

BOOK REVIEWS

Primacy or World Order. By Stanley Hoffmann, New York: McGraw-Hill Book Co., 1978. \$12.50.

This is a book for international lawyers to be smug about. One of the leading political scientists of our generation, while he has not yet seen the light, has arrived through his own tortuous paths at the same sunny fields we have been frolicking in for 300 years.

After analyzing the superficialities and turbidities of the Kissinger approach to foreign policy and what is titled "The Nightmare of World Order," Professor Hoffmann proposes a reorientation of American foreign policy to abandon the theological struggle against "Communism" and accept in principle that the fundamental unit of world order is the sovereign state. He pleads eloquently for recognition by policymakers of separate states each with its own interests (which are affected by the acts of others, especially of the powerful), and of the need, therefore, for the United States to replace "functional solutions" of what are misconceived as "discrete problems" with a world-order view emphasizing multilateralism and sensitivity to the interests and views of others (pp. 265-66). He thus ends where international law theorists have been beginning ever since 1648, when the principles of secularism, sovereign equality, effectiveness, and the territorial basis of legal authority were formally accepted by the principal European claimants to exclusive religious insight and legal power.

The fascinating question is why it has taken so long for the vanguard of the most sophisticated political theorists of our time to arrive at a platitudinous conclusion, and why it was necessary to go through the most sophisticated argumentation, manipulating with expert ease the concepts and generalities of a learned discipline, to arrive at that conclusion. The answer seems to be that Hoffmann, like many of his colleagues, conceives of the international order as wholly political, and of international law as a mere set of operating rules normally broken when the temptation is great enough. Ignoring the fundamental legal essence of the world order and the inherent distribution of the legal power to make rules has long seemed to international lawyers akin to explaining the

political order of the United Kingdom without considering the force of tradition underlying an unwritten Constitution that distributes powers among the Crown, Parliament and the Cabinet. To conclude simply that the economically dominant Parliament is "sovereign" and can do anything it likes so oversimplifies the true distribution of powers in the United Kingdom that the generalization is more deceptive than helpful even to the extent it can be rationalized. So, to the international lawyer, a world order model built on economic and political power relationships alone, no matter how sophisticated or how broad the definition of power, has seemed superficial so long as it excluded tradition-based habits of thought and the modern legal primacy of nation-states.

For Hoffmann to assert that norms of international behavior suffer from "the congenital weakness that comes from being left to the mercy of the actors' self-serving and wildly contradictory interpretations" (p. 242), whatever the popularity of that view to statesmen, is wide of the mark. It is equivalent to saying that the often conflicting overlaps and gaps in the U.S. Constitutional distribution of aspects of the foreign relations powers among the three branches¹ of the Federal Government and between that Government and the states, leaves us without a meaningful Constitution. It also implies that autointerpretation is the same as autodetermination of rules of international law, which every experienced diplomat, whether or not a student of Leo Gross, knows to be absurd. But there would be little point to running down a list of evident misconceptions in the book regarding the binding force of rules of international law or the nature of the sense of obligation that distinguishes those rules from mere morality.

This fundamental misconception regarding the nature of the legal order causes serious distortions in Hoffmann's analysis of specific events. For example, in Hoffmann's analysis of the impact of the possibility of using force on the American response to the oil crisis of 1972, he writes:

America's abstention from force against OPEC resulted from the political and economic losses such an expedition would have entailed, from the

1. The struggles for control of foreign policy discretion between the Executive and Legislative Branches of the United States Government will be familiar to all readers of this review. What might be less familiar is the role of the Judicial Branch as an actor in its own right. But the foreign policy formation of the United States cannot be understood by those not familiar with the powers of the American Supreme Court as expressed many times, most notably in recent years in such cases as *Banco Nacional de Cuba v. Sabbatino* (376 U.S. 398 (1964)) and its progeny, and the shift by the Congress to the Court (with the concurrence of the Executive for reasons that defy legal analysis, although the politics has been depressing as well as illuminating) of substantial foreign relations power through such legislation as the Foreign Sovereign Immunities Act of 1976 (P.L. 94-583). Whether all of this legislation is consistent with the Constitutional distribution of the foreign relations powers within the Federal government has yet to be decided by the Court.

