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## Book Reviews

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# BOOK REVIEWS

TO SECURE THESE RIGHTS. The Report of the President's Committee on Civil Rights with An Introduction by Charles S. Wilson, Committee Chairman. New York: Simon and Schuster, 1947. Pp. xii, 178. \$1.00.

THE furor stirred up in many quarters over issues raised by the Report of the President's Committee on Civil Rights does not indicate its broad scope, cogent exposition, and serious spirit. The Report approaches and explores an explosive subject with a sympathetic sense of directness as well as urgency. Taken as a whole, it is a clear and challenging document, worthy of the able membership and suggestive of the widely representative character of the Committee.

The personnel of the group included distinguished churchmen in Rabbi Roland B. Gittelsohn, Bishop Francis J. Haas, and Bishop Henry Knox Sherrill. There were outstanding educators in Presidents Frank P. Graham of North Carolina and John S. Dickey of Dartmouth. Among the attorneys of the Committee were Morris L. Ernst of New York, Francis P. Matthews of Omaha, and Franklin D. Roosevelt, Jr., of New York. Different regions and occupational groups were represented, as were different wings of organized labor, while the chairman was Charles E. Wilson, president of General Electric. The Committee was served by a research staff, with Robert E. Cushman, authority on constitutional rights, acting as a special consultant. There was also aid or advice from numerous federal, state, and local public agencies, as well as from scores of private organizations and individuals. The final product of 178 pages was several months in the making.

The Report, in view of the terms and nature of the executive assignment, is primarily concerned with the task of pointing out and rooting out the shortcomings in the workings of civil rights today. Its avowed purpose is not to praise what could be praised but to blame what should be blamed, or, in other words, to seek ways and means for narrowing the gap between ideals and practice. In formulating a frame of reference for the task, the Committee found support in the Declaration of Independence, the Federal Bill of Rights, and the Four Freedoms. It laid down the following four basic assumptions:

1. *The Right to Safety and Security of the Person*
2. *The Right to Citizenship and its Privileges*
3. *The Right to Freedom of Conscience and Expression*
4. *The Right to Equality of Opportunity*

Shortcomings noted under the first of these categories include lynchings, police brutality, discriminatory administration of justice, involuntary servitude, and the wartime evacuation of Japanese Americans. Among deviations from the second are citizenship barriers for certain classes of aliens as well as for the inhabitants of Guam and American Samoa, denial of suffrage in the District of Columbia, various restrictions on Negro voting in the South, and lingering inequalities for Negroes in the armed forces. In discussing the third category, the Committee emphasizes "disclosure" as the best weapon against totalitarian ideas, schemes, and agents within our gates and warns "against the possible misuse of loyalty checks to inhibit freedom of opinion and expression."

The Report provides more discussion and opens more controversy on the fourth point, *The Right to Equality of Opportunity*, than on all the others combined. Under this sub-head the Committee points to economic and social discrimination, both public and private, against minority groups in various fields, such as employment, housing, education, health service, recreation, and transportation. Discrimination against "Negro Americans" in the nation's capital is singled out as "a graphic illustration of a failure of democracy." The "separate but equal" racial policy as legalized by Southern states is found to be a gross failure in practice, a stamp of second-class citizenship upon the Negro, and "one of the outstanding myths of American history." The Committee quotes with approval the dissenting words of Justice Harlan, a Kentuckian, in *Plessy v. Ferguson* in 1896, "Our Constitution is color blind, and neither knows nor tolerates classes among citizens." Various regions and minority groups are passed in review, but it is observed that Negroes constitute the largest and most conspicuous group with grounds for complaint. Inevitably the Report thus applies more strikingly to the South than to the rest of the United States, although the migration of Negroes from the South is more and more diffusing problems of racial adjustment throughout the nation.

The Committee points with pride to civil rights gains for minority groups in recent years, notably in wartime employment and in the armed forces. It observes that discriminations against Negroes by labor unions have been reduced, although not completely removed. It takes eloquent account of the acceptance of a Negro as a regular player in major league baseball in 1947. "New York State, in particular," it notes, has an impressive variety of civil rights laws on its statute books," and a few other states have followed suit, particularly in regulating employment practices. There are words of praise for the active work of Southern individuals and unofficial organizations in the realm of race relations.

