Hemispheres

Spring 1979

An Interview with Robert Solomon

The international role of the dollar has been the focus of a world-wide debate. U.S. policy makers have been scrambling to decipher just what the role of our national currency is. For some, it is unclear what the international role of the dollar is and should be. In an interview, Dr. Robert Solomon, has addressed questions pertaining to this phenomenon and clarified many of the issues surrounding the decline of the dollar in the world market and its repercussions.

The Editors

Hemispheres:
How would you evaluate the Carter Administration's international economic policy thus far?

Solomon:
That's an extremely general question. On the whole, they have made mistakes; everybody makes mistakes. I think that the Carter Administration's international economic policy has been unfairly criticized, particularly in Europe and Japan the criticisms have focused primarily on the exchange rate and what has happened to the exchange rate. Whether oil imports, international economic policy or domestic policy is the root of the criticism isn't clear; that's the second strand of criticism of the U.S. I think those are the two areas in which foreigners have recently been particularly critical of the inflation rate in the U.S. Although, I don't think it is particularly hurting them.

The main point that I would like to make in responding to your question is that I think that Europe and Japan have both tended tc blame the U.S. particularly for what they call the fall of the dollar, which I might describe as the increase of the yen, the deutschemark and the Swiss franc. They tend to blame their own ills on the fall of the dollar. It's a convenient scapegoat. Whatever ills they have in the economic field are due, not to a result in the change of the exchange rate, but, to a significant degree, the result of the failure of their own policies.

Hemispheres:
What is the existing international monetary system, i.e., since the collapse of the Bretton Woods agreement in 1971?

Dr. Robert Solomon is an international economist and a senior follow at the Brookings Institution, Washington D.C., formerly of the International Monetary Fund.

Solomon:
The use of the word "collapse" already makes it a loaded question. It's alright, most people use that word. Part of my response is to point out that it is a loaded question. We had a change in the nature of the international monetary system in two respects: one, the convertibility of the dollar into gold was ended. I'm not sure how important that is, I'm not giving enormous importance to that particular change. The major change is that we've gone from a so-called par value system to a floating exchange rate. I wouldn't even describe that as a collapse. I would regard it as an evolution in the nature of the international monetary arrangement. It isn't clear that we had a system before 1971 or wherever you want to date the "collapse" from.

I think that people ascribe greater importance to the change in the nature of exchange rate system than it deserves. One has to observe that since 1972-1973 there has been an enormous rise in world inflation, that is of individual countries, and therefore, in the disparity among countries in their rates of inflation, which made it inevitable that there be changes in exchange rates. Now even if the old system had not "collapsed" and we had stuck with it, par values would have been changed much more frequently since '73 than they were in the Bretton Woods system from its inception until 1973. We still would have had a much more flexible exchange rate system, had we not gone to floating rates. The difference between frequently and rapidly changing par values and floating rate systems may not be all that great. Your initial question was what is the nature of the system. Well I've tried to answer the question in terms of what has changed since the Bretton Woods "system". The underlying basic facts of the world have changed. I would say that the international monetary system has adapted to that.

Hemispheres:
Is the present system the optimal system?

Solomon:
No, of course not; we'll never have that. We've never had an optimal anything. I'm afraid of the next question—that I can't answer it.

Hemispheres:
What is the optimal system and why? Why is the present system not optimal?

Solomon:
I'm not as critical of the present system as most people are, because I happen to think that the major problems in the world and relations among countries are not a result of something systemic, but rather the result of the behavior, performances of the policies of individual countries, and their impacts on each other.

Hemispheres:
What factors have contributed to the decline of the dollar i.e. the fall in the exchange rate?

Solomon:
Well, different factors at different times, since the floating regime started in March 1973, the dollar has gone through several cycles—down and up, down and up, down and up, then stability for two years from the autumn of '75 to the autumn of '77. The effective exchange rate of the dollar trade weighted average was quite stable. And then beginning in the fall of '77, September or so, it began to decline. It declined in the fourth quarter of '77 and the first quarter of '78; then stabilized and even rose a little bit in the spring of '78; then fell again in the summer. That fall, it accelerated in October and became disorderly, just before the November 1st announcement of the new measures by the Administration in cooperation with West German, Japanese and Swiss authorities; the rate has been fairly stable since.

What caused the fall from September '77 to September '78? As I already indicated, I think that one could equally well describe what has happened in the past year as a rise in the yen, the mark and the Swiss franc; other currencies have gone up too in relation to the dollar, but those three have gone up the most. There are several factors, they've changed over time, I repeat, when this decline began in '77, the U.S. trade deficit has increased very sharply as compared with '76, partly because of a very large increase in oil imports in the year 1977, which later declined; they may increase in the future, but in '78 they did not and in fact, they may have gone down a bit. The widening of the trade deficit not the current account, although one should talk about the current account, was, broadly speaking, more or less half of the increase in the trade deficit in the year '77 (when this decline began in '77) and was attributable to the increase in oil imports. I think that most of the other half of the difference is the rate of expansion between our economy and the economies of our major trading partners, Europe and Japan, which were not only relatively sluggish, but actually had declining production in the course of the year 1977. With such sluggish economies their imports weren't rising very fast. If their imports don't increase very rapidly, then our exports aren't going to increase very rapidly. Yet our economy went on with a good rate of growth and our imports naturally went up with them. So, that disparity in growth rates is the second half of your explanation. The widening of the trade deficit in turn engendered expectation that the exchange rate was going to move, expectations tend to be self-fulfilling in a market that is not contrived.

What is significant is that it continued into 1978, as I just described, even though oil imports did not continue to go up, added factors came into play. Our inflation rate was not very high in 1977, four to five per-

cent, believe it or not, when this exchange rate movement began. Our inflation rate did worsen significantly in '78, that roughly contributed to the exchange rate movement.

And it was only in the latter part of '78 that the economies of Western Europe and Japan began to pick up a little bit. In reflection of that, our current account deficit and our trade deficit both *did* decline from peak deficits early in '78. They have a long way to go, but they've begun to go down; the current account deficit fell by half in the first and second quarter of 1978.

Hemispheres:
Now to get back to the Administration's November 1st plan, do you feel that this plan was the proper response for the plight of the dollar?

Solomon:
Well, I think as I indicated earlier that there was a real basic economic explanation for the change in the exchange rate which you can describe as the fall of the dollar, but it did tend to get out of hand in the month of October. I think that the measures that the Administration took on November 1st were a sensible response to that enormous uncertainty and very rapid movement of exchange rates in October. I'm not sure that one should try to peg exchange rates where they were on November 1st. I'm not even saying that this is the policy of the Administration. I regard the November 1st measure as an effort to stop a precipitous decline of the dollar, rather than to establish any particular set of exchange rate relationships.

Hemispheres:
Is the stability and reserve role of the dollar diminishing?

Solomon:
That is a good question and an empirical question. It is hard to get the facts that give one a comprehensive response. On the one hand, other countries' dollar reserves have actually increased in the past year, partly because they have intervened in foreign markets to try to dampen the upward movement of their own currencies. Therefore, you've had an increase in dollar holdings. There's been talk of diversification of reserves, not by the large industrial countries, but maybe by some of the smaller countries, maybe some of the oil-exporting countries, I'm not sure, I don't have the facts. Maybe some of them have tried to diversify their reserve holdings by moving out of dollars and into Swiss francs, or yen, or deutschemarks, if they could. Obviously, during a period when the value of the dollar declines, those who hold dollars in their reserves feel some concern: some tried to protect themselves.

Now the real question to which I don't have an answer regards that feeling of dissatisfaction with the holding of the dollar as a reserve — is that simply a temporary phenomenon associated with the recent ex-

change rate movement or has there been some longer run change in attitude toward the holding of the dollar as a reserve?

Hemispheres:
That leads me to my next question, is a reserve currency necessary?

Solomon:
No, not in principle, not at all. I could easily imagine a world in which all countries held their reserves in the form of Special Drawing Rights (SDR's). When they needed currency, say to use for intervention in the foreign exchange market, they would sell their SDR's to some other country that was in the opposite position and get dollars. The dollar would continue as what is called a "vehicle currency" or "intervention currency", without necessarily being a reserve currency.

Hemispheres:
Speculating on the function of SDR's and the European Monetary System, what effect will they have on the role of the dollar in the international system — do you see this as a positive or negative phenomenon?

Solomon:
It was agreed at the end of the Committee of 20 Exercise, and I think that it is probably stated in the new revised articles of agreement in the International Monetary Fund, as a long-range goal the role of the SDR should be increased and the role of gold and reserve currency should be diminished or phased out. I don't think that we Americans have to feel that the use of our currency as a reserve for the rest of the world is somehow essential to our national pride. It's not all that important.

Hemispheres:
What effect has the depreciating dollar had on the U.S. trade deficit?

Solomon:
Well, in the short run, there is something called the "J curve": that is in the short run when currency depreciates, the deficit measured in its own currency tends to get larger because prices change before quantities change. Just as a man who owned a shoe store found he had an excess inventory and wanted to increase his sales of shoes thereby increasing his revenues, he might lower the price at which he sells the shoes. At first, his income and revenues are going to go down until people learn that lower prices are available and come flocking in and increase the numbers of pairs of shoes that they buy from him. In the first instance, he'll sell the same number of shoes at a lower price. That's what happened to the U.S. and will happen to any other country that changes the exchange rate downward, but by now, I think, we are beginning to see the effects on U.S. exports and imports. Look at the volume of exports and look at the volume of imports and see some

response to the exchange rate. All the projections for '79, from International Institutions, namely from the International Monetary und and the Organization for European Cooperation and Development (OECD), call for a significant reduction in the U.S. current account deficit. It is important to remember that the exchange rate changes will have an affect on the balance of payments, only if they are accompanied by complementary changes in domestic demand policies, both in the countries where exchange rates are going up and going down. And unless those complementary domestic policies are adopted, the exchange rate change will not have the expected effect on the balance of payments.

Hemispheres:
Will we reach equilibrium with the surplus countries such as West Germany and Japan? Equilibrium being defined as the point at which there is not such a great disparity between nations' deficits and surpluses.

Solomon:
Defining equilibrium in this way, I think over time, there will be a tendency for our deficit to go down and their surpluses to go down. There will be a movement toward balance, or less disparity as you put it.

Hemispheres:
Will the different economic philosophies and attitudes of West Germany and Japan forestall the tendency toward "equilibrium?" Is the gold standard still relevant in these two countries, for example, or are they apprehensive about monetary or fiscal policies?

Solomon:
I doubt it. Individuals are buying gold to protect the value of private assets. They could just as easily be buying platinum, real estate or old masters. That is *not* the use of gold as on the official U.S. reserve asset, which is what the gold standard is.

The differences in the underlying philosophies are found not so much in differences that exist about the international standard rather they differ about domestic policy. The German authorities are very cautious about expanding their economy. They are very cautious about the use of fiscal and monetary policy, even though they have more unemployment than they wish; they have excess capacity in some sectors' lines of industry; they certainly don't have balance of payments constraint, and their inflation rate is very low. Similarly, Japan has even more excess capacity than Germany. They're hung up on problems about deficit financing and despite this Japan also has a very low in-

flation rate. I think that the attitude toward the use of instruments of economic policy differs among countries, that is the most important difference.

Hemispheres:
Then are these the reasons that they are in fact reluctant to decrease their surpluses?

Solomon:
At least, they are reluctant to adopt domestic policies that would lead to a reduction in those surpluses. I think that the Japanese would like to see their surplus go down because they have been under strong criticism from all over the world for the size of their surplus.

Hemispheres:
What prospects do you see for greater macroeconomic cooperation among the industrialized countries?

Solomon:
That's what we were just talking about really. Everybody regards it as a desirable ideal in principle, but it is very difficult to bring about in practice. A little progress was brought about at the Bonn Summit last mid-year. West Germany agreed to the stimulation of their economy, the Japanese did also; lip service is being paid to the need for coordination of macroeconomic policy, not only for external reasons; not only because it would tend to make for a more stable exchange rate, but because it would make for a better performance of the world economy. That's the major justification for coordination of macroeconomic policies. By coordination, one means, at least I mean, not that everyone should do the same thing at the same time, rather that countries should follow policies that are compatible with what other countries are doing so that the world economy as a whole, will move in some optimal way. There is a lot of confusion about the word coordination.

Hemispheres:
Is there an inherent conflict between the needs of the U.S. economy and the requirements of the dollar as an international currency?

Solomon:
I presume an international currency should remain stable, if it wanted to continue to be an international currency. What we've been saying to each other is that it hasn't remained stable. That may just mean that we should go back to what you and I discussed a little while ago. We should reconsider whether or not it is important for the U.S. or the rest of the world that the dollar remain the international currency or at least the official international reserve currency. The dollar is held privately very widely around the world, that is done voluntarily. On the official side,

there is beginning to be some talk about creating in the Fund something that is called a "substitution account", which makes it possible to replace dollars now held in special reserves with SDR's. We said that the International System could work very well if all countries' reserves were almost entirely in SDR's; that would then break this link, or make it possible for the U.S. to meet its own needs as a nation and part of the International System without creating disturbances or creating fewer disturbances, at least, in the International System.

Hemispheres:
What are the major achievements of the international trade agreement at the soon-to-be completed Tokyo round?

Solomon:
We can expect a future reduction in tariffs and non-tariff barriers.

Hemispheres:
How do you believe the administration should present the trade bill to the Congress and the American people given protectionist pressures?

Solomon:
All citizens are consumers. Consumers tend to stand to benefit, not to lose, from reduction of trade barriers. Consumers make up the largest single group, but they are not organized. And those who are organized are smaller in numbers, but have greater impact. I do not mean to belittle the hardship that can be visited upon people who work in a company which suddenly finds that the product it sells is being competed with by imports and at a much lower price. But for one thing as we mentioned earlier, the decline of the dollar has raised the prices of imports significantly over the past year: that is a form of protectionism. I would hope that that would be sufficient to satisfy the protectionist, so they wouldn't ask for additional protection.

Secondly, adjustments are possible. I'm struck by the fact that, I believe it was in Youngstown, Ohio, Bethlehem Steel Company closed a steel plant. There was a great outcry when it happened and it was all blamed on cheap imports, dumping or whatever term we use. I'm told that Youngstown has adjusted very successfully to the closing of that plant and of course, adjustment is what is needed. The government has the Adjustment Assistance Program, which the unions tend to call burial insurance. I think that the Adjustment Assistance Program should be strengthened considerably so that we don't have to revert or revert less often to protectionist measures which hurt us and other countries.

Hemispheres:
What would you consider the international economic outlook for 1979?

Solomon:
For '79, I think first of all, that there is additional uncertainty, because of what happened in Iran. There could be some serious repercussions affecting all oil-importing countries, not just the U.S. — for example if Iranian production should remain quite low for a long period of time, and other oil producers - exporters - decide not to increase their output to make up for it.

That presents a great deal of uncertainty. Leaving that aside, I'm going to repeat what I said earlier, I do think that there will be some degree of convergence in rates of economic expansion and rates of growth among major industrial countries. Although the U.S. had strong growth in the fourth quarter, there are signs that the first quarter is going to be slower. Meanwhile, there has been an acceleration in Europe, particularly in West Germany, whose performance is key to that of the continent and Japan. This convergence of growth rates ought to mean less disparity in the balance of payments positions as the year goes on. We ought to see it move to a smaller surplus and smaller deficit among the industrialized countries; assuming that oil prices don't go shooting up by some tremendous amount.

Hemispheres:
Do you foresee something of the nature occuring?

Solomon:
I'm hoping not, it is unpredictable given the political uncertainty as well as, what is now an oil shortage; we had, just a few months ago, an oil glut. It is an interdependent world: to suddenly remove five to six million barrels of oil per day from the supply, which is what happened when the Iranian oil fields shut down is to move from glut to shortage. How OPEC will react to that I don't know, a couple of small producers have raised their price by an addition of seven percent. The world can take that.[1]

In sum, I won't make predictions. There is now great political uncertainty in the Middle East, because of what happened in Iran, in addition to economic uncertainty. I find it even more difficult to predict their behavior now. I would have thought earlier that the Saudis would have tended to be a restraining force in OPEC's price hike negotiations, because they were concerned about the impact on the rest of the world of larger price increases, politically as well as economically. Still, I find their political behavior more difficult to predict.

[1]Dr. Solomon's remarks were made prior to the oil price hikes announced by OPEC in March 1979.

The Congress Party of India

Robert Daum

"Of what use is the barren cow, which gives no milk?
of what use is the King's grace,
If he does not fulfill the hopes of suppliants?"[1]

Since independence, vested interests have controlled The Congress Party of India. These interests have prevented the implementation of land reform and the power changes that would result in rural areas, and through reciprocal patronage have gained effective control of the Party. In 1969, Prime Minister Indira Gandhi won a power struggle with state leaders and older members of the Party and announced that the Party's commitment to socialism would no longer be obstructed. In order to win the fratricidal struggle, Mrs. Gandhi had to make unrealistic promises to the people that economic goals and social justice would be achieved. They were not achieved, and the resulting rising expectations and urban and rural disappointment culminated in the proclamation of constitutional emergency by the President of India in April, 1975. The emergency ended when election returns in 1977 resulted in the defeat of the Congress Party.

Huntington states that a party's institutional strength is measured by (1) its ability to survive the departure of its founding charismatic leaders, namely Mahatma Gandhi and Jawaharlal Nehru; and (2) its organizational complexity and depth, or the degree to which the party represents a national interest. It also presumes the existence of linkages with groups such as labor unions and peasant associations, rather than a special relationship with any particular elite interest.[2]

Economic development in India—the problem of distribution—will continue to fail unless land reform succeeds. The Congress Party and possibly democratic government in India need the conservative rural support of a satisfied peasantry which would follow such reform. However, land reform and the support it would bring are unattainable unless the Party is able to free itself and the nation of the institutionalized constraints supported by vested interests. This can only be accomplished through a reorganization of the Congress Party from a hierarchically-based mass membership system to one of cadre-type organization with rural linkages and a progressive rural political in-

Robert Daum, a senior political science major, wrote this paper in 1976. The revised edition, written while researching language politics in the Soviet Union and India, appears here.

[1]Weiner, Myron, *The Politics of Scarcity,* (Chicago: The University of Chicago Press, 1962): Introduction.

[2]Huntington, Samuel P., *Political Order in Changing Societies,* (New Haven: Yale University Press, 1968): p. 409.

frastructure. The state of emergency was a simplified response to the development crisis which continues to plague India.

The Plight of Development

Economists stress that India's growth potential is lower than that of most other underdeveloped Asian states. In explaining the phenomenon, Angus Maddison attributes it to India's poor natural resources, extraordinarily high military budget, and the fact that the "...absolute level of income is extremely low, even by Asian standards."[3] Most important, however, are the institutional constraints on development cited by Maddison, which prevent implementation of economic policy; the greatest failure of Indian policy has been in land reform.

Maddison claims that the reluctance of government to attack rigid institutions is the basic problem; he states that "...better economic policy would have increased growth by one percent a year, i.e. that India's growth potential was 4.3% a year, and not the 3.3% which was actually achieved."[4] The full potential was not realized because the plans used were geared toward heavy industrialization and neglect of the rural sector. Industrial investment did nothing to build an economic infrastructure, and as a result, rising expectations could not be satisfied. The neglected rural areas continued to suffer population increases, and the land reform which would have provided food for the rural population was never effectively implemented.

Land reform is vital in most underdeveloped countries, but India's need is especially critical. Without such reform, the poorest half of the population will continue to see no benefit in economic growth. "All they have to sell is their labour and the price of this is not rising in a labour-surplus economy."[5] The capital poured into heavy industry has produced "small returns,"[6] though impressive progress has been made in isolated industries.

The major bureaucratic structure preventing economic and political development is the Indian Civil Service, established by the British during colonial times. Its rigid caste-consciousness, which discourages participation, will be discussed later. Its harmful effect on economic growth lies in its inflexible bureaucratic structure. According to Appleby, the administrative system is too rigid and authoritarian for a large developing country.[7]

[3]Maddison, Angus, *Class Structure and Economic Growth,* (New York: W.W. Norton, and Co., 1971): p. 78.
[4]*Ibid.*, p. 81.
[5]*Ibid.*, p. 90.
[6]*Ibid.*, p. 82.
[7]Palmer, Norman D., *The Indian Political System,* (Boston: Houghton Mifflin Co., 1971): p. 185.

The reaction to the 1975 emergency on the part of low, middle and high-level bureaucrats within the ICS compounded problems of policy implementation. Mrs. Gandhi's appeals for "stricter discipline" partially paralyzed the dynamic flexibility which *bakshih* (bribery) allowed[8] in a system predisposed against rapid decision-making. Her appeals for greater productivity were interpreted locally through the replacement of some hand laborers with machines, and the bulldozing of small peasant shops in many village and ghetto areas to allow for more efficient enterprises.[9]

The Prime Minister's economic program announced in 1975 made promises to businessmen, middle class consumers, and even to rural peasants. But none of her programs could contribute to economic or political development unless the institutional constraints—the influence of vested interests, the rural hierarchy and the administrative system—are dealt with. It is not a question of more or less government;rather it is a matter of government committed to and capable of implementing social change. In the Indian context, this would be no mean feat.

