

BOOK REVIEWS

THE CIA'S NOT-SO-SECRET WARS

The Agency: The Rise and Decline of the CIA from Wild Bill Donovan to William Casey. By John Ranelagh. New York: Simon and Schuster, 1986, 847 pp., \$22.95.

The CIA: A Forgotten History. By William Blum. London: Zed Books Ltd., 1986, 428 pp., \$15.95 (paperback).

Presidents' Secret Wars: CIA and Pentagon Covert Operations Since World War II. By John Prados. New York: William Morrow and Company, Inc., 1986, 480 pp., \$22.95.

REVIEWED BY ANTHONY W. PEREIRA

In November 1980, the Reagan transition team report stated that the "fundamental problem confronting American security is the current dangerous condition of the Central Intelligence Agency and of national intelligence collection generally."¹ President Reagan's advisors claimed that the CIA had refused to acknowledge the alleged military superiority of the Soviet Union, was soft on Communism, and was prone to bureaucratic inertia: its officials were more interested in job security than national security. The report suggested, in McCarthyesque tones, that "these failures are of such enormity that they cannot help but suggest to any objective observer that the agency itself is compromised to an unprecedented extent and that its paralysis is attributable to causes more sinister than incompetence."² Evidently, the Reagan administration's distrust of the CIA went so deep that suspicions of Soviet penetration were permissible.

Whether these suspicions, or simple frustrations with bureaucratic inertia, were forces that drove the administration to initiate its disastrous Iran-Contra operation is not clear. What is clear is that the CIA and its Congressional reporting requirements were bypassed by the CIA director himself in favor of the National Security Council staff. The latter became the cockpit of a number of questionable maneuvers from 1984 to 1986, the ultimate goal of which was the creation of an independent and self-financing agency capable of conducting operations without any governmental controls. How this could

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1. John Ranelagh, *The Agency* (New York: Simon and Schuster, 1986), p. 660.

2. *Ibid.*, p. 665.

have come to pass, and how the CIA and covert actions figure in the U.S. foreign policy equation, is the theme of each of the three books reviewed here.

The most comprehensive is Ranelagh's *The Agency*. Each chapter covers a few years of the CIA's existence in exhaustive detail. All the major events are covered, from the exploits of the CIA's precursor, the OSS, in World War II, through the agency's birth in 1947, to the reign of William Casey. The book's appendices include a series of organizational charts which show the growth of the agency since 1950, when it had only 5,000 employees, and the mushrooming of cryptic departments and sub-departments with names such as the Office of Central Reference. A list of the heads of the various CIA directorates and biographical data on all directors and deputy directors make Ranelagh's book a valuable reference. The book also draws on several hundred interviews with former and current agency personnel.

One of Ranelagh's themes is that the CIA has developed from a very special, flexible, and mysterious unit in the 1940s and 1950s — a kind of special force — to a relatively ordinary, ponderous and bureaucratic organization in the 1970s and 1980s. Today, the CIA is the most public intelligence agency in the world (the current director of central intelligence, DCI, William Webster, was sworn into office on national television in May 1987). The reality of its work is more prosaic than a John Le Carre or Robert Ludlum novel would have one believe. About 80 percent of intelligence, Ranelagh reports, is based on public information: ranging from newspapers to technological and scientific surveys. Thirty years ago more than 1,000 CIA operatives worked abroad, undercover as businessmen, academics and journalists. Today these are very few.³ Although 5,500 CIA employees now serve overseas, they mostly do analysis and write reports.

Since the 1960s, there has been a gradual switch of emphasis from human intelligence collection to technical collection. For instance, the DRM-4 maneuverable satellite transmits images from high resolution television cameras and has electronic sensors capable of monitoring communications on the ground. The CIA has ceased to be dominated by Eastern establishment people, as it was in its early days. In 1984, a record 150,000 job applicants applied from all over the country. Of the 1 in 17 accepted, many had middle class, mid-Western and West Coast backgrounds. Ranelagh is also correct to argue that the CIA is not the "rogue elephant" which some journalists and politicians say it is. It has almost always acted on the orders of the President or his appointed supervisors.

Ranelagh is the only author of the three books discussed here who was able to obtain documents under the Freedom of Information Act (he was given 7,000 pages of formerly classified material). The fact that his history is a panegyric to the CIA is, perhaps, no coincidence. The book reads like an official history, even though its author professes "to maintain a certain distance

3. It is not clear to what extent this diminished profile is due to the exposés of the 1970s. The most widely noted of these, which blew the cover of CIA operatives around the world, is Philip Agee's *Inside the Company: CIA Diary* (New York: Bantam Press, 1976).

from the agency to establish the book's integrity."⁴ It consistently makes excuses for the CIA, even for its most loathesome and unnecessary excesses. When the CIA read citizen mail, smuggled drugs, made pornographic films and tested LSD on unwitting people (including its own employees), this was all somehow related to the defense of the Free World. Ranelagh approvingly quotes Lt. Gen. James Doolittle, whose 1954 report stated what is now the conventional defense of CIA covert operations: the other side does it to us. In a famous passage, the report declared:

If the United States is to survive, long-standing concepts of fair play must be reconsidered. We must develop effective espionage services and must learn to subvert, sabotage and destroy our enemies by more clever, more sophisticated, and more effective methods than those used against us.⁵

It was this declaration of a "dirty war" on Communism that allowed abuses to flourish. If a government agency is permitted to operate in complete secrecy, without careful direction and supervision, it will naturally determine its own responsibilities. The national interest may be used as a cloak to conceal mere bureaucratic self-interest. Evidence of KGB covert operations is in fact scanty because, with the exception of Poland in the 1980s, Soviet aggression has been open.⁶ Unfortunately, until recently, those who have pointed this out have been accused of liberal squeamishness, naive ignorance, calumnious treason, or all three at once. Genuine public debate over the desirability of covert operations has been squashed with the same words that the CIA Far East specialist Desmond Fitzgerald used to pour scorn upon a doubting fellow officer in Vietnam in the 1960s: "Don't be so wet."⁷

Ranelagh, no doubt wanting to avoid any appearance of wetness, will not hear of Congressional oversight of the intelligence community because "the exposés of the 1970s served to confirm only that the more that was known about the agency and its activities the less effective America would be in meeting the Soviet Union on equal terms." The author wants intelligence agents to police themselves — a dangerous privilege to grant any group in a democratic society.

While Ranelagh believes that covert operations are an integral part of the foreign policy of a generous and rational superpower, William Blum in his *The CIA* is far more critical. His book centers not on the CIA per se, but on U.S. interventions abroad in general. Blum, an expatriate American, is generally careful with his (public) sources and states his bias openly: he is opposed to interventions on both political and moral grounds. The book suffers from a monotonous format (short chapters describing a series of similar U.S. actions), occasionally preachy and didactic outbursts, and sloppy linkages which

4. Ranelagh, *The Agency*, p. 21.

5. *Ibid.*, p. 277.

6. See Phillip Knightly, *The Second Oldest Profession: The Spy as Bureaucrat, Patriot, Fantasist and Whore* (New York: W.W. Norton and Company, 1987).

7. Ranelagh, *The Agency*, p. 223.

imply causality when they shouldn't. An example of the latter is the author's statement that the world market price of cocoa rose after Nkrumah was deposed in Ghana. Is the author implying that the U.S. government manipulated the cocoa market? If not, why not say so?

Blum, in contrast to Ranelagh, sees the CIA as the unacceptable face of a superpower which could have been greater than it is. His book is a radical's critique of empire. The United States had an unprecedented opportunity after World War II, he writes, to establish a more just world order. Instead, a desire for power drove the United States to try to crush nationalist movements abroad which dared to challenge American interests. For U.S. policymakers, he writes, "if communists didn't exist, the United States would have to invent them."⁸

The CIA takes pokes at a few other sacred cows, including the Doolittle "dirty war" doctrine. It claims that KGB-CIA relations are "marked by fraternization and respect for fellow professionals" more than hostility and combat.⁹ Blum also dares to highlight a paradox which Ranelagh gingerly steps over: how a democratic government can be defended by undemocratic means. He reproduces this amusing exchange between Italian journalist Oriani Fallaci and CIA man William Colby, which took place in the 1970s:

FALLACI: Had you been born on the other side of the barricades, you would have been a perfect Stalinist.

COLBY: I reject that statement. But . . . well . . . it might be. No, no. It might not.¹⁰

The CIA makes a further point, a well-documented but often neglected one, which is that CIA actions are not restricted to the so-called Third World. For instance, between 1948 and 1968, the CIA itself estimates that it paid a total of \$65 million to Christian Democrats and other parties, labor groups, and civil associations in Italy to influence politics there.

For all its acuity, however, Blum's book is the work of an outsider, more able to condemn all manner of covert operations than to offer a corrective. John Prados, a Washington insider, can at least point a way out of the mess in his *Presidents' Secret Wars*. Prados focuses on only one aspect of CIA and Pentagon covert operations: paramilitary action or the use of armed forces supported by the United States to affect events in other nations. The author casts a critical eye on these operations, drawing upon memoirs, newspapers, periodicals, official histories and government documents.

Prados' critique of the CIA rests on both instrumental and legal foundations. With regard to the first, he takes U.S. foreign policy objectives as given, arguing that paramilitary assaults have "contributed little to American national

8. William Blum, *The CIA*, p. 6.

9. Ibid., p. 8. According to John Stockwell, a former CIA agent in Africa, "in . . . twelve years of case officering I never saw or heard of a situation in which the KGB attacked or obstructed a CIA operation." See John Stockwell, *In Search of Enemies: A CIA Story* (New York: W.W. Norton and Company, 1984).

10. Blum, *The CIA*, p. 132.

security" and that another Bay of Pigs "is but a matter of time."¹¹ On the second point, he writes that the National Security Act of 1947, which created the CIA, makes no mention of covert operations, and that such operations are therefore illegal. Prados also ventures an appeal to the self-interest of the intelligence community: he points out that after President Reagan "unleashed" the CIA, the agency experienced the highest casualty rate in its history when eight officers were killed between the spring of 1983 and the fall of 1984.