Since the Committee is deeply interested in the development of positive

governmental protection for civil rights for all, it has much to say about the expanding role of the Supreme Court in recent years in this field, especially the Court's interpreting the Fourteenth Amendment as a bulwark against unequal treatment in state education and against barring Negro voters from participating in party primaries. The Report emphasizes the Court's "new doctrine that when a law appears to encroach upon a civil right—in particular, freedom of speech, press, religion, and assembly—the presumption is that the law is invalid, unless its advocates can show that the interference is justified because of the existence of a 'clear and present danger' to the public security." The "human rights" clauses of the United Nations Charter are cited, along with the case of *Missouri v. Holland*, as providing treaty power support for a broader constitutionality for civil rights legislation by Congress.

For the further and adequate safeguarding of the rights of minority groups, the Report urges a program of action and improvement on all fronts of government, national, state, and local, through legislative, administrative, and judicial processes. It offers more than thirty specific recommendations, including the ten-point program put before Congress by President Truman as well as various other items. States are asked, for instance, to outlaw restrictive housing covenants, to enact fair educational practice laws for public and private institutions, to forbid discrimination and segregation in the operation of public or private health facilities, and to do many other things, such as lifting the professional standards of state and local police forces. These recommendations extend a certain degree of recognition to the claims of states' rights, although it would take a large order to turn them into constitutional and statutory reality. They dovetail with the steps urged upon the Federal Government for guaranteeing equal treatment in education, interstate travel, government employment, armed forces, and in various other respects, with the proposed ending of segregation and the extending of suffrage in Washington, D.C.

The sweeping intent and significance of the Report is indicated by the general call for the "elimination of segregation, based on race, color, creed, or national origin, from American life." The thesis is, that segregation and discrimination, whether against Negroes, Jews, or others, threaten the existence of American democracy at home and its standing abroad. The Committee recognizes the importance of the climate of opinion and of the time element in reducing or removing prejudice by the processes of education. It suggests that through popular activity we correct the wide-spread ignorance and confusion concerning the Bill of Rights. But a program of uncompromising action under the leadership of the Federal Government, so runs the thesis, is the quickest way to remove prejudice, for "discrimination . . . is prejudice come to life." A critic might raise the question of how to get effective laws and

programs under way in the face of a large body of strong prejudices. However desirable, it is no easy task to fit new state-ways into conflicting old folkways.

The Committee members were not of one mind on the matter of immediate federal action against segregation in educational and other activities in the states where it prevails and in the District of Columbia. The Southern members were presumably among the minority opposed to the use of federal financial sanctions against state segregation. As stated in the Report, the minority "favors the elimination of segregation as an ultimate goal," but holds that the national government should wait for state action through constitutional and statutory provisions, with reliance in the meantime upon increasing education to prepare the way for change in the states affected.

The Committee labored with the assumption of a living and liberal Constitution that is adequate for the problems of a dynamic social democracy. The Report was written with a conscious sense of impelling and impending destiny. It compares the present time with the years of the American Revolution and the Civil War as a period for the nation to review the state of civil rights. It expresses the "profound conviction that we have come to a time for a third re-examination of the situation, and a substantial drive ahead." For three reasons, the "time for action is now," the reasons being moral, economic, and international. The American heritage of freedom must be sustained with immunity from cynicism, hypocrisy, and "moral erosion." The costs and damages of discrimination must be removed from the nation's economy. And American democracy must be made whole for "survival in a threatening world." Respect for an Old South sensitivity was seemingly outweighed, in the Committee's perspective, by the vital importance of America's being able to offer the world a leadership and an example of impregnable democracy. The Report emphasizes that in different ways our domestic shortcomings in civil rights constitute serious obstacles in our foreign policy. Pointed comment quoted from the State Department bears out this analysis. "Frequently," wrote Dean Acheson, then Acting Secretary of State, to the FEPC on May 8, 1946, "we find it next to impossible to formulate a satisfactory answer to our critics in other countries. . . . The Department of State . . . has good reason to hope for the continued and increased effectiveness of public and private efforts to do away with these discriminations." The Committee points out that our civil rights record has become an issue in world politics, saying "The world's press and radio are full of it." While we and our friends stress our achievements, those with competing philosophies stress and distort our shortcomings. Lynch activities play into the hands of European communist agents and propagandists, who decry America's brand of "freedom" and "democracy." The international argument emphasizes America's world responsibility to keep the promise of freedom alive, adding that "the final triumph of the

democratic ideal is not so inevitable that we can ignore what the world thinks of us and our record."