It is important to examine the programs announced by the Government at the outset of the emergency to determine their effect on economic development in general, and rural development in particular. The next step will be to analyze the effects of economic failures on political institutionalization of the Congress Party, after demonstrating why those programs announced had to fail.

The left-wing was promised action on land reform, housing for the landless, a "review" of agricultural minimum wages, a moratorium on repayment of private debts in the rural areas, and improved public distribution of food, commodities, and government-controlled cloth. Trade unionists were promised floor-level participation in management, while the right-wing was promised no more strikes. In addition, the right was assured no more nationalization of industries and liberalization of licensing procedures for commerce.[10]

To reassure businessmen that Government support for capital investment remained firm, thousands of black marketeers were arrested; the textile industry was especially heartened, because it had been plagued in recent years by the sales of cheaply manufactured cloth on the black market.[11] A number of manufacturers were also granted permits to enter the fertilizer and chemical industries, "the two most attractive growth areas for big business in India at present".[12]

These measures clearly catered to the vested interests which have been behind the Congress Party since independence. Of course, the support

[8]Weiner, p. 235.
[9]Franda, Marcus F., *Field Staff Reports* XIX: 18 (December 1975): p. 11.
[10]*Ibid.*, p. 8.
[11]*Ibid.*, p. 9.
[12]*Idem.*

of these groups is vital if the Congress Party does not undergo massive, fundamental reorganization. The national support of rural masses could be transformed into revolutionary ardor without land reform; at the very least, the Congress will not win elections. Mrs. Gandhi may have intended to revolutionize the rural political structure through government programs, but instead much of northern rural India was overwhelmed with "Sanjay Gandhi's" forced sterilization policies to fight overpopulation.

Mrs. Gandhi's program was very similar to earlier Congress Party platforms, and it was even similar to goals announced by the opposition parties whom the Prime Minister blamed for the state of instability in 1975. Their "obstructionist tactics"[13] caused the failure of government socialist programs, according to Congress Party leaders. However, land reform, and increases in rural and urban production have been part of most popular platforms for years.[14]

The true problem has been how to institute the reform that is necessary to overcome the institutional obstacles to economic and political programs. The failure of past efforts has been largely a result of the obstructionist tactics of the vested interests within the Congress Party itself. The Congress has always been supported by a network of regional leaders whose support within the middle-level peasantry is growing each year. Opposition parties before the Janata reaction to authoritarian oppression have never been long-lasting unified movements. The only threat of which opposition movements have been capable has been the stimulation of urban discontent; this discontent was ripe for stimulation, and even analysts unsympathetic to modernization theory can appreciate the effect of the Indian Government continuing to disappoint rising expectations.

The village economic structure itself is an obstacle to the implementation of effective land reform legislation, which would presumably contribute to the building of an economic infrastructure from the bottom up. The village structure is dominated by landed families with an interest in falsifying land records and "maneuvering around land reform acts. Since both the Congress Party and state governments are controlled in large part by such local landholders,"[15] the Congress Party would need a different base of support in order to initiate and implement land reform.

Most of the economic programs announced in 1975 could not effect a change in the rural power structure. For example, the moratorium on payment of rural debts would provide no alternative sources of credit for those peasants who need it.[16] Those few token banks and credit

[13] *Ibid.*, p. 17.
[14] *Ibid.*, p. 9.
[15] *Ibid.*, p. 10.
[16] *Idem.*

facilities set up in villages by the Government have not been successful; "a wary peasantry accustomed to making private deals with fellow villagers in a hierarchically ordered social system"[17] would not be inclined to deal with unfamiliar Government officials. Further, the banks could not provide sufficient capital for investment.[18]

The promises to "review" the minimum agricultural wage would do little for the mass of unemployed, for whom the proposal would provide no employment. Also, in the long run any price ceilings on food and commodities would discourage production when the ceilings eventually made such production unprofitable.[19] As a developing nation, India has no control over international price fluctuations.

The exceptionally good crop in 1975 and the reduced rate of inflation as a result of foreign loans and tighter government regulation of production contributed to rising expectations.[20] Because of the incidences of government strikebreaking, the increased hydroelectric power (which resulted from the summer monsoon), and an upturn in the world economy, generally[21] Mrs. Gandhi's supporters felt confident in her leadership. In the long run, however, economists did not expect her programs to succeed, favoring instead decentralization of the economy allowing "greater scope to private initiative in the states and local areas".[22] The Congress Party could not survive without economic decentralization; such decentralization would be impossible in an authoritarian system. Without economic progress, rising expectations will continue to be disappointed, regardless of whichever party controls Parliament. Without a fundamental change in the power structure of the villages and states, economic development (land reform) will be blocked. Clearly, the Congress Party cannot survive both economic disappointment and political paralysis.

Anticipated Disillusionment

The expectations which had been raised as a result of Mrs. Gandhi's "...slogans and the rhetoric of the days of *garibi hatao"* (abolish poverty)[23] provided the support which J.P. Narayan's "alliance" of opposition parties turned into a disruptive level of protest. Marcus Franda expected in 1975 that this largely urban-based dissent would spread to the rural sector without far-reaching economic and political change.[24] The 1975 economic program actually guaranteed nothing to the peasant-

[17] *Idem.*
[18] *Idem.*
[19] *Idem.*
[20] *Idem.*
[21] *Idem.*
[22] *Ibid.*, p. 11.
[23] Franda, *Field Staff* XIX: 19, p. 4.
[24] *Ibid.*, p. 13.

ry. The party system cannot control political participation of newly mobilized peasants without improving the Government's capacity to meet both political expression and economic demands.[25]

Without land reform, regional loyalties supercede national loyalties. With it, production would naturally increase, urban discontent would be counter-balanced by the peasantry's conservative support, and crosscutting cleavages would integrate the society into a more stable, cooperative one. Why is the land tenure system so unbalanced? British colonial rule played a part, though the "new class of middlemen (interposed by the British)...had come into existence in Mogul times, between the state and farmers."[26] These middlemen, known as zamindars, were declared illegal by the Congress Party and the Indian Government[27], but land reforms never restructured the village hierarchy. Instead, the move toward capitalism widened "income differentials between the village capitalists and the landless".[28]

The caste system is much misunderstood. Clearly, it reinforces the status traditionally converged on the educated or privileged, and the denigrating position of the untouchables.[29] A growing phenomenon in India is the assertiveness of "large numbers of lower caste voters...(who)...greatly broaden the base of the Indian political system".[30] This process can be observed in voting patterns, caste associations and regional political movements. But the crucial question is a matter of time. Can India absorb the changes in the political position of her poorest citizens? The emergency ostensibly sought to speed the process.

An alternative argument states that the process of land reform which would help to channel the awakening participation of newly mobilized and newly "conscious" peasants would not be suitable in Indian conditions, because Indian landowners are not "Latin American style *latifundistas* but relatively poor people".[31] Certainly this is so, but Indian landowners are wealthy relative to the bottom half of the population, and in a country with critically scarce resources, equitable distribution cannot be blocked if development is to succeed. Obviously, some land reform measures would provide the landless with food, which should raise their productivity; further, their incentive to produce would be increased if they owned the land on which they presently work.[32] Nutritional factors are vital in the Indian context, for

[25]Hardgrave, Robert, *India: Government and Politics in a Developing Nation,* (New York: Harcourt, Brace and World, Inc., 1970): p. 190.
[26]Palmer, *Indian system,* p. 44.
[27]*Idem.*
[28]Maddison, *Class Structure,* p. 105.
[29]Palmer, *Indian System,* pp. 13, 14.
[30]*Idem.*
[31]Maddison, *Class Structure,* p. 91.
[32]*Idem.*

malnourished Indians can produce nothing. "The average Indian male aged 25-29 weighs only 106 pounds and the average must be well below this for landless labourers".[33]

Even though an increasing population is a problem for a nation with scarce resources, Maddison points out that an "...increasing labor supply contributes something to the growth of output even in Indian conditions".[34] The political solution (forced sterilization) of the emergency did nothing for Congress popularity in the north.

The priorities of the Congress Party regarding land reform have changed drastically since the idealistic days of independence from Britain. The Indian Government endorsed weak legislation, compromising with elite interests; certainly, truly effective legislation could not have been expected from the Congress Party of the 1950's. Since land reform was to be implemented through the state legislatures, loopholes were substantial for landlords, and peasants were largely unable to secure their rights. Uttar Pradesh was a notable exception.[35]

The panchayat system, revived through Congress legislation, does provide the local peasantry with a semblance of participation and local authority.[36] But it is probable that the village council system cannot be effective because panchayats are not progressive. Angus Maddison in 1971 repeated Hugh Tinker's pessimism of 1959, claiming that the panchayats were "generally ineffective because they have little financial power and are dominated by the traditionally dominant groups in the village".[37] Clearly, Mr. Maddison does not refer to landless laborers.

The traditional power groups in the villages composed the early support for the Congress Party. This class later developed into the vested interests to which several references have been made in this paper. Gunnar Myrdal attributes the failure of the Party to implement many of Gandhi's and Nehru's social programs to the fact that India's rulers since independence form a coalition incapable of reform. The bureaucratic-military establishment implements policy, the big business groups have backed Congress financially, the rank-and-file politicians represent "the rural squirearchy and the richer peasants", and the intellectuals articulate policy. Nehru "was a leftist flanked by conservatives"; they knew it was better to silently block progressive legislation than to oppose it openly.[38]

Nehru was committed to heavy industrial development, because that was the belief of socialists of his day; the Soviet Union's development history can be viewed as an example. Nehru's development strategy was

[33] *Ibid.*, p. 105.
[34] *Ibid.*, p. 78.
[35] Huntington, *Political Order*, p. 391.
[36] Palmer, *Indian System*, p. 187.
[37] Maddison, *Class Structure*, p. 92.
[38] Myrdal, Gunnar, "Asian Drama," *Pantheon* (1968): 276. Quoted in Maddison, *Class Structure*, p. 89.

welcomed by the bureaucracy because it enhanced their power; politicians supported it because patronage was plentiful; established industry welcomed it because it did not interfere with their interests; intellectuals supported it because it had worked in other "socialist" states, and government control seemed to guarantee a "non-capitalist" road of development.[39]

Miscalculation

The ineptitude of the Congress Party in dealing with social problems and economic goals was embarassingly revealed during the debates between contending factions in 1969 for domination of the Party. Norman Palmer claimed that, "in these exchanges, the gap between policy and performance was starkly revealed."[40] While the Prime Minister blamed the Government's failures on obstructive tactics used by internal and external conspirators, the opposition parties blamed the Prime Minister and the leadership of the Congress. The true blame lies in the failure of the party to achieve a real mass-based infrastructure after independence, which would have culminated in a conservative, satisfied peasantry.

That the Government had been more concerned with retaining support for its candidates than effecting social change is only too clear. During economic stagnation cycles (a recurring phenomenon in India), the bureaucracy continued to receive pay raises; food shortages did not prevent government employees from receiving food at special prices; wealthier peasants were not refused fertilizers when in short supply; though targets in the educational sector were not reached, higher-education spending for the middle class continued; unemployment rose, though "local" members of the middle-class (non-migrants) were given preference.[41] Even before the emergency, discontent was widespread among social classes that supported the regime, preparing the Janata reaction.

As Huntington claims, benefits must be realized in the rural sector to promote stability; India has distributed advantages primarily to the urban sector. "Material concessions to the middle class intelligentsia foster resentment and guilt-feelings; material concessions to peasants create satisfaction".[42]

Because of its large size and varied cultural patterns, India's ethnic, religious and territorial groups had to compete for whatever advantages were available. When regional movements appeared, the Congress usually managed to induce the opposition leaders into joining the Congress, or the Center destabilized rural support for the leaders.[43]

[39]Maddison, *Class Structure,* p. 90.
[40]Palmer, *Indian System,* p. 113.
[41]Franda, *Field Staff* XIX: 17, pp. 2, 3.
[42]Franda, *Field Staff* XIX: 19, p. 2.
[43]Huntington, *Political Order,* pp. 429, 430.

The 1967 elections demonstrated how widely the discontent of opposition parties and newly mobilized groups had spread. The appeal of opposition parties greatly increased, and Congress candidates suffered;[44] the 1967 elections are largely believed to have ended "one-party dominance" in India.[45] For the most part, these rival organizations had a narrow appeal, and were divided by enormous differences in goals and personalities; as a result, none seriously threatened Congress control, though its share of the popular vote fell by approximately five percent.[46] These losses resulted from the frustration of rising expectations, and Palmer's illustration of the breakdown of law and order combined with near-famine conditions in Bihar and other states is compelling.[47]

It was precisely the widespread strikes, mass agitation and urban demands which led Prime Minister Gandhi to seek a state of emergency proclamation in April of 1975. The political and economic differences were important, however. The political element was Mrs. Gandhi's recent Supreme Court conviction on charges of electoral corruption; her response was to amend the Constitution with a dutiful Parliament. Support for the regime among military leaders may have been weakened had the emergency been extended in 1977.[48] The economy, however, was healthier than in 1967, for inflation had been decreased.

In order to retain the public and private support necessary to win the internal struggle with state leaders and recalcitrant central elites in 1969, Mrs. Gandhi had to make rash promises to abolish poverty. In 1975, similar appeals were broadcast nationwide by the Prime Minister.

> The argument for either maintaining the emergency or extending it into a permanent system of authoritarianism is essentially that political unity and economic development are more important than democracy.[49]

Previous instances of constitution-stretching to "stabilize" dissident areas or states were common as a result of the trend toward regional politics and the decentralization of the Congress Party. This decentralization became apparent in 1967, but its extent was far more widespread than most observers believed. Stanley Kochanek stated that, "the Congress has been federalized into a coalition of state parties which are themselves coalitions of quasi-independent district organizations".[50] As these regional organizations remain power bases of middle-level peasantry, the impetus for social change could not come

[44]Palmer, *Indian System,* p. 260
[45]*Idem.*
[46]*Ibid.,* p. 258.
[47]*Idem.*
[48]Franda, *Field Staff* XIX: 19, p. 12.
[49]*Idem.*
[50]Kochanek, Stanley A., *The Congress Party of India: The Dynamics of One-Party Democracy,* (Princeton: Princeton University Press, 1968): p. 437.

from the district level. There are positive trends, however, of assertive caste associations in some areas, as mentioned earlier. This phenomenon could become a more widespread, progressive movement. Regional power ascendancy might not be as regressive as Mrs.Ghandhi clearly feared, as increasing political penetration may put pressure on regional elites for change.

The danger that is represented by centralizing policies like the 1975-1977 emergency and the almost routine incidences of President's Rule preceding the emergency is that newly mobilized groups will not easily relinquish the power which they have created for themselves; nor will social forces whose demands have been partially met cease to pressure the Government for more advantages and power regardless of whether Gandhi or Desai is Prime Minister.[51]

The Failures and Future

Regional movements represented more of a threat to the stability of Indira Gandhi's Government than did Narayan's "alliance", which "rested heavily on urban, lower middle-class discontent, drawing its most fervent supporters from the ranks of college students."[52] As Huntington states, students are inherently revolutionary, and demands made by the intelligentsia are usually idealistic and can be ignored if rural demands are met.[53] Most Gandhians blame themselves, as does Narayan, for the failure to establish the same level of rapport with villagers that Gandi was able to establish before independence.[54] Of course, Mahatma Gandhi had the presence of the British as a catalyst.

The reaction to emergency rule was far more dramatic than any election in India's history, as dictatorship was democratically rejected. Though sympathetic to many of her programs, the style of leadership during the emergency provoked a broad-based coalition to challenge and defeat the Congress Party in 1977. It is not believed that the essential elements mitigating against economic development and political reform before the emergency have disappeared with the popular rejection of dictatorship. In fact, the degree to which Mrs. Gandhi has strengthened the bureaucratic establishment since 1969 (the center) at the expense of the more autonomous peripheral power of the states, the courts and regionally-based parties was not a complete solution.[55] To have declared an authoritarian system without having allied that system with the rural mass was merely a provocation of existing authority on the periphery. Economic development may not have been aided by the

[51]Borders, William, "The Indira Factor" *The New York Times Magazine,* (December 24, 1978).

[52]Franda, *Field Staff* XIX: 19, p. 3.

[53]Huntington, *Political Order,* p. 369.

[54] Franda, *Field Staff* XIX: 19, p. 14.

[55]Franda, *Field Staff* XIX: 17, p. 20, and XIX: 19, p. 5.

election returns, but democratic processes certainly were strengthened. The long-term stability of the system remains unclear as Mrs. Gandhi appears capable of a political comeback, primarily in the south of India.[56]

Since the declaration of emergency rule in April of 1975, the expectations of most social groups were raised significantly. The economic programs announced by the Government did not guarantee that those expectations could be satisfied. Since the Congress Party did not reorganize its structure (in the limited time permitted) and hence its support to a cadre-system, the vested interests in the villages and cities continued to dominate the Party. Without broad appeal and a broad base of support, the Party can never reform the land tenure system and it cannot consistently win elections.

Primarily because the Party never effectively committed itself to development of the agricultural sector, the economic infrastructure was not built. Gandhi's and Nehru's socialist ideas could not be implemented by a Party whose support was based on elite interests; therefore, the Party never adequately institutionalized the role Gandhi played in regard to the rural masses. That role provided the backbone of the independence movement throughout the villages of India, cutting across caste, religious and linguistic lines. As a result of its failure to implement land reform, the Party has not institutionalized the participation of the peasantry into conservative support to counter-balance urban unrest. The vibrant Indian federal structure is unlikely to permit the use of authoritarian political means to reach egalitarian social ends. Political institutions must be sufficiently adaptive and complex[57] to absorb mass participation. As presently constituted, the Congress Party of India is neither sufficiently adaptive nor complex; therefore, it is not adequately institutionalized.

[56] Borders, "The Indira Factor"
[57] Huntington, *Political Order*, p. 409.

Congress and SALT

Matthew Murray

In evaluating the current trend of congressional resurgence in the formulation and implementation of American foreign policy, it is important to be discriminating. There are many areas where congressional assertiveness has the potential for impairing the development of substantive and coherent policy. This result is not inevitable; indeed, if Congress acts responsibly it can serve an ameliorative role. One such ambiguous area is the growing trend towards more congressional input into strategic arms policy.

From the dawn of the nuclear age until ratification of the SALT I Treaty, with some exceptions, the executive branch dominated this very complex and closely held aspect of American foreign policy. Congressional input into arms control policy was limited to broad resolutions, which imposed marginal constraints on executive behavior. The executive concurred in this congressional relinquishment of its constitutional role of providing oversight and advice on treaties and weapons procurement policy.

The period of ratification of the first Strategic Arms Limitation Treaty witnessed the resurgence of Congress in debate over arms control matters. President Ford's negotiations of the Vladivostok Accords and his attempt to get a new SALT II Treaty signed were shaped in a new context of intense congressional participation. President Carter has committed his administration to wider consultation with Congress in the formulation of arms control policy. Negotiations with Congress have often become as crucial as those with the Kremlin. As a result, Carter's flexibility has been limited and he has been inclined to search for ways to involve Congress without unnecessarily encumbering SALT diplomacy.

At this time, as the precise parameters for responsible congressional participation are in question, the effects of its involvement remain ambiguous. There are a number of issues to be addressed before a balanced judgement as to the extent of Congressional partnership in arms control negotiations can be made:

- Can Congress, a body filled with people often operating in a framework where short-term political considerations are paramount, make the right choices in an area where the world's long-term survival may be at stake?
- Do the imperatives of superpower arms control diplomacy require the utmost in flexibility and secrecy for the executive? And, if so, how

Matthew Murray is a senior political science and English literature major.

should these imperatives be balanced with the need to maintain the purity of the democratic process?

- Is it possible and desirable for Congress to go beyond its role of exercising predominantly "negative power"—that is, imposing unnecessary constraints on executive action—by spurring initiative and educating and leading the public regarding arms control?

- How can institutional and consultative arrangements be structured so that the advantages of congressional involvement outweigh the disadvantages?

To gain an informed basis for approaching these questions it is important to be aware first of the causes and consequences of the changing character of executive-congressional relations in arms control. Starting with the late Fifties, I shall trace Congress's activity in arms control through the pre-SALT and SALT I periods. I shall then discuss the causes of its resurgence in the wake of SALT I and the terms of its reassertion in "the new politics of SALT".[1] I shall address the historical and contemporary developments in Congress' impact on arms control both in terms of political concerns and bargaining power. This will provide a framework for weighing the advantages of congressional participation against the disadvantages, and for recommending changes that will make the executive-congressional partnership a productive one in the future.

The Period Preceding SALT

In the period between the late 1950's and the beginning of SALT, Congress did not produce much coherent debate on nuclear strategy; the executive branch designed and implemented our nuclear policy. Congress's marginal impact on policy was achieved through the imposition of constraints on presidential activity in negotiations. At times it would assume a more active posture by spurring executive initiative. While the executive branch consulted with Congress frequently during this period, it did so largely on its own terms. Outside of the process of arms control negotiations and ratification, in weapons procurement debates, Congress accepted doctrines for using nuclear weapons without challenging them.