The solution for Prados is Congress. Presumably the author supports legislation such as Senator John Glenn's S.1458, which would give the General Accounting Office authority to review CIA operations. But he does not make a convincing case for why additional restraints can succeed when similar measures in the past have so clearly failed. Until effective Congressional oversight can be established, public distrust of intelligence agencies can be expected to grow. Such recent incidents as the first-ever protest, in April 1987, at the CIA's Langley, Virginia, headquarters, genuinely reflect the reality that clandestine wars are not popular with the American people.

Is the game worth playing? Covert operators can seduce presidents because they promise freedom from the public, press, Congress and most of the bureaucracy. But these books confirm that the record of covert operations, in the words of Harvard University professor Stanley Hoffman, is full of "disasters and fiascoes abroad, and the bad habits of illegality, deception and dishonesty they foster at home."¹² Such actions also diminish the capacity of the intelligence network for accurate analysis. The art of the intelligence officer is to probe beneath the policy statements of foreign governments: the boasts, threats, disclaimers and declarations which are habitually emitted to deceive citizens and adversary alike. Like a good chess player, the analyst must assess the opponent's real capabilities. But when the analyst is also entrusted with running a war, he becomes emeshed in propaganda and wishful thinking of his own and analysis suffers.

John Prados is right to call for an end to the covert paramilitary game. Played in the name of the American people, it squanders their resources and soils their reputation for decency and generosity. The next president should declare that the United States will henceforth engage only in public conflicts, approved of by a majority, although this is precisely what our dirty warriors fear. Without the shroud of secrecy, they might be faced with the awful prospect of peace.

11. Prados, *Presidents' Secret Wars*, p. 412.

12. Quoted by Anthony Lewis, "Poisoning Ourselves," *New York Times*, May 1987, p. A31.

Veil: The Secret Wars of the CIA. By Bob Woodward. New York: Simon and Schuster, 1987, 400 pages, \$21.95.

REVIEWED BY W. SCOTT THOMPSON

Once upon a time in a far off place there was a tradition of investigative reporting that was based on extensive and intensive digging and cross-checking, along with enough documentation for the reader to presume legitimacy on the writer's part.

Along came the Vietnam War and journalists found that there were government officials *engagé* in their political struggle, who would save them the hard work that had always been involved in their trade. They would give them the material for their stories, truckloads of it. Or the reporter could "liberate" it. Very little additional work was required to produce a newsworthy story. Alas, the more interesting story — who was doing what to whom in leaking the material — was always left out. It was to give future historians grave difficulties in sorting out this truly important story — at least those studying the peculiar case of American bureaucracy.

Along a different track came another development, the new genre of historical romance, the reconstructed historical novel. Marguerite Yourcenar did it best with *Hadrian's Memoirs*, William Safire quite competently with his new novel *Freedom*. For others one can say less.

Then appears Bob Woodward, to blend the two new art forms, the synthesis, as it were. Truckloads of documents, a reconstruction of reality: Readers are already familiar with the truly extraordinary revelations *Veil* gives us, as they have been parcelled out in the popular press like installments of Dickens' novels a century ago. On one page Woodward is blowing away news of our most important Soviet sources, on another revealing which heads of state are secretly relying on CIA protection to stay in power. But we get still more. Get this: when William Casey first visited Admiral Turner during the 1980 transition, we are told that he "took short, unsure steps as if his feet were sore or someone had put a handful of gravel in each shoe." What sort of reader wishes to know such? Do we really know (or wish to know?) that Ambassador Motley "had once said jokingly, [Deputy DCI John] McMahon had somehow caught Casey sucking cock!"

Lest it appear that this reviewer be pusillanimous, let it be noted that Woodward's *Veil* is an important book. Any subsequent studies of the Reagan years must start with the data in this book. Reviewers inevitably write from their own knowledge, evaluating on the base of what they know the writer to have got right — or wrong. As a sometime scribbler on the small West African country Ghana, I could not help notice intelligence notes, when I served the U.S. government, to the effect that the KGB was thought to exercise control over two newspapers in the capitol of Accra, through editors

taking Soviet money. Woodward has now made what I thought was a secret — one I would have liked to use in my research — into a public fact. It is a small point, but not in West Africa.

More salient to the book's main thrust, I note that, as action officer for Project Democracy between 1982 and 1984, I made it my business to know as much as possible what "intelligence" was doing on the other side of the street from where our people worked, precisely to keep not only a distance, but a perceptible distance. Thus I had regular meetings with my CIA counterparts and pored over substantial amounts of intelligence data on a daily basis. As best I remember (the old tradition of maintaining a very short memory for intelligence matters having gone out well before Woodward) everything I picked up seems to be in *Veil*, and to my knowledge, correctly put: plus far more than I ever knew, even about matters on which I thought myself well-informed.

I must express even further surprise. During those two years a small group met at dinner approximately every two weeks, usually at a Capitol Hill restaurant, other times at houses of the members, to discuss how to get the Reagan message across internationally. It was made up of both government (Casey, Ikle, Buckley) and private (Heritage Foundation) personages; I counted myself lucky to belong. In countless dinners sitting at Casey's side, and believing I had his full confidence, I never once got out of him the kind of revelation that Woodward seems to have got in wads.

And wads it is. Woodward is a vacuum cleaner, picking up data on all sides like dirt on and under a rug. There is no organizing device to the book except time, but the movement in the book is more like a ship in a hurricane, the story hurtling across the government and the world.

This is a story about power. Bertrand Russell reminds us that power is "you talk, I listen." Woodward obviously did much listening and Casey much talking. But Woodward has stood the definition upside down. What is the book really about? Note with what pleasure Woodward happens to note that Poindexter, or McFarland, or Casey just happened to come by the *Post* to — not to put too fine a point on it — beg him and Ben Bradlee not to publish a story they had on an intelligence operation.

Who was going to whom!? It is said that Clarence Dillon sold his Wall Street positions prior to Black Friday in 1929 for the simple reason that he believed The Street had accumulated too much power, and that there would necessarily be a correction. How did he ascertain this? When he called Hoover, the latter sent "his man" (i.e. Secretary of the Treasury Andrew Mellon) *up* to Dillon to sort out matters at issue. Is it perhaps time to anticipate a reaction in the matter of government-press relations? Probably not; the cat is out of the bag. Unless remarkable new standards of compartmentalization of secrets is made possible by advanced technologies, the new tradition will probably hold that Americans will always be found to sell their secrets for one currency or the other.

Ultimately the real story in *Veil* is that the *Washington Post*, and others to a lesser extent, acting as a separate arm of government, have the power to

make or break intelligence operations on a systematic basis, and have learned how to use it.

Veil is only secondarily — though fascinatingly — about Bill Casey. It is tantalizing, and irrelevant, to consider whether Casey did speak to Woodward at the end. Of course he knew about the Iran-Contra funds, if he knew anything, and all the now famous hospital bed incident proves about the subject is that *Post* reporters have indeed elevated themselves to a level where such is deemed important.

And why, in the end, did Bill Casey talk? Woodward says he does not know. He quotes one case officer as saying Casey was just like “the new chief executive officer of a large corporation who came in to milk the corporation for what he could get out of it before throwing it to one side:” this in relation to the fear that Casey was setting up the CIA for a fall. That theory is too clever by half. Casey understood the new form of power — press power — in Washington. He knew whom he had to get to if he wished his swashbuckling image of himself sustained. So he gave Woodward enough to make his point — more than enough. Worse, he gave him the *laissez-passer* that opened the doors to many others, who also wished to “exist.”

Veil is an important book. Is it a serious one? This must be evaluated apart from self-serving irritations one finds in it. A serious book is one in which the author pursues the story, rather than the sources. Following sources is the path of least resistance: finding more sexy data, rather than the explanation of the phenomena under investigation. You can corroborate sources, but that begs the question: are you merely cross-checking periphery?

Ultimately, *Veil* is not serious because it fails to pursue the story promised in its subtitle — the “secret wars of the CIA 1981-1987.” It conveys how powerful the *Post* was, how arduous Woodward was, how indiscreet Casey, Turner, Inman and a host of obvious others were. It compromises American alliances, selectively, with abandon: Morocco and Saudi Arabia are trashed, curiously little is pursued of other countries more closely tied to the Contragate affair. An extremely key middleman among all the constituent parts of this story is Michael Ledeen, who gets one reference in *Veil*: perhaps Ledeen refused to talk, which by Woodward logic makes his part of the story irrelevant.

Thus decision-makers buy their way into history, in the Woodward path, by unloading boxes of data. If you don't talk, you don't happen. But at some point selectively and self-servingly leaked history and real history will collide. At that point the real story-tellers can thank Woodward for vacuuming up so much dirt, and begin the real job of sorting it out and going to its roots.

PEACE WITHOUT, REFORMS WITHIN?: STRATEGY AND THE SOVIET UNION

Superpower Arms Control: Setting the Record Straight. Edited by Albert Carnesale and Richard N. Haass. Cambridge, Massachusetts: Ballinger Publishing Company, 1987, 380 pp., \$34.95 (cloth), \$14.95 (paper).

REVIEWED BY STEVEN P. ADRAGNA

This book is something of a disappointment. It is disappointing not because it lacks thoroughness or scholarship — indeed, its 10 authors are quite conscientious — but because it fails to live up to its promises. The editors state that “[o]ur goal is to present an accurate and objective picture of arms control’s past. Although we make no attempt to predict or prescribe its future, we believe that our findings can serve as a useful foundation for thinking about what might come to pass.”¹ Unfortunately, the book does not provide any significant new insights on the arms control record or on the prospects for future negotiations.

However, there are some accomplishments worth noting. The editors present an impressive historical assessment of several major arms control agreements, give a generally balanced treatment of the treaty negotiations involved, and expose the issues raised in support of and in opposition to these treaties.

The book is primarily a collection of seven case studies, five of which were undertaken as part of the 1985-86 Harvard University project on “Learning from Experience with Arms Control.” The original five cases include: The Limited Test Ban Treaty; the Accidents Measures Agreement; the Anti-Ballistic Missile Treaty and Interim Agreement of SALT I; the SALT II Treaty; and, the negotiations on antisatellite weapons during 1977-79. Two additional case studies examine the Non-Proliferation Treaty and the Biological Weapons Convention. Three chapters deal with issues that pertain to each of the case studies, namely Verifications and Compliance, Linkage, and Lulling and Stimulating Effects of Arms Control. The final chapter contains the editors’ conclusions.

