L. Mencken's words "simple, neat, and wrong." First, the size of a meeting including so many participants with varying interests would probably preclude any meaningful exchange. There are many other less formal ways where information might more readily be exchanged. Secondly, while Cohen has convincingly shown that politics and banking are intertwined, other U.S. commercial interests besides banking (such as direct investors, oil companies, and exporters) also influence and are influenced by U.S. foreign policy and should expect a comparable interchange with government officials. One issue the author fails to address is whether the discussions between the banks and government

officials would be kept confidential. If so, what undesirable precedents might be established by having a special institutionalized confidential relationship between one industry and a broad segment of high-level policy officials?

The author suggests that information is a necessary but not sufficient condition for better decision making. Detailed information on individual U.S. bank exposures (on a consolidated basis) has been available to U.S. authorities since 1977, well before the current debt problem. This type of information can substitute for communication because it allows policymakers to simulate and estimate the impact of alternative scenarios on banks' capital and earnings potential.

Cohen also refers to the management of international liquidity as a necessary condition for preventing excess international lending. At several instances earlier in the book the author also obliquely refers to excessive international liquidity as a cause of excessive lending. The concept is never carefully defined so it is hard to know exactly what the author means. An increase in international payment imbalances, caused by a large increase in the oil bills of some countries, and the corresponding increase in the oil receipts of other countries, is *not* in itself an increase in *net* international liquidity. To paraphrase Robert Solomon, the demand for funds by necessitous borrowers is offset by the supply of funds by necessitous lenders.

Total liquidity in the system can only increase if central banks expand their reserve-supplying operations or if an international agency such as the International Monetary Fund creates new Special Drawing Rights or some other international reserve asset. Since the advent of floating exchange rates, official settlements deficits of the United States no longer expand world liquid reserves. The OPEC surpluses, then, did not significantly expand net international liquidity since they were offset by other countries' needs to borrow. The issue of international liquidity is indeed complex, and the author should have analyzed this topic more explicitly.

Professor Cohen has written a highly readable and scholarly work on international banking and international politics. His writing is often clever and witty. His conclusions and proposals are provocative and should stimulate debate and discussion on the topic. The book would be appropriate reading for an advanced undergraduate or graduate nontechnical economics course on current international economic issues, or for courses in political science and political economy.

*Nuclear Ethics*. By Joseph Nye. New York: Free Press, 1986. 136 pp., \$14.95. Index.

Reviewed by PHILIP A. HEYWOOD

In the last several years philosophers and practitioners of nuclear strategy have with increasing frequency addressed themselves to the morality of nuclear deterrence. The argument is generally split between those who believe deterrence moral because it prevents dire consequences, and those who believe deterrence immoral because it threatens an evil to accrue a good, or because the possible consequences of a failed policy of deterrence far outweigh any benefits that such a policy may provide. For the latter of these two groups deterrence is akin, in the conception of Paul Ramsey, to placing babies on the front of car bumpers to ensure that people drive safely. On the other hand, those who believe in the morality of nuclear deterrence share the conception that nuclear deterrence has contributed to limiting the outbreak of war for over 40 years, has allowed the U.S. to pursue its way of life, and has checked the Soviet Union's expansionist nature.

The major plank of the moral reasoning of Joseph Nye's *Nuclear Ethics* is aimed at proving that the magnitude of some consequences outranks other notions of morality such as universality or absolute virtue.

What if killing or torturing one innocent person could save a city of 10 million persons from a terrorist's nuclear device? At some point does not integrity become the ultimate egoism of fastidious self-righteousness in which the purity of the self is more important than the lives of countless others? Is it not better to follow a consequentialist approach, admit remorse or regret over the immoral means but justify the action by consequences? Do absolutist approaches to integrity become self-contradictory in a world of nuclear weapons?<sup>1</sup>

Nye is careful to argue against too facile an application of this "consequentialist approach," but at heart he is convinced that certain permanent ends are to be avoided regardless of "temporary" considerations over the morality of the means.

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1. Joseph S. Nye, Jr., *Nuclear Ethics* (New York: The Free Press, 1986), p. 18.

*Nuclear Ethics* falls squarely within the "pro-deterrence" camp but Nye distances himself from the more rigid members of this fraternity by setting forth five maxims that condition or limit the moral use of nuclear weapons as a deterrent. Each of these five maxims is placed within a subsection of concern (Motives, Means, and Consequences) for those who wish to test whether at any point in time a particular deterrent policy is moral.