As the Cold War began to thaw around 1960, Congress was instrumental in the Eisenhower administration's decision to begin discussions with the Soviet Union for a test ban. Negotiations became intense under the Kennedy administration; Congress began to play a

[1]Flanagan, Steve, "Congress and the Evolution of SALT Policy" (Ph.D dissertation, on deposit at the Center for Science and International Affairs, Harvard University), see Chapter 7.

more conservative role, limiting Executive maneuverability. Renewed tensions in U.S.-Soviet relations, led many Congressmen to become wary of a comprehensive agreement without strict control systems and on site inspection. Kennedy eventually gave up on the idea of a comprehensive ban for diplomatic reasons, but Senate skepticism, reinforced by the Joint Chiefs of Staff (JCS), compelled him to consent to demands for expanded underground testing and new weapons programs. The Limited Test Ban Treaty (LTBT), signed in 1963, banned nuclear tests in the atmosphere.

The LTBT experience illustrates the traditional role and concerns of Congress in arms control policy. Congress set limits on the administration's choices in negotiations by stipulating the form of an acceptable accord. Certain Congressmen also inhibited executive freedom by using Committee briefings to influence the planning and innovation of negotiation proposals. But all this took place in a context in which Congress was viewed as a junior partner. Debate over the treaty demonstrated the difficulties of obtaining congressional support for an arms control treaty compromising American military strength. The safeguards Kennedy had to guarantee for the success of ratification were the result of congressional preoccupation with the military implications of the Treaty. Generally, Congress is reluctant to ratify arms control accords without the endorsement of the Pentagon. This has often meant that concessions, in the form of promises of rapid weapon development, have had to be made by the executive.

In contrast with the LTBT, Senate involvement with the Nonproliferation Treaty (NPT) follows more closely the classic model of conservative executive reaction to executive initiative. It was not until after the agreement was signed that there were any major responses from the legislature. Then, efforts were made to modify the Treaty before it was ratified in areas where possible erosion of U.S. defense capabilities was feared. Traditional congressional sensitivity to the consequences of arms control for American military strength was aggravated by what was perceived as Soviet bad faith when they invaded Czechoslovokia. This concern over Soviet foreign policy highlights the congressional proclivity for emphasizing the political-military links in arms control.

From the end of World War II until 1968, the primary role played by Congress in the formulation of U.S. weapons procurement policy was in encouraging the executive to respond to the "Soviet threat". The quote that best expresses the congressional consensus on strategic planning was provided by Senator Henry Jackson: "If we are to err, I would far rather err on the side of too much than too little when it comes to atomic weapons."[2] At virtually every juncture, Congress accepted executive doctrine and military requests for more ambitious weapons programs because of what it perceived as Soviet hostility in Berlin, in

[2]Jackson as quoted in Flanagan, see Chapter 2, p. 5.

the Cuban Missile crisis, and in the advance of Soviet technology.

At the end of World War II, Congress accepted the idea of going nuclear, and later adopted the doctrine of massive retaliation unquestioningly. In the Sixties legislators adhered to the doctrine of *damage-limiting* even when Defense Secretary McNamara began to voice doubts about its practicality. The underlying assumption of the doctrine was that nuclear superiority was operational in the military sense. The net effect of its application was to delay serious attempts at stabilizing strategic relations between the superpowers. In Alton Frye's terms, until "...mutual vulnerability was acknowledged and mutual deterrence was recognized as the only basis for a strategic balance the two sides were condemned to futile, expensive and dangerous arms competition."[3]

SALT I

The tone and direction of the first set of SALT talks, held between 1968 and 1972, were not greatly determined by Congress. After the ABM debate, when legislators did play a key role in rejecting the strategic defense concept, and Senator Brooke's initiative to restrain MIRV (multiple independent retargeting vehicles) deployment, Congress deferred to executive perogative on most issues. John Newhouse depicts the congressional role as that of a mechanism appropriating or not appropriating funds, lagging behind the executive in terms of setting the course of policy, and trying to keep up with public opinion.[4] A key factor restraining decisive congressional action was the fear of being accused of undermining the U.S. negotiating position and the consequential public stigma. It was not only congressional waffling on the issues that limited its impact, however. Congress was consulted minimally during SALT I because, as Steve Flanagan puts it, "the White House, fearing erosion of its control over the policy-making process, was reluctant to provide legislators with detailed information on either policy debates within the executive or negotiating proposals."[5]

As Johnson's term came to an end, a major segment of the Senate and House began challenging Pentagon wisdom regarding the procurement of the ABM (anti-ballistic missile) system. The idea of arms limitation talks was initially explored at this point, with congressional debate over ABM being used as a bargaining ploy to engage Moscow's interest. By the time Nixon was inaugurated, congressional opinion was shifting against ABM because the public feared they would act as "lightning rods" during a Soviet attack.

[3]Frye, Alton, *A Responsible Congress: The Politics of National Security,* (New York: McGraw Hill Book Company, 1975), p. 7.

[4]Newhouse, John, *Cold Dawn: the Story of SALT,* (New York: Holt, Rinehart and Winston, 1973), see chapters 1 and 2.

[5]Flanagan, Chapter 3, p. 1.

Nixon, allied with congressional hardliners, was now faced with a bipartisan group of ABM adversaries. Congressional opposition to the ABM system indicated that changes in the domestic and global political environments had caused some legislators to see the necessity of negotiated alternatives to arms competition. Congressmen who linked the issue of deploying ABM to SALT began to see city defense as bad for deterrence because it would sap the opponent's confidence in its ability to strike back. Although members of the House and Senate, none of whom wanted to be labelled as undercutting Nixon's bargaining chip strategy in negotiations, permitted work on the ABM to continue, congressional adversariness to the program spurred negotiations onwards, and eventually shaped the strictures on defensive systems that became part of the ABM Treaty.

During the ABM debates, Senator Brooke and other legislators became interested in MIRV and its implications for arms control. Brooke advanced the notion that deployment of MIRV on missles was undermining the doctrine of strategic sufficiency by threatening to alter the strategic balance in favor of the United States. While executive domination over negotiations constrained congressional influence on this matter, debate over MIRV did ultimately elicit a decision to confine the potential counterforce weapon to a retaliatory second strike mission.

During the Nixon-Kissenger area, the executive felt that secrecy and close monitoring of the information flow were crucial to avoid leaks or perceived commitments to a given strategy that would limit diplomatic flexibility. President Nixon even declared to Congress: "It is vital that we recognize that the position of our negotiators not be weakened or compromised by discussions that might take place here."[6] Nixon and Kissinger even went so far as to structure the situation in order to restrict congressional input. As John Newhouse observed during the SALT I period: "Key Committees and individuals are consulted but only rarely do they learn enough to have a rounded view of what is happening and why; most important SALT decisions are taken without reference to Congress."[7] Negotiations were conducted on two levels during SALT I: the two delegations debated general positions in the front channel, while Kissinger and Soviet Ambassador Dobrynin made the real decisions and compromises in the secretive "back channel." This "back channel" operation meant that Kissinger and Nixon could generate support for their activities by meeting with congressional delegates, who were not able to identify alternatives or the grounds on which choices were being made, on their own terms. Executive reticence effectively precluded congressional input on political questions until after options were chosen and presented to the Soviets.

[6]Nixon as quoted in "Congress and Arms Control 1969-1976: A Historical Perspective", from Allan Platt and Lawrence Weiler, eds., *Congress and Arms Control.* (Boulder, Colorado: Westview Press, 1978), p. 7.
[7]Newhouse, p. 32.

SALT I Debate: Congressional Resurgence

In the wake of the SALT I negotiations, the beginnings of congressional resurgence were manifest. By using excessive secrecy in its SALT bargaining and by ignoring congressional advice on the assumption that they could get votes, the executive had planted seeds of opposition that later grew into acrimonious debate during ratification. Without the ABM defense system, hardliners, who had tried to save the program, were convinced that the agreements would weaken U.S. deterrent capabilities by allowing for destabilizing developments in the Soviet strategic arsenal. The first executive compromise was to promise that strategic development programs would be vigorously pursued, especially Trident and B-1 Bomber. The Treaty was eventually ratified by a considerable majority but not without further compromise. After being shut out of the policy-making process, Congress, led by Senator Jackson and the hardliners, passed the Jackson Amendment, which stipulated that future arms agreements must conform to the principle of equality in intercontinental offensive weapons systems.

The most critical aspect of the ratification debate was that it shattered consensus on the need for SALT. The hardliners viewed SALT I as an element of political expediency and thus dangerous to military security. Softliners became skeptical over how effective SALT was in curbing the arms race, pointing out that the bargaining chip rationale led to the development of new weapons systems that might not be necessary. This breakdown of consensus heightened awareness of pressing armaments issues, and their relationship to American foreign policy, in Congress.

The New Politics of SALT

With the end of the Nixon-Kissinger era of SALT negotiations, the White House has no longer been able to gauge the attitude of the congressional leadership towards its activity in arms control. The "new math" of SALT has made Presidents more attuned to the fact that treaty approval requires a two-thirds vote in the Senate. It has sharpened their awareness of the opinions of an increasing number of interested and better informed members of Congress who are not certain about the goals of arms control. Reinforcing these attitudes is the knowledge that the consequence of further exclusivity in arms control is exacerbated mistrust.

After the conclusion of the Vladivostok Accords, Congress began to test its strength in arms control. The Accords set limits on the number of offensive strategic weapons the superpowers could deploy. Many Congressmen felt that the Accords' high ceilings legitimized the arms race because they were at the outer limits of what both nations planned to build. Charges of Soviet violations of SALT I and the high ceilings of Vladivostok rendered both arms control liberals and conservatives more stubborn about continuing with SALT and extracting more concessions

from the Soviets.

The failure of the Ford administration's efforts to achieve a new SALT treaty in 1976 is widely attributed to the combined pressure of Jackson, the JCS, and Ronald Reagan. The agreement that Kissinger negotiated in Moscow would have put fewer limits, for example, on the Soviet Backfire bomber than on the American Cruise Missile. The hard-liners, led by Jackson and JCS, worked with their military contacts to prevent the administration from accepting the terms negotiated by Kissinger in Moscow. As Richard Perle, Jackson's chief aid on arms control put it, "the Jackson Amendment to the first SALT agreement fed Ford's perceptions that he would have trouble with any agreement that did not have equal numbers." [8] Likewise Reagan's influence on the SALT process became clear. According to Steve Flannagan, "during the election campaign, Ronald Reagan demonstrated that exhortations of a military response to the Soviet build-up struck a chord with the American people...". [9] The intraparty challenge from Reagan, and pressure from Henry Jackson in the Senate, led Ford to decide that a SALT II agreement would not be politically feasible.

During the past two years, the Carter administration has had to come to terms with congressional resurgence which began in the wake of SALT I. The mathematics of treaty ratification mean that only 34 Senate votes are needed to reject a treaty, and that the possibility that the Senate might adopt reservations, which do not bind the other signatories, amendments, which require renegotiation, is prevalent. The new math of the treaty looms formidably considering that 41 senators are Republicans and ten Democrats are hardliners. Carter's awareness of Congress's tremendous "negative power" in this area has led him to anticipate congressional demands before and during negotiations by consulting with key committees and other members on proposals, and to give Congress more participation in day-to-day developments in the talks. Activities in the realm of arms control during Carter's term have confirmed Jackson's assertion in a 1973 speech: "An American president not only negotiates with the diplomatic adversary, he also must negotiate with Congress, the press, the scientists, the universities, or whatever. Indeed, in recent years, the attack on some U.S. positions originating from these quarters has come to equal the resistance to them on the diplomatic bargaining front." [10]

The first battle between the President and the reinvigorated and more knowledgeable Congress over arms control policy took place after Carter nominated Paul Warnke as head of the SALT delegation and the ACDA. The fight over the nomination represented the "dress rehearsal" for the upcoming struggle over the terms of the arms agreement.

[8] Perle as quoted in Elizabeth Drew, "An Argument Over Survival", *New Yorker*, April 4, 1978, p. 112.

[9] Flanagan, Stephen, "Congress, the White House and SALT", *Bulletin of Atomic Scientists*, November, 1978, p. 35.

[10] Jackson as quoted in Drew, p. 194.

Warnke's soft-line approach to SALT alienated many Congressmen who deem military strength vital to this country's security and role in the world. The Coalition for a Democratic Majority worked to prevent his approval and the Armed Services Committee held two days of hearings, which developed into a major debate of the new arms control policies.

The 58-40 vote confirming Warnke fell short of the margin of support the Administration had sought, and was considered a signal by the Senate that Carter should take a firm stand on arms control matters. The message, in Senator Alan Cranston's view, was that "A significant majority of the Senate supports the President..., has a substantial interest in progress in arms control negotiations, but will critically examine any treaty in terms of its soundness, its equity and its verification provisions." [1] It is significant to note in this connection that Warnke has since resigned and been replaced by George Seignious, a retired general (representing the military point of view.)

The first SALT initiative Carter took in March 1977 was a "deep cuts" proposal to equalize and reduce significantly force levels of heavy and MIRVed ICBMs, thus testing Moscow's interest in arms control. Many speculate that the rigidity of the proposal reflected the concerns of Senator Jackson and other hardliners, who had discussed the details of possible proposals with Carter, over the increasing vulnerability of U.S. ICBMs and the political consequences of Soviet military expansion.

This underlying concern over Soviet nuclear growth and its political and military consequences is the major factor shaping hardline activity in arms control. Much of the worry of the conservatives stems from the fact that the Soviets are now catching up in areas where the U.S. has always been ahead. Hardliners are worried about an agreement that would allow the Soviets to improve and expand their offensive forces and leave the U.S. land-based missiles vulnerable. If unchecked, they argue, the Soviet Union could reach the point where there would be a substantial advantage in launching a first strike. Thus, many hardliners are convinced that the practice of mutual deterrence (which has sought) to establish a situation whereby neither side sees an advantage in striking first) means little to the Soviets and that they will soon be ready to exploit our "built-in inhibitions." Even if the Soviets do not go that far, hardliners are worried about the political consequences of the Soviet Union being perceived as militarily superior.

Since it would have made major reductions and stifled improvements in Soviet forces, while leaving U.S. forces unscathed, the "deep cuts" proposal was rejected by the Soviets as a propagandist violation of the spirit of arms control. In the aftermath of the March 1977 initiative, congressional arms controllers acted to leave more room for executive

[1] Cranston, Alan, "How Congress Can Shape Arms Control", from Platt and Weiler, p. 211.

manuever in SALT. There was growing concern that the alternative to arms control — arms competition — was becoming more of a threat. Arms control liberals feared the hardliners' bargaining rationale for expanding the American military was feeding the momentum for new weapons systems which would end up as the subject of future negotiations.

In May of 1977, at the outset of further discussions, Carter altered his strategy. The congressional leaders he consulted were provided with only a general idea of the subjects for negotiation. The subsequent talks between Secretary of State Vance and Gromyko established a framework that was a combination of the Soviet preference for Vladivostok and the U.S. proposal for more complete limitations. The framework (which is still being used in part today) consists of the following: an eight year treaty limiting strategic nuclear delivery vehicles (SNDVs) and MIRVs at Vladivostok levels or lower; a three year protocol to confront more controversial issues such as the Backfire Bomber and the Cruise Missile; and a statement of principles for subsequent talks incorporating many of the points of the original March proposal. The outlining of the proposals was followed by an announcement by Vice-President Mondale that a group fo 14 House representatives and 25 Senators would start acting as advisors to the SALT delegation: This move was intended to quell fears that Congress was being excluded.

The experience of the ensuing discussions with the Soviets showed that to prevent the dissemination of information from undercutting diplomatic efforts was going to prove extremely difficult. When details of the negotiation were revealed, many leaders in Congress were concerned that the limitations on the Soviet Backfire were too liberal, that constraints on the American submarine-launched ballistic missiles (SLBMs) were too severe, and that the Soviet threat to our land-based missiles had not been significantly curtailed. This opposition slowed progress on SALT. It was later agreed that a new treaty could not be reached before the expiration date of the SALT I Interim Agreement (October, 1977).

The next round of discussions took place when Gromyko came to Washington in September of 1977. The framework formerly established was elaborated upon during his stay. Carter emerged from the meetings claiming that "Soviet flexibility" had permitted progress towards a new agreement. He did not specify; his style began to resemble the "back-channel" operations of the Nixon-Kissinger era.

The fragile secrecy was subsequently disrupted by a series of Congressional leaks and charges that Carter and his negotiating team had made excessive concessions. After meeting at the White House with Carter, Jackson declared that he had been too compromising with the Soviets. Several hardline Democrats claimed that the administration was insensitive to the uncertainties of ICBM vulnerability and the verification problem. A battle of leaks and counter-charges ensued, undermining the progress Carter had made with the Soviets.

The President stayed out of the battle, declining to respond to the

allegations in other than broad terms. This noncommittance marked the continuation of his new strategy for dealing with Congress. Carter decided to monitor the flow of information being passed to the legislators and to resist Congressional demands for response to all inquires. Even with this new strategy it has remained hard for the administration to strike a balance with Congress in the last year. While arms controllers have begun to show more support for Carter, hardliners have watched all developments closely. They have also been influential in slowing down the timetable of SALT. In a column in *Newsweek* last May, Meg Greenfield indicated that many prospective supporters of an accord on the right, especially those with grand political ambitions, would not get re-elected if they voted "yes" on both the Panama Canal and a new SALT treaty.[14] Responding to this factor, the Carter administration postponed the possibility of submitting a new treaty until after November elections.

Since November '78 significant progress has been made and a new SALT agreement is about to be reached. The progress has resulted from "back channel" discussions between Secretary of State Vance, Ambassador Dobrynin, and Foreign Minister Gromyko, who have been given substantial leeway to strike a bargain. The major component of the Treaty is an agreement which will run until 1985, limiting both the U.S. and the USSR to 2250 strategic weapons, and thus establishing equal ceilings for the first time.

The battle for ratification will undoubtedly be an uphill fight. Using the March 1977 initiative as a yardstick, hardliners will be likely to focus their opposition on the fact that the new agreement represents a more modest achievement. To stem this criticism, Carter and Vance may emphasize that the equal numbers in the new Treaty's limits will force the Soviets to trim their strategic arsenal by about ten percent, while leaving room for the Pentagon to add weapons. Despite the parity in numbers, Senate critics may argue that the U.S. might be prevented from compensating for the overwhelming advantage in Soviet rocket size and power. To appease hardliners on this score, the Carter Administration could emphasize the Soviet concession limiting the number of warheads on the SS-18, which can carry up to 40 warheads, to ten.

Also crucial to the hardliners will be the extent to which a new SALT Treaty guarantees mutual noninterference with verification procedures, and allowances for modernization of U.S. forces. Carter addressed both of these concerns in a foreign policy speech he recently delivered in Atlanta. He announced that the new Treaty will prohibit interference in the verification process, and added that it would allow the U.S. to pursue all defense programs believed necessary.

Debate over the details of the new SALT Treaty will take place in a wider context in which the tenor of Soviet-American relations will have a decisive impact on perceptions of Soviet credibility and the ultimate congressional judgement on the agreement. Hardliner consensus on the

[13]Greenfield, Meg, "SALT in the Wounds", *Newsweek*, May 8, 1978.

need to emphasize linkages seems to be crystallizing now that global developments are damaging the atmosphere for detente. House and Senate members of the GOP have adopted a resolution demanding that consideration of the new Treaty take into account the "total military-foreign policy relationship" between the superpowers.[13] Implicit in the resolution is a rejection of the bipartisan approach to foreign policy, which was so essential to the passage of the Panama Canal Treaty and the Mideast Arms Package.

Aware of the political symbolism and worldwide importance of a new Treaty, Carter is preparing for the battle over ratification. He will probably try to conduct the debate on his own terms: avoiding hardliner preoccupation with links and military security and emphasizing the active foreign policy the U.S. is pursuing to strengthen its international position. In the February 20 speech Carter gave in Atlanta, he warned against any possible Soviet interference in Iran, while underscoring the need for the U.S. to pursue a stable strategic balance that will make the world more secure in the future. To project an image of strength and coherence during ratification, Carter will probably enlist the aid of respected arms controllers, such as Edward Kennedy and the Foreign Relations Committee. Carter has also declared that he is prepared to bypass the Senate, if his strategy fails and they reject the arms treaty; he will "...on his own authority as Chief Executive observe the terms of a SALT agreement as long as he is President."[14]

Congress and SALT Negotiations

It remains important to examine the value of congressional participation in order to provide a framework for building a more productive partnership between the two branches. There are many issues here, the most critical being whether a Congress geared to short-term political framework can act responsibly before, during and after negotiations that may effect the long-term survival of the world.