doubt that even a 'successful' conquest would force a lasting reduction in the price of oil, and from the obvious fact that there are more appropriate ways of securing supplies of oil than through military conquest. (It also resulted in part, from ethical restraints, although their reach is not universal.) (p. 118)

But the legal restraints are not merely "ethical." The inhibitions on the use of force against the OPEC countries are constitutional and involve such considerations as the lasting enmity of Arab and other states with natural resources of importance to the United States economy; the acceptance of the legitimacy of action against American interests by those countries able to tweak the eagle's feathers with relative impunity, such as North Korea (remember the *Pueblo*?) and Cuba (remember the expropriations of 1960?); and the likelihood in a world where nationalism continues to lead towards the cohesion of small units, of bogging American power down in a series of expensive and unpopular skirmishes against guerrillas in oil-rich territories (and elsewhere) which will unite the law-enforcers of the anti-colonial world against us and probably lead to disastrous effects in the longer term.

But that is the conclusion that would be reached by more or less the same logic under Hoffmann's own "new" theory expressed some 150 pages later. It was these lacunae in his analysis of the currently popular model that led him to posit a different world order model better rooted in the realities of our times. It was his own misconception of the world order model familiar to international lawyers that finally led him to posit as if original a model that looks much like a world of sovereign and equal states which reject ideology as a basis for special law-making powers and emphasize territoriality; in short, the Westphalian model in its constitutional phase. Thus the smugness with which international lawyers will read this book.

In two other aspects, international lawyers need not feel smug. First, just as there are perceptive and unperceptive political scientists, there are perceptive and unperceptive lawyers. The adoption by the United States of a world order perspective long familiar to international lawyers does not by any means assure that people with the credentials of lawyers and a degree of success in private practice, government or academia, will be effective statesmen. It is more than merely possible that political scientists swayed by Hoffmann's argument will find their orientation simply incomprehensible to experienced and successful international lawyers who themselves have never understood that the rules they manipulate in pursuing their calling are constitutional and not merely technical. Technical expertise and insight are perhaps related, but are not dependent variables.

Second, without disputing the essential validity of the Westphalian model which Hoffmann derived through other paths, it should be mentioned that

some very perceptive international lawyers and political scientists see an evolution of the international legal order towards a distribution of legal powers more broadly based than the nation-state unit. It is not necessary here to delve into the complexities of new world order models being posed by scholars who start by noting the weaknesses of analyses based solely on the Westphalian conception of the world legal order. But it may be appropriate to observe that the proliferation of functional organizations, the United Nations and the development of an international civil service class, the growth of important regional and special interest groups like the European Communities and OPEC, and the spread of the lobbying influence of transnational movements and multinational businesses, have made it necessary to expand in interesting ways the conception of the world constitution and the process by which states legislate the rules of international law. Just as a study of the constitutional law of the United Kingdom and even of the United States cannot be useful in reality unless the subtleties of the legislative, executive and judicial processes take account of groups exercising powers not formally set out in those constitutions, so a useful model of the world order must include consideration of the subtleties of the system that lie beyond the fundamental distributions of legal powers hitherto ignored by many political scientists. From that point of view, Hoffmann's analysis is a welcome return to fundamentals. He permits those political scientists who have previously neglected the legal order to put their most sophisticated analyses of the political aspects of the world order into a more useful perspective without sacrificing the insights already gained through the study of the network of relationships, the "linkages" and statistical analyses, whose utility has heretofore been limited by their loss of touch with those fundamentals. It is possible to hope for a cross fertilization and a resulting hybrid vigor in the study of international relations as political scientists and international lawyers find themselves once again speaking the same language.