Motives.

- (1) Self-defense is a just but limited cause.

Means.

- (2) Never treat nuclear weapons as normal weapons.
- (3) Minimize harm to innocent people. (For Nye, this consists in the main of living within the Just War Doctrine's caution of using the most "limited means" available to achieve one's wartime objectives.)

Consequences.

- (4) Reduce risks of nuclear war in the near term.
- (5) Reduce reliance on nuclear weapons over time.

In Nye's ethics, these limits, if followed, allow a place in the moral firmament for the use of deterrence as a matter of moral public policy. Nye garners these maxims from a reading of the Just War Doctrine and believes them to include the principles of proportionality, discrimination between innocents and combatants, and the use of limited means to achieve one's goals. Because Nye believes that moral decisions about nuclear strategy influence the form that any particular strategy may take, he argues that there must be a strong element of pragmatism in any moral thinking about nuclear weapons. If one's moral reasoning is touched with the paint of utopianism, then Nye finds no place for it within the argument.

Given his own caveat that pragmatism must play a role in moral theorizing about nuclear weapons, it is worth noting that Nye's own maxims do not allow for easy application. For instance, Nye himself recognizes that his third maxim, "minimize harm to innocents," is problematic. Nuclear strategists often split over the wisdom of countervalue and counterforce targeting of weapons in a nuclear deterrent. Those who argue on the countervalue side hypothesize that it is precisely the horror of the death of countless innocents that prevents the outbreak of war. In addition, they argue that the ability to afford a deterrent is greatly increased by the fact that fewer weapons are needed

to provide a countervalue deterrent. Nye finds the debate somewhat “spurious,”<sup>2</sup> yet he can only come up with two imperfect measures that may improve the moral component of strategy but at the same time might not ensure an effective deterrent. The first is to forgo the targeting of cities on the grounds that to retarget missiles toward cities is at any time a quickly adaptable measure. Since the Soviets are aware of how easy such a change is, Nye argues, such forbearance results in no significant loss in the certainty of deterrence. Nye’s second alternative is a limited counter-city approach aimed at as few cities as possible, thus keeping some “horror deterrent” intact while limiting the resources spent on nuclear weapons and also “limiting the harm to innocents.” As Nye himself admits of these alternatives, “No targeting doctrine is perfect, and minimizing harm to innocents depends even more on reducing risks of nuclear war — both deliberate and inadvertent — in the first place.”<sup>3</sup>

Nye finds greater difficulty in implementing his final two maxims. If deterrence is for Nye the safest way to “Reduce risks of nuclear war in the near term” and it is necessary to live within that rubric for the foreseeable future, then how does Nye propose that we move from maxim 4 to maxim 5, that is, “Reducing reliance on nuclear weapons over time.” Though Nye posits that technology may make that decision for us, there is very little concrete in *Nuclear Ethics* on how this is to be done. It is as though Nye believes the world stuck for the moment in a stable system of deterrence. It is an assumption that, in light of technology’s tendency to destabilize the balance of power (witness the debate over the Strategic Defense Initiative), is at least open to question.

Nye posits that of the three sections surrounding his five maxims, the last is the most important. “Given the enormity of the potential effects,” Nye concludes, “moral reasoning about nuclear weapons must pay primary attention to consequences.” As Nye himself points out, this recognition of the primacy of consequences in moral reasoning about deterrence can lead to two very different conclusions as to the morality of nuclear deterrence itself: Nye’s own conditional acceptance of the policy, and what he terms an “absolutist” position, one that advocates the abandoning of weapons as well as deterrence. This absolutist position is, Nye assumes, motivated by a “sense of moral outrage.” This “outrage” is in turn seen as unproductive emotion and as

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2. *Ibid.*, p. 110.