The Report carries the words and tone of a democratic manifesto, a manifesto designed for use in crisis.

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ROSCOE POUND. By Paul Sayre. † Iowa City: College of Law Committee, State University of Iowa, 1948. Pp. 412. \$4.50.

PROFESSOR SAYRE has written an admittedly idolatrous<sup>1</sup> biography of Roscoe Pound, which is not the conventional "Life and Letters," which makes no serious attempt at a critique of Pound's legal philosophy (although no biography could be written of Pound eliminating all comment on his tremendous contributions to the science of law), and which is most certainly no biography of Boswellian detail. The author admits to have talked with Pound on only two occasions outside of the classroom surroundings.<sup>2</sup> The first time the author walked with Pound from Pound's home to his office, and they talked about dogs.<sup>3</sup> The second time at a chance meeting on the street in Paris, Pound "growled out something about being glad to see me (which his tone belied) and then walked off."<sup>4</sup> Boswellian technique would therefore appear impossible.

Professor Sayre has, however, done an excellent job of presenting many intimate and personal pictures of Pound, the man. In fourteen chapters he traces the highlights of Pound's career, from his early childhood in Lincoln to his present work in China. The author does not neglect Pound's parents and his sisters—all most remarkable people in their own right. Pound's mother was a most capable and understanding lady. It was she who early recognized and fed the divine spark of intellectual capacity and drive and power that is Pound.

One feels this intimacy with Pound partly by the author's use of quotations from many letters, which are printed at the end of most of the chapters. Names and dates are omitted, and there are many occasions when this reviewer would like to know who wrote them and to whom. (For example, the letters pages 134-136). Mrs. Grace Pound's letters to Pound's mother are delightful,

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† Professor of Law, State University of Iowa.

1. P. 13.  
2. P. 189.  
3. P. 185.  
4. P. 189.

and we get a remarkably human picture of Pound at their summer place in Maine, running errands for his wife, washing windows, cutting out dead trees, and reading the endless examination bluebooks.<sup>5</sup> A series of perfectly hilarious quotations is found in Chapter XII—and they take up most of the chapter. They consist of “Field Notes” of Omer F. Hershey (whom Pound first met at Harvard in 1889 and who has continued as one of his few real intimate friends) on one of their walking trips over Civil War battlefields. Hershey was “Lord Bowser” and Pound was “Thé Pewter-Stick,” and they refought most of the principal engagements of the war. Everyone will enjoy Hershey’s account of Pound’s encounter with the Smoky Mountains’ native and Pound’s attempt to make conversation on a plane of mutual understanding, by suggesting to him that the world is round. “To this the mountaineer gave a contemptuous grunt saying, ‘I ’spects you all believes that but I know it ain’t.’ ‘How do you know?’ says Pewter-Stick. ‘I know because I can see with my own eyes and besides the Bible says it ain’t, and the Bible’s good enough for me.’ ‘Where does the Bible say so?’ says the Pewter-Stick. ‘It says go preach the gospel to the four corners of the Earth and if it be round it can’t have corners.’ Here I again withdrew the Pewter-Stick to the outside and explained that such views did not constitute a *casus belli*.”<sup>6</sup> Some further comments about Georgia and Virginia could start another war; a little truth always hurts more than the whole truth.

Professor Sayre is devoted to Pound with a dog-like devotion. In all fairness, it should be remembered that Sayre has plenty of company. To know Pound is to admire and like him. The only time Sayre has any doubts is when he discusses Pound’s administrative abilities as Dean. But there, it seems to me, Sayre’s doubts are for the wrong reasons. He says, “In one sense, a man can be a successful administrator only if he ceases to be a success as a man.”<sup>7</sup> And further: “No doubt a professor thought up this story: you remember that a dean has been defined as one who knows too much to be a president and not enough to be a professor; or again it has been said that the function of the dean is to do what the janitor won’t. In general, the dean has to get practical results and make practical adjustments. To do so, he may trifle with the truth, to say the least.”<sup>8</sup> Few administrators will admit that their jobs require trifling with the truth, or that they are headed toward inevitable emasculation.

It is unfortunate that the book is replete with typographical errors and misspellings. There are also many seemingly unnecessary repetitions—sometimes in almost identical language. For example, compare pages 37 and 63;

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5. Pp. 201-207.