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Power Projection: A Net Assessment of US and Soviet Capabilities, W. Scott Thompson, National Strategy Information Center, Inc. (New York: 1978) 89pp., \$2.00

In this essay, Professor Thompson presents a brief, but penetrating probe into the relative abilities of the United States and the Soviet Union to exert their influence around the globe. His main concern is with what he calls "power projection" which he defines as "the overall capability to *develop an infrastructure*

of influence.” This includes the development of military might — especially naval power — aid, arms sales, alliances and manipulations of other powers’ perceptions.

The book represents the thought of the Right at the time that UN Ambassador Andrew Young was saying “so what” to Cuban influence in Africa, and contributes a realistic and ominous appraisal of the simultaneous decline in US and rise in Soviet influence. In fact, Ambassador Young is part of the opposition in this essay, that is, the people who administer the “so-what school of diplomacy,” while those in agreement with Thompson’s point of view would include people like Senator Daniel P. Moynihan who advocates bringing pressure to bear on the USSR, and retired Admiral E.R. Zumwalt Jr., who expresses his concern for Soviet naval buildup in the book’s foreword.

The essay is a shrewd, critical evaluation of the many factors influencing the ability of the US and the USSR to project power. It analyzes the development of Soviet capabilities, especially its increase in military strength, pointing at details such as the use of the merchant marine for paramilitary purposes, and the threefold increase in its number of vessels in two decades.

Thompson also examines the shift in alliance patterns, with especial attention to the increasing importance of the willingness of the smaller, nonaligned powers to ally with the super powers, and perceives the USSR outpacing the US in gaining support from these smaller nations.

The book discusses the deteriorating international milieu, and includes such topics as the increased vulnerability of the West due to resource scarcity, the rise in Third World conflicts due to the availability of arms, and the disruptive effect of Russian-funded terrorists. Although Thompson rejects the notion of a Soviet “Master Plan” for domination of the world, he does suggest that the Soviets are patient planners, and unlike the US, are free to design foreign policy with little regard for domestic opinions or resource need.

In the summary chapter, Thompson concerns himself with American responses, and holds that although the US currently maintains adequate security in the West, that security is being challenged and may well dwindle to naught if American will continues to dissipate. He advocates “a rebuilding of the domestic consensus regarding foreign policy aims,” an American diplomatic offensive, speaking out against Soviet Imperialism, and encouraging Third World nations to become nonaligned to bring them out of the Soviet camp. A specific tactic which he advocates is the placement of ships offshore troubled, friendly nations to deter Soviet offenses. However, Thompson views the US as too bogged down in issues that are trivial compared to maintaining Western security, such as Cyprus and the arms embargo to Turkey, or requiring human rights policies as a prerequisite to American support, and thus unable to answer to the Soviet spread in an effective manner.

Power Projection has much of “red threat” reasoning in it. However, the old

anti-Soviet themes have become more persuasive and taken on new dimensions in recent years as the balance of power and influence has shifted in favor of the Soviets. A more evenly matched power contest demands more inventive means of projecting power. The author's advocacy of numerous means of power projections suggests that purely hawkish measures no longer suffice. The full arsenal of diplomatic, economic and psychological weapons must be used.

That *Power Projection* is a call to wits rather than a call to arms implies the beginning of an era when the US must meet the Soviet challenge with a canny, aggressive foreign policy instead of by force alone. Professor Thompson believes that the US is capable of doing this, but that it currently lacks the will to compete in this way with the USSR.

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Organizing The World's Money: The Political Economy of International Monetary Relations. By Benjamin J. Cohen, New York: Basic Books, 1977, pp. 310, \$11.95.

On 15 August 1971 President Richard Nixon ended the dollar's convertibility into gold, "cutting loose" the exchange rate to "float" or fluctuate in foreign exchange markets according to supply and demand. Thus died the Bretton Woods international monetary system after twenty-seven years. Since that day a number of multilateral efforts to stabilize exchange markets have been made: the Smithsonian Agreement (1972), the European Community "Snake" (1972), the Rambouillet Accord (1975), and the Jamaica Agreement (1976). But today exchange relations remain in disarray.