3. *Ibid.*, p. 115.

running counter to good moral reasoning. It is also, according to Nye, the kind of thinking which undercuts security. After pointing to an anti-nuclear activist friend who sees his job as smearing nuclear weapons so that he lessens their appeal, Nye states:

If humankind is currently divided in a manner that permits nuclear weapons to be smeared or delegitimized only in democracies but not in other parts of the world, the emotivist approach may make the use of nuclear weapons as well as the loss of our values more rather than less likely. There is a crucial difference between moral outrage and moral reasoning.<sup>4</sup>

In addition to the assumption that the Soviet Union cannot be persuaded that nuclear weapons are unappealing, there is something tautological about Nye's argument. The logic runs as follows. Emotional thinking leads one to the decision to scrap nuclear weapons. Moral reasoning demands that nuclear weapons exist as part of a policy of deterrence. Consequently, emotional thinking about nuclear weapons is not good moral reasoning.

*Nuclear Ethics* rarely comments on the fact that nuclear weapons now pervade the world's political, private, and public culture. Nye puts forward his conditioned deterrence as the best strategy for limiting that pervasiveness. Here again, however, his aim is to eliminate what he sees as the damaging emotionalism that usually accompanies the recognition of the impact of nuclear weapons on our daily lives. He is attempting to gain our emotional, moral, and political approval of the weapons. In fact, for Nye, good moral reasoning demands that we forget our emotions and regret over the arms race and get on to living with nuclear weapons.

Whatever the justice or injustice of the original American decision to invent the bomb, nuclear knowledge now exists, and moral reasoning must start from that fact.<sup>5</sup>

In working so hard to eliminate emotion from his argument, Nye misses something. There is an acceptance of nuclear weapons at the heart of *Nuclear Ethics*. It is as though Nye were defining ethics as the pursuit of how to live with whatever already exists, rather than as the pursuit of how best to live. One need not be utopian to believe there are alternatives.

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4. *Ibid.*, p. 12.

5. *Ibid.*, p. 85.

A recent example is to be found in Freeman Dyson's *Weapons and Hope*. Dyson, in contrast to Nye, argues that "In order to avoid nuclear war, it is not sufficient to be afraid of it. It is *necessary* to be afraid but it is equally necessary to understand."<sup>6</sup> In this formulation the "emotion" that is absent from Nye's work is a positive motivation for preventing, not limiting, the use of nuclear weapons. In *Nuclear Ethics*, Nye assumes that nuclear weapons are here to stay and that adjustment to that fact is necessary. Dyson's *Weapons and Hope* assumes that though nuclear weapons are here today, too *complacent* an adjustment to that fact is dangerous. Dyson asserts, in the name of one of his chapters, that "tragedy is not our business," in short, that we cannot allow ourselves to be overwhelmed by the emotion we feel about nuclear issues. And despite cautioning us about the counterproductiveness of movies such as *The Day After* which might inspire fatalism, Dyson reserves for emotion some place in motivating action concerning nuclear weapons. In doing so, his conception of man's nature is somewhat more complete than Nye's.

Nye argues in *Nuclear Ethics* for a world where his definition of a conditional deterrence provides the best way to limit the chance for a nuclear conflagration and at the same time limits the impact of nuclear weapons on the psyche and resources of the world's population. He believes we must choose between unacceptable consequences and the pursuit of virtue. Moreover, Nye believes that the latitude for action once this decision is made is small, and only "modest efforts" are available to us. He concludes, ". . . our moral obligations to future generations are to avoid *large* risks now — of either war or the sacrifice of freedoms."<sup>7</sup> It is an innately conservative viewpoint, one aimed at adjusting to a world as it is with more or less good grace. In so arguing, Nye seems to limit humankind's ability to find a way out of its predicament and to plead instead for an acceptance of its fate.

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6. Freeman Dyson, *Weapons and Hope* (New York: Harper Colophon Books, 1984), p. 15.

7. Nye, p. 131.



*The 49th Paradox: Canada in North America.* Richard Gwyn. Toronto: McClelland and Stewart, 1986, 336 pp., C\$19.95.

Reviewed by JOHN M. WALENTA

Canada does not figure prominently in the American consciousness, and perhaps with good reason. From the U.S. perspective, relations between the two countries are so cordial that Washington need not lavish attention on its northern neighbor. To assume that Canadian perceptions of the United States are similarly bland, however, is to commit a grave error. In *The 49th Paradox*, Richard Gwyn eloquently addresses the complexity of Canada's coexistence with one of the world's superpowers. Gwyn, the *Toronto Star's* Washington bureau chief, ambitiously constructs a historical context with which to compare Canada and the United States economically, politically, and socially. Gwyn's convincing paradox is that, though overlooked, a better, more humane liberal society was created above the 49th parallel by "the new America of the North": Canada. This contention requires no small leap of faith and is bound to strike a nerve in most Americans who believe they are the true inheritors of a liberal democratic society.