6. P. 302.

7. P. 243.

8. P. 243.

124 and 126; 36 and 53; and 37 and 52. The same newspaper headlines are quoted on pages 123 and 125, but attributed to a different paper at each place. Minor errors, such as the author's having the streets of Lincoln run the wrong way,<sup>9</sup> and putting Professor Seavey at Harvard in 1925<sup>10</sup> (at which time he was occupying Pound's old chair as Dean of the College of Law at the University of Nebraska) are understandable and excusable.

Professor Sayre has gathered a deal of interesting, informative and delightful material about Pound, and he has made good use of it. The book has style, and the author can write. For those who know Pound, the book is most interesting and refreshing. For those who only know of Pound, the book is enlightening and informative. It is definitely a book to be recommended.

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A NATIONAL POLICY FOR THE OIL INDUSTRY. By Eugene V. Rostow. New Haven: Yale University Press, 1948. Pp. XVI, 173. \$2.50.

THIS is an important case study of the influences that the organization of an industry and the law may exert on output and pricing policies and of what should be done about it. In the language of the author its purpose "is to investigate the forces which determine the level of prices and output in the petroleum industry; to examine the functioning of the system of law which defines public policy towards that industry; and to consider alternative courses of action for the industry which might be pursued in the national interest." (p. xi.)

The author divides his study into five parts. In Part I (21 pages) he discusses the history of the industry, the structure of the market and the system of oil law. In Part II (27 pages) he analyzes the role of conservation and price in the prorationing program that has been developed in oil production. In Part III (46 pages) he discusses the techniques by which the majors control the market for petroleum products. In Part IV (9 pages) he outlines recent foreign oil policy of the United States. And in Part V (32 pages) he discusses the prospects and ways of restoring competition in the industry. He obviously has put no spare meat on the bones of his structure but the meat is tough enough to give adequate substance to it.

Although it is not developed with the continuity indicated, briefly Professor Rostow's analysis runs as follows: The dissolution of the Standard Oil Company of New Jersey in 1911 decentralized somewhat control of the

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9. P. 46.

10. P. 233.



oil industry, but it did not diminish greatly the power of the several Standard companies in the more limited areas within which each operated. "The strong, separate regional Standard Oil companies, all integrated and almost entirely non-competitive, have been the polar forces in the market." (p. 7) In setting prices for major products—gasoline, bunker oil and to a somewhat lesser extent, heating and fuel oils Standard companies lead the way. The dozen integrated major independents, which with the Standard companies refine and market most domestic petroleum, follow the Standard lead. At times in response to change in supply or demand price wars break out but "after a time, the regime of price leadership by the largest major is restored, at a higher level of prices." (p. 14) Price discrimination among the several products and within the gasoline market as well as price leadership, is the rule.

Either the law or the structure of the industry at each stage of its operation has contributed to, although they have not insured, stable price levels and uniform prices. In response to overproduction of crude petroleum in the late 1920's and early 1930's and to the decline of demand with the advent of the Great Depression, the industry developed a proration program which first the major producing states (with the exception of California where proration is voluntary and Illinois where it is not practiced) and later the Federal Government underwrote. Under the Connally Act the Federal Government prohibits shipments of petroleum in interstate commerce when not produced in accordance with a state's proration program. The several states limit output in accordance with estimates of market demand made monthly by the Bureau of Mines. "The Bureau of the Mines estimates work a good deal like the trade association statistical services condemned in the Sugar Institute and like cases under the anti-trust laws. They operate to control prices by controlling supply." (p. 27) Despite the contention of the industry that proration is a conservation measure, the author concludes that in actual practice it makes "little or no contribution to the goals of a conservation program. . . ." (p. 34) Except in controlling flush production "the prevailing system of production . . . violates all the geologists' rules of conservation practice." (p. 35)

Although the proration program affects prices by controlling output, it does not guarantee the majors an adequate supply of cheap oil. Their chief weapon "for protecting their position in the market for crude oil is their ownership of pipe lines, the indispensable link . . . between the oil well and the refinery." (p. 57)

