

## BOOK REVIEWS

EDWIN J. FEULNER, JR.

*Congress and the New International Economic Order*

Washington, D.C., The Heritage Foundation, 1976

The monograph reviewed here treats the growing issue of the economic "Cold War" that has recently characterized the relations between the industrialized countries of Europe, America and Japan versus those of the vast "third world" states of the southern half of the globe. Specifically, the author takes a minority position in the academic world as he compares the increasingly harsh demands of the "LDC's" (less developed countries) for preferential trade and aid benefits against what he sees as a growing reluctance in the U.S. Congress to accept these demands and the assumptions upon which they have been made.

Edwin J. Feulner, Jr. can write as a student of both international economy and of Congress. He is Executive Director of the Republican Study Committee in the U.S. House of Representatives, has formerly served on the staff of the Secretary of Defense, and has studied economics at the London School and at the University of Pennsylvania, where he received the M.B.A. Feulner has co-authored the book, *Trading with the Communists* (1968) and has been a frequent contributor to a variety of journals on topics dealing with the United Nations and with international economics.

The focus of Feulner's analysis is the evolving viewpoint of the LDC's that a "New International Economic Order" (NIEO) is a necessary prerequisite for the economic transactions of the future. This viewpoint has recently been expressed most forcefully in the halls of the United Nations and, over time, has developed a momentum and a philosophy all its own. It is, in fact, today an economic ideology which has affected the perspective of the overwhelming majority of U.N. members. It was against the ideology that former U.S. Ambassador to the United Nations, Daniel Patrick Moynihan, spoke out so eloquently. The ideology of the LCD's, however, did not arise suddenly in the presence of Moynihan. It has evolved over a considerable number of years and, as Feulner points out in his book, achieved a high point in the recent Seventh Special Session of the United Nations held in September 1975.

Prior to that session, the viewpoint of the NIEO was the result of a number of special global economic sessions that were convened to discuss specific issues between the industrialized nations and the LDC's. By the time of the Seventh Special Session, an elaborate philosophy of economic conduct had already been advanced by the LDC's and a list of demands to meet their "rising expectations" had been submitted. The essence of the new economic ideology was the assumption that the past and present "exploitation" policies by the developed nations had caused the underdevelopment of the LDC's and that the industrial states had both a moral and an economic obligation to assist the poorer countries, even if that assistance meant self-sacrifice by the rich states. As articulated by the many spokesmen of the third world, the new doctrine has embraced the notion of an economic equalitarianism of global dimensions combined with an historic psychosis of guilt for the alleged sins of the colonial era. As expressed in the Seventh Special Session and in the several meetings that preceded it, the NIEO would be based on such traditional liberal shibboleths as "equality" and "self-determination", in addition to the modern socialist's conception of governmental regulation. In practically all of the demands for reform of the existing economic system, as Feulner carefully points out, the notion of private capital aid and investment is either dismissed totally or barely acknowledged as lip service to an apparently out-dated and villainous system. Typical of the demands that reflected such beliefs were those advanced at the Seventh Special Session that called for expansion of new cartels in raw materials, the right of the LDC's to default on loans, the right to take over transnational corporations, massive technology transfers from the industrial countries to the LDC's and 1% of Gross National Product (from the developed countries) for investment in the LDC's.

Feulner analyses the NIEO through the perspective of his association with the U.S. Congress and through his personal belief in the superiority of the economics of the private sector. He is able to demonstrate the political nuances involved when so many of the LDC's sharply criticize the United States while expecting, at the same time, to receive significant U.S. concessions in foreign aid. Feulner demonstrates why the Congress, including liberals and conservatives, from both parties, has grown increasingly disillusioned with financial aid to the LDC's. Since the receptivity of Congress to a specific aid program determines its viability, the viewpoint of Congress is crucial to the ideology of the LDC's. In their excessive accusations against the industrialized countries, and in their own sharp and sometimes bitter demands for a NIEO, the poorer countries of the southern world may well

force the United States into a dark and suspicious mood of isolationism that would benefit neither themselves nor the international economic system from which they must derive their own rewards. Feulner's book should be a sober reminder of the political pitfalls involved when a campaign of economic rhetoric goes beyond the margins of political prudence.

In his final section, Feulner offers his own appraisal, assisted by neo-classical economists such as Peter Bauer, of the economic character of the proposed NIEO. The author is articulate, precise and devastating in his rejection of the underlying positions of the "new" economists. He traces the economic growth of four comparable Asian societies (Korea, Burma, Taiwan and Ceylon), showing how the two that consistently pursued the ideology of economic nationalism and socialism (Burma and Ceylon) have in every category failed to measure up to the growth patterns of the other two. Beyond these examples, he demonstrates theoretically the economic and pragmatic irrationalism of the NIEO. He shows convincingly the illogic of the "exploitation" theme and the fallacy of state control doctrines. At bottom, Feulner concludes, the idea of foreign aid itself has been taken as an economic "given" much too long and by far too many people who have unwittingly and unconsciously accepted the imperatives of the aid doctrine. Using the powerful examples of the industrialized states themselves, he refutes both the necessity and the sufficiency of the modern concept of foreign aid. No major state of the "old" order depended upon foreign aid for its own expansion or industrialization. Even the more successful states of the present era have benefitted primarily from traditional ideas and practices for their own economies.

In pointing out such facts, and in his sustained critique of the doctrine of the NIEO, Feulner has made an important contribution to contemporary economics. The message, however, will probably fall on deaf ears. The concept of the NIEO is much too advanced and too ideological to retreat in the face of either the cold facts of economic reality or upon the prudential advice of a political veteran. Nevertheless, one can hope (against hope) that Feulner's message would have a serious impact upon those in the United Nations who cling to economic myths. Perhaps unfortunately for them, the U.S. Congress is already beginning to get the message.

EVANS, M. STANTON

*Clear and Present Dangers: A Conservative View  
of America's Government*

Harcourt Brace Jovanovich, New York, 1975.

HOLT, MARJORIE (editor)

*The Case Against the Reckless Congress*

Green Hill Publishers, Ottawa, Ill., 1976.

These two books, taken together, provide a useful and timely re-statement of the political principles held by American conservatives at the beginning of our third century as a nation.

The brilliant and articulate chairman of the American Conservative Union, Mr Stanton Evans, has given us a cogent analysis of why modern liberalism has failed and why conservative alternative approaches in both domestic and foreign policy would have more likelihood of success. His book is really a basic textbook in American government as it ought to be and as it would be if the underlying principles of the founding fathers were being implemented today.

Drawing upon his wide knowledge of the philosophy of American conservatism, Mr Evans applies that philosophy to approximately twenty major public policy issues. He demonstrates the advantages of our federal system, with states serving as counter-forces to omnipotent government and as laboratories for experimentation and progress. Throughout this book, Evans stresses his underlying assumption that most social goals are better achieved by relying upon the natural forces of evolution and the market economy rather than government regulation and "social engineering."

Evans, for instance, examines the growing problem of inflation which has plagued all democratic countries (and non-democratic as well) in the post-war years. He points out the main source of inflation, namely, Big Government's constant desire to do more than it can afford to do. To pay for increasing numbers of "social" programs, more and more governments resort to the printing press to inflate their currencies or go deeply into debt (which amounts to the same thing). Governments try to blame others for a phenomenon for which they themselves are chiefly responsible; thus we hear governments denouncing greedy unions for raising wages or greedy businessmen for raising prices. Evans shows us government itself is the real culprit with its secret and unvoted tax of inflation.

In the best tradition of enlightened conservatism, Evans urges a balanced and prudent approach to the perennial problems of the rights of the indi-