Gwyn begins the book by looking at the 50,000 or so Americans loyal to the Crown who streamed into Canada during the late 18th century after their unsuccessful struggle in the American War of Independence. Although descendants of the same liberal tradition as the American revolutionaries, the Loyalists differed in one crucial respect: — they believed that individual rights and liberties could be better protected by established British institutions and customs. Canadian society, however, resembled neither the United States nor England:

In certain ways the new America of the North was less hierarchical than that of the South. It had no black underclass. It had no established aristocracy as in the Deep South. It had no great estates . . . and so all its farmers answered to themselves and not to landlords. It wasn't populist, as was America, but it was democratic; the soil was just too hard for the British class system to take root.<sup>1</sup>

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1. Richard Gwyn, *The 49th Paradox: Canada in North America* (Toronto: McClelland and Stewart, 1986), p. 19.

As British commercial interest in its modern colony waned, geography dictated that Canada reach economic accommodation with the United States, with which it previously had little economic contact. Here Gwyn takes the reader through a concise review of economic policy debates that arguably have permeated Canadian history in one form or another for over 100 years. He holds that the currently raging free trade negotiations between the United States and Canada are echoes of the free trade debate of the 1860s and 1870s and that trade liberalization should be rejected now as it was then.

After the 1867 confederation, Canada maintained high tariffs to protect fledgling domestic industry from the more efficient and rapidly expanding American manufacturers. Another reason for the tariffs was that the Conservative government believed free trade would undermine Canadian sovereignty by drawing it into a closer political union with the United States. The Conservatives remained committed to this policy despite the protestations of the Liberals who favored free trade with the United States.

In 1911 the Liberals finally got the opportunity to go to the Canadian people with a free trade agreement which had already been ratified by the U.S. Senate. But the electoral defeat of the Liberals that year, which Gwyn interprets as a grass roots rejection of closer economic ties with the United States, put an end to the concept of an economic union. The contemporary lessons of this defeat are clear to Gwyn. If the Conservative government now in power pushes too hard for trade liberalization then it too will be defeated.

Despite the rejection of free trade, Canadian contact with the United States, economic and otherwise, expanded dramatically over the next 70 years until each country became the other's largest trading partner. Each country in effect discovered the other. Even so, Gwyn says, Canadians remained convinced that they were closer to European traditions and thus were culturally more sophisticated than Americans. He also persuasively argues that Canada is a more tolerant society than the United States. Canadians, for example, see themselves not as members of a melting pot as do Americans but as a mosaic of mutually respected ethnic groups. Notes Gwyn:

Dissent is tolerated and differences are accepted as an inevitable and, indeed, a creative condition of life. If a Parliamentary Committee on UnCanadian Activities were ever to be established, it would never proceed beyond its first executive session. Problems are to be resolved by compromise, which allows everyone to claim a share of the solution, rather than by confrontation, which singles

out the winners from the losers. . . . No Canadian politician could bring a convention bellowing to its feet by proclaiming that extremism in the defence of anything was not a vice.<sup>2</sup>

Nonetheless, defining the Canadian national identity consistently proves to be difficult. The country did not achieve full self-government until 1931, the creation of a distinct flag until 1965, or the promulgation of a constitution — still unratified by Quebec — until 1982. Throughout the 1950s and 1960s various Royal Commissions, sounding like so many voices in the wilderness at the time, began alerting Canadians to the dangers of excessive American cultural and economic influence. As an example of political intrusion, Gwyn entertainingly recounts little-known details of the Kennedy administration's support of Lester Pearson's Liberal candidacy for prime minister in 1962. Gwyn charges that Kennedy was outraged by then Conservative Prime Minister Diefenbaker's decision not to arm Canada's NATO missiles with nuclear warheads. Shortly after Diefenbaker ordered the missile cones to be stuffed with sand to prevent them from toppling over, Kennedy had his campaign advisors provide active consultative support to the Liberals.