The general approach to each of the case studies is similar. The history of each agreement or proposed agreement is reviewed, along with the circumstances leading to and/or providing the impetus for the negotiations. The military-strategic issues surrounding the negotiations are analyzed, as are the various positions adopted by proponents and opponents of the agreement in question. Finally, each agreement (as well as the arguments pro and con) is tested against a set of 10 arms control hypotheses formulated by the collective

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1. Albert Carnesale and Richard N. Haass, eds. *Superpower Arms Control: Setting the Record Straight* (Cambridge MA: Ballinger Publishing Company, 1987), p. ix.

authors. Based on the public record of arms control debates in the United States, these hypotheses generally focus on either the prerequisites for arms control or the effects of negotiations and agreements.

As a historical assessment of both the arms control process as perceived in the United States and the substance of the domestic debates that took place over the major arms control agreements of the past 25 years, this book is worthy of attention. The 10 hypotheses about arms control that provide the framework for the case studies should also provide food for thought.

Although the conclusions fail to impress, some words of praise are in order for the authors of several case studies and "cross-cutting analyses" which comprise the volume. Each chapter provides a well-written, thorough but concise history of the agreement or treaty under examination. And each chapter provides a generally balanced summary of the key issues involved in the cases, stating the positions of the various constituencies, interest groups, and principal protagonists in the debate over the agreement. For this reason alone, the book should be read by students of arms control issues and national security policy. The chapters by Ivo Daalder on the Limited Test Ban Treaty and Kiron Skinner on linkage stand out, and Fen Hampson's summary of the SALT I process is also quite good, particularly with respect to developments in American attitudes toward the negotiations.

Regrettably, many of the other chapters — although artfully written — lose much of their impact because the authors tend either to present a rather dreamily optimistic assessment of an agreement or to ignore key aspects of the issue at hand. Steven Flanagan's examination of SALT II provides an example of the former. After presenting an excellent summary of the negotiations, the critical issues involved, and the positions that emerged from the domestic debate over the treaty's provisions, he concludes that "SALT II yielded marginal military results, but it could have provided valuable political dividends for the United States and the USSR if it had been ratified. . . . Had SALT II been ratified, the political climate could well have been conducive to a more productive superpower dialogue on a number of critical issues."² Yet, the bulk of the analysis contained in the chapter indicates that the political climate almost certainly would have continued to deteriorate irrespective of the ratification of the treaty. Flanagan further confuses the reader by contending that many people expected too much of the treaty anyway. Moreover, the significant military flaws in the treaty are given short shrift, although Flanagan does acknowledge that the Soviet leadership did not see the treaty as having any fundamental impact on the nature of the long-term conflict with the West.

Even more disappointing is Elisa Harris's case study on the Biological and Toxin Weapons Convention (BWC). This chapter provides another good summary of events leading to the negotiations, of the negotiations themselves, and the issues raised in the domestic policy debate over the banning of development, production, and stockpiling of biological and toxin weapons.

2. *Ibid.*, p. 134.

Harris displays a marked tendency, however, to "mirror-image" when assessing the question of the military utility of such weapons. That is to say, she casts the issue within parameters that are purely American, and merely assumes that Soviet views of the utility of such weapons are formed from a similar perspective.

For example, Harris point out that in the American strategic view, biological weapons had practically no military utility since they would have no counterforce capability and their overt use against the Soviet Union would almost certainly provoke a nuclear response. Because the Soviets publicly advocated a total ban on all biological and chemical weapons, it is assumed that they too believe that such weapons have no military utility.

Several analysts, however, have taken issue with this assumption. They argue that biological weapons pose a serious threat to American (and Western) security precisely because they would not be used overtly. Instead, they could be employed in a covert fashion, either as a prelude to or as a component of a conventional assault. Moreover, verification and compliance problems are more pronounced with respect to the Soviet Union and its surrogates than the open societies of the West.³ The underlying causes of Soviet interest in the BWC are far more complex than Harris' chapter would seem to indicate.

Indeed, the propensity for mirror-imaging is the principal flaw of this entire volume. In examining this collection of case studies and analyses that are ostensibly intended to clarify the historical record of superpower arms control, one glaring deficiency becomes apparent. No attempt is made to undertake a concerted comparative analysis of *Soviet* perceptions of the arms control process or of the Soviet assessment of the utility of arms control. No study of superpower arms control can be truly complete if the perspectives of only one superpower are addressed, and there are many observers who contend that the USSR has a view entirely different from that of the United States with respect to arms control agreements.

Ultimately, this book tells very little that is new, despite promising to "set the record straight." For this, the editors are largely to blame. The case studies are generally very good, but the proffered conclusions with respect to the 10 hypotheses to be tested fail to lend any significant insight. The interested reader will be better off formulating his or her own conclusions. The best that the editors can do is to tell us what most people already know: "What emerges above all is the modesty of what arms control has wrought. Expectations, for better or worse, for the most part have not been realized. . . . arms control has proved neither as promising as some had hoped nor as dangerous as others had feared."⁴

3. Two of the more recent critical analyses of Soviet interests in BWC and genetic warfare capabilities are: Joseph D. Douglass, Jr., "The Impact of New Technologies Upon Chemical and Biological Warfare;" and William Kucewicz, "The Military Implications of Soviet Genetic Engineering," both in Robert L. Pfaltzgraff, *et. al.*, eds., *Emerging Doctrines and Technologies: Implications for Global and Regional Political-Military Balances* (Lexington, MA: Lexington Books, 1987).

4. Carnesale and Haass, p. 355.

Strategy: The Logic of War and Peace. By Edward N. Luttwak. Cambridge: The Belknap Press of Harvard University Press, 1987, 320 pp., \$20.00.

REVIEWED BY W. BRADLEY STOCK

Edward N. Luttwak's newest work offers more questions than it answers. Its subtitle, *The Logic of Peace and War*, seems to promise a disciplined analysis resulting in algorithmic benchmarks applicable to prescriptive analysis. But Luttwak himself eschews any such purpose, retreating from "pseudo-scientific" approaches, preferring to focus his work on a search for the underlying objective laws of strategy.

This is a lofty attempt, and in large part Luttwak has succeeded. *Strategy* is a deep work, certainly deserving of more than one reading. It is much more than a simple treatise on strategy or yet another anecdotal tome of war. In many ways, it is a philosophical work, almost Aristotelian in its approach. However, it is not without its flaws.

Luttwak speaks of strategy as having horizontal and vertical dimensions, the vertical dimension consisting of five levels (technical, tactical, operational, theater, and grand). The horizontal dimension consists of direct interaction between two states or antagonists. Although Luttwak avoids the term "dialectics," the first part of this book is a brilliant essay on conflict as "the art of the dialectics of wills" (to quote Beaufre).

The majority of the book consists of an analysis of strategy's five levels, their interaction with one another, the requirement for harmony between the levels, as well as for harmony between the horizontal and vertical dimensions. Luttwak's examples of friction and discord between the various strategic dimensions offer valuable insights into the confused morass of war and man's confused hopes for peace.

Undergirding the work is the basic premise that there are two forms of logic, one applicable to everyday lives, the other applicable exclusively to the realm of conflict. Luttwak dubs the first type "commonsense linear logic" and the second type "paradoxical logic." The first type of logic is the normal mode of thought applied in times of peace, especially by democratic states. The second form of logic is peculiar to conflict, both political and military, making it the natural mode of thought for nations whose internal politics consist of ceaseless conflict. Paradoxical logic is also "the coming together, even the reversal, of opposites" by which any "course of action cannot persist" but will tend "to evolve into its opposite" in a process of "self-negating evolution."¹

Perplexing? Yes. Yet Luttwak says that it is our dependency on linear logic which makes paradoxical logic appear obtuse and leads thereby to our failure in war and the dissolution of peace. Luttwak describes paradoxical logic as working at cross-purposes with linear logic, citing as a simple example, the fact that the best road to a military objective is quite likely the worst, because

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1. Edward N. Luttwak, *Strategy: The Logic of War and Peace* (Belknap Press, 1987), p. 18.

the enemy will obviously expect attack from that quarter. An attack along a worse road will be less expected and will therefore render an advantage to the attacker. However, the worse road will simultaneously prove disadvantageous to the attacker due to the very circumstances that make it the worse road in the first place (e.g. the Inchon landings). In short, a balance must be struck between the benefits and costs. In this lies the crux of paradoxical logic.

Luttwak makes a great deal out of the fact that this logic is unique. Only in conflict, he says, does one prepare for war to insure peace. This paradoxical logic would be inapplicable in other areas, he says; one would not say that to lose weight one must eat more. However, this cost/benefit logic is not as unique as Luttwak would imply. Certainly, this type of thinking lies at the heart of economic theory. Indeed, throughout the book, I am struck by the notion that if one could derive arithmetic values for the variables of war and peace, and if they were then plugged into political-economic theories, one would arrive at fundamentally the same propositions as Luttwak does here. Much of his theory appears to consist of an abstract application of marginal cost/benefit theory to strategy itself.

Is Luttwak being deliberately obscure? When discussing theory, he seems at times to be dancing around his subject rather than diving straight into it. His picture of strategy emerges with rather the same effect as a scene viewed at night — one does not look at it directly but must view it by looking at its peripheral parts. Viewed directly, the scene disappears; look away and it shifts into focus. Perhaps this is a sample of paradoxical logic at work. The subject is non-existent, yet intriguingly there nonetheless.

On the other hand, Luttwak's abundant examples are delightfully clear, especially when unfolding the many layers of NATO strategy, Sadat's 1973 campaign, or the intricacies of World War II. His diagnosis of Rommel's campaign and the Japanese entry into World War II burns with insight. As example after example builds to support his theory, his writing yields a lucidity and clarity too often missing in works on strategy. It may well be, therefore, that his indirect approach is the correct one.

Still, I can't shake the vague feeling that Luttwak is playing mind-games with his reader, deliberately choosing phrases which make his ideas seem like remote Mediterranean villages emerging slowly from banks of mystical fog. I suspect this is primarily due to his conscious refusal to derive any policy recommendations from his "metapolitical" tome. While on the one hand this restraint is admirable and shows a true interest in a search for an objective phenomenon called "strategy," on the other it is misleading, because his personal assumptions concerning proper policy (especially NATO policy) certainly pervade the work. He astutely points to the flaws in every conceivable NATO defense, yet refuses to offer an alternative of his own. The reader would have been much better served if Luttwak had added even an afterword concerning his own vision for a prescriptive strategy.

