

# Books of Note

*Comments on new books  
of especial interest for  
international executives.*

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**THE UNITED STATES BALANCE OF PAYMENTS.** International Economic Policy Association, 1625 Eye St., N.W., Washington, D. C., 1966, 200 p., \$10.00. This book presents an intensive analysis of the various factors affecting the U. S. balance of payments with a wide range of recommendations for easing the recent deficit position. The basic thrust of the analysis is to remove the pressure for reduction of private direct capital outflow and direct more attention toward reduction of the deficit in the government sector of the accounts.

Most of the book is devoted to a detailed examination of the various components of the balance of payments with numerous statistics and graphic presentations. Substantial attention is given to the role of private capital. One chapter goes back through the historical experience of countries like England and France emphasizing the highly beneficial long term effects of overseas investments which have financed large current trade deficits. Further discussion of recent U. S. experience supports the conclusion that investments make a positive contribution toward deficit reduction in a relatively short time period and that they are in other respects in the best national interest.

After analysing trade, tourism and other aspects of the situation, the study takes issue with those who feel that the balance of payments problem will work itself out through natural forces in a few years, so that temporary restraints on capital exports are a justifiable remedy. "It is impractical to expect the private economy, through increased sales or diminished credits or investments, to raise, in the short run, U. S. net earnings abroad by an additional \$3 billion a year to offset government deficits." The study therefore recommends a number of actions with major emphasis on reducing the government deficit. A few of the more significant recommendations are:

1. Foreign aid should be placed on a "real resource basis" which means in the main providing only contributions of U. S. goods in kind with "a large number of U. S. AID personnel stationed abroad called back to the United States".
2. Increase dollar earnings through PL 480 building up to at least 25% payment of hard currency.

3. Urge the World Bank and other international agencies to place more of their borrowings in the European capital markets.
4. Withdraw a large portion of U. S. military forces from Europe.
5. Revise U. S. trade policy to accept discrimination in principle in its own actions and move toward development of its own common market area as a counter to the discriminatory impact of other such areas.

The study should be of substantial value to international executives. It provides in one clear and well organized source a wealth of data and analysis which is central to the current balance of payments debate. The recommendations are in many respects controversial, but they provide a valuable new focus for discussion in this critical national problem.

**INTERNATIONAL BUSINESS.** Roy Blough. New York: McGraw-Hill Book Co., 1966, 373 p., \$8.95. Professor Blough's book is primarily devoted to a scholarly description of the environment for international business with a brief section discussing key business decisions and a concluding chapter examining the fundamental problems of government-business relations in the field. The environmental description is largely concerned with the impact of government on business with only brief attention to other factors like cultural differences among nations. There are three chapters describing the characteristics of governmental institutions relevant to business: the national state, international organizations and intergovernmental institutions. These are followed by six chapters concerned with government policies toward major types of business activity—movement of persons, international payments, international trade and international investment—the policies of capital supplying countries and relations with communist countries.

The author's main objective is "to present a general overview of the international business scene, focusing particularly on the major environmental factors that make the problems of international business different from those of domestic business." He recognizes at the outset that his study does "not . . . probe in depth many important aspects of the environment." Thus the treatment of each subject is quite brief. It is scarcely accurate to say that it is superficial because Dr. Blough is painstakingly careful in his writing. For example, he devotes half a page just to clarifying the distinction between a "nation" and a "state". It is quite evident that exhaustive