Gwyn is most eloquent in the book's middle chapters where he explains why Canada's distinct foreign and domestic policies are not a hybrid of those of the United States. His self-confessed nationalism comes through on more than one occasion and the reader senses that he is apologizing for Canada's 25 million inhabitants who are unaware of what is fundamentally good about their society. This exercise is tinged with harsh criticism of the United States and a hefty dose of smug self-congratulation. Gwyn notes that during the 1960s and 1970s, Canada, unlike the United States, escaped political assassinations, urban riots, and the muddle of Vietnam. Instead, Canadians witnessed the "spectacle of an American society that seemed to be bent on demolishing itself."<sup>3</sup>

Increasingly, Gwyn contends, Canadians turned away from the United States in order to find political, economic, and social models that fit their own values. Canadian nationalist sentiment was expressed in such legislation as the 1974 Foreign Investment Review Act that sought to screen incoming foreign, mainly American, direct investment. Many Canadians saw this as a natural response to foreign ownership levels that ranged anywhere from 58 percent in the manufacturing sector to nearly 100 percent in the petroleum

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2. *Ibid.*, p. 157.

3. *Ibid.*, p. 117.

and coal sectors of the economy. The National Energy Policy of 1981 effected repatriation of billions of dollars of foreign-controlled assets, again mostly held by United States firms, in Western Canada's oil and gas fields. Finally, legislation was enacted to protect against excessive American cultural intrusion by requiring that television and radio broadcasts allocate a minimum number of hours to domestically produced programs.

Gwyn's review of the Canadian-American relationship ends in the present, in which he sees problems similar to those faced in the 1880s. Today, as then, Canadians must determine whether or not to forge a free trade agreement with the United States. Gwyn does not deny the many serious structural problems facing Canada's "branch plant" economy or the rising tide of American protectionism. Yet he laments the possible loss of political sovereignty that liberalized trade might bring. An example of such a loss would come if Canada were forced to end government subsidies to industries in economically depressed regions as a price for gaining U.S. agreement to a new trade arrangement. Canada, he points out, already has tariff-free access to nearly 90 percent of the American market. Would the added security of a common market be worth the risk to Canada's national independence? Gwyn clearly does not believe so. Unfortunately his calls for greater economic self-reliance do not represent a credible alternative for a nation that generates 30 percent of its gross national product through exports — almost 80 percent of which go to the United States.

American readers likely will find in *The 49th Paradox* a fresh perspective on how Canadians view the country with which they share a 3,600-mile border. But perhaps the most lasting contribution of this book will come from the attention it pays to Canada's liberal political culture. Gwyn asks the reader to believe that Canadian uniqueness stems in part from having succeeded in building a liberal society superior to that found in the United States. By trying to define Canada as something more than just "non-American," Gwyn has gone a long way in shedding light on the elusive Canadian national identity. One of his book's few shortcomings is that it spends too little time on the problems of Quebec or Western Canada and pays even less attention to creative economic solutions for the future. This aside, his crisp, anecdotal style never fails to captivate.

*Shootdown: Flight 007 and the American Connection.* R. W. Johnson. New York: Viking, 1986, 335 pp., \$18.95.

*"The Target Is Destroyed."* Seymour M. Hersh. New York: Random House, 1986, 282 pp., \$17.95.

Reviewed by IAN MAXWELL

On September 1, 1983, a Soviet fighter shot down Korean Airlines Flight 007 as it flew — 365 miles off course — over Sakhalin Island, killing all 269 aboard. While the initial international expressions of horror and outrage were relatively short-lived, the longer-term political consequences were more far-reaching.

The Reagan administration gained a propaganda triumph when, within hours of the event, it released its own version, supported by translated transcripts of radio communications from the Soviet fighter which destroyed KE 007, depicting the Soviet Union as knowingly shooting down an innocent passenger plane. Then-Ambassador to the U.N. Jeane Kirkpatrick starred in a Security Council TV spectacular denouncing the Soviets, with "special effects" in the form of a video simulation of the shootdown provided by the United States Information Agency (USIA). President Reagan himself called it "an act of barbarism, born of a society which wantonly disregards individual rights and the value of human life." An appalled Congress turned suddenly compliant as it rushed through previously stalled legislation approving the administration's policies on the MX missile and chemical weapons development. In Europe, the various opponents of the emplacement of theater nuclear missiles suffered an immediate and significant hemorrhage of support.