The history of congressional involvement in arms control provides much evidence indicating the difficulty Congress has putting domestic politics and parochial concerns in their proper perspective. Congressional involvement has by its nature, made linkages between other aspects of American-Soviet relations and arms control more of a factor than they need be. The issues must be separated if SALT is to fulfill its purpose; SALT has ramifications for the long-term and hence should be considered independently. Furthermore, the policy of linkage has been demonstrated to alienate the Soviets and make them more defensive on arms issues.

Since the beginning of the nuclear age, much congressional input into

[13]"GOP Sees End to Bipartisanship in Foreign Policy," *New York Times*, February 4, 1979 Sec. 1, p. 1.

[14]Carter as quoted in James Burns, "Jimmy Carter's Strategy for the 1980's", *Atlantic Monthly*, March 1979, p. 42.

arms control has stressed the need for further weapons development. Many treaty ratifications were bought with promises of new weapons expansion. The persistent congressional emphasis on the need to build American military power has disconcerting implications for arms control. The stability of arms control agreements ultimately depends on whether the parties involved want to observe agreements or work around them. The continued pursuit of ephemeral advantages in strategic superiority will indefinitely postpone the achievement of stable strategic relations.

Congress has proven itself well-suited to the task of weighing the types of political and ethical trade-offs involved in arms control negotiations, while also spurring negotiations, preceeding the Test Ban and SALT I Treaties. During the consideration of the ABM and MIRV issues, Congress was able to integrate related weapons procurement and SALT objectives without becoming victim to shortsightedness. This type of long-range thinking is essential in arms control because technological developments in weaponry often limit options before they can be explored.

The history of congressional input into the actual bargaining process and its results for arms control also teaches some mixed lessons. It shows that Congress, acting responsibly, can effect arms control positively by spurring initiatives, ensuring that a full range of responsible views is heard, relating weapons development to arms control objectives, and signalling to the executive the amount of support available for proposals being negotiated. Conversely, since the conclusion of SALT I, congressional debate over issues during the process of negotiations has had the effect of weakening the credibility of the American proposals with the Russians. Lack of congressional respect for secrecy, normally manifested in leaks and public pronouncements, has thwarted negotiations before the full impact of proposals has been explored. The advantage is strict secrecy is that it prevents the distortion of isolated pieces of information for political purposes.

Given that history has taught us these mixed lessons, the issue now becomes one of how to structure the relationship between Congress and the executive in arms control so that the advantages of congressional involvement outweigh the disadvantages. In order to facilitate the development of a more productive and dynamic congressional-executive relationship, what is needed is a refinement of the consultative processes a tighter structuring of institutional arrangements, and a more coherent and responsible definition of congressional goals.

The crux of the problem of incoherence and irresponsibility in congressional participation in arms control is the inadequate system of consultation.[15] The potential for needless conflict could be reduced if there were more agreement on what consultation should entail. It has

[15] The recommendations that follow represent an amalgam of suggestions from scholars, congressmen, and members of the executive:

been recommended that administration officials not brief more than six Congressmen each time they return from SALT. To improve the level of debate in these briefings the State Department should make them more regular. A formal consultative body should be established, composed of legislative committee members, to serve as a SALT advisory group. This body should be consulted as early as possible in the process of negotiations. In order to retain the necessary amount of executive control over the SALT process, reactions to negotiations should be restricted to closed consultation.

These refinements would have the net effect of generating more trust between the branches, and a broader less divisive approach to SALT. They would do this by making failure to consult Congress seem like a violation; giving Congress direct and regular access to the top; stimulating a more informal and less political exchange of views; keeping Congress up to date, and providing the executive with adequate freedom. They would ultimately produce a more responsible Congress less likely to undermine SALT for parochial political reasons. It would benefit the executive by providing them with more alternatives and a sense of the public's preferences; would hasten the ratification process, and would decrease the credibility gap between the executive, Congress and the public.

In the final analysis no amount of structural change will do what members of Congress must do themselves in order to aid this country in developing and projecting a coherent and responsible arms control policy. Congress must strike a balance between its role as the representative body of the people and its own judgement. Congress must also agree on some fundamental assumptions about the purpose of arms control. The first step along this path entails deciding whether SALT should be used to avoid the threat of nuclear war, promote rational strategic planning, and support the process of detente, or whether it should be used to shape the strategic balance in a way that enables America to exercise more political power and moderate Soviet foreign policy. Then the issues of what risks the U.S. should be willing to take in the interest of arms control and what SALT can be expected to accomplish could be approached. Such a process would benefit the tenor of executive-Congressional relations, help educate the public, and enhance the coherence of American arms control policy.

The Middle East: '48 and Today

Arnold Mansdorf

The Mideast conflict, regardless of its outward appearance has changed dramatically since 1948. There are continual calls for a "military solution" to the Arab-Israeli dispute by the rejectionist camp. The PLO covenant still retains the clause demanding the "total liberation" of Palestine. The superpowers persist in their attempt to gain strategic footholds in the area. To compare and contrast the Mideast situation of 1948 to that of 1978 best illustrates that despite long periods of stalemate, seemingly broken only by war, a hidden dynamism has existed which has been gradually bringing all of the actors together.

Panaceas,just as in 1948,do not presently exist, as the recent breakdowns over the Camp David agreements point out. The possibilities for a total, comprehensive agreement between Israel and all her neighbors still lies far in the future. Yet the conflict has lessened in its bellicosity and rigidity. Sadat's visit to Jerusalem in 1977, Arafat's earlier announced willingness (at least in words) to accept a Palestinian State limited to the West Bank and Gaza Strip, and the Israeli Likud-dominated Knesset's acceptance of the Camp David agreements plan for the return of the Sinai, all reflect a desire to abandon rigid, infeasible policies for more pragmatic alternatives.

By 1948 the Arab-Jewish conflict had reached a point where compromise was no longer possible. First, years of incoherent and contradictory British policy, — e.g. The Balfour Declaration of 1917 and The Passfield White Paper of 1930[1] — complicated the conflict in such a way that promises to each party were mutually contradictory. Second, the Holocaust in Europe lent impetus to the need for a Jewish state. Third, the rising militant Arab and Jewish leaders viewed Zionism and Arab Nationalism as two competing and mutually exclusive ideologies. Finally, the passage of the U.N. Partition Plan in 1947 frustrated the Arabs even further. The Plan called for the distribution of 56% of Palestine to one-third of its population, thus the Arab-Jewish conflict had dissolved into an unbreachable schism.

Arnold Mansdorf is a History and Political Science Major graduating in 1979.

[1]The Balfour Declaration of 1917 stated "His Majesty's Government view with favour the establishment in Palestine of a national home for the Jewish people..." Christopher Sykes, *Crossroads to Israel 1917-1948*(Bloomington: Indiana University Press, 1965) p.30 In direct contrast the Passfield White paper of October 21, 1930, written in response to increased Arab-Jewish fighting called for a slowing down of Jewish immigration and a restriction of land sales.

To the Arabs caught within a wave of postwar nationalistic fever, Israel, with its roots lying in the odious betrayal of the Hussein-McMahon letters and the Balfour Declaration of 1917, could only be viewed as an imperialist puppet state designed to preserve Western interests in the area. In 1948, the Arabs viewed the Jewish state in Palestine, even if supported by both superpowers and world opinion, as an intolerable entity which could not be accepted at any cost. Totally unresponsible for the Holocaust,and because of their Muslim beliefs, the Arabs could not accept the Zionists' biblical claims to the territory.

To the Jews in Palestine, whether recent victims of the Holocaust or settlers since the 1920's, Arab condemnations and calls for the overturning of the Partition Plan represented a threat to their survival both as individuals and as a "people." To both sides, peaceful compromise and negotiation at this point was impossible. This was exemplified by the '48 war, in which both Israel and The Arab League found military confrontation the only means of settling the dispute.

Until 1948 the Arab-Israeli struggle had been essentially a local conflict. Thereafter the potential for the movement of the Arab-Israeli dispute into a higher regional and international level could be seen clearly. The regional conflict became more complex. Israel's expansion into 80% of mandated Palestine created tremendous territorial and refugee problems; Jordan annexed the West Bank; Egypt occupied the Gaza Strip. Equally important, was the increased tension between the Soviets and the Americans imposed on the area. By 1948 the Arab-Israeli dispute could be seen as a mutually exclusive religious, ideological, and territorial struggle between competing nationalist groups who could neither accept nor trust each other enough to sit down and negotiate a peaceful solution. Cease fires, much less full peace treaties, were impossible to guarantee at this point.

Present

In contrast to 1948, the present Mideast situation can be characterized by the adoption of more moderate and flexible positions by all the important actors involved in the conflict. For the first time the majority of Egyptians and Israeli's support their leaders' struggles for peace and the establishment of diplomatic relations. In Israel last fall, 30,000 Peace Now members marched in Jerusalem against Prime Minister Begin's intransigence. In Egypt cheering crowds greeted Sadat upon his return from Camp David. War is no longer viewed by both Arabs and Israelis as the only possible means to settle disputes; yet, it has been used in the recent past to the detriment of the national interest of each country. For example in 1973, Sadat opted for war partly in response to food strikes and rising unemployment and stalemate over captured territories. Strikingly, these very same factors pushed him in 1977 to journey to Jerusalem and in 1978 to Camp David. Menachem Begin, who has certainly never been

afraid to choose violent solutions for political problems is presently involved in a peaceful negotiating process, which may lead to the return of territory he vowed for both political and strategic reasons never to surrender.

On the international level, the conflict has changed dramatically as well. What had begun in 1948 as essentially a local conflict between two competing nationalist groups has evolved by 1978 into a global conflict which is now considered, along with Africa, as the major trouble-spot capable of leading to nuclear confrontation between the Soviets and the U.S. Both the Superpowers view the area of vital strategic and economic importance and have continually, since 1948, sought to increase their influence in the area.

The Arab and Israeli positions in the international system have also changed drastically since 1948. Once viewed as backward, "uncivilized" states, which could easily be manipulated by the big powers and exploited by the large oil companies, the Arab states as a result of the oil embargo in 1973 and the growing Western dependence on Mideast oil, find themselves today with both world opinion firmly behind them and with the capability to "buy up" those very states which dominated them for so long. In contrast, Israel, supported by world opinion as the underdog in need of help in 1948, has suddenly found herself isolated in diplomatic circles, a risk to all states in need of Arab oil.

Of all the differences between the situation in '48 and '78, the greatest contrast can be found in the acceptance of U.N. resolution #242 by those very members of the Arab League who invaded Israel in 1948 (excluding Iraq) and the perceived willingness of Israel to finally recognize and deal with the Palestinian problem. The willingness of the Egyptians, Saudi Arabians, and Syrians (indirectly through the acceptance of U.N. resolution 338) to "respect...the sovereignty, territorial integrity and political independence of every state in the area"[2] in exchange for a return of those territories occupied by Israel in the 1967 war marks a radical turning point in the Mideast conflict. Unlike the "zero-sum game" situation of 1948, the very existence of Israel is no longer at the heart of the Arab-Israeli conflict. Present problems dividing the Jews and Arabs center on the Sinai, Golan Heights, Gaza strip, and the West Bank, not on the right of a Zionist state to stand in Palestine. As a result, a conflict in which discussion was previously impossible has been transformed into a problem in which negotiation over tangible factors (i.e. peace for land) can now take place.

The Palestinian Question

The Palestinian question, once deemed solvable by the majority of Palestinian refugees and Arab states only by the complete abolition of

[2]See Quandt, William B., *Decade of Decisions — American Policy Toward the Arab-Israeli Conflict, 1967-1976* (Berkeley: University of California Press, 1977) p. 65.

the Partition Plan and a return of all Israel to the Palestinians,has also lessened in its belligerence and extremism. While the P.L.O. covenant and the leftist, more ideological wings of the P.L.O. continue to call for the destruction of Israel, a mellowing has taken place in both views of the majority of Palestinians and the Israelis. The problem is still far from a final solution for fear still exists in Israel over the existence of a radical state on its border. But Arafat's willingness to accept a limited Palestinian state combined with Israel's concession to differentiate Palestinians from other Arabs and see the need for some sort of autonomy plan marks a great step forward since 1948. Plans such as those suggested by the Palestinian Khalidi which refer to the possibilities of Partition[3] and the need to recognize Israels "legitimate fears"[4] of being surrounded by hostile neighbors, and those called for by Israel's Allon[5] which call for Palestine autonomy and the return of captured territory (even if only to Jordan) would not only have been immediately discarded in the past but would have been too dangerous to advocate.

The trend of the Arab states and Israel away from the rigid, uncompromising positions which they have held since 1948 did not occur in a vacuum. Policies, strategies, and world views were not suddenly abandoned without cause. Despite the seeming stalemate which has characterized the Mideast since 1948, a constant re-evaluation of policies in times of changing circumstances has taken place.

Specific events have led to the present move towards moderation. The death of Nassar in 1970 and his replacement with the more pragmatic Sadat has made bargaining between Israel and Egypt more possible. The 1973 war and oil embargo which stripped Israel of her sense of "invincibility" and forced a turn to a more pro-Arab position in U.S. foreign policy have combined with an Arab realization of the lack of Soviet leverage in the area, and a desire to place economic interests above old military goals to push both sides towards more flexible positions. However, the failures of past policies have contributed most strongly to the present changes.

A Military Solution

Although military action may have been viewed as the only possible means of settling disputes since 1948, continual defeats for the divided Arabs and the inability of Israel to convert her military victories into political agreements has led to a re-evaluation by both sides of the viability of war as a means of solving problems, and a re-appraisal of the possibility of living side-by-side in peace. While continued defeats have

[3]Khalidi, Walid, *Thinking the Unthinkable: A Sovereign Palestinian State,* Foreign Affairs, July 1978, p. 702.

[4]*Ibid,* p. 701.

[5]See Allon, Yigal, *Israel: The Case For Defensible Borders,* Foreign Affairs, October 1976, pp. 38-53.

proven to the Arabs that Israel is here to stay, the 1973 war forced Israel to see that even the occupation of territory and the supply of enormous amounts of arms by the U.S. could not serve as a guarantee of security from attack. The realization by both sides that their opponents could be neither completely crushed nor ignored has gradually pushed both the Arabs and Israel away from the battlefields and towards the peace table.

The movement towards a more moderate stand by the Palestinians and Israelis is not the result of any sudden radical development but the result of a recognition by both sides that previous policies have failed and that new alternatives are needed. The failure of the P.L.O.'s early terrorist hijackings to force any concessions from Israel, defeat in Jordan in 1970 at the hands of its own Arab neighbors have combined with a growing realization of Israel's military superiority to produce the presently softer positions pronounced by Arafat and many West Bankers. Perhaps not as flexible, the acceptance by a majority of Israelis of some sort of autonomy plan in the West Bank and Gaza reflects both a willingness truly to face the issue for the first time as well as a recognition that past policies (i.e. military occupation, the granting of political rights and attempted economic aid) have failed either to alleviate the discontent felt by most Palestinians or guarantee Israel against terrorist raids.

A Hopeful Future

The possibilities for total peace in the Mideast still lie far in the future, but in comparison to 1948 the situation no longer seems totally unsolvable. Refugee and territorial problems remain unresolved, at the moment. Personality struggles between Arab leaders, between Israeli leaders, and U.S.-Soviet involvement continue, as in 1948, to serve as potential sources of conflict. The present Iranian conflict has led to a hardening in both the Israeli and Egyptian camps. The Ayatollah Khomeini has embraced Arafat and the PLO and has ceded the former Israeli Embassy in Teheran to him. Israel has not only lost a former precious ally, but has also become victim to the momentum of a rejuvenated, radical Islamic movement in the Arab world. The jockeying and realigning of the Arabs, seemingly not in favor of the U.S., is an element that looms ominously for the Jewish state. Yet a limited peace now seems possible and most urgent. Conflict is no longer inevitable.

Dependency in Latin America

Sarah Stebbins

Dependency literature, which developed in the postwar era, attacked the traditional theories of international trade in which it was assumed that trade and specialization conveyed equal benefits to all participants. Concentrating on the problem of underdevelopment in Latin America, the proponents of this theory argue that dependency involves a negative relationship between the two partners. More specifically it involves a relationship in which one partner remains highly vulnerable to the outside world and external conditions, lacks autonomous control of its own destiny and is often manipulated by the most powerful nations. The theory of dependency is best summed up by Theotonio Dos Santos,

> "By dependency we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the forms of dependence, when some countries (the dominant ones) can expend and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expression, which can have either a positive or negative effect on their immediate development."[1]

Dependency theorists are concerned with more than the expropriation of economic surplus by the industrial countries. Also included in the concept is that the "international relationship creates domestic inequality, a perversion of national goals and local economic hardship."[2] It is argued that despite higher growth rates, the existence of inequality and unemployment is growing rapidly in less developed countries (LDC's). Dependence is manifested not only by an external relationship but also in the internal social and economic structure of the country.

Foreign powers are able to dominate the society by their control of capital and technology and by the transformation of their ideals and interests to the bourgeoisie class of the dependent nation. The coopera-

Sarah Stebbins is an economicsmajor graduating in 1979.

[1]Wilbur, Charles, K., *The Political Economy of Development and Underdeveloped* (New York: Random House, 1973) p. 109.

[2]Samuels, Richard, "The Virtue of the Damned? Nonequalitative Exploration of the Dependency Literature: Its Origins, Formulation, and Applications", October 1974, p. 1).

tion and dependence of this comprador class on the foreign capitalists separates them from the rest of the society. As Andre Frank writes, "Members of this class are deeply interested in keeping (us) in a state of wretched backwardness from which foreign commerce derives all advantages."[3]

Growing in parallel with the comprador class is what has been called the "marginal mass." This term refers to that part of the Latin American population which has the lowest incomes and standards of living and therefore cannot benefit from economic growth. The increasing marginalization of the work force is a direct result of the inability of the modern industrial sector to absorb workers with sufficient speed. It is argued that marginality is inseparable from the type of development occuring in Latin America, for this population is indispensable in maintaining the high consumption levels of the Latin American bourgeois and middle class by providing all types of cheap personal services.[4]

Rising national income and growth do not necessarily imply a lessening of dependency; rather, when accompanied by increased foreign penetration of domestic markets and resources and growing inequality and unemployment, they result in an increasing of the ties of dependency on the foreign industrialized countries. Dos Santos concludes that,

> "...Dependent capitalism reproduces the factors that prevent it from reaching a nationally and internationally advantageous situation and it thus reproduces backwardness, misery and social marginalization within its borders. The development that it produces benefits very narrow sectors, encounters unyielding domestic obstacles to its continued economic growth, and leads to the progressive accumulation of balance of payment deficits, which in turn generate more dependence and more super-exploitation."[5]

Underdevelopment, dependency theorists will argue, is not a recent phenomenon. It is the product of centuries of capitalistic development and of the internal contradictions of capitalism itself. The problem is not one of lack of integration into the international market for underdeveloped countries, but rather the subordinate role they have been forced to play in that market. Their current structure is a result of the "ultra-exploitive" export economy forced on them and their reliance on the metropolis for technology and capital.

Andre Frank, regarded as one of the most influential and radical Latin American authors on dependency, suggests that the chances of further economic development within underdeveloped countries can occur only independently of the industrialized metropolis. Frank be-

[3]Frank, Andre Gunder, *Lumperbourgeoisie: Lumperdevelopment.* (New York: Monthly Review Press, 1972). p. 5.
[4]Shernberg, Marvin, "Dependency, Imperialism, and the Relations of Production" *Latin American Perspectives* (Vol. no. 1, Spring 1974). p. 131.
[5]Samuels, *op. cit.*, p. 38.

lieves it is the subordinate role played by the underdeveloped countries in the world market system and the contradictions within the system that have created the dependency of certain countries on the more powerful industrialized centers. This is a major contradiction of the traditional theory which held that development would be stimulated by diffusing capital, institutions, values, etc. to Lesser Developed Countries (LDC's) from the international and national capitalist metropoles.

Frank sees foreign and national investment leading to greater underdevelopment. He argues that it would "result in underutilization of national resources, improper use of resources which might have been more adequately employed in promoting self-sustaining economic development, deepening inequalities in distribution of national income and the creation by these industries of vested economic, social and political interests which are committed to continuing policies of underdevelopment."[6] He goes on to attempt to disprove the theory of dualism. He criticizes the idea of a "dual society" and argues that the expansion of the capitalist system has penetrated all aspects and sectors of the underdeveloped world. The precapitalist, subsistence-based sector is as much a product of capitalism as the seemingly more modern, capitalist sector.

New Dependency

A slightly different conceptualization of dependency is proposed by the advocates of the "New Dependency" best represented by the Brazilian, Dos Santos. This theory, developed in the postwar period, is characterized by the domination of big capital. Multinational corporations (MNC's) began to invest heavily in industries of the underdeveloped countries in the decades following WWII. This form of dependence Dos Santos labels "technological-industrial dependence."