Why have western nations failed to agree on an effective international monetary order? What has prevented a complete breakdown into chaos as occurred in the 1930's? What are the requirements for a stable exchange system, and are these likely to be met under present conditions? In *Organizing the World's Money* Benjamin J. Cohen advances the thesis that these are essentially political, not economic questions. He argues that today's monetary disorders arise from competing national interests, and that their successful resolution, like that of all political disagreements, depends crucially on negotiation and compromise.

International monetary relations, according to Cohen, is a non-zero-sum game. At issue are both the size of the world economic pie and its distribution.

Each country possesses, to a greater or lesser extent, the power (via exchange-rate intervention policies and other devices) to enlarge its share of the pie at the expense of others. However if this power is exercised in an unrestrained manner by several states, then exchange rates become unstable — reducing international trade and investment and causing the world economic pie to shrink. Conversely, if the exercise of power is restrained by mutual agreement, the pie can grow. The trick is to settle on an order which leaves no party so unhappy with its share as to withdraw its cooperation.

Cohen also believes questions of prestige and national self-determination to be central to international monetary relations. Every sovereign government wishes to reserve to itself the prerogative to create money — this being one of the major instruments of control over its own economy. Closely linked to this function, under a fixed exchange-rate system, is the necessity of keeping reserves of foreign money in the central bank. If a country allows its own money supply to grow more quickly than that in other countries, producing a higher rate of inflation, it is likely to incur balance-of-payments deficits, and thus will need reserves to support the exchange rate.

But what kind of reserves are to be held? They must be in a form acceptable to other nations — which has meant, generally, either gold or a “strong” currency such as the US dollar. The conflict which emerges is that the use of gold or dollars as international reserves confers special benefits on the gold- or dollar-producing country. The reserve-currency producer is able to run a continual balance-of-payments deficit — in effect “living beyond its means,” importing more than it exports — without its money being presented for redemption. In fact, Cohen asserts that the Bretton Woods Agreement constituted an implicit “bargain” between the US and European nations: through continued payments deficits the US supplied European dollar reserves, in return for which the Europeans acquiesced in the growth of US economic and political power afforded by the deficits. This bargain broke down as resentment to the privileged position of the dollar grew among the rebuilt and increasingly powerful West European countries. The situation was aggravated as Vietnam war spending inflated the US economy and undermined confidence in the dollar.

A number of problems thus have become intertwined: how are we to maintain reasonably stable exchange rates as well as an internationally acceptable reserve-currency while satisfying all nations that they are receiving a fair share of the economic and political benefits of international trade.

Cohen’s own recommendations for reform incorporate features from a number of schemes put forth by economists over the years. His proposals include (1) a regime of “managed floating,” (2) a strengthened International Monetary Fund, (3) a multiple-reserve-currency standard, with wider employment of SDR’s (Special Drawing Rights) and reduced use of gold, and (4) a coordinated bargaining process for accommodating conflicting national

monetary goals. His plans rely critically on so-called "codes of good conduct," formalizing a minimum standard of national policy restraint necessary to an efficient international monetary system. However he also counsels a strong dose of ambiguity in the rules of the system in order to accommodate changing political and economic power relationships.

These last two features — formal codes and ambiguity — may seem somewhat at odds. Indeed they are: Cohen's fundamental theme is that no single definitive solution to international monetary conflicts exists. In his words: "So long as there are politically sovereign states and formally independent national currencies, there will be international monetary problems. All we can really hope to do is to minimize the probability that such problems will occur and to restrict the extent of their damage when they do."

Cohen's treatment of this complex topic treads a narrow path between oversimplification on the one hand, and attention to technical and theoretical considerations on the other. A few topics could have been dealt with in more detail. For example, one of his fundamental points is that a state taking the initiative to adjust a payments imbalance (by devaluing its currency, for instance) does not necessarily bear the economic costs incurred in the adjustment process. Why this is true is only hinted at, unfortunately. On the whole though, *Organizing the World's Money* is a coherent and lucid exposition of contemporary international monetary problems which should be valuable to both the nonspecialist policymaker and the interested layman.

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