Control of the pipe line by the major companies has enabled them to locate refineries in the leading market areas (or on the Gulf Coast accessible to the Atlantic Coast markets by cheap water transportation) and "has re-mitted non-integrated refineries largely to shifting and unsatisfactory locations in the field." (p. 58) The provisions of the Hepburn Act which declare pipe

lines to be common carriers have not provided independent companies cheap and dependable pipe line transportation because Congress has not extended the principle of the Commodities Clause to pipelines. Independent purchasers of crude oil have looked in vain to the Interstate Commerce Commission for adequate relief. The Commission has been concerned largely with the fairness of pipe line rates. So has the anti-trust division of the Department of Justice in settling by consent decree its suit against the major companies charging that dividends made by a pipe line subsidiary to its parent constituted an illegal rebate. Professor Rostow thinks a reduction of rates is not enough to insure independents access to pipe lines. Major controlled pipe lines could not be relied on to supply reliable and adequate service to their independent rivals and in any event the independent shipper "would be forced to pay his competitor a profit on the carriage." (p. 63) (Here the author's logic is faulty. If rates were reduced to a reasonable, i.e. competitive level, profits in a technical sense would disappear and ownership of pipe lines would bring to the majors no competitive advantage in so far as earnings alone are concerned.)

The majors have a considerable advantage over their non-integrated rivals in refining petroleum products. The independents suffer a disadvantage in location and in accessibility to technology. Professor Rostow recognizes "no inherent reasons" why patents could not be made available to all possible users on equal terms. Assuming they should be, he finds no basis in refining technology "for concluding that the bigness of the big oil companies is the inevitable price we must pay for using modern methods of manufacture. On the contrary, there is every reason to believe that from the point of view of efficiency in operations—cost per unit—smaller firms would be able to operate on a competitive basis if the control of the majors over access to raw material on the one hand, and to markets on the other were eliminated." (p. 69)

To extend their control over marketing the majors have resorted to various devices at different times. They have "tied" jobbers and retailers to themselves by making them exclusive dealers, by supplying them with equipment, by making them their agents, and by other similar means. "In considerable part, the tying arrangements in the oil industry were conventional rather than contractual. The buyer receives pumps, paint, brand signs and other tatoos which identify him in the market as the distributor of a particular major company." (p. 74) It is neither convenient nor economical for dealers to change suppliers, and under the price leadership policies of the industry there is little advantage in doing so.

Although the Supreme Court upheld the industry's tying techniques in *Federal Trade Commission v. Sinclair Refining Company*—261 U. S. 463 (1923)—it has not approved all of the devices by which the industry has tried to stabilize gasoline prices. Specifically in *United States v. Socony-*

*Vacuum Oil Company*—310 U. S. 150 (1940)—the Supreme Court held illegal the industry's gasoline buying program inaugurated under NRA to prevent "distress" gasoline from being dumped on the market for what it would bring and continued after the Schechter decision. Similarly the Supreme Court in *Ethyl Gasoline Corporation of America v. United States*—309 U. S. 436 (1940)—held the contractual arrangements under which the Ethyl Gasoline Corporation distributed Ethyl fluid as violating the Anti-Trust Act. The Corporation sold the fluid to refiners for mixing with gasoline. The contract prescribed various conditions under which jobbers would be denied licenses to handle Ethyl fluid. Specifically the Corporation prohibited sales to "unethical" merchants, i.e., in the language of the Court, jobbers who were "willing to engage in price competition." According to Professor Rostow—and the Court—the terms of sale were such as to establish "an extra sanction for policing price leadership." Professor Rostow thinks that in both these cases the Government won empty victories because the decisions left the gasoline marketing structure substantially unchanged. "They were addressed to symptoms and manifestations of monopoly power, not to its sources." (p. 87)

To insure effective competition in the oil industry Professor Rostow recommends a "separation of the major companies into separate units controlling their four chief functions, production, transportation, refining and distribution, and the further horizontal division of some of the dominant units which would survive a vertical dissolution of the great companies." (p. 118) He thinks that the public interest demands that control of production be at the federal rather than the state level and he recognizes that only through unit operation of oil pools can production be placed on an efficient basis. With oil pools unitized he would leave the rate of output to the discretion of producers. He thinks that disintegration and decentralization of control could be achieved without loss of efficiency and that as judged by recent Court decisions the courts would support such a program if the facts were properly marshalled in a dissolution proceeding under the Anti-Trust law. He bases his opinion on the Court's position in the *United States v. Aluminum Company of America*—148 F. 2d 416 (1945)—and in *American Tobacco Company v. United States*—328 U. S. 781 (1946).