In analyzing the New Dependency theory, Dos Santos looks at three relations of dependence: 1) Industrial development is dependent on an export sector for the foreign currency to buy the inputs utilized by the industrial sector, 2) Industrial development is, then, strongly conditioned by fluctuations in the balance of payments, 3) Industrial development is strongly conditioned by the technological monopoly exercised by imperialist centers."[7]

The type of international relations mentioned above has a strong effect on the type of productive system established in underdeveloped countries. The reliance on the export sector creates an unequal relationship between the advanced centers and backward periphery, one in which there is the expropriation of surplus from the periphery to the center. Also, the MNC's establish a technological and industrial sector fitting their needs but not necessarily beneficial to the overall domestic

[6]Frank, Andre Gunder, *Capitalism and Underdevelopment in Latin America* (New York: Monthly Review Press, 1967) p. 42.
[7]Wilbur, *op. cit.*, p. 112.

development of the country. This technological aid is transferred without alterations, leading to a highly unequal productive structure. This type of productive structure, Dos Santos concludes, obviously "imposes limits on the growth of the internal markets of underdeveloped countries."[8]

Principle Conditions of Dependency

The basic characteristic of Latin America's economy is its export orientation. The exploitation of the resources of Latin America began with its colonialization by Spain and Portugal 400 years ago. The role created for Latin America in the world market was that of a prόducer of raw materials for exportation. Their economic growth thus became dependent and subject to their export capability and the fluctuations of world prices and markets.

Dependency theorists link the failure of foreign trade to serve as a stimulus for economic growth to one or more of several factors. Firstly, the concentration on primary production has led to the development of a type of infrastructure that is outward-oriented. Railroads, highways and ports were constructed for raw material exports and not for the industrial development of the country. The economic linkages of natural resource exploitation are also, in general, very weak. The extended growth of individual primary sectors does little to create or stimulate a broad-based economy.

Furthermore, it is contended that there is a long-run tendency for terms of trade to turn against producers of raw materials. Raul Prebisch, the former head of the United National Economic Commission for Latin America, has played a major role in developing this contention. He states that the position of LDC's is deteriorating relative to most developed countries (MDC's) because of their concentration on raw material exports. Generally, he argues that the possible expansion in the volume of raw material exports fromt he developing to the industrialized countries is limited and the terms of trade of the developing countries tend to decline in the long run.[9] The underdevelopment of these primary producing countries is further aggravated by their reliance on only a few commodity exports. This commodity concentration, it is argued, leads to a greater dependency on and vulnerability to outside forces.

Another explanation for the failure of foreign trade to lead to economic expansion is that a large part of the nonwage income in the resource sector has flowed out of Latin America and therefore has not contributed to the national income. This situation is especially applicable to the mineral industry which, "because of its large capital requirements in capital poor economies, has attracted a considerable amount of

[8] *Ibid.*, p. 115.
[9] Grunwald, J. and Musgrove, P., *Natural Resources in Latin American Development* (Baltimore: The Johns Hopkins Press, 1970). p. 27.

foreign investment. Remittances of profits and amortization charges and the procurement of equipment and supplies abroad have left the hostcountry with only part of the export proceeds."[10]

The reliance of export production on foreign demand has led to short-run fluctuations in prices and output, and a long-run weakening in the demand for primary goods relative to processed ones. The short-run instability is witnessed by the effects of external forces on the Latin American economy such as the depression of the Thirties and the Second World War. The long-run demand for specific raw materials is believed to be declining due to the replacement of raw materials by synthetics and the limits that industrialized countries have placed on primary products by means of import restrictions and quotas. Dependency theorists looking at the present condition of Latin America's export based economy would argue that its contribution to modern economic development is limited if not negative in the long run.

Another condition of dependency development is the industrialization process which has increased remarkably since the 1930's depression. The main characteristic of the industrialization is that it is based on what is called import substitution. This consists of an increase in industrial production as a result of a restriction of import capacity, which in turn resulted from a decrease in exports. Many dependency theorists argued that, instead of eliminating dependence in LDC's, the process has increased dependency. Their reasoning behind this assumption lies in the fact that in order to produce locally the consumer goods demanded it is necessary to import the essential intermediate and capital goods. An official United Nations document reads,

> "Indiscriminate import substitution, has led to an extensive industrialization which, at its present stage is characterized by a distorted structure of production that is both costly and inefficient in some vital aspects. Efforts have been made to produce goods that are most profitable from the standpoint of the national or foreign private entrepreneurs in the light of market requirements. . ."[11]

Foreign aid is another important component in the theory of dependency development. Foreign aid is viewed as an attempt by foreign capitalists to provide an outlet for their own capital goods. Aid is given with consideration to the interests and goods of the donor. Economic assistance creates a relationship between nations that is as much political as economic. The 'ties' connected to foreign aid considerably lessen its profitability to the recipient country.

The United States has been greatly criticized for the direction and ultimate good of many of its aid programs. One of its programs, the Alliance for Progress, was considered generally unsuccessful in reaching

[10] *Ibid.*, p. 26.
[11] Sternberg, *op. cit.*, p. 132.

the masses in Latin America. Its particular program in northeastern Brazil, Roett claims, "counter-balanced Brazil's modernization efforts for the Northeast and contributed to the retention of power by the traditional oligarchy of special interests."[12]

Included in the discussion of economic dependency must be the area of foreign ownership of investment capital. Multinational corporations mainly American, have been increasing their control over the industrial process. The three most potentially important areas in which MNC's can contribute to the development of the LDC's are: technology, financial inflows, and the alleviation of balance of payments problems. Dependency theorists claim, nevertheless, that rather than contributing in these areas, MNC's presence actually diminish the modern economic development of LDC's.

Contrary to general belief, these firms do not bring their own finance capital in any substantial amounts from abroad but obtain the majority of their financing from local sources. Through reinvesting their profits and drawing on local credit markets for short-term working capital, MNC's are able to acquire a competitively advantageous position. The Chairman of the Board of Directors of General Motors in 1966 described their experience abroad,

> "At the end of 1950, the value of General Motors net working capital was about $180 million. By the end of 1965, this investment had increased to about 1.1 billion or approximately six times the 1950 figure. This expansion was accomplished about [sic] entirely from financial resources generated by General Motors operations abroad and through local borrowings which could be repaid from local earnings. As a result. . .our overseas subsidiaries remitted about 2/3 of their earnings to the U.S."[13]

Dependency theorists claim that MNC's profit, although it represents net gain in income, will be largely externalized from LDC's and therefore will not be used for consumption or investment benefits of the local peoples. MNC's are also criticized for the absorption of local business enterprises which leads to the increase of profit remittance out of the country. The small local firms are unable to compete against the large foreign-supported subsidiaries. In avoiding competition, the local entrepreneur will divert his resources and talents to other fields of activities that are probably less productive. The ECLA (Economic Committee on Latin America) writes,

> "The inflow of private foreign capital in the form of direct invest-

[12]Roett, Riordan, *The Politics of Foreign Aid* (Nashville, Vanderbilt University Press, 1972) p. 10.

[13] Frank, *Lumperbourgeoisie: Lumperdevelopment*, p. 96.

ment whether independently or in association with national enterprises...represents excessively stiff competition for national investors, who have gradually been displaced from those industrial activities that offer the best financial prospects. Thus, the initial capital contribution usually severely limits the ultimate possibility of capital formation by national enterprises. Similarly, the growing tendency of foreign investors in recent years to purchase all or part of industrial enterprises that are already operating in Latin America, far from providing a stimulus to industrial activities in the region, entails an increasing outflow of financial resources, without the creation of new productive capacity to justify it."[14]

The LDC's are also virtually dependent on foreign sources for technology. The technology transferred, however, is often unsuitable for the receiving country. Little effort is made to adapt foreign technology to indigenous conditions. Technology is often unable to absorb increased labor because of its capital-intensive form which leads to the belief by many dependency theorists that MNC's are eliminating more jobs than they are creating. The dependency argument holds that foreign aid and investment does not mutually benefit the partners; it is highly profitable for foreign powers while at the same time increases the debt of the dependent nations, which can only be met with infusions of new foreign aid and investment.[15]

Dependency theorists are just as concerned about the conditions created within the LDC due to foreign domination as they are about the role of the LDC in the world system. They are able to identify stratification within dependent countries as well as among nations. To them, external dependence is transferred into internal domination by the creation of a comprador class with interests identical to the foreign capitalists. The benefits generated from the higher growth rate have been going to a very narrow sector to the exclusion of the marginal work force. This has led to a balance of payments deficit that actually increased dependence, they see the future of Latin America hinged on changes within its internal political and social structure. According to Frank, a policy of real development for Latin America requires revolutionary strategy and socialism.

The theory of dependency has offered a new approach to the phenomenon of underdevelopment and the world capitalist system itself. It has stimulated the development of new interpretations and has attracted attention and criticism from all sides of the political spectrum. The degree of generalization involved in the dependency literature explaining these principal conditions is quite extensive and needs to be looked at more closely.

[14] *Ibid.*, p. 107.
[15] Samuels, *op. cit.*, p. 34.

An explanation of the argument of natural resource exploitation reveals a mixed situation. To begin with, the discussion of exploitation is explored only through the demand side without considering supply problems. The cause or failure of foreign trade to contribute towards economic development involves handicaps in the production of raw materials as well as the demand for them. The demand for output has been rising with the increase of urbanization and reliance on the export commodities for foreign exchange direly needed to meet the nation's import requirements. Output, however, has hardly been able to keep up with this growth. As a consequence,"in some countries export surpluses have dwindled and in others the need for increasing food imports has burdened the economy. Chile, for example, which was once self-sufficient in temperate zone food products and even exported them occasionally, has had to devote over one-quarter of its scarce foreign exchange earnings to the purchase of needed food supplies from abroad ..."[16] The production of raw materials cannot be ignored in the LDC's plans for future development. Industrialization must go hand in hand with increased agricultural production, for having one without the other only contributes to the LDC's dependency.

In considering the fluctuations of export earnings and the long-run tendency of the terms of trade to move against primary products, the evidence disproves Prebisch's thesis that there has been a long-term decline in real prices of raw materials. Contrary to the dependency argument, terms of trade have actually increased in most countries. In Colombia the export price to import price ratio increased from 114.8 in 1960 to 149 in 1973.[17]

The reliance of underdeveloped dependent countries on only a few export commodities does seem to hold up under quantitative investigation. By calculating the three leading exports of several Latin American countries as a percentage of total exports, the ratio may range from 38.8% in Argentina to 96.8% in Venezuela in 1973.[18] The concentration of exports on a few resource products continues to be characteristic of all the economies of the region, even those which are now considered industrialized. Furthermore, the public policies of particular countries have maintained and even increased the degree of concentration by discriminating against diversification.

Dependency theorists view extensive foreign aid as having a negative effect on underdeveloped countries in the long run. Without foreign aid, however, the recent gains in growth and industrialization would doubtfully have occured. The contradiction implicit here is that the

[16]Grunwald and Musgrove, *op. cit.*, p. 28.
[17]Grunwald and Musgrove, *op. cit.*, p. 29.
[18]*World Tables 1976*, p. 476.
World Bank Annual Reports.

LDC's lack capital and therefore have to rely on foreign sources; yet these very sources are actually creating greater dependence in the LDC's.

The arguments for foreign investment usually include the following: 1) Whatever is being transferred abroad would not exist in the absence of foreign investment, thus transfers imply no real cost and cannot be considered as adversely influencing its economic development; 2) Operations of foreign enterprises, by passing part of its output to the native population in reward for services rendered, increase to some extent, aggregate income; 3) They perform in indirect service by stimulating construction of roads, railways, power stations by conveying to capitalists and workers business know-how and technical skills of advanced countries.[19] The proponents of the dependency theory contest these arguments. They see the desirability of the backward nation maintaining its control over its own affairs as more than offsetting the implied economic growth.

There has been a hardening of conditions for loans authorized by all international agencies (with the exception of IDA) to the underdeveloped world. If the "net flow less interest" on loans is examined, only 49.5% of the total gross disbursements for the region in the period 1961-68 are represented by net flows.[20] In the case of EXIBANK, the net flow reflects an outflow of funds from the region because the amortization and interest payments are substantially greater than the funds disbursed by the institutions in that period.

In Latin America, figures have been calculated that show that the servicing of foreign investment, including amortization and interest, dividends and royalty payments is rising compared to their exports in certain countries. In Peru debt service has risen from 11.33% to 23.94% during the periods 1965-1970 and 1971-1975 respectively. In Uruguay the debt service has risen from 15.43% to 32.22% for the same time periods.[21]

Although this is not true in all countries, due to the competitive advantage and technical control foreign subsidiaries enjoy in LDC's, a polarization has resulted within the industrial sector. Latin American firms are thereby acquiring predominance in less sophisticated industries, and U.S. private investment is rapidly increasing its control in certain dynamic industries that require a high level of technological prowess.

Figures available for the period 1960-64 show that funds obtained from sources located in the Latin American countries through credit, loans and self-financing represents over 95.7% of the funds required by all U.S. companies in the region (a ratio that is reduced to slightly over 80% for industry, while net transfers of funds from the U.S. come to less than 5% to 20% respectively of total funds.)[22]

[19]Baron, Paul, *The Political Economy of Growth* (New York: Monthly Review Press, 1962). p. 142.

[20]Organization of American States, General Secretarial, *External Financing for Latin American Development,* (Baltimore: The Johns Hopkins Press, 1972) p. 18.

[21]*World Bank Annual Reports*

[22]U.S. Dept. of Commerce, Survey of Current Business, November 1965.

Not only is there little inflow of capital investment from foreign private enterprises but, the major portion of the income and profits made in the periphery country is removed by overpricing imports, undervaluing exports and payments by the LDC on patents. The degree of the external flow of capital is difficult to measure; different accounting practices will produce different results. What attracts foreign investment to the LDC's is the expectation of receiving higher profits. The profit on U.S. investment abroad between the years 1960-70 has varied between 17-21% in the LDC's, while in the other developed countries the profits have been between 9-11%.[23]

Authors of the dependence literature are especially critical of the argument that foreign investment increases employment opportunities. They claim that technology employed by foreign enterprises tends to be capital-intensive and is unable to meet the increasing demand for employment. It is true that the wages received by those working for a foreign firm tend to be higher than those of a domestic company but the percentage of those employed to the total is minimal. The MNC's are using increasing amounts of capital relative to the labor force. In a recent study of 257 manufacturing firms throughout Latin America, it was found that MNC's use almost one-half the number of employees per $10,000 of sales as do local firms.[24]

The type of industrialization practiced by foreign firms leads to greater unemployment and inequality. Although the industry is increasing its share of the national product, its ability to absorb the labor force is being increasingly diminished. The domestic situation, moreover, is aggravated by the growing income inequalities fostered by MNC's as represented in the table below.

TABLE *Income Distribution and Annual Economic Growth in Selected Countries

	Annual Growth Rate %		%Share of National Income to lowest 20%		%Share of National Income to highest 5%	
	1950-60	1960-70	1960	1970	1960	1970
Argentina	1.4	2.5	5.0	5.0	23.0	27.0
Brazil	3.1	2.3	n.a.	5.0	23.0	30.0
Chile	1.2	1.8	3.0	4.0	36.0	33.0
Colombia	1.3	2.0	3.0	2.0	50.0	34.0
Mexico	2.4	3.7	4.0	4.0	29.0	36.0
Peru	2.6	1.9	3.0	2.0	35.0	33.0
Venezuela	3.5	2.5	3.0	2.0	27.0	40.0

*Source: David Morawetz, *Twenty-Five Years of Economic Development*, p. 79 and *World Tables 1976*.

[23]Samuels, *op. cit.*, p. 32.
[24]Wilbur, *op. cit.*, p. 133.

The contribution of the technology being transferred to Latin America is a contribution to the richest 5-10% of the population without aiding and actually hurting the situation of the majority of the population relative to the bourgeoisie class. The dependency theorists do not contend that there are no beneficiaries from the transfer of foreign captial and technology. The sector that benefits, however, is the narrow bourgeoisie elite whose interests differ from that of the rest of the country. Real and substantial economic growth cannot be realized unless it is accompanied by equitable distribution.

Summary

It is difficult to measure the validity of the dependency argument because many of its characteristics are beyond the means of quantitative measurement. Crucial to the theory of dependency are such things as the degree of foreign penetration, economic as well as cultural. Many of its aspects, however, are difficult to interpret with the indicators and statistics we have at our disposal. This paper touches upon a few topics and conditions of dependency. It is not within the scope of this paper to examine fully and test the viability of dependency. By looking at the indexes cited, it does seem apparent that the conditions of dependency do not exist *a priori* in all Latin American countries.

Examining terms of trade, commodity concentration, service paylments as % of exports, external public debt as % of GNP and income distribution, there exists a great diversity. The evidence shows that 4 countries, Argentina, Colombiz, Peru and Venezuela, have shown increasing terms of trade; only in Chile is there a noticeable decline. In Chile and Venezuela there seems to be a high commodity concentration validating the dependency viewpoint but in Brazil and Mexico there is a much lower ratio. Argentina, Colombia and Peru have maintained roughly the same degree of concentration over the specified time period.

The inconclusiveness of these indexes is borne out when we look at the debt-service ratio of underdeveloped countries. It has increased significantly in Bolivia, Peru and Uruguay but has decreased in Argentina, Brazil, and Guatemala. The ratio of the external public debt to GNP proves more supportive of the dependency theorists. The ratio has been rising in four countries: Brazil, Colombia, Mexico, and Peru; it has been decreasing in Argentina. The condition of income distribution appears to be worsening in Argentina, Brazil, Mexico and Venezuela, while there has been some improvement in Peru.

The conclusion of this evidence is difficult to assess. The figures and countries examined show a wide fluctuation. In only one category, that of the ratio of external public debt to GNP, does the evidence overwhelmingly support the conditions of dependency argued by its proponents. Only a selected number of countries and the most easily quantifiable indexes to examine the theory have been cited; thus, the samples could differ from the true mean.

What needs to be done by both the authors of dependency and their detractors is to study in greater detail the extent to which the dependency theory holds true. There are too many aspects which are simply values and as such, are almost impossible to measure. If the theory of dependency is to enjoy wide-range applicability and to be influential in effecting government policies, additional work must be done to make it a more concrete and measurable economic theory.

Western European Nuclear Defense

Ron Fisher

Before one can understand how a nation behaves in international politics, it is necessary to understand its global perspective. To begin this study, a fundamental knowledge of the basic foreign policies of the Western European nations most influentially involved with nuclear defense integration will facilitate the study of their interaction.

Historical Background

In 1958, France and her perception of the world were at a point of change. A number of developments had transpired which shocked France into self-evaluation. France's colonial empire was folding. In 1954, Indochina had fallen; in 1956, the Suez invasion had ended in military defeat and diplomatic humiliation; and in 1958, France was fighting another colonial war, this time in Algeria. Thus weakened, the 4th Republic fell in 1958.

On the Continent, France saw a loss of influence within NATO. Germany, rebuilt, was becoming a viable economic power, and as a member of NATO, exerting its own influence. The British concluded a "special agreement" with the U.S. to share in nuclear research and development. By not proferring similar co-operation to France, France felt like a "second-class" partner.[1]

In 1953, the Russians had exploded their first thermonuclear device, and by 1958, both the U.S. and the U.S.S.R. relied on this exceptionally destructive weapon as a principle defense. In 1957, the Soviets launched Sputnik I, thus beginning the "ballistic" era. Dependent on the now vulnerable U.S. strategic defense, France saw her security resting on superpower conflict or co-operation. To Charles deGaulle, France was insecure in an unstable world.[2] He wanted to establish a new "Europe" which would reshape the world equilibrium, i.e., the emergence of Europe as a power.[3]

Ron Fisher, a junior in international relations, is presently studying in England.

[1]The study of French foreign policy is from two sources:
Kohl, Wilfred L., *French Nuclear Diplomacy* (Princeton University Press, Princeton), 1971, p. 124-130.
deCarmoy, Guy, *The Foreign Policies of France,* (University of Chicago Press, Chicago) 1970, p. 175-7.
[2]Kohl, *op. cit.,* p. 123.
[3]*Ibid.,* p. 123.

DeGaulle saw France assuming leadership of the European union, re-establishing itself as a great power, while making Europe independent from the U.S. and the U.S.S.R. In addition, France would be able to control Germany's resurgence.[4] Nonetheless, the motivations of the 4th Republic were to participate and share within the Atlantic Alliance.[5]

DeGaulle had a different orientation for French involvement in the Atlantic Alliance and for a French nuclear force. To deGaulle, a French nuclear force was a political instrument for an independent Gaullist foreign policy.[6] With a French deterrent capability, deGaulle could compensate for earlier setbacks, i.e. strengthen France's world stature. With an autonomous nuclear force, deGaulle could realize military leadership on the Continent as the only "European" nuclear power and independence from the U.S.

The Suez invasion and ensuing defeat was a watershed in British foreign and security policy. Britain was forced to realize that she was no longer a premier power in the world, its independent actions in Egypt resulted in a weakening of American support and potential loss of the Anglo-American "special relationship" which had begun in World War II.[8] Winston Churchill's concept of balancing three overlapping circles of British interest, Europe, the Commonwealth and the United States (Atlantic relationship), was found to be unworkable.[10] By 1958, Britain had reduced itself to contributing to collective defense. In effect, Britain was now choosing the American "circle" before the Commonwealth and the Continent.

