Review: AMERICA'S ROLE IN THE WORLD ECONOMY
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We, too, are sorry things are so tough. Graham Greene's inability to cope artistically with all the moral uncertainties of these times has given us a third-rate novel.

BARBARA NAUER

AMERICA'S ROLE IN THE WORLD ECONOMY

Michael Hudson, *Super Imperialism: The Economic Strategy of American Empire.* New York: Holt, Rinehart and Winston; 1972. 304 pp. $9.95.

The United States came to dominate most of the non-communist world in our time by manipulating international economic affairs and fashioning its own international financial structure. This is Michael Hudson's thesis and he defends it in a forthright and competent manner.

Until the first World War economic imperialism followed the historic path explained by Lenin and Hobson: private capital took the initiative in overseas intervention, government action was subsequent. U.S. domination after World War I was different: "It was government which . . . determined the growth and U.S. investments abroad, [It was] not the investment of private finance capital that determined the foreign policies of the U.S." (p. 7) Who could have imagined that "A leading capitalist government would subordinate the interests of its bourgeoisie to the autonomous interests of the national government. . . ." (p. 6) and thus present the earliest manifestation of what was to evolve in other countries, although in far cruder form, as the national socialisms of Germany, Italy, and Spain?

Did the U.S. consciously set out to become the economic imperialist nation *par excellence*? The facts, as Hudson orders them, appear to point the other way. The government wished to prevent American businessmen from taking advantage of opportunities for private intervention abroad after World War I. To avoid economic imperialism the U.S. government financed recovery from the war, rather than permit the business community to do it. But while the U.S. removed opportunities for American private investment overseas, it did not wish to enter into official financial arrangements that would be detrimental to its national interests. So the government began to take the initiative in determining the ground rules of trade and finance among nations, and, as time passed, became more paternalistic and imperialistic in its pursuit of world order. For those who are not familiar enough with the language of international economics to struggle through a book of credit tranches, Eurodollars, special drawing rights, gold budget accounting, and the rest, this story of America's role in the world economy since 1919 needs to be briefly retold:

Between the world wars the U.S. insisted that Europe repay its war debts. Previous to this time, provision of arms to allies had always been written off as a war cost. The European allies had to use the whole of the German reparation payments, and probably an equal sum in addition, for this purpose. But the allies couldn't earn the dollars to pay the debts because of America's policies of protection and dollar devaluation. With the approach of World War II, which the war debt condition helped to bring on, Germany stopped paying reparations and the allies stopped paying off the debts. Wealthy Europeans became afraid and transferred their capital to the U.S. The debt repayment, the U.S. devaluation of the dollar, and the flight of capital from Europe combined to build a huge stockpile of gold in the U.S. It grew even bigger when Europe used the rest of its gold to help finance World War II; by the end of the war the U.S. had most of the world's gold. It also had an impressive capacity to produce industrial and agricultural goods for sale abroad. Under these conditions American diplomats insisted upon a free trade system directed by the U.S. and a return to the gold exchange standard—i.e., the international monetary system the U.S. itself had abandoned in 1934. By the creation of the international monetary fund (IMF), the World Bank, and the General Agreement of Tariffs and Trade (GATT), the U.S. integrated the economic activities of non-communist countries into a satellite relationship with the U.S. These organizations (along with the implementation of the principles of laissez-faire and the use of foreign aid as a weapon policy) were the building blocks of an edifice of "free world" economic domination.

A part of U.S. domestic economic policy was full employment. International economic policy was one instrument to help attain this goal, government work projects of the depression era being deemed undesirable. International agencies like GATT, by sponsoring tariff reductions, built foreign markets for U.S. exports, created jobs for American workers, and established domestic stability. They arranged conditions favorable for the sale of American agricultural products and sophisticated capital equipment in return for mining, petroleum and some less sophisticated industrial products.

This arrangement was generally harmful to underdeveloped countries because it discouraged economic diversification. Third World countries were coerced to develop their specialities of oil, ores, tropical fruit, sugar, instead of setting out to diversify and modernize agriculture through methods successfully employed in the U.S., such as educational extension, rural credit payments, and price supports. America's foreign aid program played a role in reducing America's massive farm surpluses, gave an excuse to subsidize the U.S. merchant marine, and promoted the growth of U.S. banks abroad.

U.S. diplomats, advised and tutored by sincere American economists, argued for the liberalization of world trade in order to achieve the optimal allocation of the world's resources and the maximum of world income. But the welfare of developing countries was not to be maximized by this policy. Moreover, the principles of free trade were often abrogated when applied to the U.S. A double standard existed, of which there are many examples: the U.S. was not required to adhere strictly to the Most Favored Nation rule; special restrictions on shipping were permitted; loopholes insisted upon by Americans permitted import quotas.

Even though the U.S. had designed the world economic system to its own specifications, it began to lose gold in the 1960's as Europe recovered from the war and Japan became a serious competitor in world markets. The dollar fell in value relative to other currencies. Gold loss was accelerated by the enormous expenditures needed to fight the Vietnam war. In time, the U.S. was without gold reserves adequate to cover the dollars in the hands of foreigners and in the deposits of foreign banks. In a series of metamorphoses (increasingly familiar since the Nixon administration) the U.S. repudiated the very international economic structure it had built, behaved contrary to the "orthodox" economic principles it had taught, and disobeyed the institutional rules prevailing since World War II. The U.S. shifted financial power away from gold to debt and advocated a redesign of the world money system similar to that of Lord Keynes. Europe and Japan had no choice but to accept this turnabout; otherwise the world monetary structure would have collapsed. "The game which the Nixon administration was playing was the most ambitious in the entire economic history of mankind, and was beyond the comprehension of the liberal senators of the United States. By the simple device of not hindering the outflow of dollar assets from this country, the United States was in effect wiping out its foreign debt while seeming to increase it. At the same time, it was widening the opportunities for takeover of foreign companies and penetration of foreign markets by the simple utilization of the printing press." (p. 266) Dollars in the hands of foreigners depreciated rapidly. The loss in purchasing power was great. In this way, the United States had inadvertently forced Europe and Japan to finance a large part of the Vietnam war.

Of course, the story isn't over. Foreigners still hold a sizable part of U.S. purchasing power. "American success in forcing other nations to pay the costs of its overseas wars may prove an empty one. The United States faces a future of having to yield up the real products of its industry in exchange for the paper it has printed so assiduously and has forced upon other countries as central banking assets." (p. 275)

Hudson's book is extremely important. It is a most convincing interpretation of the history of the economic relations of the U.S. and its allies since 1918; it shows the period of the *Pax Americana* to be short indeed! It is also important as a massive case study to illustrate how parochial and culture-bound the science of economics really is.

WILLIAM R. WATERS

THE ABORTION NON-DEBATE

There is no longer an "abortion debate" going on across our country. Abortion, like violence and civil disobedience, has about run its course as a "live" issue in contemporary thought. This is not because the issue has been intellectually resolved; rather, the contrary is true, it has come to be seen as intellectually unresolvable. The attention of people has shifted away from the theoretical matters of whether and in what cases, if at all, an abortion is morally permissable, to the practical issues. And there are practical issues aplenty for both sides of the controversy—repeal of abortion laws vs. changes in the Constitution, setting up abortion clinics vs. setting up emergency "problem pregnancy counseling centers" and pro-life organizations, educating the public about the availability of abortion vs. educating the public about the hazards of abortion, etc. In some quarters it would seem