The circuit court in one case and the Supreme Court in the other apparently recognized, contrary to the position of the Supreme Court in the steel and harvester cases, that bigness means monopoly power and that the exercise of monopoly power is necessarily contrary to public interest. Under these recent decisions neither predatory nor illegal acts nor specific evidence of intent need be established to prove violation of the law. As Professor Rostow aptly puts it: "The Court assumes that the monopolist knows what he is doing and is not sleepwalking." (p. 129) Professor Rostow finds Judge Hand's

opinion (in the Aluminum case which is quoted favorably by the Supreme Court in the Tobacco decision) "a practical and feasible restatement of the conception of monopoly, giving the law new and far-reaching scope." (*idem*)

Although I believe the foregoing summarizes Professor Rostow's thesis correctly, it does not do justice to his book nor the issues that it raises. Every chapter, indeed almost every page, raises controversial and complex issues of economic and legal theory or business practice. Professor Rostow has brought to his analysis both the training of an economist and a lawyer. He has studied the literature thoroughly and has given careful thought to the issues raised. He has said a lot in a little space and said it well. Despite the brevity with which he has dealt with controversial issues, he has avoided, for the most part, pitfalls that might have trapped a less skilful analyst. He is aware of the significance to political democracy and to free private enterprise of the alternative oil policies which confront the Government, and he has produced an important document in the literature of the public control of business.

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THE TRADE OF NATIONS. By Michael A. Heilperin. New York: Alfred A. Knopf, 1947. Pp. xix, 234. \$3.00.

THIS is a book addressed almost entirely to the nonprofessional reader, but it also contains much of interest to Mr. Heilperin's fellow economists, particularly in the last three sections. The first of its four parts, "The Trade of Nations," is devoted to a well-written condensation of the major principles of trade and international finance. The second section, "Economic Nationalism," is a criticism of traditional mercantilist views, as well as the newer variety connected with full-employment and national planning. Book three, "Towards a World Economy," contains additional criticism and outlines the direction in which the author thinks international organization should move—this primarily by a critical analysis of what not to do based on world experience between two wars. The final section entitled, "The United States and The World Economy," is a very short description of the rise of America to pre-eminence and the role which the author believes it must take in shaping future world policies.

Section I begins with a description of the fundamental role specialization plays in all trade, both domestic and international, and proceeds by easy transition to the principle of comparative advantage, which is the explanation of why trade can and does occur even under those conditions where one country

may have an absolute advantage in the production of all products. He rightly points out that were it not for the implications of national sovereignty, there would be no noticeable difference between domestic and foreign commerce. With this in mind, it perhaps would have made an even more convincing case for Mr. Heilperin's later arguments had he adopted the approach to trade theory advanced by the Swedish economist and statesman, Bertil Ohlin, rather than the older piecemeal approach to the problem. This newer approach likewise facilitates delineation of the desirability of multilateral rather than bilateral trade. His discussion of foreign investments, while brief, is adequate and relieved of many unnecessary complexities. Chapter III concerning monetary relations between nations gives an accurate survey of the operations of the gold standard as well as pointing out its failures and weaknesses, showing how exchange control grew out of those failures. His discussion of the International Monetary Fund is brief—perhaps too brief, considering the magnitude of the agreement achieved at Bretton Woods.

The first part of Section II is devoted to the continuation of the arguments for unrestricted multilateral trade under the heading of "Old-Fashioned Protectionism." However, only four out of some dozen or so pleas for protection are discussed, and while this may be sufficient to prove his thesis for the professional economist, it is the layman who is addressed, and those protectionist views most commonly presented for the layman's consideration are barely mentioned. In this connection, I should like to call to the reader's attention the admirable work of Sir William Beveridge, *et al*, in *Tariffs, the Case Examined*, a work cited by Mr. Heilperin only in connection with his lamentations on the present views held by Sir William and others in England.

Mr. Heilperin's style makes the book thoroughly readable and he usually succeeds in popularizing technical analyses without losing the validity of his arguments, and all this without the usual multiplicity of qualifications which must be confusing to the lay reader. Unfortunately, however, he throws that reader into the midst of a professional controversy in section three, without fully stating the arguments of the advocates of full-employment, or even stating it as carefully as its supporters have done. In brief, the selections from Lord Keynes, Alvin Hansen, and the *Economist* are superficial because they are inadequate. One gets quite a different impression of, for example, Hansen's position, by reading his *America's Role in the World Economy* than is obtained from Mr. Heilperin's criticism, and Lord Keynes in his defense of mercantilism clearly states, "the reader must not reach a premature conclusion as to the *practical* policy to which

our argument leads up. . . . The weight of my criticism is directed against the *theoretical* foundations of the *laissez-faire* doctrine. . . ."