The book arrives at no conclusion. Indeed, the entire last chapter is devoted to a discussion of why no real answer ever can be given, pointing to such an attempt as almost dangerous in and of itself. In answer to his own question,

"Can strategy be useful?", Luttwak gives the Platonic response that "a discipline need not be of practical value to merit our attention." There is a certain modesty at work when he offers his views merely as a field guide to the dangers inherent in less than strategic thought. And yet by refusing to delve into the depths of practicality, he robs his book of a foundational strength. Without this practicality, we are left with a vaporous something called "strategy" which Luttwak himself says may be very difficult to connect to policy.

Aristotle once addressed the issue of whether a life of contemplative thought was preferable to a life of political action. His conclusion was that action was preferable. However, he pointed out that the act of thinking is the highest action of all, with one condition: the thought must be capable of being carried into action, even if by someone other than the thinker himself. It is on this point that Luttwak stumbles (although he does not fall). As a philosophical treatise, his book is a wonder, yielding invaluable insight. Yet I cannot but wish he had taken the additional step of applying his concepts to the active realm of policy. Admittedly, he does so in his other works; nonetheless, this book lacks the convincing conclusion it so richly deserves.

However, Luttwak's stated purpose was truly not to propound any policy view, and his implicit purpose appears to have been the difficult one of awakening American leaders to the "systematically misleading influence of commonsense logic." If this book serves merely to stir thought and reveal the sources of paradox in the daily task of conducting foreign policy, it has done much, and one must not criticize Luttwak too harshly for not having done more.

Nuclear Crisis Management. By Richard Ned Lebow. Ithaca, N.Y.: Cornell University Press, 1987, 232 pp., \$24.95.

REVIEWED BY GERRY GENDLIN

The traditional lessons drawn from international crises, particularly interpretations of the Cuban Missile Crisis, may have produced a rather one-sided image of decision-making as our sole understanding of crisis management. The concepts of escalation dominance, preemption, and flexibility have become synonymous with crisis management. Emphasizing decision-making as crisis management encourages thinking in terms of political-military planning and its ends, thus highlighting distinctions between hawks and doves, and now even owls.

Even when thinking is more focused, it is often results-oriented and ignores the more important issue — the thinking itself. In *Thirteen Days*, Robert Kennedy gives some attention to ideas of thinking and how to approach a crisis, but the book generally is aimed at those already involved in a crisis situation.

Scenarists ought to be aware of such traps since crisis management begins not with a U2 flight but with the existing defense structure. General assumptions made before a crisis determine the course of planning during a crisis. Since the most likely paradigms of crisis-war between the superpowers are those that would result inadvertently from behavior based on flawed assumptions, the planning for the solution is part of the problem. This is the apparent basis from which Lebow wrote *Nuclear Crisis Management*, which is more of a critical analysis of crisis thinking than an appraisal of crisis management techniques. Lebow offers a fresh look at some old lessons.

One lesson is that remaining flexible in escalation will help to keep all options open. This concept is fairly sound, except for the paradox that flexibility leaves open the possibility of retreat, something on which the other side may capitalize. Conversely, if the threat is credible, it may be convincing to ignore some options for others that demand a commitment.

Hence, it follows that as long as Khrushchev remained in control, he would not, apparently, back down. But he lost control. And then the United States, through Bobby Kennedy, quietly but firmly threatened direct intervention following another U2 attack. Since he no longer had control over such attacks, Khrushchev seemed to feel that war was a certainty, and thus he gave in. The new lesson, then, is somewhat ironic: It is not American flexibility of action that determined the outcome. Rather, it was the image of inflexibility, a brinkmanship-like position, when combined with Khrushchev's loss of control, that made the difference.

A second lesson concerns escalation dominance, that is, ensuring supremacy at succeeding levels of crisis intensity (whether military or not). The Naval

quarantine of Cuba was not only a flexible option, it also represented an area in which Washington held superior power.

Lebow, however, finds the concept of escalation dominance problematic. First, states have been known to engage in military suicide to uphold what are perceived as vital interests. Second, overall parity at the final and even the penultimate nuclear level makes the threat to continue escalation terrifying or incredible. The more credible the threat to use nuclear weapons in defense of national interests, it seems, the less merit there is to escalation dominance.

Another lesson closely related to the previous one has been that leaders during a crisis must show resolve, including, if necessary, a willingness to use, or at least threaten to use, nuclear weapons. As it turns out, neither leader in the Cuban Missile Crisis apparently believed in his own willingness — Kennedy for moral reasons, Khrushchev for moral or practical reasons. Yet, as noted above, had Khrushchev stuck to his guns, Kennedy would have backed away first. The President, meanwhile, abandoned the hard line advocated by almost all of his advisers, but was successful because he was perceived as unyielding.

Enough uncertainty, it seems, in the intentions of the other existed to warrant giving in. Standing eyeball to eyeball, there was a lot of blinking going on. Thus the irony: The other guy's resolve is credible, ours may not be relevant. Their nuclear threat is at least *possible*, so ours is improbable. Either way, it is clear that standing firm in the nuclear era is not as two dimensional as had been previously assumed.

A fourth lesson was that efficient command, control, and communication are central to the effective management of a crisis. Kennedy was personally in control, right down to choosing the first ship to be stopped at the quarantine. Orders were given and carried out. Clean operations produce clean results. But Kennedy knew that being the leader of the most powerful state in the world did not automatically make him the most powerful man in the world, as Richard Neustadt had made clear. Kennedy's orders months before, for example, to dismantle the missiles in Turkey had gone largely unfollowed.

Control is an elusive commodity. Lebow is quite correct when he suggests that losing control is a dangerous possibility. We now know that Khrushchev faced the loss of control over Cuban sites; to what extent was the Kremlin running its own policy? Further, there is the problem of the misunderstood or ignored orders, snafus, foul-ups, etc. that normally clog the bureaucratic pipeline. What happens when they exist during a crisis, as they did and undoubtedly will again?

Moreover, losing command over physical bases is akin to an action's inadvertent effects: Given any action, we really cannot say with certainty what all the consequences will be, especially when no leader can be guaranteed of full control. In 1962, loss of control, with its perhaps dire end, loomed larger than was hitherto known; had another American U2 been fired on, the United States was prepared to use the military instrument, or so the White House indicated. Disaster was prevented by Khrushchev's recognition of this possi-

bility, which presents us with an all-too-human conclusion that fear proves stronger than resolve.

Yet it is this very fear, Lebow suggests, that results in crisis aggravation and war, especially in the area of preemption thinking. Afraid that the U.S. threat to bomb the missile sites and/or invade — a threat which we now know Bobby Kennedy privately made to Soviet Ambassador Dobrynin — was very real, Khrushchev could have opted for a preemptive strike. Some analysts might say the Soviet leader would have launched such a strike had Moscow been able to do it swiftly and cleanly. If so, the tragic irony is that the very fear which resolved the Cuban situation might bring nuclear war in the next comparable crisis.

Lebow's analysis of the fallacies of preemption thinking is lucid. It can never be known with certainty that the other side is going to launch. But acting on the belief that it will, necessitating a preemptive strike, makes war inevitable, a self-fulfilling fear. And thus, preemption thinking can be irrational. The defense structure and its intellectual support encourage preemption thinking, despite its dubious value. Throughout the book Lebow makes extensive use of a more plausible scenario for war than the Cuban Missile Crisis — the 1914 crisis. Then, preemptive mobilization resulted from perceived vulnerability to what it was assumed the other side would do. With this as his model, Lebow argues for more flexibility of thought as to opponents' intentions.

Flexibility of action, meanwhile, is designed to make the road to war longer, with more turnoffs. Lebow notes that with each step up toward the brink, escalating dominance or not, there are increasing dangers. More readiness means heightened alert and less actual control. The possibilities for accidents and miscalculation multiply. These dangers are an immutable part of the structure. Although he is not 100 percent convincing, Lebow is effective, not unlike Robert Jervis, in pointing to the uncertainties associated with defense and crisis management in the nuclear age. The latest revelations on the Cuban Missile Crisis tend to support this line of thinking.

Not only are we unsure of the objective aspects of crisis escalation, but the subjective reaction of the other side and even our own side is also not guaranteed. In one sense, this is another restatement of the old argument between the hypothetical and the real: The "operational uncertainties" and "psychological constraints" of practice can render moot even the most detailed theory. Yet, as suggested above, even a most rudimentary understanding of the other side's basic policy goals often does not exist. Lebow's primary example is 1914, but 1962 illustrates the point just as well. Kennedy's advisors were convinced that Moscow would tolerate a "surgical" air strike of the missile sites. Nobody really knew whether this was true. And while this lack of knowledge did not evolve unfavorably then, it might, Lebow stresses, in the future.

Although Lebow attempts in his last chapter to find some solutions to the problems he raises, the more important contribution of his book is to ask a

key question: Through false lessons, stagnant thinking, and dangerous structures, has the phrase "crisis management" become an oxymoron? The value of crisis management is up in the air if the assumptions on which it is based are flawed. Since his book focuses on the thinking that goes into a crisis, not that which comes out of it, it represents a valuable approach to the subject. As Robert McNamara might say, there is no more crisis management, only pre-crisis thinking.

Containing the Soviet Union: A Critique of U.S. Policy. Edited by Terry L. Deibel and John Lewis Gaddis. Washington, DC: Pergamon-Brassey's International Defense Publishers, 1987, 252 pp., \$19.95.

REVIEWED BY PAMELA B. BERKOWSKY

Forty years have passed since the word containment entered the American political vocabulary with the publication of George F. Kennan's famous Mr. "X" article in *Foreign Affairs*. Yet the debate over what Kennan actually meant when he called for "a long-term, patient but firm and vigilant containment of Russian expansive tendencies" continues unabated. Beginning with Walter Lippman's 1947 rebuttals, the debate has centered on this: What is to be contained and how? While Kennan emphasized what he called the "ideological-political threat" posed by the Soviet Union, containment is interpreted today primarily as a response to the Soviet global military threat.