In contrast to the immediate American response, the Soviet Union initially reacted by denying all knowledge of the affair. It took a full nine days to put forward a coherent explanation — the charge that KE 007 had been part of an elaborate and far-reaching American intelligence mission — and almost three weeks to publish a full exposition. By that time, the mainstream American press had swung into what Tom Wicker of the *New York Times* was later to describe as "depressing complicity" with its government. There was, by common consent, no "story" in the Soviet allegations.

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During 1984 and 1985, however, a number of articles published in American and British journals provided new information and analysis which, in the view of many, cast strong doubts over the American version. Much of the analysis was highly technical: it studied the instruments and procedures of airline navigation, the techniques of electronic intelligence (ELINT), and the capabilities of the intricate battery of U.S. radar and communication facilities which ring the naval bases of the Soviet Far East Command.

Surprisingly, the bulk of this work was not carried out by the major media organizations but rather by academics and various "insiders" of the defense establishments of NATO. A debate spanning several small journals ensued, with the participants divided into two camps, best characterized as "conspiracist" and "accidentalist." The conspiracists argued that the U.S. had knowingly invaded Soviet airspace. The accidentalists continued to believe that human or navigational error was at fault. Unfortunately, the early formulations on both sides contained errors of fact and inference, and the debate degenerated into a confused round of polemics and abstruse point-scoring.

The publication of the Hersh and Johnson books has given the debate a more measured and rational tone. Both authors have benefited from the passage of time to produce considered, nonpolemic works; both have been restrained in their methodological approach; both have drawn heavily on the work of earlier writers on the subject; and both are rigorous in their research and documentation. Yet the divide remains: while Hersh remains a convinced accidentalist, Johnson makes a refined (and, to this reviewer, powerful) exposition of the conspiracist case.

Johnson, a politics don at Magdalen College, Oxford, begins with the extra hurdle of credibility that seems to be the lot of any "conspiracy theory" — facing dismissal as, at best, the intellectual antics of a conspiracy buff or, at worst, the product of cynical Soviet disinformation. To overcome this problem, Johnson adopts a conservative approach to his investigation. He first examines the range of official explanations for the airliner's course divergence against the benchmark of what we *know* about the flight, drawing out a range of inconsistencies and internal contradictions that effectively undermine the explanatory power of the accidentalist hypothesis.

Johnson then attempts to fit the known facts to a surveillance scenario, arguing that the fit is far closer. While this approach is undoubtedly legitimate, the wide scope of analysis adopted by Johnson — covering the flight, its aftermath, and the political/strategic context — leads to an overly speculative style.

While the steady accretion of circumstantial evidence is itself impressive, the core of his case is the technical analysis of the flight path. Hersh's accidentalist case rests on demonstrating the plausibility of an accidental course divergence. It is therefore useful to focus on the question of the course divergence, and to compare Hersh's explanatory scenario (which he adopted wholesale from earlier work by a pilot, H. Ewing) with Johnson's critique.

### *Navigational Error?*

The flight path which KE 007 was cleared to take from Anchorage to Seoul is a regular and popular route used by several airlines. The route is interspersed with notional "waypoints," a series of coordinates at which the crew is required to radio ground control in Alaska or Japan. Navigational maps carried by all civilian crews on this route mark Soviet airspace: "WARNING — aircraft infringing upon non-free flying territory may be fired on."

Modern civilian aircraft rely on several navigational instruments used in conjunction, so as to provide, at least in theory, a fail-safe procedure. Official policy demanded that the flight crew of KE 007 operate the following: the Inertial Navigation System (INS) which consists of three separate instruments for redundancy; the VOR radio directional beacon at Bethel (there are none for the flight over the sea); and the plane's radar system, which can be used to map the terrain below.

In its report on the shutdown, the International Civil Aviation Organization (ICAO) proposed two possible scenarios for navigation error: (1) that an erroneous takeoff position of 10 degrees too far to the east had been inserted into the captain's controlling INS, with the other two INS correctly programmed; and (2) that the crew had accidentally switched the auto-pilot mode selector onto a magnetic heading, so that the plane would fly a direct compass (rather than INS) heading of 246 degrees.

The accidentalists argue that, in the words of the ICAO, while both "postulations assumed a considerable degree of lack of alertness and attentiveness on the part of the entire flight crew [, it was] not to a degree that was unknown in international civil aviation." However, the extent to which this verdict is open to question even within institutions such as the ICAO was revealed by the publication of a dissenting opinion by the ICAO's Air Navigation Commission, which rejected these scenarios "because any one of them contained some points which could not be explained satisfactorily."