In his preface, Mr. Heilperin states, "This book stems from my deep concern over the dangers that threaten our civilization unless we shunt the car of economic and political progress to the track of international collaboration . . . [which] involves the liquidation of economic nationalism." Certainly we can all agree with this concern, but I am inclined to feel that he minimizes some of the most significant manifestations of the very nationalism he wishes to liquidate. It is to be regretted that he does not more fully develop an idea mentioned on pages 21 and 85 concerning cartels and other private restraints. To be sure, he states, "If we consider 'restraints to trade' as being damaging and harmful, we must oppose *all* such restraints. . . . All such obstacles will have to be vigorously opposed, and eventually removed . . .," and yet when he comes to discuss his conclusions concerning America's role in the future world economy, the only specific obstacle touched upon is our present high level of tariff protection. Earlier, he states (page 21), "The United States is at present the only country within which cartels are illegal . . .," and there are other scattered references to the undesirable features of such monopoly arrangements, yet no clearly stated recognition of the fact that even our present anti-trust policy is patently inadequate to ensure the "free market" which is the ultimate goal of his proposals. And on the international scene he merely remarks (page 87), "American companies have frequently entered into international cartel agreements while policy in that respect is not as yet clearly determined."

Certainly, a majority, including all of those so severely criticized in Part III, will be willing to agree to the soundness of Mr. Heilperin's six proposals for the United States' contribution to the growth of world trade, the progress of productive efficiency and the general prosperity. On the basis of these proposals he accepts, with quite understandable limitations, the Bretton Woods Agreements for the International Monetary Fund and the International Bank for Reconstruction and Development, as well as the proposed International Trade Organization; but he does not come to grips with the fundamental problem facing all countries—cyclical instability—the very problem which leads to the *national* stability programs he criticizes. It hardly seems adequate to suggest another world conference to solve the "full-employment" problem of the world, nor does his assumption (page 225), "that the United States will do its utmost in the future to promote and maintain high levels of economic activity," appear adequate from the standpoint of those countries which already have suffered the results of instability in the United States in the past.

But since Mr. Heilperin throughout his book has shown a willingness

to compromise to attain his goal, and since he holds out hope that the tide of national economic policy can be turned, let us hope he will energetically work to raise the level of public opinion in the United States from the "bargain basement" where it presently seems to be, to a higher floor where economic internationalism can readily be seen as the bargain it really is.

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AMERICA'S ECONOMIC SUPREMACY. By Brooks Adams. New York: Harper & Brothers, Inc., 1947. Pp. 194. \$2.50.

BROOKS ADAMS' book, *America's Economic Supremacy*, attracted little attention when first published in 1900. Its central theme, concerning the decay of Western Europe, notably England, and the imminent flight of political and economic power to the United States and Eastern Europe, aroused no interest in the fatuously complacent Western man of the early 20th Century. Because some of Adams' bold prophecies regarding the rise of the United States and Russia to world supremacy seemed pertinent in light of contemporary tensions between the two nations, the book was reissued in 1947 with no changes from the original edition except the elimination of some portions not bearing on present problems.

This book cannot be properly appraised without a knowledge of Adams' basic beliefs. A grandson of John Quincy Adams and a brother of Henry Adams, one of the most brilliant minds in American history, Brooks was born to the intellectual purple. After graduating from Harvard in 1870, he studied law and served as secretary to the Alabama Claims Arbitration Commission in 1871. Upon return to the United States he began the practice of law, but law could satisfy neither his restless mentality nor uneasy moral conscience. So he turned to historical research, producing such solid works as *The Emancipation of Massachusetts* (1887) and the *Law of Civilization and Decay* (1895). The latter book and *America's Economic Supremacy* contained the germane part of Adams' thought.

These two books revealed Adams as a scientific determinist who believed historical events could be explained in terms of logically coherent universal principles just as data in the natural sciences were correlated and connected to prove the existence of irrefutable and immutable natural laws.

The naive faith in the analogy between history and science led Adams to deduce two alleged principles upon which the validity of his book rests.

The first principle Adams advanced was that human societies varied in power in direct proportion to the amount of their immanent energy. In other words, nations and races are powerful because of inherited vitality, and, furthermore, are driven by the Darwinian law of the survival of the fittest to dominate other nations and races. Adams did not believe that permanent peace was possible and saw the future in grimly pessimistic hues in which the strong nations, in this case, the United States, Russia and Germany, would fight for world supremacy much as animals struggle for existence in the jungle.