This volume grew out of a November 1985 symposium on "Containment and the Future," sponsored by the Foreign Service Institute's Center for the Study of Foreign Affairs and the National Defense University. First published in two volumes by the National Defense University as *Containment: Concept and Policy*, this abbreviated version contains essays by 14 writers whose analyses and prescriptions span a broad political spectrum. Included is Kennan's attempt to clarify some of his original article's ambiguities and to redefine the concept of containment in light of 40 years of US-Soviet postwar relations. What he really meant, Kennan writes in response to those he claims have misinterpreted him, is this:

Don't make any more unnecessary concessions to these people (the Soviet leaders). Make it clear to them that they are not going to be allowed to establish any dominant influence in Western Europe and in Japan if there is anything we can do to prevent it. When we have stabilized the situation in this way, then perhaps we will be able to talk with them about some sort of a general political and military disengagement in Europe and the Far East — not before.¹

Kennan's additional reflections set the tone and framework for the rest of the book.

Part I primarily focuses on a historical analysis of the evolution of containment in U.S. strategic thinking. Ole Holsti examines shifts in American public opinion, including changes in public perceptions of the major threats to the United States, the scope of Soviet intentions, the level of American involvement and commitment abroad, and the role of alliances and security assistance in American national security policy. Angela Stent analyzes problems

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1. George F. Kennan, "Reflections on Containment," in *Containing the Soviet Union: A Critique of US Policy*, eds. Terry Deibel and John Lewis Gaddis (Washington, D.C.: Pergamon-Brassey's International Defense Publishers, 1987), p. 17.

encountered by several American administrations in seeking to pursue a policy of "economic containment" as a means of exerting political leverage over the Soviet Union. George Quester's essay addresses the impact of containment policy on the evolving strategic balance. Terry Deibel analyzes the connection between containment and alliances created to combat Soviet global expansionism. And Richard Ullman, placing containment into a broader framework, discusses its relationship to the evolution of the post-war global political system.

Part II emphasizes contemporary issues as well as those likely to confront U.S. policy in the future. Both Jerry Hough and James Billington, by reassessing the political, cultural, ideological and economic determinants of Soviet foreign policy, advocate the adoption of a more sophisticated approach to U.S. policy formulation vis-a-vis the Soviet Union. The remaining essays explore potential alternatives to containment. Alton Frye proposes that the United States go beyond containment through increased superpower cooperation and policy coordination, particularly in arms control and Third World competition. Earl Ravenal contends that the United States should pursue a policy of non-intervention and strongly argues in favor of an American global disengagement — even in Western Europe. In his equally controversial essay, Dmitri Simes advocates pursuing an aggressive policy to counter Soviet expansion, especially in the Third World. Norman Podhoretz offers a neoconservative interpretation of containment and goes beyond Simes by urging the adoption of a policy designed not only to counter but to break up the expansive Soviet empire. In the concluding essay, Donald Zagoria offers a centrist approach, emphasizing the historical successes of containment and the dangers that would result from either giving up the struggle or aggressively trying to win it.

Deibel and Gaddis have done an excellent job in bringing together analyses of the origins, determinants and instruments of containment and in making provocative suggestions for future conduct of U.S. policy. The reader, however, is left without answers to the fundamental question — what is to be contained and how? But that is understandable. The same questions that faced policy-makers under President Truman remain at the forefront of the foreign policy debate today. What is not in question after reading this book is that the policy of containment, despite Kennan's recent clarifications, will continue to be the subject of debate, perhaps for decades to come.

The Soviet Union Under Gorbachev: Prospects for Reform. Edited by David A. Dyker. New York: Methuen Inc., 1987, 227 pp., \$35.00.

REVIEWED BY HILARY S. L. SCOTT

The portrait shows a middle-aged, heavy-set man with kind eyes and recessed hairline. Retouched to eliminate both wrinkles and purple birth mark, the carefully-fashioned image on the cover of this book gives Mikhail Segeevich Gorbachev an aura of determination tempered with sympathy.

Since the new General Secretary's accession to power in March 1985, the media understandably have focused on Gorbachev as a potential departer from tradition. His handling of the media, presentation of policy changes, and general stage-managing ability set a new tone that resulted in many glowing press reports. *U.S. News & World Report* went so far as to credit him with aspiring to lead another Russian Revolution.¹

Yet how different a leader is Gorbachev? In the well-written and researched *The Soviet Union Under Gorbachev*, David Dyker and three University of Sussex colleagues successfully peel away the packaging and evaluate Gorbachev's policy departures on their own terms.

Dyker, a lecturer in economics at the School of European Studies, points out that reform has been a dominant theme in the Soviet Union for more than 25 years. Yet under Brezhnev it became a dexterous evasion. "In practice, through a period of overwhelming inertia in policy making, reforms and experiments served as substitutes for policies, rather than their foundations," he writes. That explains, Dyker says, why Gorbachev talks about the need for "radical" reform. This doesn't necessarily imply that he wants to turn the system upside down; he simply wants to indicate that he means business in a way Brezhnev did not.

The book focuses on three areas: Gorbachev's consolidation of his political power; his approach to Soviet industrial and agricultural planning; and his focus on trade reform and foreign policy. Unfortunately, the authors bypass issues like nationality relations and religious and political dissension, contending that change is highly improbable in these areas.

The first and certainly best-written section, on Gorbachev's political background, does a superior job of outlining not only the personality of the General Secretary, but the political constraints he faces. Iain Elliot, senior lecturer in Russian studies at Brighton Polytechnic, introduces us not to Gorbachev, "the inadvertent beneficiary of Moscow's ruling gerontocracy," but the highly-trained functionary who began his career at 15 as an assistant operator of a combine harvester and step by step moved up the Party ladder by exhibiting managerial efficiency and loyalty to the current Party line. Elliot portrays Gorbachev as an outstanding politician well versed in making contacts and friendships (one with former Soviet leader, Yuri Andropov, when he was KGB chief, was key) and maximizing any available opportunity. A big op-

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1. Henry Trehwitt, "The Risks of a New Revolution," *U.S. News & World Report*, 10 October 1987, p. 31.

portunity came in 1978 when Gorbachev, by then Party chief of his home province of Stavropol, a major grain-producing area, took charge of the agriculture portfolio within the secretariat upon the sudden death of his predecessor. At 47 years old, he had become one of the top two dozen Party leaders in the Soviet Union. In 1971, he had attained full membership in the Central Committee.

Elliot describes Gorbachev's slow removal of the Brezhnev old guard, but points out that the replacements are from a strict Party or technocratic background and regard liberalism as a pejorative term. The new appointees have not demonstrated any fondness for fundamental changes in the power structure. Like Gorbachev, they have devoted themselves to making the system work better, rather than to any dramatic attempts to reshape it.

In the book's next section dealing with Gorbachev's approach to industrial and agricultural planning, Dyker takes pains to show that Gorbachev is much more pragmatic than any of his predecessors. As a rationalizer and disciplinarian, Gorbachev has attacked what he considers the Soviet economy's biggest weakness: productivity. Yet, Dyker persuasively demonstrates that reforms aimed at boosting productivity often work at cross purposes. An industrial planning experiment, for instance, which Andropov started and Gorbachev continued, offered enterprises genuine operational flexibility. However, there is a fundamental paradox in attempting to marry decentralized investment funds with centralized investment supplies. As Dyker points out, supplies are released on the basis of planned levels of investment and production. Since decentralized investments are not planned by the center, provision cannot be made for the corresponding supplies.

The still somewhat petrified nature of the Soviet economic system has again, as in the past, necessitated a Soviet focus on imports rather than indigenous innovation. Alan Smith, lecturer in economics, argues that the whole pattern of Soviet industrial development has been based fundamentally on the acquisition of foreign machinery and technology. But with the collapse in oil prices and the likelihood of a continued need for large-scale food and feed imports, there is no immediate prospect for increasing the currently low level of machinery imports, which could seriously affect the success of Gorbachev's plans.

Building on these somber economic facts, Zdenek Kavan, lecturer in international relations, discusses how Soviet interest in arms control is linked to industrial restructuring. Balanced arms reduction would allow Moscow to continue its policy of pursuing parity in nuclear armaments while substantially reducing the economic pressure that a continuing arms buildup involves, he writes.

The Soviet system's gross overcentralization, the authors argue, imposes impossible tasks on the agricultural and industrial supply systems. Yet any attempts by Soviet leaders, even Gorbachev's as yet modest ones, to push privatization of industry have provoked resistance in the Party apparatus and the Soviet working class at large. Gorbachev may yet discover, Dyker concludes, that his industrial and agricultural policies offend and upset, without producing the required results.

MAO'S LEGACY

China Watch. Edited by John King Fairbank. Cambridge: Harvard University Press, 1987, 232 pp., \$20.00.

REVIEWED BY CONRAD RUBIN

China has lived in the American imagination since the time when the East India Tea Company's ships docked at Boston Harbor. Western seamen, missionaries, journalists, businessmen, students, and adventurers have all brought their impressions of China to those who would listen. The very disparity of these observers, the "China pundits," explains at least in part the variety of "Chinas" that have passed into the American imagination up to today's post-Mao China.

Sometimes it seems that as long as China has existed in the American imagination, John King Fairbank has been at Harvard shaping a balanced presentation of Chinese history and society. In *China Watch*, a collection of book reviews and articles from 1971 to 1987, Professor Fairbank sets his experienced pen to the task of distilling the recently published ocean of literature and information on China. The distillation, while not robbing any of the works reviewed of their essence, adds the observations and caveats of America's most respected China scholar. The resulting compilation is a showcase of Fairbank, the patient schoolmaster, who urges the reader to judge with prudence the information which today streams to us about this culture so vastly different from our own.

Fairbank wastes no time establishing the tone of *China Watch*. In the introduction, the reader is warned that the Chinese people are hard to understand.

Take, for example, the new American religion of human rights. It is more culture bound than we think. Human rights will not become a dominant doctrine in China until China becomes as legalistic a society as America, which is not likely to happen for a long time. This is because, briefly stated, rights and duties are the respective residues of Christianity and Confucianism.¹

This general notion is then applied more specifically:

To avoid starvation-suffocation from numbers (1.24 billion or so by the year 2000), the People's Republic tries to permit only one child per couple. By aiming so high, the hope is actually to get down to a birth ratio of 1.7, which will still see an increase because so many are young, but will eventually stabilize the cancerous

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1. John King Fairbank, ed. *China Watch* (Cambridge, MA: Harvard University Press, 1987) p. 1.

population growth . . . What else can China do? As part of the effort, abortion is made available.