Hersh's (or rather, Ewing's) hypothesis is a version of the INS misprogramming scenario, amended to fit what we know of the actual flightpath. He postulates a series of errors and deliberate flouting of procedure on the part of Captain Chun, the ex-fighter pilot crew captain.

The INS system uses three computers linked to a gyroscope. Once the plane's position, destination, and waypoints are fed in, the INS will in effect fly the plane along that route with an accuracy of one mile's variance in a 5000-mile flight. A mis-setting of the initial takeoff position will lead to a *linear*, or straight-line, divergence from the official route — and we know to within a few hundred yards what flightpath the divergent route must follow. If, on the other hand, KE 007's flightpath was characterized by *changes* in course, there is a strong *prima facie* implication that the crew was in active control of the plane, with the consequent demolition of the accidentalist theory. The difficulty faced by Hersh was that both radar tapes and the radio transcripts showed course headings that were, at first sight, totally inconsistent with the notion of a straight-line divergence. In Alaska, the plane flew only 12 miles (rather than the necessary 38) north of Bethel; and, approaching Sakhalin, it made an abrupt turn to the north, which took it over the island rather than skimming its tip.

According to Hersh, the initial "finger error" was committed by the flight engineer as he entered the plane's "ramp position" on the captain's (controlling) INS. On seeing a contradiction between the captain's digital display and the second (copilot's) unit, he assumed that the problem lay in the second INS and "resolved the problem by getting rid of it, by turning off the warning light and leaving the error intact."<sup>1</sup>

After takeoff, Captain Chun compounded the error by making an unauthorized shortcut designed to take the aircraft south of the radio beacon at Bethel in order to save fuel. Moreover, he would have had to enter a further set of incorrect INS coordinates at this point without informing the rest of the crew. Clearly, to fit his scenario to the available data, Hersh has had to postulate a conjunction of errors that many find beyond credence, combined with a total failure by the crew to use such navigational double-checks as the airborne radar system in ground-mapping mode and the supposition that Captain Chun must have spent much of the flight in the first-class cabin rather than on the flight deck. Even Hersh admits that this scenario requires

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1. Seymour M. Hersh, *"The Target is Destroyed"* (New York: Random House, 1986), p. 200.

“a leap of faith” at crucial points. But it can be argued that most air crashes involve *precisely* this type of compounded pilot error and passivity, avoidance of official procedure, and statistically improbable happenstance.

However, even with this degree of flexibility written in to the behavior of KE 007's crew, Hersh's scenario seems to run into a number of seemingly intractable problems and contradictions. For example, Hersh explains the final crucial turn in KE 007's course as it approached Sakhalin by suggesting that, at that moment, the captain reprogrammed the INS, which rejected the new (inconsistent) input and sent the plane on a new heading that curved to the north. As it turned to the north, the crew would notice the change and take the controls to bring it back on course, thereby producing a jink in the radar track. But this assumption defies the fact that the last-minute swerve took the plane a full 50-60 miles further off course — several minutes of flying time rather than a few seconds.

Even more damaging to Hersh's argument, Johnson makes an analysis of a series of handwritten calculations made by Captain Chun on the original copy of the flight plan filed at Anchorage, strongly suggesting that the course divergence was planned rather than accidental. For example:

At the top [of the computerised flight plan, Chun] wrote 'ETP 1501 NM' and under that '3HR 22 Min'. ETP stands for Equal Time Point — i.e. an *en route* staging point — an oddity, for there is no such point 1501 nautical miles (NM) along Romeo 20 [KE 007's official route]. What is striking is that 1501 NM along the route that 007 actually took brings one exactly to the edge of Soviet airspace. In fact 007 was to cross the Kamchatka coastline 3 hrs. and 30 mins. after takeoff . . . [and, but for falling nine minutes behind schedule in terms of its reported position] would have entered its path across Soviet territory almost exactly 3 hrs. and 22 mins. from takeoff.

