Book Review

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STERLING-DOLLAR DIPLOMACY
By Richard N. Gardner, 1969,
McGraw Hill Book Company, New York ($8.95).

This intriguing title, "Sterling-Dollar Diplomacy," is best understood if the reader starts with the Foreward by R. F. Harrod who was Mr. Gardner's supervisor when he was a student at Oxford and conceived the book. Then one should peruse the body of the book (385 pages), which covers the great economic and monetary projects from World War II to 1956 when the first edition was published. The foreward by the famous Yale economist, Prof. Robert Triffin, leads eulogistically to the distinguished Columbia Law School professor's introduction (78 pages) which brilliantly synthesizes what happened before and brings it up-to-date.

Prof. Gardner explains that his title is a shorthand designation for the struggle to build a viable world economic order. From the outset the book gives the reader an exciting and clear exposition of the major developments in international collaboration, through such world institutions as the International Monetary Fund, the World Bank and the General Ageement on Tariffs and Trade.

Prof. Triffin emphasizes, in his Foreword, Prof. Gardner's fascinating account of wartime and post-war economic diplomacy; his elucidation of the Atlantic Charter proposed in 1941, and the creation at Bretton Woods in 1945 of the IMF and the IBRD. He laments the hopeless congressional debate over the charter for the International Trade Organization, and its withdrawal by the administration. Nevertheless, the GATT is alive as an instrumentality for international collaboration in promoting world trade.

Comprehension of the reasons for the rise and fall of Anglo-American collaboration is facilitated by his graphic characterization of leading personalities such as Secretary of State Cordell Hull, Lord Keynes and Harry Dexter White.

The first edition of the book, published in 1956, was written about halfway between the negotiations which shaped the post-war institutions, and their twenty-fifth anniversary. His work on this fundamental edition prepared the author for his appointment to the Department of State in the administration of President John F. Kennedy, where he served four years (1961 to mid-1965) as Deputy Assistant Secretary of State for International Organization Affairs.

This experience, he says, made him acutely aware of the difficulties in diplomatic negotiations between democratic countries, and the severe restraints imposed by their constitutional systems. He regrets the interplay between officialdom on the one hand, and, on the other, parliaments and the public which, he says, often results in promises that cannot be kept.

The struggles to achieve the objectives of the wartime and postwar planning still goes on, but even recent vital achievements are far from secure. He recalls that the Soviet Union refused to sign the Bretton Woods agreements, and that other communist countries joined but soon left; also that General DeGaulle sought, by economic means, to reduce the influence of the United States in world affairs. As recently as 1968, when the Finance Ministers of the Group of Ten convened in Stockholm, there were demonstrations against supporting the dollar—primarily in opposition to United States military action in Viet Nam.

He considers it to be a healthy sign that the coordination of the U.S. international economic policy is now a major responsibility of the National Security Council.

In the author's opinion, the foreign central banks and others who hold dollars on deposit, do not want their bankers to go broke. Nor do they wish to force the United States into deflationary or restrictionist measures that would adversely affect the other main trading nations.

Nevertheless, he notes, the world economy as a whole has enjoyed unprecendented prosperity and a three-fold growth during the twenty-four years since Bretton Woods. The IMF, the IBRD and GATT have shown an extraordinary ability to adapt themselves to the changing needs of the world economy—despite the handicaps which he describes in detail.

Prof. Gardner describes the crux of the present situation in his statement before the Senate Committee on Interstate and Foreign Commerce that the present United States policy seems to be aimed at recovering the chips that were lost in recent years, or at least at preventing the loss of any more. The only true solution lies in increasing the number of chips in the game, or at least finding ways in which the existing chips, when necessary, can be transferred from one player to another. This basic thought is reflected in the recent activation by the IMF of SDRs through which a country with a balance-of-payments need can obtain, within limitations, the currency of a country with a surplus or, if it prefers, dollars.

The book deals with international agreements: those relating to money being called international monetary law, and those relating to trade might be called international trade law. As such agreements are ratified by parliaments, they constitute the strongest type of international law.

Although concerned with international economics, the author is primarily a professor of law and a special counsel to a long-established firm with an international practice. His book is especially helpful to lawyers who want to obtain quickly an authoritative exposition of current economic developments in the law of nations.

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