Yet they (the Chinese) find their American friends in the throes of a new cult, the adoration of the fetus (never mind the mother) We can only hope that the radical extremists in our two countries never join forces, denying a woman her human right to choose. The Chinese extremists want to compel her to abort, the American extremists want to compel her not to.²

Thus Fairbank states cogently the case against using the standards of one culture as an "objective" yardstick against which to measure another very different culture.

Fairbank is not an apologist. On the contrary, with an eye toward the past, he seeks to place the observations of many recent publications within a larger context. Modern China is not only a revolutionary twentieth century society, but also it is a society nurtured by the roots of its history. The Great Cultural Revolution, that period in the late 1960s and early 1970s marked by great social unrest, seen in this light is not "the product of an old man's frustration," but "an inevitable conflict between the new ruler's customary need for ideological loyalty and the modernizer's need for special skills."³ Just as the dynastic emperors before him, Mao feared the rise of the elite technocrats because they had the "basis for being independent-minded and potentially unorthodox."⁴ The harrowing experiences of the Chinese individually and collectively during the upheaval of the Cultural Revolution is neither forgotten nor diminished by this perspective. Fairbank wishes only to remind the reader that history must be the touchstone of those wishing to analyze Chinese culture.

For the serious student of Chinese history or politics, the list of books reviewed by Fairbank (31 in all) would be very familiar. Most, such as those by Barbara Tuchman, William Manchester, Orville Schell, and Fox Butterfield, have become popular literature for non-specialists. However, for the layperson and scholar alike, *China Watch* presents idea-rich pieces which will aid the reader in analyzing the morass of contemporary literature on China. Of particular interest are the last sections, in which Fairbank discusses the more recent, sensational aspects of Chinese history popularized in the books by Butterfield, Schell, Liang Heng and Judith Shapiro, the Mathewses, and others. After reviewing the decade of the Cultural Revolution and Deng's attempts at reform since 1978, Fairbank concludes that:

When Stalin was exposed as a tyrant, the Soviets could still bow to Lenin as the founding father. But Mao is for China's revolution both founding father and, as now exposed, tyrant. . . . The Deng

2. Ibid., p. 8.

3. Ibid., p. 161.

4. Ibid.

regime now confronts the problem of how to avoid throwing out Mao's entire legacy along with the Gang of Four.⁵

Fairbank stresses the larger historical theme as inseparable from the events, both benign and catastrophic, of Chinese politics and social changes.

The value of *China Watch* is that Fairbank does more than simply present the reader with a framework suited to the analysis of the Chinese and its society. He presents a case study of the methodology necessary to fathom any culture with roots dissimilar to the roots of our own.

Such a balanced perspective is particularly important for the American image of China. The PRC's entrance into the community of nations and significant opening to America has closed much of the diplomatic distance created by the tensions of the communist victory in 1949 and the Chinese and American confrontation in Korea immediately thereafter. Whatever the United States or China chooses to do in the future, "Since their fate affects ours, it is a time for understanding and for thinking twice. Disillusion could become a reciprocal process."⁶

5. Ibid., p. 205.

6. Ibid., p. 184.

The Chinese Army After Mao. By Ellis Joffe. Cambridge, Massachusetts: Harvard University Press, 1987, 210 pp., \$20.00.

REVIEWED BY ANDREW J. CONRAD

The Third Plenum of the 11th Central Committee of the Chinese Communist Party marked a crucial juncture in China's post-Mao era. During this December 1978 plenum, Deng Xiao Ping rehabilitated many of his purged allies, and appointed them to key positions in the party and the government. It was clear that the balance of power had shifted from the Neo-Maoists led by Hua Guofeng to the pragmatic Deng and his allies. The stage was set for Deng to plunge into what he called the "second revolution," a set of sweeping reforms aimed at destroying the Maoist legacy.

In *The Chinese Army After Mao*, Ellis Joffe explores the process and the progress of the second revolution in the People's Liberation Army (PLA). He maintains that the reforms in the PLA have been dictated by economic constraints and the leadership's threat perceptions. The Chinese leadership has linked China's future to economic progress and has been unwilling to jeopardize that progress by significantly increasing military expenditures in order to modernize the Chinese army quickly. Instead, it has opted for incremental changes: selected purchases abroad; further development of its own defense industry; and initiation of reforms to reestablish a professional competence lost during the Cultural Revolution.

Equipment shortages have plagued the PLA since its inception. These shortages pose problems for Chinese defense strategy, since China shares a long border, but not friendship, with the Soviet Union. To deal with this problem the Chinese army adopted the doctrine of the "Peoples War" in 1956.¹ This doctrine allowed the Chinese to deal with the imminent threat posed by the Soviet Union and, at the same time, shift its resources from the building of conventional forces to the development of nuclear forces.

Joffe explains that the Post-Mao leadership has a new perception of the military threat. It no longer believes that a massive attack requiring the Peoples War strategy is likely. Should conflict arise, a limited ground attack would be most probable. This perception has allowed for incremental improvement by freeing the reformists from the confines of the Peoples War Doctrine, which had stunted professional growth and discipline in the PLA.

The author discusses the reforms, providing the historical background and analyzing each issue in a coherent progression. The issues include: flux in military doctrine; weapons modernization; professional reform; and civil-military relations. His analysis of these last two issues is particularly interesting.

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1. The doctrine of Peoples War was modeled on the tactics used by communist revolutionaries against the Japanese and the Guomindang prior to 1949. It was a strategy of mobility and defense in depth which entailed the abandoning of large cities, quick strikes on enemy forces, and close cooperation with the local population.

Joffe explains that the long dominance of Maoist dogma, which emphasized the "human factor" over weapons and expertise, has left China with a military cadre that knows a lot about Mao Zedong thought, but very little about warfare on the modern battlefield. This professional decline was further aggravated by the collapse of party authority during the Cultural Revolution which left the PLA as the supreme political and administrative authority. As the PLA stepped in to fill this void, its leaders became distracted by their new non-military responsibilities. Under these circumstances, the professional military competence of the PLA decayed.

The present Chinese leadership has initiated sweeping reforms to rejuvenate the PLA as a modern, efficient army. Reform has begun with the selection process for new officers. In a typically un-Maoist approach, the Deng leadership has abandoned the practice of promoting officers from within the ranks, and has required that new officers be graduates of military academies. Strict entrance requirements based on educational background, test scores, and personal interviews — not ideology — have been instituted at the academies. In 1984, over one hundred of these academies existed, providing not only for the education of new officers, but also for the continuing education of officers up to the corps level. The Military Service Law of that same year reestablished military ranks and introduced specific educational requirements for new officers.

These new policies have been easier to formulate than to implement. The "lingering influence of 'leftist' ideology" is a major obstacle.²

Officers who cling to this ideology are particularly hostile to military academies . . . and to their graduates. They contend that officers who had never been to military academies had proved their worth in battle, that officers who began their careers in academies lacked the experience to command troops . . . They also contend that since the PLA is not highly modernized, there is no need for officers to acquire complex skills in military academies.³

These arguments are fueled by the fear that if the reforms are successful, older cadre will be forced out of the PLA by younger, more qualified cadre. Although mass retirements are essential to modernization, no formal retirement procedure exists in the PLA. The Deng leadership has tried to encourage voluntary retirement by initiating programs which ensure that former officers are given adequate housing, job training and placement in good jobs upon retirement. The retirement of these veterans is crucial to reform both within the PLA and throughout society.

The streamlining and professionalization of the officer corps has been conducted in conjunction with a general effort to trim down the PLA as a whole. In 1985, China announced that its force of over four million troops would be reduced by one million. Similarly, the number of military regions in the

2. Ellis Joffe, *The Chinese Army After Mao* (Cambridge, MA: Harvard University Press, 1987), p. 128.

3. Ibid.

country was cut from eleven to seven. Major efforts have also been undertaken to firm up the logistics system, not only to increase its operational capabilities, but also to save money.

Have these reforms been successful? Joffe emphasizes that an assessment has to take into account:

the time lag between initiation and impact. Some reforms — such as the replacement of senior veterans with younger and more professionally oriented officers — have doubtless already changed the modes of command and management in the PLA. Other reforms — such as the training of a new generation of officers and their integration into operational units — will clearly take considerably longer.⁴

He argues that the success of the institutional reforms is inseparably linked to the diminution of the PLA's political power. In the localities, the return of the army to the barracks has been accomplished primarily through the restriction of its non-military activity. In 1983, the government began to transfer the PLA's public security functions to public security organs. Similarly, in 1984 the PLA's Railway Corps was transferred to the Ministry of Railways. In other areas, such as agriculture and building projects, PLA activity has been limited as well. In the central policy-making organs, the PLA's influence was reduced primarily through carefully executed personnel changes and institutional restructuring. Joffe believes that the removal of the PLA from politics "should be attributed to Deng's personal prestige, national stature and political acumen. At the same time, it should be attributed to the professional ethic of the Chinese officers, which made them receptive to Deng's directives."⁵

Joffe concludes that Deng and the military have achieved a consensus on reform vital to the transformation of the PLA into a modern, professional army. While some results are visible, the future of reform in the PLA will depend on the staying power of resistance to them as well as on the political commitment of Deng's successors to continuing China's "second revolution."

The Chinese Army After Mao is a book for the novice and the expert alike. For the novice, the author provides the historical framework essential to any study of China and a lucid writing style. For the expert, he gives a fairly detailed analysis and an impeccable bibliography. This book should be on the reading list of anyone interested in post-Mao China.

4. Ibid., p. 148.

5. Ibid., p. 162.

LATIN AMERICAN ECONOMIC ANTIDOTES

Neoconservative Economics in the Southern Cone of Latin America, 1973-1983. By Joseph Ramos. Baltimore, MD: Johns Hopkins University Press, 1986, 224 pp., \$25.00.

REVIEWED BY LIZA NICKERSON

In *Neoconservative Economics in the Southern Cone of Latin America, 1973-1983*, Joseph Ramos compares the 10 years of radical reform efforts by Argentina, Chile, and Uruguay. By analyzing these countries' policies on price stabilization and adjustment, increased opening of trade, and financial liberalization, the author explores the merits of the neoconservative experience.