The main vehicle for this policy was nuclear weapons. Similar to the French, the British saw a nuclear deterrent as a symbol of prestige and status. However, the British now chose to rely on the U.S. to keep up its commitments "East of Suez".

Britain had shunned involvement in every "European" organization, ostensibly to retain freedom of action world-wide. In the late '50's, however, Britain found herself isolated. Its ties to the U.S. diminished its influence on the Continent. It is this frustration combined with Britain's determination to remain a nuclear power which shaped British foreign policy in the late '50's and early '60's.

In the mid '50's, West Germany found itself at a turning point in redevelopment. Having regained sovereignty in 1949, Germany was rebuilding and aspired to re-establish itself in world politics.

Chancellor Konrad Adenauer saw Germany's path to a re-established world position as a balance of three principles: security with regard to

[4]*Ibid.*, p. 128.
[5]deCarmoy, *op. cit.*, p. 175.
[6]Kohl, *op. cit.* p. 47.
[7]Woodhouse, C.M., *British Foreign Policy Since the Second World War,* (Hutchison and Co. London) 1961, p. 86.
[8]The British initially co-operated with the U.S. in the Manhattan Project. This familiarity led to military and technical nuclear information pooling.
[10]Pierre, Andrew J., "Britain and European Security: Issues and Choices for the 1970s", p. 128.

the Soviet Union, equality within Europe, and re-unification with the Soviet-occupied zone. Security, Adenauer felt, was a precondition for equality and unity and therefore the basis of German foreign policy.[11] Adenauer chose an association with the U.S. and the Atlantic Alliance as a means of securing Germany's national interest.

In 1954, he unilaterally gave away Germany's right to develop nuclear weapons in exchange for NATO membership.[12] Short of obtaining its own nuclear force and its accompanying power, Germany, involved in both NATO and SACEUR (Strategic Air Command, Europe), could have an input to European strategic defense. Adenauer furthered an American "connection" by advocating European integration and cooperation of NATO members and U.S. interests.

After World War II, the United States changed its philosophy of "no entangling alliances". Seeing the spread of Soviet influence as potentially detrimental to the U.S. national security, the U.S. adopted a policy of Soviet containment. The North Atlantic Treaty Organization was formed as a military adjunct of this policy. Equally important, the U.S. gave direct aid to Europe through the Marshall Plan (European Recovery Act), and endorsed plans to strengthen Europe through integration. West Germany was a key element in Western European defense and had to be sufficiently strong to counteract Soviet *and* French domination.

One watershed year in U.S.-European relations was 1954. Secretary of State Dulles said, "the free world must maintain the collective means and be willing to use them [nuclear weapons] in the way which most effectively makes aggression too risky and expensive to be tempting.[13] The other watershed year was 1957. In response to the Soviet Sputnik and missile capability, the U.S. began to step up its defense capabilities, particularly in Europe, and to redefine command control and recoordinate NATO nuclear defense.

Movements Towards Integration

Throughout the '50's, the U.S. exercised a policy of nuclear nondiffusion to Western Europe. The best deterrent was in centralized U.S. control, the U.S. felt that NATO countries should concentrate on building conventional forces. However, members of the Atlantic Alliance were ill at ease with the reliance on the U.S. deterrent that was no longer invulnerable. There was no perception of common responsibility and no burden sharing.[14] By the late '50's, Europe had reconstructed

[11]Kelleher, Catherine, *Germany and the Politics of Nuclear Weapons,* (Columbia University Press, New York) 1975, p. 4.

[12]Protocol on the Termination of the Occupation Regime in the Federal Republic of Germany. See Appendix.

[13]Dulles, John F., "The Evolution of U.S. Foreign Policy" in *Readings in American Foreign Policy,* Robert A. Goldwin, ed., Oxford University Press, New York and London: 1971, p. 486.

[14]Dulles, *op. cit.,* p. 490

enough to act for itself. No longer did they see blind dependence as their sole defence.[15]

The focus of the problem was the loss of credibility in the American deterrent. Sputnik revealed the inter-continental range of the Soviet's missiles: the U.S., a sanctuary from nuclear attack, ceased to exist. The New Look concept of tactical nuclear response was brought into question. Whereas Europe (NATO) had committed itself to the lower New Look nuclear threshold, the U.S. would now advocate a higher one.[16] In effect, this was the unofficial beginning of the graduated response policy, where nuclear weapons were not the only response to aggression. When undertaking this change of policy, the U.S. did not respond to this complex issue with the approach the Europeans desired and thought the situation commanded.

In 1946, the U.S. had enacted the Atomic Energy (McMahon) Act, which prevented any dissemination of U.S. nuclear secrets. In 1954, due to the New Look/NATO tactical nuclear position, the U.S. amended the McMahon Act to allow "external characteristics" of nuclear devices to be shared; Europe should know the effects of the weapons upon which they relied.

In 1957, Euratom, a "European" institution for the peaceful development of nuclear technology, was formed; however, the U.S. saw that the information gleaned from this organization could be put to military use.[17] The U.S., through the International Atomic Energy Agency, attempted to forestall Euratom from becoming a Continental nuclear consortium, and to safeguard the control and spread of technology.[18] Instead of participating with European integration, the U.S. impeded its process.

In February 1958, the U.S. deployed Medium Range Ballistic Missiles (MRBM's) in Europe to counter the Soviet intercontinental capability. These missiles were operated under a two key "double veto" system, which gave the Europeans a right to veto the missiles use, but not ability to fire them.

Later in 1958, the U.S. once again amended the McMahon Act to allow aid and information to be given to those countries which had already made "substantial progress" in nuclear development. At this time, the only country which qualified was Great Britain. France, who had not yet developed a nuclear capability, was not included.

The policies of the U.S. at this time were to further American unilateral control. By the late '50's, the U.S. could not stop independent development of nuclear forces.[19] While dealing with the material

[15]Osgood, *op. cit.*, p. 107.
[16]*Ibid.*, p. 102-110.

[17]Polack. J.G., *Euratom: Its Background, Issues and Economic Implications* (Oceana Publications, Inc., Dobbs Ferry, N.Y.) 1964, p. 63.
[18]Osgood, *op. cit.*, p. 219.
[19] Osgood, *op. cit.*, p. 212.

aspects of nuclear technology, the U.S. failed to concern itself with the political attitudes and interest of European nations, especially France.

At this time, the French were beginning to develop their own nuclear force. In deGaulles's eyes, "the link between a French nuclear force and France's policy aims was clearly fundamental to the whole Gaullist venture."[20] Initially, deGaulle looked to the U.S. for aid. With the 1958 amendments to the McMahon Act, the French felt that they should be entitled to receive U.S. support. The aid forthcoming, however, was not substantial, in comparison with that given to Great Britain.[21] The U.S. saw France as a weak, non-nuclear power that had not made substantial progress. In addition, the French had been uncooperative in allowing the U.S. to deploy MRBM's on French soil.[22]

In September, 1958, in a memo to President Eisenhower, deGaulle proposed a "tripartite organization to take joint decisions on global problems". The countries to be involved were the U.S., Great Britain, and France. The committee would be empowered to draw up strategic plans and implement them anywhere in the world.[23]

Eisenhower rejected the proposal, but said that less substantive consultations should take place.[25] In 1958, with the 5th Republic not yet a year old, France hardly seemed a world power to the U.S.

DeGaulle had wanted the French to contribute to world stability, since they were affected by American actions. Hence, France should have a veto on the use of the U.S. nuclear weapons. Accompanying the proposal were threats to subordinate French participation in NATO to recognition of French world-wide interests.[24]

Why did deGaulle request the inclusion of France, a weak, not yet nuclear nation, with the U.S. and Britain, in an organization to control world strategy? If the proposal had been accepted, deGaulle would have immediately elevated France to great power status. Possibly, deGaulle knew that an attempt to control worldwide use of U.S. nuclear weapons was extravagant and made this preposterous demand to justify his displeasure with the Atlantic Alliance and to expedite the recognition of French autonomy. After the rejection, deGaulle firmly committed France to a national nuclear weapons program.

France's autonomous foreign policy and national nuclear force engendered a split in the Atlantic Alliance. As deGaulle was determined not to integrate French forces into the Alliance, it is likely that no American policy could have dissuaded him.[26] The U.S. treated France as if she had no nuclear potential whatsoever. U.S. technical aid could have removed a major irritant in French-American relations and created a better diplomatic atmosphere. Furthermore, at the same time that the U.S. denied aid to France, the Anglo-American special relationship was at its zenith.[27] By discouraging France, the U.S. isolated a major

[20]Kohl, *op. cit.*, p. 80.
[21]*Ibid.*, p. 366.
[22]*Ibid.*, p. 98.
[23]deCarmoy, *op. cit., p. 275.*
[24]Kohl, *op. cit.*, p. 72.
[25]*Ibid.*, p. 82.
[26]*Ibid.*, p. 65.
[27]*Ibid.*, p. 364-5.

partner in the Atlantic Alliance. In attempting to maintain the European status quo, the U.S. lost sight of practical concerns.

By the time John Kennedy assumed leadership, the U.S. and France had policies hardened in opposition. Kennedy initiated the "Grand Design", which stated that a United Europe would be a partner on equal footing with the U.S. in establishing and defending a community of free nations. Kennedy implied that he would give nuclear autonomy to an integrated Europe only, as opposed to a coalition of states espoused by Gaullist policy.[28]

By imposing an 'if and only if' stipulation, the U.S. limited itself to one specific outcome, or none at all. Failure of the Grand Design would mean continuation of the present system. Both the Grand Design and Gaullist policy called for many similar features, a more closely aligned Europe dealing one on one with the U.S. However, the tactics were different. DeGaulle wanted a coalition with French domination, while the U.S. wanted integration and equality: the two plans were mutually exclusive. Neither nation was powerful enough to impose its will.[29]

Two factors become apparent here. First, the French and Americans were playing a game of power politics on the European continent. Second, the French goal was revision, a new order, while the dominant U.S. wanted to keep the *status quo.*

Gaullist Policy

In the early '60's, France attempted to implement Gaullist policy in Europe. These endeavors allow one to see the tenets of Gaullist philosophy more closely, and how it competed with U.S./Atlantic policy.

In 1961, France proposed the Fouchet plan for European political union of the Six. This plan called for common foreign and defense policies. Although Adenauer was attracted to the plan for its integrative potential, other European countries saw it as an attempt of French hegemony in Europe.[30]

In 1963, deGaulle applied the same philosophy as the Fouchet plan to West Germany, in the Franco-German Treaty of *Entente*, which esttablished a format for consultation between France and Germany. DeGaulle hoped that this treaty would build an independent Europe, while the Germans saw a potential for control of French nuclear weapons, although no specific mention of this was in the treaty.

In the course of discussion, neither country's nuclear position was clear. The transition from the Adenauer government to the administration of Ludwid Erhard effected a changed German outlook. Erhard was much more concerned with maintenance of Atlantic ties than with integration. On the other hand, there was strong sentiment from German "Gaullists" that Europe must not depend on the U.S. but should look to France.

[28]deCarmoy, *op. cit.*, p. 293.
[29]Kissinger, Henry A., *The Troubled Partnership,* (McGraw-Hill, New York) 1965, p. 51.
[30]Kohl, *op. cit.*, p. 269.

The French were ambivalent as to the use of their nuclear forces. Were they strictly national or would they be used to defend Europe? As the Treaty was more confederal than integrative, the French still retained nuclear control. The French had desired German financial and technical help with the development of the *force de frappe*, but had not enunciated the influence which Germany would acquire. Both Georges Pompidou and Charles deGaulle had discussed Europeanization of French forces, but had made no official moves.

The showdown came when Erhard pressed for French nuclear guarantees similar to those offered by the U.S. in the Multi-Lateral Force (to be discussed in detail later). Since France wanted to to retain singular control of its nuclear forces, deGaulle was ambiguous in his response. Erhard saw then that deGaulle was attempting to make Germany a French satellite and was not prepared to Europeanize the *force de frappe.*[31] In response to this development German national interest took priority over integration.

The British had a nuclear deterrent which predated that of France. In their insular position, the British did not try to organize European defense. After the 1958 special relationship, the British were precluded by terms of the agreement from transfering any nuclear information gained from the U.S. As this information was indistinguishably incorporated into the extant British technology, the British could not very well disseminate any information without breaking the terms of the agreement. British defense plans came under review when they bid to enter the Common Market. In broad terms, Prime Minister Macmillan hinted at possible Anglo-French cooperation.[32] *The Economist* suggested that Britain ought to consider a nuclear arrangement with France, an "entente nucleaire".[33]

In December, 1962, though, Britain re-affirmed its desire to stay with the U.S. At the Nassau meeting, Macmillan accepted U.S. Polaris missiles tied to NATO to replace the discontinued Skybolt.[34] The French, who were not invited to Nassau, were offered the same proposition as a *fait accompli* subsequent to the meeting. This convinced the French that Britain was still intent on pursuing the "special relationship" with the U.S. as opposed to joining with Europe. Further, the French feared that the British would act as a "Trojan Horse" for the U.S. should they be allowed entry into the European Community. In January, 1963, deGaulle vetoed British entry, the Nassau agreement was a contributing factor.[35]

[31] *Ibid.*, p. 267-313.
[32] *Ibid.*, p. 325.
[33] *The Economist*, 5/12/62.
[34] The British needed a missile delivery system. The Blue Streak had been discontinued several years earlier. Now, in 1962, the U.S. was discontinuing the Skybolt, which had been promised to Britain.
[35] Kohl, *op. cit.*, p. 318-336.

The British, in accepting the U.S. offer of Polaris missiles, did not agree with an independent European "third" force, but rather wished to keep U.S. strategic defense. The U.S. wished to keep the British satisfied with U.S. nuclear support, to insure no need of Anglo-French co-operation. Nassau can be seen as poor diplomacy for the British as it gave deGaulle a reason to stop their entry.

Concurrent with French and British interaction, the U.S. made efforts to evoke European-Atlantic nuclear partnership. Whereas previously the U.S. had militated against any change in the nuclear relationship, it was now responding to European needs.

In August 1959, NATO's Supreme Allied Commander, General Norstad, saw the potential for European allies to share in the control of nuclear defense. Rather than allow independent forces to proliferate, Norstad proposed making NATO a fourth nuclear power by transferring nuclear weapons to its command. A NATO nuclear executive committee of Britain, France and the U.S., in association with non-nuclear allies, would make decisions about the use of NATO nuclear weapons. The plan was coolly received by almost all involved.

This plan actually had Europe's interest in mind, but was stopped by conflicting perceptions of national security. The changes involved were not seen by the participants as enhancing security. If implemented, the Norstad proposal would have given some nuclear responsibility to Europe through NATO. However, none of the nations were willing to surrender any sovereignty, i.e. relinquish control of their national force, in pursuance of this policy.

The Kennedy administration found several choices available to further European nuclear participation. There were three basic plans that Kennedy could follow. First, the U.S. could co-ordinate a multinational coalition of nations, where each country would develop its own policy in conjunction with NATO. However, this plan would call for a re-organization of NATO machinery to allow greater input by the European nations to correspond with American control. Second, the Norstad proposal showed that this was not a viable alternative. Europe was not confident enough to align their policies. In addition, the exemplary intransigence of the French undermined the allegiance of other nations involved.

Third, Kennedy could pursue a policy along the lines of the Grand Design. Europe could develop a European Community with an evolved authority to decide strategy and a sufficient force to merit co-ordination with the U.S. Here, the problem was Britain, who was not a member of the European Community. The U.S. felt that the British had to participate as the only small nuclear power to counter-balance the French. Until Britain could join the E.C., there would be no European deterrent worthy of U.S. cooperation.

These plans proving inoperative, the U.S. was forced to look for new initiative. In April, 1962, Secretary of Defense McNamara formally enunciated the American policy of graduated response to replace mas-

sive retaliation. Most alarmed by this transition were the Germans who now saw a possible retrenchment of American military support. As mentioned, in January, 1963, the French vetoed British entry into the E.C., which nullified any chance for a European/Grand Design nuclear deterrent, and also signed the Franco-German Treaty of *Entente.* The U.S. saw its influence eroding due to French actions on the Continent and realized the need for a re-assertion of U.S. leadership to maintain the extant system.

Multilateral Force

At the time of the Nassau meeting, Kennedy began to discuss a multilateral approach to European security. The State Department had been giving consideration to this policy. As the Department of State saw it, an MLF was an alternative to growing problems of decentralization and proliferation and a viable formula for re-aligning the Alliance to permit greater European strategic responsibility. The U.S. would not have to dictate the particulars, but would make available ideas on characteristics and capabilities of a potential force.

The focus of American policy was on Germany. With France and Britain as variants inhibiting the U.S. lead, Germany was an element which could stabilize the Continent. As the Franco-German Treaty hinted at possible nuclear co-operation, the U.S. had to offer the Germans an alternative to association with France. The easiest possible way to win their allegiance, re-establish their security and equality on the Continent and deter the growing influence of France was through some form of nuclear co-operation. It was in December 1962 that Kennedy embarked on this idea. He proposed an MLF of integrated U.S., British and French forces to be jointly owned, operated and controlled by nuclear and non-nuclear participants with an American veto. The British and French response to the details of the proposals was less than overwhelming. The British, once again, saw an integration of nuclear forces as mitigating their power and influence; they would retain no advantage over non-nuclear nations. In effect, there would be nothing "special" about the relationship with the U.S. Britain still entered the discussion without commitment.

The French would not accept any American veto over their forces. The French declined the offer of Polaris missiles and considered the MLF "an American naval foreign legion". Other nations, Canada, Norway, Denmark and Portugal, all joined France in opposition, these countries disliking the cost and conventional force commitments associated with the MLF.

The Germans, on the other hand, were enthusiastic. The Test Ban Treaty of July, 1963, furthered their insecurity and compelled them to want a strong voice in Washington. German internal politics, though, necessitated speed, as German Gaullists were advocating French support.

[16] *Ibid.*, p. 365.

With Germany, behind the MLF, were Belgium, Holland, Italy, Turkey and Greece.

There were several developments which helped to thwart the MLF. The British, dissatisfied with their responsibility in the MLF, proposed the Atlantic Nuclear Force as an alternative. The ANF would internationalize the British defense structure while retaining a link to NATO. Non-nuclear nations would participate, while the U.S., Britain and France would have a veto. By balancing British, European and American influences on the ANF, the British were safeguarding their interests in the nuclear field. The ANF would not evolve into a European deterrent; the British would not see their nuclear advantage lost through integration.[37]

A constructive contribution of the MLF was the "McNamara Committee", an institutionalized joint strategic planning organization involving the U.S. and Europe through NATO. Developed in 1966, this body provided European countries with an opportunity to gain influence in nuclear defense. Evolving into the Nuclear Planning Group, with formal status in NATO, the NPG has worked to advance consultation and participation of Europe in NATO.[38]

The failure of the MLF can be viewed in two lights. The different perspectives espoused by European nations are evident. Britain, Germany and the U.S. all used the MLF to strengthen the existing deterrent system. France, seeking autonomy, hoped through non-participation, to force a change in the European defense structure. In addition, those nations which did support the MLF did so for different reasons: Germany for fear of French dominance; Belgium and Holland for fear of German dominance.

In a different light, it can be argued that the U.S. was not really interested in an integrated European defense, but rather wanted to hinder France from initiating one. The overriding concentration on Germany, with little attention to British needs shows the U.S.'s unwillingness to actively co-ordinate a nuclear force. In wooing Germany away from France, the MLF was more an attempt to retain German support than to develop a European nuclear force.

Current Prospects

Few of the foreign policies have changed radically. The British, a little more timid in world affairs, have permanently realized their involvement on the Continent and have joined the E.C. Still, Britain retains a somewhat special relationship with the U.S., albeit less active.

The U.S. still pursues defense in Europe through NATO. Since the demise of the MLF, the U.S. has put its efforts into non-proliferation and Strategic Arms Limitation Talks with the Soviets. The U.S. still

[37]Kohl, *op. cit.*, p. 336-9.
[38]*Ibid.*, p. 244.

focuses on the defense of Germany, as seen in the present controversy on the neutron bomb. Germany still looks to the Atlantic Alliance as the mainstay of her defense.[39]

Having become increasingly independent, in each successive administration since deGaulle, the French have become less hostile to the U.S. and more flexible in foreign policy. Although not participating within NATO, the French are beginning to participate bilaterally with NATO. Despite these trends, the French are autonomous and wish to remain so.[40]

What has developed in the past fifteen to twenty years is a *status quo* in European security, which has been aided by several policies and treaties. The 1963 Partial Test Ban Treaty, the 1968 Non-Proliferation Treaty and the U.S. proclivity to non-proliferation all arrest the development and transfer of nuclear weapons technology. The U.S., in making a formidable agency of the Nuclear Planning Group, fulfilled the desires of the European members of NATO to influence nuclear planning, and thus limited their desire for nuclear control. However, several occurences may change this status quo. The emergence of Socialist and Communist parties in Western European politics could undermine NATO efficacy. In SALT, the U.S. could develop a condominium relationship with the Soviets, vis-a-vis Western European security, where Europe does not play a part in its own defense.