The flight-plan schedule lists all the waypoints along Romeo 20, together with the times at which 007 was due to arrive at them. The time to reach NEEVA [the third waypoint] is listed as 2 hrs. 50 mins. Under that Captain Chun scribbled '+32'. This again produces the 3 hrs. 22 mins. figure. In the space below NEEVA Chun made a heavy V-shaped mark, inside which he wrote '250 NM'. This too is highly suggestive, for it was . . . after falsely

reporting NEEVA that 007 actually crossed Kamchatka . . . [and] was inside Soviet airspace [over Kamchatka] for approximately 250 nautical miles.<sup>2</sup>

Of course, the conspiracist hypothesis requires an answer, not only to the question “how,” but also “why?” What possible intelligence data could a *civilian* airliner hope to gather that standard surveillance techniques could not? The answer proposed by the conspiracist scenario lies in the search by both sides in the arena of the Sea of Japan to document the other’s “electronic order of battle” — electronic warfare being the lynchpin of modern conflict. This would include radio signals from the air-defense system, Soviet air traffic, and the location and characteristics of radar stations.

According to the Soviet Union, shortly before it entered their airspace, KE 007 had rendezvoused with a USAF RC-135 (a converted Boeing 707 ELINT plane) and the two had merged on Soviet radar screens — one “blip” flying on toward Kamchatka, the other turning away. Soon after the shootdown, two former intelligence specialists who had flown RC-135 missions from Okinawa wrote an extensive exposition of the plane’s capabilities and tactical use. According to them,

the aircraft are assigned ‘orbit’ areas near target nations by the National Security Agency, which has operational authority over all personnel aboard. . . . It has been our experience that, on occasion, NSA adjusts the flightpaths of RC-135s so that they will intentionally penetrate the airspace of a target nation, bringing a target country’s air defense systems into a state of alert. This allows NSA to analyze these activated systems for potential flaws and weaknesses.<sup>3</sup>

Only an extraordinarily deep penetration by an unknown plane would cause previously silent radar and communications systems to be switched on. On the other hand, a military intrusion would risk the prospect of another U2 incident. If an intelligence coup of this type were being considered, it would “need to offer an aircraft of initially apparently military character, which would turn out later to be apparently civilian.”<sup>4</sup> The worst-case scenario would

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2. R. M. Johnson, *Shootdown: Flight 007 and the American Connection* (New York: Viking, 1986), p. 31.

3. Tom Bernard and T. Edward Eskelson, “U.S. Spy Plane Capable of Interceding in Attack on Korean Jet,” *Denver Post*, 13 September, 1983, p. 3B.

4. P. Q. Mann, “Reassessing the Sakhalin Incident,” *Defence Attache*, no. 3 (1984), p. 48.

envision KE 007 merely forced to land on Sakhalin. Only the most gungho pilot would ignore a fighter's warnings; only the most cold-blooded and implacable military would order the destruction of a possible civilian plane. (A mere six and a half hours after the shootdown, when ignorance of Flight 007's fate and panic among relatives in Seoul reigned, the South Korean Foreign Ministry received news — citing the U.S. CIA as the source — that 007 was safe, but forced down over Sakhalin.)<sup>5</sup>

Johnson builds a wider context to the shootdown, examining the possibility of the flight's coordination with a Ferret ELINT satellite, the apparently futile search for the plane's "black box," the misleading last-minute communications between 007 and Japanese ground control, and crucial disagreements between the U.S. and Japanese versions of the final plunge of the airliner. Much of the analysis is, by definition, highly speculative, but the contradictions seem, for all that, to be real.

Hersh's approach is to use the techniques of investigative journalism — namely, the unattributed interview — rather than focusing, as does Johnson, on the public record. His investigation deals with the post-shootdown reaction of the U.S. administration and intelligence services.

In a White House deeply aware of the importance of symbolism, it does not come as a surprise that a decision was made to increase international tension by running with (and sticking to) the loosely translated tapes presented with such flourish at the Security Council. In the words of Scott Thompson, a professor at The Fletcher School of Law and Diplomacy, then associate director for programs at USIA:

The tape was unclear and really didn't prove anything, but if you give out something in real time; if you present it and orchestrate it so nobody could catch his breath. . . . We tried to package it and we succeeded. We made a calculated decision that we were going to pretend that this tape was the be-all and end-all. We figured no one would challenge it — 'the emperor has no clothes.'<sup>6</sup>

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5. David Shribman, "Korean Jetliner: What Is Known and What Isn't," *New York Times*, 8 September 1983, p. A1.

6. Hersh, p. 166.