Ramos accomplishes what he set out to do and more. Not only is the technical critique of the neoconservative experience in the Southern Cone outstanding (especially from an instructional perspective), but his clear explanation of the economic principles underlying such policies makes this book valuable reading for students of development economics — regardless of regional concern. Even more impressive is the balanced perspective with which Ramos makes his assessments; he offers the reader a technical understanding, but not one which ignores the political constraints and social implications of the neoconservative experiences in Argentina, Chile, and Uruguay.

Ramos clearly is willing to make severe criticisms of the neoconservative policies in the Southern Cone. However, until he has examined empirical data gathered from the practical application of such policies, he refrains from drawing conclusions. For example, Ramos presents the underlying strategy and assumptions of neoconservative reforms in a fair and objective way. He does not belittle the theoretical appeal of strengthening the private sector, restoring the role of the market, and reducing the role of government in the economy. Only after he has completed his inspection of the comparative experiences of the three countries does he point to the idealistic view of the market embedded in these policies. Neoconservative economics in the Southern Cone environment takes a purist view, failing to account for social or political constraints on market freedom. Historically, the purist view was maintained even when market indicators signaled the need for intervention, as in the case of exchange rate policy in the second and third phases of the reforms. Rather than stating his criticisms of neoconservative policies at the outset, Ramos leads the reader through the economic transitions (downturns, ultimately) upon which his well-substantiated critique is based.

The implications of neoconservative economics for other countries are well-served by the thoroughness of Ramos' analysis. Rather than focusing strictly on the economic behavior of the three Latin American countries, Ramos

consistently examines the pertinent macroeconomic principles at work. For example, his discussion of the neoconservatives' misunderstanding of equilibrium prices elucidates the relationship between markets and prices in any economy. He writes:

[p]rices that equalize supply and demand in one market are not necessarily equilibrium prices. Rather, equilibrium prices are a subset of market-clearing prices; equilibrium prices in any one market are those prices that clear that market *when all other markets are also in equilibrium* . . . If other markets are in disequilibria . . . the price that clears the remaining markets . . . is not that market's equilibrium price, for it has been forced to absorb part of the disequilibrium existing in other markets.¹

Any economic analysis which ignores social and political framework of the respective countries would, by definition, be of limited practical value. Although Ramos' study is primarily concerned with technical issues, he is successful in providing insight into the political constraints and social implications of the neoconservative experience in the Southern Cone. He is concise, yet not simplistic, in describing the circumstances and origins of the reforms and their impact on different sectors of the economy and society. Most importantly, Ramos presents these contextual topics as integral aspects of the technical changes occurring in the economies of the Southern Cone. Rather than isolating political and social factors, he subjects the neoconservative experiments to a truly macro-economic/political/social inspection. His analysis of the comparative impact of income distribution illustrates this:

[I]n each of the three countries the redistribution of income against wage earners occurred not so much because of development strategy as such but because of the specific policies chosen to lower inflation or to confront the financial crises . . . [A]t least from an analytical standpoint, the explicit objectives of the neoconservatives — price stabilization and economic liberalization — did not and do not require a regressive redistribution of wealth or income. It is thus reasonable to conclude that if, nonetheless, the policies followed systematically erred on one side (against labor) or directly aided the concentration of income, it is because in addition to the explicitly stated objectives of stabilization and liberalization there were additional objectives: that labor should be reined in and that wealth and income should be concentrated (a position, however, explicitly formulated only in Uruguay).²

Ramos thus offers an economic analysis which empirically *explains* the contextual implications of the statistical indicators that describe the neoconservative experience.

1. Joseph Ramos, *Neoconservative Economics in the Southern Cone of Latin America, 1973-1983* (Baltimore, MD: Johns Hopkins University Press, 1986), p. 179.

2. *Ibid.*, pp. 67-68.

In the final chapter, the author acknowledges that it would be presumptuous and inaccurate to draw global conclusions from Southern Cone experiences. In a more narrow scope, this book offers valuable lessons on how neoconservative economics *did* impact a few countries. In his respectful critique of the merits and failures of neoconservative economic strategy, Ramos explains its underlying theories, practical applications, and socioeconomic impact. The reader emerges from the book with a theoretical and practical understanding of neoconservative economics and is prepared to draw conclusions about further application of these policies. For this reason alone, Ramos' study is a must for scholars and students of development economics.

Latin American Debt and the Adjustment Crisis. Edited by Rosemary Thorp and Laurence Whitehead. Pittsburgh, Pennsylvania: University of Pittsburgh Press, 1987, 359 pp., \$42.95.

REVIEWED BY GLORIA GRANDOLINI

Latin American Debt and the Adjustment Crisis, the third book in a series dealing with the region's economies,¹ is one of the most thorough contributions on Latin America's economic crisis. It addresses the major questions of inconsistencies between short-term adjustment programs and long-term needs, and the role of the International Monetary Fund in the adjustment process.

The first chapter, by Diaz Alejandro, provides a background for the country studies which follow, and emphasizes the large amount of private Latin American assets in the United States, which by the end of 1983 amounted to \$160 billion (compared with \$209 billion owed by Latin American countries to U.S. banks).² The authors of the country studies concentrate on the period from the late 1970s to 1985, and emphasize the impact of domestic political constraints in the implementation of economic policies. While the adjustment processes implemented by Brazil, Mexico, Chile, Argentina, Peru, Colombia and Central America are analyzed in great detail, the debt problem is not examined as thoroughly as the title of the book might suggest. In addition, the case of Venezuela — the fourth largest Latin American debtor — is not included. The case studies conclude that specific variables account for the degree of effectiveness of the adjustment strategy selected. For instance, governments perceived as capable of pursuing economic policy-making continuity, and of formulating and implementing forward-looking policies — as in the cases of Brazil, Colombia and Chile — were the most successful. Important factors are also an underlying social consensus, a certain degree of regime legitimacy and, some authors suggest, even trade and capital controls. In contrast, Mexico lost the opportunity provided by the oil boom and Argentina implemented "weak, wrong or delayed internal responses."³ In these cases short-term goals, such as debt servicing, financing of the balance of payments and control of inflation, were given priority over long-term structural reforms.

The role of the IMF and the effectiveness of orthodox stabilization programs is another concern of the authors. The main conclusion is that these programs do not work; they might be effective in the short-term to solve current account imbalances, but they have not been successful in cutting inflation rates and restoring growth. According to the authors, the IMF is more interested in

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1. Rosemary Thorp, ed. *Latin America in the 1930s: The Role of the Periphery in World Crisis* (New York: St. Martin's Press, 1984) and Rosemary Thorpe and Laurence Whitehead, eds. *Inflation and Stabilization in Latin America*, (New York: Holmes and Meier, 1979).

2. Rosemary Thorp and Laurence Whitehead, eds. *Latin American Debt and the Adjustment Crisis* (Pittsburgh: University of Pittsburgh Press, 1987) p. 18.

3. *Ibid.*, p. 162.

restoring a country's creditworthiness than in promoting long-term development. This is primarily because of the Fund's inflexibility in identifying fiscal deficits as the key variable to reducing internal and external disequilibria; the surge of inertial inflation (especially in Brazil and Argentina), and the defense mechanisms which develop in countries where negative expectations persist (such as in Peru and Argentina).

In the final chapter, the editors address the development prospects of the region. The overall outlook is quite negative, especially considering external factors, such as the resumption of net capital inflows, foreign direct investment and multilateral assistance programs. Two years have passed since the studies were concluded, and the pessimism concerning external factors still holds. Net capital inflows and high levels of foreign direct investment have not yet resumed, notwithstanding efforts, such as the Baker Plan, to increase capital inflows.

Thus, Latin American policy-makers must concentrate on "internal restructuring."⁴ This could be done through negotiations with creditors, promotion of intraregional trade, export diversification and reversal of capital flight. The editors state that a successful negotiating tactic could be the threat of a moratorium. Brazil's negotiating impasse shows, however, that this leverage has decreased — especially after Citicorp raised its loan loss reserves, a move followed by other major creditors. The IMF's "seal of approval" is still a necessary condition before concluding agreements with commercial creditors. This entails accepting the Fund's conditionality clauses, while the growing consensus is that orthodox programs are ineffective. Internal restructuring is the dilemma for the Latin American debtors, even though the IMF has recently shown some flexibility, as in the use of inflation-corrected public sector deficit and the probable extension of the surveillance period to six months.

There has been a trend toward trade liberalization, as in the case of Mexico's entrance in the GATT agreement, and growing efforts to promote intraregional trade, such as the Trade Agreement between Brazil and Argentina. However, the Central American Common Market has not shown signs of revival. In the area of export diversification, Chile has dramatically decreased its dependence on copper, and is now enjoying a boom of its agricultural exports. Mexico's non-oil exports are also booming, thanks mostly to the *maquiladora* program in the north. Also on the bright side — according to Morgan Guaranty — capital flight from the eight major Latin American debtors had a reversal of \$1.7 billion in 1986.

Even though success stories have received increasing publicity since 1985, and heterodox programs are achieving positive results in terms of GDP growth, the adjustment crisis is not over. Fiscal deficits, even when corrected for inflation, are still high; income distribution is still too skewed; debt servicing continues to be a constraint, and inflation is increasing. The necessity to face the fact that growth is inflationary will be the main challenge for the countries that are now rapidly growing. In order to avoid this constraint, the only

4. Ibid., p. 351.

solution will be to concentrate much more on supply side policies, given also the low elasticity of inflation to demand and the presence of inertial inflation. In the long term, the major constraints in achieving adjustment with growth will continue to be fiscal deficits, low levels of productive investment and vulnerability to external shocks. While the authors correctly target external vulnerability as a limiting factor for long-term development, they do not offer insights on how to overcome the two other critical constraints.

EUROPEAN COOPERATION, ASIAN INDUSTRIALIZATION, AND TRADE WARS

European Technological Collaboration. By Margaret Sharp and Claire Shearman.
New York: Methuen, 1987, 112 pp., \$12.95.

REVIEWED BY PAUL J. PASTRONE

Competitors in global high technology markets have increasingly turned to the formation of "strategic alliances" in their struggle to gain and maintain competitiveness. These partnerships, sometimes involving research centers and universities as well as firms, are intended to exploit the members' complementary technological capabilities and produce a competitive advantage greater than the sum of their parts. The Organization for Economic Cooperation and Development considers this trend to be "one of the most important novel developments of the first half of the 1980s."¹ Debates over appropriate degrees and forms of collaboration continue to top national and corporate policy agendas.