What kind of integration could be expected, should Europe feel that an alteration in its defence system is necessary? The British and French forces could be merged. Technically, the British advance in warheads, submarines and ancillary systems (computers, intelligence) complements the French achievement in missiles and propellants. Economically, the development of new systems due to obsolescence through time or SALT agreements could be expensive. In fact, merely maintaining the existing nuclear defense structure could prove to be too much of a financial burden. While not co-ordinating systems, the British and French might see an advantage in coordinating operations; a step toward integration.

The decisions to be made by France and Britain, however easily defined in terms of technology and economics, are primarily political decisions. They revolve around two groups of choices. First, there must be reasons to integrate: loss of U.S. credibility, individual feelings of inadequacy or the desire to build Europe. These will either take place gradually or as a result of some cataclysmic change in the European defense structure.

The second set of choices involves the means: Anglo-French co-operation *for* Europe, *with* Europe, or with U.S. participation. One must

[39]Leber, George, "Principles Underlying German Defense Policy" *Atlantic Community Quarterly,* Summer 1976, p. 218.

[40]Klein, Jean, "France, NATO, and European Security", *International Security,* Winter, 1977, p. 33.

also ask whether or not Europe will be united, another variant not to be overlooked. Obviously, there will be either an evolution of desire or a radical change in European security before such an extensive re-organization will take place.

If such a re-organization were to be undertaken, conflicting foreign policies would be encountered, just as one saw in the '60's. The French, who have long said that nuclear weapons can only be a national defense, are not that interested in input from and control by other European nations. They would also shun any U.S. involvement. For the British, the opposite is true. Other European countries would have to be involved, especially Germany, who will desire an American influence. The smaller European nations, bound to subjugation by larger powers, might feel more stability with U.S. domination as opposed to Anglo-French control.

The position of Germany in this debate presents another question. Now one of the strongest nations in the world, Germany could hardly be kept in a position of inferiority on the Continent. Germany now values her freedom of action, an example of which is *Ostpolitik*, and might feel constrained in any European nuclear force. The Atlantic policy allows Germany flexibility.[41]

The U.S. is still interested in maintaining European-Atlantic defense, and in preventing German resurgence on the Continent, as Germany remains an essential element in the U.S.-European defense structure. The history of Franco-American cooperation has been lacking, it is unlikely that this trend would change even if relations markedly improved. In addition, Great Britain is still bound to the U.S. by a former agreement and will not gain approval to release any nuclear information in the near future. In sum, the prospects for Anglo-French cooperation are indeed bleak.[42]

Many theories have evolved which suggest that a European-controlled deterrent acting in association with the U.S. or independently, cannot be formed without a political union on the Continent. Others say that a co-ordination of nuclear forces could lead to political integration as many feel economic integration will do. The problem is control. Without political union, there would be a dangerous number of hands on the nuclear control panel. Short of an enemy attack, independent nations will seldom perceive the same threats in a similar manner. Establishing political union, or the lack thereof, portends further difficulties for nuclear defense integration.

There have been persuasions in recent European history toward and away from integration. The Soviet invasion into Czechoslovakia in 1968 reminded Europe that there still is a threat. The West German Ostpolitik

[41]Leber, *op. cit.*, p. 224.

[42]Smart, Ian, "Future Conditional: The Prospects for Anglo-French Nuclear Co-operation" (Adelphi Paper #78) London: Institute for Strategic Studies, 8/1971, passim.

and recognition of East Germany in 1972 eliminated one of the major obstacles, German reunification, from the European defense scene. British entry into E.C. filled a major gap in European relations.

To European integration's detriment has been the French pullout from NATO in 1966, which caused a tremor in European security. In 1973, as a result of various energy needs, the Arab oil embargo witnessed these nations scrambling desperately for oil supplies. Militarily, the Atlantic Alliance was called into question when it was felt that the U.S. was impeding Europe's search for oil.

With both the positive and negative issues arising in the past fifteen years, there has been little movement towards or away from integration in general and to nuclear defense integration in particular. This is due to the *status quo* which has developed on the Continent over the years. In fact, this status quo was formalized by European nations at the Conference on Security and Co-operation in Europe, held in Helsinki in 1975.

The common security perspectives of the Western European nations allow for mutual "relative insecurity" vis-a-vis the Eastern bloc. This, according to Henry Kissinger, is an optimal situation. The European-Atlantic relationship has allowed enough uncertainty to bind itself together, but enough flexibility to prevent confinement.

Although overtures might be made and theories of integration developed, until Europe develops or is forced to develop a common foreign policy, leading possibly to political union, few nations would be willing to jeopardize the extant situation. The stability of NATO and the U.S. nuclear umbrella, along with the flexibility in European foreign policies means the present system will continue and integration of nuclear defense will remain theory for some time to come.

Nationality Policy of the Soviet Union and Czechoslovakia

Judith Scalesse

The key to understanding the problems inherent in the formation of a nationality policy in a multinational communist state is the realization that a definite contradiction in terms exists between socialism, which preaches internationalism and the elimination of the nation-state, and nationalism which glorifies the nation and the ethnic group. In terms of the political structure, this conflict translates into a choice between centralization and decentralization of power. The problem which communist countries must face is how to reconcile these two opposing concepts. Marx gave his followers virtually no guidance concerning this problem; he simply assumed that nationalism would disappear in the socialist era and therefore would not be a force with which to contend. But the experiences of Eastern Europe and the Soviet Union have proven that idea false. If anything, nationalism has been growing since the communist takeovers. This reality of increasing nationalism side by side with the building of socialism is a factor with which communist leaders have had to deal.

Lenin was the first Marxist to come to grips with this nationality problem. The system which he was instrumental in shaping has become the model for Eastern Europe. But the implementation of this model on Czechoslovakia in the Forties and its subsequent breakdown in 1968—as well as the recent rise of Soviet nationality problems—has shown that this system is far from perfected. An examination of the formation and subsequent development of the political systems of the Soviet Union and Czechoslovakia reveals that a solution to the problem—in the form of a stable political system in which all parties are reasonably satisfied—still does not exist. Over the years there has been much oscillation between the forces of nationalism and socialism, and at best an uneasy balance of the two exists in the nationality policies of these countries. The political structures of the Soviet Union and Czechoslovakia show the problems inherent in having the mutually exclusive forces of nationalism and socialism prevalent in society. The result has been a very contradictory political system which in theory is a federal structure with certain powers reserved by the minorities, but in reality is an authoritarian system with the autonomy of the various nationalities limited to the point of being meaningless.

Judith Scalesse is a fourth-year student in the Combined Degree Program with Fletcher. Her majors at Tufts are Political Science and Russian. This paper, which appears here in a condensed form, was awarded the Belfour Prize.

Since the Marxist-Leninist ideology forms the basis of the communist countries, an understanding of its relation to the nationality problem is essential for comprehending the development of a nationality policy first in the Soviet Union and later in Eastern Europe. The evolution of Marxist ideas concerning nationalism can be seen as the result of applying the doctrines of Marxism to the objective conditions in society and modifying the beliefs in the process. Although Marx laid the theoretical basis for a Communist system, Lenin was vital in transforming this theory into reality. This adjustment of abstract ideas to a concrete situation was especially difficult for Lenin in the area of nationality policy since Russia is composed of approximately 120 different nationalities. This problem is evident from the contradictory and ever-changing approaches he adopted over the years.

The basic tenets of Marxism only deal indirectly with nationalism by declaring that it will not be a force after the socialist takeover since it is a transitory phenomenon peculiar to the capitalist era. Marx and Engels themselves favored large nations with centralized power as progressive political entities which would lead inevitably to socialist states. The basic assumption underlying this reasoning, diametrically opposed to that of nationalism, was that nations would inevitably disappear, that there was nothing intrinsically valuable about them. The process of assimilation would lead to an international culture from which all national animosities would be removed. therefore, the Marxist point of view was not focused on national minorities, which were considered inconsequential, but rather on international occurrences. It must be remembered that Marx and Engels developed their basic doctrines in the context of Western Europe where countries for the most part were ethnically homogeneous. Since this condition was not true of Eastern Europe and Russia, the transference of the theory eastward caused many problems.

The early Russian Marxists of the 1890's shared the orthodox Marxist view. They believed that nationalism with its ideas of independence and preservation of the national group went against everything socialism stood for and represented a regressive return to capitalism. By the beginning of the twentieth century when it was obvious that nationalism was not dying out as Marx had predicted, most Western socialists of the Second International realized that the problem could no longer be ignored; it at least had to be acknowledged in party programs. They began formulating different policies to deal with the nationalities. Following their lead, the Russian Marxists had to adjust their policy of uncompromising hostility toward the minorities, although this strain of hostility never died out completely. In a 1903 party program they endorsed the right of all nations to self-determination, but they left the term vaguely defined and therefore open to numerous interpretations. Ironically, in view of future developments, Lenin—at this stage—was a strict centralist, adamantly opposed to the idea of federalism:

It is not the business of the proletariat to preach federation and national autonomy... which unavoidably lead to the demand for the establishment of an autonomous *class* state.[1]

But he very conveniently reversed this belief later.

Their evasive approach shows the general underestimation of the importance of the nationality question by the Russian Marxists. This tendency was primarily due to the fact that they still believed that nationalism would soon disappear and would not be an important force to contend with when they came to power. It was not yet apparent that the theory they professed did not fit their reality.

Lenin always remained a staunch Marxist in his fundamental beliefs, but he was also a practical politician who would ally himself with any force that would enable him to achieve his goals. This was the key to Lenin's attitude toward the nationalities.[2] Although he shared the Marxist hostility to nationalism and the decentralization of power it entailed, he was also one of the first Marxists who realized by 1912, that this growing force was immediately available as an ally. It could be used to help overthrow the tsar and usher in the socialist age.

Lenin's strategy was applied to the first national program he formulated for the Bolsheviks in 1913. Based on his own unique interpretation of national self-determination, the program was designed to win the support of national minorities. Lenin interpreted the right of self-determination "in the sense of political self-determination, i.e., as the right to separation and creation of an independent government."[3] This principle fulfilled the function of appealing to the nationalities by holding out the promise of complete political independence. However, it seemed to approve of the disintegration of Eastern Europe and the Soviet Union into their ethnic parts. Lenin made it very clear through his own definition and qualification of this right, that he neither expected nor hoped for this result. He believed that nationalism was mainly psychological in origin, based on the minorities' suspicion of the intentions of the dominant group in society. By guaranteeing them complete political freedom, Lenin hoped to undercut the psychological supports of nationalism. He believed that, as the minorities lost their fear of oppression by the majority, the economic forces which Marx describes as leading inevitably to large political unions would take over, cooperation would occur, and the result would be a large, centralized democratic state with equal opportunities for all, which would serve as the foundation for a socialist system. What Lenin hoped to achieve through this doctrine of self-determination is evident from a statement which he made at the time:

[1]Pipes, Richard, *The Formation of the Soviet Union*, p. 23.
[2]*Ibid.*, p. 35.
[3]*Ibid.*, p. 43.

> We Bolsheviks demand the freedom of self-determination... not because we dream of economic particularization, or of the ideal of small states, but on the contrary, because we desire major states, a *rapprochment,* even a merging of nations... which is unthinkable without the freedom of secession. Separation is altogether not our scheme.[4]

Thus Lenin saw the right of national self-determination, as he interpreted it, as a unifying force.

The outbreak of World War I presented complications for socialist theorists in general. The change in Lenin's nationality policy brought about by the war was essentially another tactical adjustment to changing international conditions. Seeing the connection between imperialism and nationalism (in the form of potential conflict), Lenin realized that his idea of self-determination could be effectively used to win support in the colonial areas of Asia and Africa. From this point on, the idea of at least paying lip service to nationality rights within the Soviet Union was based mainly on international considerations.

Take Over and Implementation

Thus, by the time of the Russian Revolution, Lenin had developed a nationality policy which he was able to use both at home and abroad to win support for his revolution. But the disintegration of the empire into its ethnic parts and the increasing political aspirations of the nationalities following the February Revolution and continuing after the Communist takeover proved that Lenin's ideas were not an adequate solution to the nationality problem from the Marxist point of view. His doctrine appeared more useful as a tactic for acquiring power than as a program for ruling people. Since the unification Lenin had hoped would result from his formulation did not take place, a change in theory was required as soon as the Bolsheviks came to power.

Weak administration by the Provisional Government had led the nationalities to acquire gradually more autonomy until, at the time of the Bolshevik revolution, many possessed complete sovereignty and went as far as declaring their area's independence. The problem of growing national freedom among the minorities was one of the most important issues Lenin faced upon assuming power. Since a large centralized state was essential both to the immediate goal of keeping the revolution alive and to the long-term goal of socialism, Lenin quickly reconsolidated the empire by overthrowing the national governments. The stage was now set for complete Communist infiltration of these areas.

Once the immediate problem had been taken care of, theoretical justification was needed. The first step was to neutralize the idea of

[4] *Ibid.*, p. 45.

national self-determination which had proved so disruptive. Since Lenin understood the value he could still obtain from his theory in the colonial nations, he had to remove this right from the nationalities in the socialist states—that is, Russia—without infringing on its use elsewhere. Lenin's theoretical reversal was formally expressed in the national program of the Eighth Party Congress held in March, 1919 in which he set forth a double standard on the right of national self-determination. While he considered it valid and extremely valuable in those areas of the world where the Communists were trying to assume power, he qualified it to the point of making it meaningless for the socialist areas by designating the Communist Party "the carrier of the nation's will to separation."[5]

Since national self-determination was removed as the Bolshevik nationality policy, an alternative had to be found. The 1918 Constitution established the principle of a federation composed of national-territorial units. However, although the constitution contained no concrete provisions for establishing relations between the federal government and the republics, or for setting up a genuine federal structure with division of powers, it invited all regions to enter the Soviet Russian Republic (RSFSR) "on a federal basis"[6] and proclaimed "the equality of all citizens regardless of race or nationality."[7] This accommodating and very liberal sounding constitution was designed to win the support of the nationalities and to ensure the unification of the republics which the Soviet troops had artificially started.

With this general framework in mind, the communists from 1918-1923 pursued the complex process of consolidating their power over the many national groups. The complete infiltration of the national governments was accomplished primarily through two methods, depending on the geographic location of the nationality. In the inner areas, the so-called autonomous regions and republics, this take-over took the form of internal usurpation of power through the instrument of the Commissariat of Nationality Affairs. This organization in the early 1920's began gradually to assume more of the functions of the "autonomous" governments and succeeded in consolidating their state apparatus under Soviet Russian control.

In the borderland areas, the situation had to be handled more delicately due to international considerations. These were the areas that had had independent governments after the Russian Revolution and, as such, had entered into relations with foreign countries; thus, their independence had to be recognized by the RSFSR.

The first step was the centralization of the Soviet military apparatus. The merger of the conquered borderlands with the RSFSR was based on a military and economic union, through which were absorbed the Com-

[5]Pipes, Richard, p. 110.
[6]Fainsod, Merle, *How Russia Is Ruled*, p. 361.
[7]*Ibid.*, p. 360-61.

missariats of War, National Economy, Finance, Railroads and Labor. But the republics retained their foreign affairs functions and no structured political union was yet established. In addition, perhaps more important to the individual citizen, the Bolsheviks recognized the right to linguistic autonomy, and in the 1920's and 1930's practiced a policy of "indigenization" which involved placing local people in positions of party and state authority. The Communists were trying in those early years to appeal to the nationalities and to win support for the regime among them.

Before continuing with the discussion of the formation of the governmental structure of the USSR, it is necessary to consider the nature of the Party and its significance for the developing political system. In the early years when national independence was at its height, demands for greater national autonomy reached all levels including the Party. Nevertheless, the Leninist principle of a highly centralized, strongly disciplined party was not to be compromised. No change in the tightly-knit organization of the party was to be allowed. It is hard to avoid the conclusion that all the debates on the amount of centralization or decentralization of the state political structure were really inconsequential. No matter what type of system was set up, real power resided in the Party, which was to remain highly centralized; the Party guaranteed that a decentralized political system would never become a reality.

Returning to the issue of establishing a political structure for Communist Russia, it was decided that a standardized system of dealing with all the nationalities had to be developed. Although the spectrum of opinions ranged from those who wanted to give no concessions to the minorities to those who advocated almost complete local self-rule, the real debate was carried on somewhere between the two extremes by Lenin and Stalin. Stalin headed the faction that wanted to completely assimilate all the republics into the RSFSR. He also wanted the administrative apparatus of Soviet Russia—not a separate federal government—to rule the whole country. Stalin was realistic in merely wanting to formalize the condition which already existed—the hegemony of Soviet Russia over all the other republics. Most of the republics were naturally adamantly opposed to Stalin's project which was proposed in August, 1922.

Lenin was the more tactful of the two. He wanted to keep the fiction of national equality alive not only to satisfy the minorities and reduce internal tensions, but also for its implications in the colonial countries. He was outraged when he saw that Stalin was trying to destroy the evolving federal structure. Lenin's plan called for the establishment of a genuine federation with new all-Union organs—separate from the federal members. The sovereignty of the republics was to be recognized, and they were to be granted certain rights and privileges.

Lenin won the first round of this debate on December 30, 1922 with the ratification of the Union Agreement, which provided for the estab-

lishment of the USSR. All republics joining the federation would enter as independent states, equal to the Russian republic. A new administrative system was set up based on a division of power between the federal government and the republics. On paper this document appeared to be a great advance for the nationalities.

In April 1923, in answer to charges that the Union, not the republic institutions, was really governing, Lenin proposed decreased centralization to give the republics more self-rule and pleaded for his long-standing belief that to eradicate national animosities the Russians should place themselves in defense of the minorities. This was an unrealistic and naive hope that Lenin held, since the majority of Communists believed that socialism depended on Great Russian hegemony. This view was one of the main reasons that the plight of the minorities was so hopeless.

Stalin emerged as the ultimate victor in the debate over the structure of the political system. At the Twelfth Congress, which the 1924 Constitution ratified, all of Lenin's proposals were rejected; the issue of self-rule *versus* centralism was decided in favor of the latter. The Constitution completed the formation of the basic structure of the USSR. The powers of federal government were all-embracing, and included representation of the USSR in international affairs, determination of the general principles and plans for the national economy, organization and control of the armed forces and determination of the principles guiding both foreign and internal trade.[1] Sovereignty was reserved by the republics in all areas not enumerated. This basic political structure has remained fundamentally the same throughout the years; the only changes have been ones of degree.

The Soviet political system can be characterized as "national in form and socialist in content"[2] to describe a federal structure based on national units existing in a political environment where the Communist Party holds all the power. Its evolution reflects the fundamental incompatibility of nationalism, which results in demands for division of power, and communism, which requires centralization of authority. Such a system represents the implementation of an ideology on an unreceptive reality and contains the seeds of its own destruction, as seen in Czechoslovakia and possibly in the future of the Soviet Union.

Parallel Experiences

The status and treatment of nationalities in the Soviet Union and the Slovaks in Czechoslovakia have been similar. The most recent manifestation of this parallel development occured after the initial

[1]Bloembergen, Samuel, "The Union Republics: How Much Autonomy? *Problems of Communism,* September-October 1967, p. 29.

[2] Rakouska-Harmstone, Teresa, "The Dialectics of Nationalism in USSR," *Problems of Communism,* May-June 1974, p. 1.

establishment of firm Communist control. A period of repression under Stalin in the USSR and the leaders Gottwald and Novotny in Czechoslovakia followed. When this repressive atmosphere broke, in 1956 in the Soviet Union and in the early 1960's in Czechoslovakia, protests against the harsh treatment rose from all segments of society including the nationalities. In Czechoslovakia, minority dissatisfaction with the political system led to a new federal structure and to a nationwide democratic reform movement. In the USSR this process has not yet been completed. It remains to be seen what effect minority demands will have on the structure of the Soviet Union. But is the parallel holds, the future could be ominous for the USSR.

In Czechoslovakia two main nationality groups exist: the Czechs, the economically more advanced group who were formerly part of the Austrian empire and as such possessed a degree of political independence; and the Slovaks, who live in the economically poorer section of the country and for centuries were part of the Hungarian empire which allowed them no political autonomy. The Czechs are the larger group, outnumbering the Slovaks three to one. From the time of the First Republic following World War I which reunited these two nations after centuries of separation, the question of Slovakia's place in the political system has been a recurring problem. This is something which the Soviets have been trying to resolve since the communists assumed a dominant position in Czechoslovak society during World War II.

Two wartime occurrences which influenced both the early Communist treatment of Slovakia and especially the Slovak attitude toward their possible position in the reconsolidated state were the "independent" Slovak state set up by the Nazis in 1939 and the Slovak National Uprising of 1944. Hitler forced a disintegration of the Czechoslovak state by appealing to the dissatisfaction Sloviakia felt concerning her disadvantageous situation both politically and economically vis-a-vis the Czechs in the First Republic. This was the first case of the strong force of Slovak nationalism causing upheavals in the Czechoslovak political structure. In March 1939 Hitler set up an independent Slovak state under German protection promising "to protect the political independence of the Slovak state."[3] Ironically, he was employing the same tactic that Lenin had professed: exploitation of nationality aspirations to further one's own goals. The Communists would later use this same strategy to ensure Slovak cooperation in a reunited Czechoslovakia.