Western Europe has seen a number of its firms fail to capitalize on technological innovation. While Europe is not alone in this experience, it has felt the economic impact of declining competitiveness in several of its critical high technology sectors, notably in the areas of information technology, microelectronics and telecommunications. Failures have spawned pessimistic and often exaggerated debates over the extent to which "Eurosclerosis" is causing Europe to lag behind the United States and Japan in high technology. Interest in technological collaboration in Europe is at an all-time high as the search continues for solutions.

In *European Technological Collaboration*, Margaret Sharp and Claire Shearman provide a succinct introduction to Europe's uneven experience with collaborative efforts since the late 1960s. The authors make a general case for increased cooperation between European firms, arguing that Europe has more to gain from partnerships at home than from collaborations with American and Japanese entities. While their arguments often echo the rationale employed by the European Community in promoting its myriad technological initiatives of the 1980s, Sharp and Shearman provide more than a mere policy endorsement. Their discussion raises critical, unresolved questions concerning whether European collaboration in high technology should be supported, and whether public funds should be allocated for this purpose.

The book, actually a short Royal Institute of International Affairs monograph, covers a great deal of ground. The authors summarize the fundamental economic and technical factors which have pushed high technology firms

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1. Margaret Sharp and Claire Shearman, *European Technological Collaboration* (New York: Methuen, 1987) p. 2.

toward collaboration. The root causes of Europe's "technology gap" are argued to be more a question of "countries and markets" than a European phenomenon.² Different European initiatives, from the European Atomic Energy Community, AIRBUS, and the European Space Agency of the 1960s and 1970s to the ESPRIT and EUREKA programs of the 1980s are briefly examined. In closing, the paper discusses how these programs fit into the wider European context.

Sharp and Shearman have provided an extremely readable and concise introduction to their subject. Although of limited value to those seeking new information on specific European initiatives, the author's treatment of various issues should prove refreshing even to those already acquainted with the topic. One such issue concerns underlying causes of Europe's weakness in key areas such as microelectronics and telecommunications. Routine arguments used to justify poor performance in these sectors often point to the fragmented nature of the European markets which has prevented any one company from attaining the economies of scale necessary to compete with foreign firms which enjoy much larger home market areas. Sharp and Shearman convincingly expose the weakness of this position, showing how the size of the home market *per se* has rarely been the relevant factor. Rather, the main problem has been that many European electronics companies have simply taken their home markets for granted. Protected by nationalistic government procurement and national champion policies, many companies "failed to focus on competition in world markets" and adapt to new opportunities.³ This line of reasoning echoes the sentiments of many sober European industrialists who have come to recognize (albeit inconsistently) that home market protectionism has been a mixed blessing.

Sharp and Shearman successfully demonstrate how collaborative agreements can be used to offset higher research and development costs. They also highlight how firms increasingly need to maintain expertise in a wide range of converging areas of technology in order to stay competitive. Indeed, little place remains for technological chauvinism or for private companies and national industries suffering from the "not invented here" syndrome. Therefore, "collaboration often makes sense, as long as real complementarity can be established among the partners."⁴ While an undramatic conclusion, this lack of "complementarity" is responsible for the failure of many cooperative ventures and remains one of the more salient lessons of early experiences with technological collaboration, both in Europe and elsewhere.

Unfortunately, the authors do not pursue many of the more interesting issues which follow from their premise. For example, if cooperation generally "makes sense," then in what ways does cooperation between European partners make more sense than European-U.S. or European-Japanese collaboration? Here the short format becomes a hinderance, for this is the crux of the issue.

2. Ibid., p. 10.

3. Ibid., p. 14.

4. Ibid., p. 184.

Only in the conclusion does the paper venture to list the relative benefits of European-only partnerships. The reader has the uneasy sense that he is witness to a hit-and-run, as important issues which underlie the thesis are noted and quickly dismissed. The authors gloss over questions about the degree to which European collaboration can be justified as a counter to American and Japanese "protectionism." They also fail to address economic arguments that cooperation is compromise in the form of a "second best" rationale, given the political difficulties of achieving free trade in European markets.

Sharp and Shearman cannot be faulted for not having asked the right questions. In fact, they have done more to open up the critical issues of collaborative partnerships than many longer companion works. Readers would have been better served by a more detailed development of their very interesting conclusion — that more political justifications exist for exclusively European collaborations than do economic ones. Elaboration of this theme would have provided a more substantial base from which to rally support for their cause.

The Political Economy of the New Asian Industrialism. Edited by Frederic C. Deyo. Ithaca, NY: Cornell University Press, 1987, 252 pp., (paperback).

REVIEWED BY CARRIE THOMPSON

The extraordinary speed with which the newly-industrializing countries (NICs) of East Asia have transformed their economies from relative underdevelopment to modern industrialism has cast into doubt the validity, or at least the universal applicability, of prevailing economic development theories, particularly those of the dependency school. Between 1950 and 1982, the Asian "gang of four" — South Korea, Taiwan, Singapore and Hong Kong — experienced average annual GDP growth rates between 6.6 and 7.4 percent. Moreover, income gains were dispersed throughout the population, in stark contrast to that of Latin American countries.

Why was development successful in the formerly "dependent" East Asian nations and not in other Less Developed Countries in Latin American and Africa? What factors were different? Is the experience transferable or was it singular to a particular time and place? By providing some persuasively argued answers to these questions, the eight essays in *The Political Economy of the New Asian Industrialism* contribute a great deal to our understanding of development as it has occurred within the East Asian cultural milieu.

Despite their different perspectives, the authors concur on the key to success of the East Asian NICs: a high level of state-orchestrated industrial development. In the process, they debunk the conclusions of neoclassical economists, who fondly point to South Korea, in particular, as an exemplar of the efficacy of a free market solution to growth.

In the first essay, Richard Barret and Soomi Chin take issue with dependency theorists, arguing that the gang of four did not suffer worsening comparative advantage, increasing income inequality or long-run economic stagnation through greater trade with developed countries. Rather, these states strengthened themselves by wisely adapting to changes in the world economy. As a result, they retained allocative power over domestic resources and were able to transfer surplus factors from one sector to another.

In discussing the role of individual sectors and the product life cycle in the political economy of Japan, South Korea and Taiwan, Bruce Cummings writes that the three countries have achieved similar economic structures and governing bodies that can best be characterized as "bureaucratic-authoritative-industrializing regimes." Despite apparent differences, the three countries share the following elements: a high degree of state autonomy; centralized short- and long-term planning; flexibility in switching resources from one sector to another; concentration of private capital in large conglomerates; labor repression; exploitation of women; low social overhead expenditures; and militarization. Cummings argues that the development of the three countries cannot be understood except within their own geopolitical environment.

Borrowing from dependency theorists, he writes that Japan served as the core to Taiwan's semi-periphery and South Korea's periphery in the early years of this century and again after World War II. He thus concludes that the developmental success of Taiwan and Korea are historically- and regionally-specific and provide no readily-adaptable models for other developing countries.

While dependency theorists warn against increasing trade penetration with the core, they are particularly wary of foreign direct investment (FDI) which, they contend, transfers decision-making control to foreign interests and inhibits local industrial development. Stephan Haggard and Tun-jen Cheng, in their essay, weigh the validity of these arguments in light of the recent development experience of South Korea, Taiwan and Singapore. With the exception of Singapore, contrary to general perception, multinational corporations have played a smaller role in Asians NICs than in their Latin American counterparts. However, U.S. aid to South Korea and Taiwan during the Cold War was substantial and undoubtedly had an immeasurable impact on development. The authors evaluate the different forms of foreign capital flows into both the East Asian and Latin American NICs, as well as the evolving relationships between the host governments and foreign firms. In addition to having a lower level of FDI on average than the Latin American NICs, the East Asian states, the authors maintain, were more successful in limiting the impact of foreign capital in the national economy because they kept a hand in the design and implementation of foreign investment projects.

Expanding upon the theme of the foundations of state control in the economy, Chalmers Johnson argues that the "soft authoritarian-capitalist state" itself, not just export promotion policies, was the key to growth in East Asia. He identifies institutional and organizational links between state development agencies and private sector conglomerates. By means of such control mechanisms over the private sector as credit access, export licenses and foreign exchange, the government effectively and strategically steered industrialization.

There was, however, a dark underside to the state policy that was so instrumental in propelling growth. Repression of organized labor activities to keep wages low and thus competitive on world markets, Deyo writes, was an integral part of state policy. This contrasts with Latin American development policy with its emphasis on increased wages and greater public welfare.

The strength of this book lies in its exploration of sociological, political and historical factors, and not just the narrow economic ones, that helped the East Asian NICs make a rapid economic take-off. *The Political Economy of the New Asian Industrialism* reminds us that development policy cannot be abstracted from geographical, cultural and political contexts. As Haggard and Cheng write, "Development models are not just simple packages of policies; they are configurations of political institutions and historical events. Although there are certainly economic lessons to be drawn from East Asia, we must keep firmly in mind the peculiarities of development there."

Trade Wars: The Theory and Practice of International Commercial Rivalry. By John A. C. Conybeare, New York: Columbia University Press, 1987, 352 pp. \$35.00.

REVIEWED BY JOHN ZAGULA

Trade Wars ambitiously attempts to do too many things: provide a history of trade conflicts and their evolution; summarize existing trade theory as it applies to such conflicts; challenge and criticize much of this theory; and propose theoretical and policy-oriented alternatives. As if this were not enough, Conybeare attempts to derive his conclusions by applying modern game theory to historical cases of trade conflict. Although this approach makes the book unique, it is also its undoing.

The book is largely a series of case studies, actual trade wars “replayed” for the purpose of analysis as games. The cases are quite interesting, as is Conybeare’s historical examination of them, but the application of game theory seems sketchy. He simply attributes the strategic patterns incorporated in various games — Prisoner’s Dilemma, Chicken, Stag Hunt and Deadlock — to the different parties in the conflict and compares the game’s outcome to the historical one. These connections may be understandable to those well versed in game theory, but Conybeare would have better served the uninitiated reader by explaining how the games used work and how they relate to the structure of the actual cases. Nonetheless, if one has the patience to read meticulously, testing the author’s conclusions oneself, *Trade Wars* is worth reading for both its insightful historical analysis and its unique approach to an issue of great concern today.

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