The impact of this wartime government on Slovak thinking was tremendous. Although the fiction of independence for this Nazi puppet state was known to all, the memory of at least a nominally free state was important to the Slovaks, not only in increasing their expectations

Riveles, Stanely, "Slovakia: Catalyst of Crisis," *Problems of Communism*, May-June 1968, p. 2.

of what they deserved in a new unification with the Czechs but also in creating a tradition which was to have a continuing influence of Slovak mentality.[11]

The Slovak National Uprising of August, 1944 was the basis for the Slovak claim that they had earned the right to equal status with the Czechs. The Uprising was a rebellion against the Nazis, staged by communist and democratic elements in Slovakia and was the culmination of a widespread resistance movement—something which had not taken place in the Czech lands. As a result the Slovaks felt that they deserved concessions from the new state since they had played such an important role, symbolized by the Uprising, in freeing the nation from Nazi oppression.

Thus, when entering negotiations to set up a new political system for Czechoslovakia, the Slovaks, represented by the Communist Party of Slovakia (CPS)[12], brought many demands of complete Czech and Slovak equality in a restored Czechoslovakia. The Slovaks' specific demands included the recognition of Slovakia as a distinct nation, which had not been done in the First Republic, and a constitutional guarantee of Slovak autonomy.

Both demands were accepted in the Kosice Program of April 1945 which established a National Front and provided the people with many constitutional liberties. It was important as a striking departure in Soviet methods: The Czechoslovak Communists were to be allowed to pursue a parliamentary path to power, due undoubtedly to Czechoslovakia's unique status as the only East European country with a democratic tradition, combined with the fact that since the war the communists had emerged as the dominant and most popular political force in the country.

The importance of this liberal program from the Slovak point of view was the promise of numerous rights and privileges. In many ways it was similar to the early Soviet programs, especially the 1918 Constitution, which theoretically provided equality and some measure of autonomy. While not creating a federation, it did establish the principle that "Slovaks [will] be masters in their own lands and the Czechs in theirs."[13] It provided for separate Slovak governmental institutions, such as the Slovak National Council (SNC) as the legislative authority for Slovakia, which had control over local government organs and worked in coop-

[11]Skilling, H. Gordon, *Czechoslovakia's Uninterrupted Revolution,* p. 9.

[12]Although the CPS, which operated as an independent communist party from the wartime years until 1948, had had earlier ideas about not rejoining Czechoslovakia and becoming either an independent state or a Soviet state, by the time of the 1945 Moscow meetings with Czechoslovakia's President Benes, they had accepted the position of the Communist Party of Czechoslovakia (CPC) for Czech and Slovak equality in a restored Czechoslovakia, which had been advacated by the USSR since 1941.

[13]Rivelas, Stanely, p. 6-7.

eration with the central government. Analogous institutions were not established in the Czech lands—resulting in what has been called an "asymmetrical" system.[14] These Slovak organs shared in the division of powers with the central government and with joint institutions. Areas of competence reserved by the central government included foreign affairs, defense and the economy. Other areas of lesser importance were divided between the Slovak and combined organs—a situation which led to much conflict. In addition, the Slovaks were guaranteed equal representation in the central government apparatus. Thus, the initial political structure as established by the Communists appeared to accommodate both the Slovak demands and the Czechoslovak democratic tradition.

The betrayal of this liberal and democratic government was accomplished by February 1948. The result of this process for Slovakia was the denial of the autonomy which had been granted. This was achieved due to a power struggle between the Communist and Democratic Parties.

Slovakia was the area of Czechoslovakia that least supported the Communists. During the years of the National Front (1945-1948) while the Communists were the dominant political party in the entire nation, the Democratic Party was the dominant force in Slovakia. This phenomenon can be explained by the traditional conservatism of the Slovaks.[15] Two results followed from this turn of events: (1) Czech fears of a conservative demand for separation provoked the revocation of the promised autonomy; and (2) the CPS also reversed its earlier stand for Slovak autonomy and advocated centralizing measures, a tactical adjustment often seen in the USSR experience. When the Party discovered it could not win support among the Slovaks, it turned to policies designed to win support in Czech lands by exploiting fears of Slovak autonomy.[16] The destruction of the Democratic Party by anymethods was of paramount importance. It was accomplished by 1947, readying Slovakia for complete Communist domination.

The military takeover in February 1948 signaled the end of the democratic tradition in Czechoslovakia and the beginning of a totalitarian state based completely on the Soviet model. Its importance for Slovakia was analogous to the effect of the 1924 Constitution on the Soviet republics.The 1948 Constitution which formalized the Communist takeover, was essentially based on the Kosice Program. Czechoslovakia was still described as "two Slav nations, possessing equal rights"[17], the Slovak government organs and the division of powers, were retained,

[14]Korbel, Josef, *Twentieth Century Czechoslovakia,* p. 229.

[15]Skilling, p. 24.

[16]Korbel, pp. 230-31.

[17]Skilling, H. Gordon, "The Czechoslovakia Constitutional System: The Soviet Impact," *Political Science Quarterly,* 1952, p. 213.

although the functions of the SNC were decreased.

In practice, however, the decentralizing aspects of this constitution were meaningless. Many other provisions ensured the Communists' main objective—the unity of Czechoslovakia. For example, in order to guarantee centralized direction of policy, in September 1948 the CPS and CPC were reunited into a single, centrally-controlled Communist party. This factor, which had previously been missing, safeguarded against a decentralized political system, as it did in the USSR.

From 1948 to the early 1960's, Czechoslovakia experienced a period of repression, fear and terror comparable to the Stalinist period in the USSR: Gottwald blindly denied all rights throughout society. The complete abolition of Slovak autonomy began with attacks on the CPS and ended with the 1960 Constitution. From 1949 to the early 1950's the suppression of the CPS was accomplished through a series of political trails of top party leaders on charges of "bourgeois nationalism." Another important development in the destruction of Slovak power was the reduction of the SNC to a purely formal body. From 1950-1959 the Council did not act as a legislative organ, it met only seldom and passed no laws.

The situation, as it had evolved in Slovakia since 1948, was given formal expression in the 1960 Constitution. This was the constitution in which allowed was Czechoslovakia to declare itself as having reached the socialist stage of development. Its importance for the poltical system rested on the fact that it brought theory more in line with practice. It had the effect of completely subordinating Slovakia to Prague governmental control.[18] The functions of the SNC were formally reduced to a minimum. With this document, Slovak autonomy became history.

The Czechoslavakian political system, based entirely on the Soviet theoretical and structural model, fell apart during the period of general democratic reform of 1963-1968. The Slovaks served as the catalyst to the 1968 Revolt.[19] The precise cause was the sham de-Stalinization attempt by Novotny. The halfway measures he tried led to demands, especially among Slovak writers, for a more thorough de-Stalinization. Slovak nationalism once again emerged as a powerful force. Once such a break had been made in the Stalinist regime, the way was open for complaints from all sections of society against the repressive system which had existed for so long.

The part of the reform that had to do with the political structure of the nation, as regards the Slovaks, was the Slovak demand for federalization of both country and party. They felt that if their position were more equitable within the political sphere, the other injustices could be easily worked out. This was the ultimate focus of Slovak demands by 1967.

[18]Skilling, first reference. p. 37.

[19]Riveles, p. 1.

The Slovaks demanded change in their disadvantageous position in the political system as created by the 1960 Constitution. They began timidly around 1964 with proposals to broaden the functions of the SNC. The debate over the form of such change at this point was openly waged—the Slovaks pushed for various guarantees of greater political autonomy, while the Czechs tried to maintain centralization.

After the overthrow of the Stalinist leader Novotny in January 1968 (with Soviet assistance) and the selection of the Slovak Dubcek as CPC First Secretary, implementation of the reforms which had been demanded for the past several years began. At this point the CPS took a leading role in the Slovak reform movement and Czechoslovak society as a whole, including the highest levels of leadership, supported a change in the basic structure of the system as the only means of rectifying past evils. Even the CPC now supported the reform goals in defiance of Moscow.

Federalism

It was not until after the January 1968 change of regime that the Slovaks finally agreed on federalism as the solution to their problem. The idea of a federation was first openly proposed in mid-March by communist legal scholars in Slovakia. From this point on, the plan became the focus of the Slovak demands, which were immediately accepted by both the Slovak public and its leaders. But at this stage neither the Czech public nor leaders of the Central Government showed much interest in the Slovak proposal. A concrete reform program was not officially endorsed until the April 1968 Action Program. This program served as the blueprint for the comprehensive democratic reform proposal by calling for a constitutional change which would establish a federal system. It specifically established a legislative body (SNC) and an executive organ (the Council of Ministers) for Slovakia. The program also guaranteed Slovak equality in the federal government.

Now that federalism based on a dual system was officially accepted, the debate centered around the structure of the new federation. The Slovaks naturally pushed for a system which would ensure their independence and protect them from majority domination. The Slovaks wanted power to reside primarily in the national government with the federal governement becoming involved only as a last resort. Their main emphasis was on the sovereignty of the Czech and Slovak nations.

In contrast, the Czech proposals concentrated on assurance of the unity of the nation and on coordination of national policies. Thus, while the Slovaks wanted to minimize the role of the central government, the Czechs felt that a strong federal government was essential to the smooth running of the country.

There was even more disagreement over the form of the new federal institutions and their rules of procedure. The Slovaks' main concern was to prevent majority domination by the federal government. Their

proposals in this area were varied but all centered on achieving parity. The Czechs, on the other hand, did not believe in parity because it seemed an undemocratic procedure.

Another important aspect of this reform movement which would influence the operation of the political system was the proposed reorganization of the party to which the CPC committed itself in the May 1968 C.C. Plenum. The Slovaks, in their Slovak Action Program of May 1968, supported a federalization of the party. But by the time of the August invasion, the CPC had not come up with a decisive program on party reorganization. They had not approved a federation but advocated institutional changes to make the party more equitable, and made provisions for guarantees against majority domination. This issue was the most heretical from the Soviet point of view. A strongly centralized party was one feature on which they had never compromised. A federation of the party would undermine the centralized political system which they felt was essential to socialism: it was the one thing that, regardless of the political structure, guaranteed central direction of policy.

The impact that all these developments were having on the Soviet nationalities is difficult to identify, but it seems likely that the Soviet leaders were concerned about the indirect consequence of the reform movement, especially as it related to the second largest Soviet nationality, the Ukrainians. The 1960's were a time of increasing nationality problems in the USSR in general, and in the Ukraine in particular. Nationality protests against the system were taking the form mainly of "orthodox nationalism," defined as the pursuit of goals within the system.[20] In the Ukraine, the nationalists were fighting to bring practice in line with theory; they sought the rights and autonomy they had been promised in the constitution. In some cases, this went to the extreme of demanding the right of secession.

By considering objective factors, it is very possible that the demands of the Slovaks (especially if they had succeeded) would have had a tremendous impact on the volatile nationality situation in the USSR. The geographic proximity of Czechoslovakia and the Ukraine and the broadcasts they received from the Presov area of Czechoslovakia (where Ukrainians live) had an effect on the Ukraine. It seems likely that these aggravated the existing problems between the Soviets and their nationalities.[21]

The Czechoslovak constitution of October 28, 1968 established a federation based on the nationality principle and was designed to protect Slovak sovereignty, at least in theory. The state was described as "a voluntary union of equal national states based on the right of self-determination of each nation."[22] A bicameral Federal Assembly com-

[20] Rakouska-Harmstone, p. 2.

[21] Skilling, first reference, p. 746.

[22] *Ibid.*, p. 868.

posed of the Chamber of the People was established elected on the basis of population and the Chamber of the Nations made up fo 75 Czech and 75 Slovak delegates. The republics were guaranteed a wide range of exclusive powers, but most functions fell into the area of "common affairs." The principle of parity was not accepted, but neither was a simple majority made sufficient forpassage of most legislation. Important matters such as the federal plan, constitutional changes, and police affairs required a three-fifths vote from each nationality. Thus, in theory, this new constitution seemed to guarantee Slovak sovereignty.

Yet as seen in the USSR, theory does not often coincide with practice. Although elaborate provisions have been made in both nations to protect minority rights, the Communist parties (federalization was not allowed in Czechoslovakia) have kept the system very centralized. The situation, as it exists in Czechoslovakia now, is one of little real autonomy for the Slovaks and general apathy regarding any change in their existing predicament. In the USSR, the nationalities' official situation is the same but they are demanding changes. However, as evidenced by the 1977 Constitution, the Soviet leadership is not yet seriously taking these demands into account.

The political system that exists in the multinational Communist countries is one which represents the uneasy accomodation of the Marxist-Leninist ideology to reality. The problems in Czechoslovakia and the USSR concerning this political system point to its flaws. This contradictory structure, as it has evolved in the USSR and as it has been implemented in Eastern Europe is theoretically favorable to the force of nationalism, but in reality serves only the force of socialism. Trying to accomodate two diametrically opposed ideologies accounts for the contradictions in the system and the inevitable conflicts that arise from the coexistence of a federal political structure and a Communist party. The case of Czechoslovakia in 1968 most vividly illustrates the unavoidable outcome of this situation for Communist countries, if the strong forces of nationalism are not seriously considered. Czechoslovakia should serve as a lesson to the USSR on the inherent instability of the political structure and its theoretical bases which Lenin and Stalin designed.

Commentary

Towards a Rational China Policy

The establishment of diplomatic relations with the Peoples Republic of China has reversed thirty years of a narrow outlook on the part of the American government. In a swift step, President Carter abrogated relations with Taiwan and set forth the basis for increasing ties with China. To paraphrase Mao, there is great momentum under heaven and the situation is excellent.

It remains to be seen, nevertheless, whether the United States can effect a lasting and sound relationship with the Chinese. From the time of the first American trading in the late 1700's, the Sino-American contact has been characterized by a love-hate relationship. However, flights of emotion and "strategic" games are not adequate (or even respectable) replacements for serious thinking. Our perceptions have been led far too often by the exotic of China, and not by the reality of it. We must face the facts of deep cultural differences and a fundamental lack of mutual interests. China will not go away; and the U.S. must prepare itself for long-term coexistence. "Neither benevolent aid to worthy Chinese nor righteous chastisement of unworthy Chinese (sometimes the same people in different circumstances) will meet our problems," John King Fairbank aptly remarked.

Lately, in the afterglow of American recognition of China, the Chinese are once again worthy. We must not repeat the mistake of being led by our misconceptions. Only through heartfelt relations can two disparate cultures reassert their distinctive elements. Americans must not be blinded by liberalizing acts in the PRC and automatically assume that the Chinese Communists are now merely agrarian democrats, or that Soviet Russia has replaced the U.S. as the prime enemy. To the Chinese, the United States is still imperialist, albeit a presently useful one.

That American brawn in China has not been guided by sufficient brain is evident. Our attempts to raise China to the level of Kansas City, as a former Missouri senator put it, in the 1930's and 1940's did not take into account the ingrained animosities among the Communists, the Nationalists, and the warlords. The communist victory in 1949 precipitated a policy that expedited American incursions in Korea and Vietnam to "contain" the expansionist PRC. Perhaps the U.S. should re-examine its role in Asia and see who exactly was the imperialist aggressor.

The U.S. should not trap itself by attempting to retain the vestiges of an outmoded alliance, which never had clout in any event. Our moral commitment to Taiwan is apparent. But we cannot enmesh ourselves in an affair that, after all, is an internal one of China. Of far more importance to the U.S. are Taiwan's role in the international marketplace and

the unity of the Chinese nation. A peaceful future with China depends on how well these two can be harmonized. America should not be bound militarily to Taiwan. The possibility that the expansion of economic relations with Taiwan, however, might lead us to support a Taiwanese independence movement (which would surely provoke an attack from the mainland) is alarming, especially in view of the "grave concern" clause which Congress has added to the treaty.

The path stretching before the United States is not broad and direct; rather, it is narrow and circuitous. America cannot retain the inherited biases of previous years and expect to build a new road between itself and China. Recognition of each other's differences requires a hard look at reality, not fantasy. There is much to be learned on both sides, and the situation is by no means hopeless.

South Africa: Ethics

The Republic of South Africa successfully established a political—economic system founded on the domination of one race (which is a numerical minority) over all others while the rest of the world watched, uttering occasional, mild protests. The resultant industrial productivity combined with indigenous wealth in resources led to foreign investment in this system. A few years ago, internal political turmoil brought the entire structure of South African society under world scrutiny; the call for divestment originated here in this country.

The issue of divestment from South Africa has become one of dispute due to the combination of ethical and economic concerns. The economic system in the Republic of South Africa is based on an extremely low-cost labor force, which includes none of the politically and economically dominant Whites. It is firmly established and therefore leads one to question whether scattered divestment will result in moderation or change.

To a pragmatic businessman, the mere notion of divesting from the Republic of South Africa is ludicrous. Returns on investments are high as a result of the low, relatively inflexible cost of inputs. Furthermore, South Africa possesses resources which are vital to much of the rest of the industrialized world: from gemstones to coal. The strategic importance of the Republic of South Africa has become increasingly evident as world attention has focused on sub-Saharan Africa and the violent struggles for independence therein. If the current level of investment in the area is maintained, the political influence of the multinational corporations (MNC's) will also continue. The inability of the U.S. government to aid and expedite Namibia's battle for independence emphasizes the contradictory forces at work in the area. The political influence of the U.S. government, which has enabled it to gain what few concessions it has from the Pretoria government, has been undermined by the economic strength of the MNC's: the British Petroleum scandal is a case in point.

Recent developments in Nambia have shown that the South African government still feels it may act with divine right; therefore, despite the pragmatic, economic considerations, it is evident that the ethical argument cannot be tossed aside. The gravity of injustice in this society should not be ignored out of fear of the loss of economic assets. It is true that the Republic of South Africa has materials coveted by much of the world; however, it must not be forgotten that foreign investment is necessary to the South African economic structure. Therefore, the possibility exists that the threat of divestment is a tool of change. The contention of certain opponents of divestment, exemplified by the Sullivan Principles, that change can be worked through the existing system is challenged by the perserverance of apartheid in the Republic of South Africa. In order to rid the social structure of the Republic of South Africa of its inbred discrimination, the current political and economic

systems must be razed and replaced by ones based on equality and the importance of each individual.

The imprisonment or death of the established heads of the underground parties in the Sixties left leadership positions empty. The recent student uprisings have begun to fill this void; the momentum towards change has been revitalized and the leaders of these movements have emerged as potential successors. However, it is obvious that change will not occur if the MNC's continue their pressure to maintain the status quo: divestment is necessary.

The Mexican Oil Fiasco

Mexico's forty billion barrels of proven oil resources present yet another challenge to the Carter Administration. From one perspective, the influx of illegal aliens and heroin is entirely unwelcome to the U.S. However, if these elements are to undermine Mexican-American agreement in which some of our respective economic and energy needs are fulfilled, the results would be highly inauspicious.

Mexico needs oil revenues and the U.S. needs oil. Unfortunately, the scenario is just not that simple. Mexico's economy is ailing. Its rates of inflation, unemployment and birth are high; presently there are no indications that these trends will change. The prospect of oil revenues could serve to mitigate some of these conditions, but they will not be enough to cure Mexico's problem.

Petroleos Mexicanos (PEMEX) is one of the most inefficient companies in Mexico, and in the oil-producing world in general. It certainly is not labor-intensive, and although it employs some 110,000 workers, half of them are superfluous. The oil industry will not be a sufficient tool with which to solve Mexico's problems directly. President Portillo will have to sell more oil than he is presently planning to satisfy his economic objectives.

The U.S. too must outline its goals. The U.S. Department of Energy will have to stop such antics as those with the Algerians that seem clearly intended to alienate Mexico. Secretary Schlesinger's refusal to buy Mexican natural gas at $2.60 per thousand cubic foot on the grounds that the price was higher than that of our Canadian neighbor sounded even more inflammatory when the U.S. went ahead and bought Algerian natural gas at $3.00 per thousand cubic foot. Equally disquieting events are Venezula's declining oil production, OPEC price hikes and the repercussions of the Iranian revolution, all of which are destabalizing for U.S. energy policy.

Neither President is in a particularly superior negotiating position. It would seem propitious if the two were to embark on a cooperative and mutually beneficial path. The U.S. can offer technology and guidance in economic development to Mexico.

The *process,* and *not the product,* of such assistance is all too clear in the wake of the Iranian crisis. Several years ago, the admonitions of an International Labor Organization study on the course of Iranian economic development were ignored. Although jet fighters and steel plants are psychologically uplifting for a nation, they are not capital intensive. They do not employ masses of people. Mexico's future economic development should cater to the consumer and light industry, and create labor-intensive industries. Such reciprocal consultation in the pursuit of these goals could prove to be the crux of the relationship. Once oil revenues pour into the country regularly, Mexicans will see the land of opportunity at home.

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