The second principle that Adams propounded had been formulated in his *Law of Civilization and Decay* and was now applied as the basic argument in *America's Economic Supremacy*. In brief this principle holds that civilization follows industrial and commercial supremacy, and that economic supremacy was inexorably traveling westward to the United States.

Adams regarded the Spanish-American War as the symbol of the rise of the United States as the dominating world power. He further documented this assertion by pointing to the passage of this country from a debtor to a creditor nation and to our overtaking and passing Great Britain in iron production in the 1890's.

Concurrent with this development was his forecast of England's fall as a World power with power shifting both East and West from Western Europe.

In many ways Adams' chapter on the decay of England is the most brilliant and analytical in the book. He exposed the serious flaws hidden beneath the brilliant crystal of late Victorian England—obsolete machinery, commercial complacency, exhaustion of natural resources, unfavorable balance of trade.

Yet we wonder if he again overstated his case in order to prove his original hypothesis of the westward march of economic and political power. His observation that the decay of England could be demonstrated by the preference of her people for the social novels of Dickens to the romantic novels of Scott is manifestly absurd. This change of reading habits had also taken place in the United States where Scott was distinctly *passé*. A more egregious error was his failure to note when analyzing the unfavorable trade balance to credit England with the tremendous profits in invisible charges that the British merchant marine was earning.

Adams paradoxically asserted that the panic of 1893 marked the beginning of American economic supremacy. He argued that the panic led to a forced liquidation of the foreign indebtedness of the United States. Since low agricultural prices prevented paying off in the customary way liquidated securities owned by foreigners, the United States was forced to stimulate manufacturing



to the point that we succeeded in commanding the European market, a historic event, for it meant that Europe now stood in a debtor role to the United States.

In Adams' opinion, the reversal of the traditional creditor-debtor position showed Europe was sinking to a status of economic inferiority. In order to maintain her civilization she needed new resources as cheap and abundant as those of America. Since these resources were available in the disintegrating Chinese Empire, that nation would be the next to be exposed to European imperialism. In the coming scramble for the spoils, Russia, Germany and England were the most dangerous competitors. The United States could not with equanimity stand back and allow China to be organized industrially by any other Great Power. The laws of Nature demanded that the development of Eastern Asia be the task of the United States. This rich area should be incorporated into our economic system, providing raw materials and cheap labor and affording a large market for our surplus manufactures. If necessary, the United States should be prepared to use force to defend her supremacy in China.

The publishers used this discussion of the Chinese Problem in 1900 to justify their statement on the jacket of the work that Adams had predicted the present bitter rivalry between Russia and the United States for international supremacy. This exaggerates Adams' prescience. Adams explicitly stated that Russia alone, with her limited capital and disorganized social system, posed no problem to the United States in China or elsewhere. Only if Germany were to ally herself with Russia for the purpose of organizing and administering North China would Russia prove dangerous to our security and interests, and then only as the weaker member of a Russo-German combination.

Adams reasoned the United States must control China because he believed implicitly in the doctrine that an industrial nation could not prosper unless she controlled colonial markets capable of absorbing surplus manufactures. He clearly exaggerated the importance of the China market to the United States. Trade with that country has been a negligible factor in our economy.

*America's Economic Supremacy* is lucidly and persuasively written. Adams embellished his argument with a wealth of statistics, plausible economic theories and historical analogies.

However, this reviewer must confess that he considers the book to be marred in many places with inaccurate statements, prejudiced observations and unsound generalizations. Adams' habit of using his philosophic preconceptions as if they were laws of nature and then proceeding from them to build up a case for his thesis leads to dubious history and economics. He goes even further than Karl Marx in attributing economic motivation as the activating force in history. His application of Darwinism to international relations can

be seriously questioned. His view of human societies as organisms that react to situations like individual animals must be taken *cum grano salis*.

Yet *America's Economic Supremacy* is a valuable book. Adams is a provocative and stimulating writer and thinker. He refused to accept the 19th Century tenet of continuous and infinite material and moral progress. He showed the falsity of the superficial optimism that clouded the judgment of modern man. He understood and pointed out the significance of the Spanish-American War in history. And, above all, he recognized that the economic conditions, namely, the exploitation of other continents, which had given Western Europe control of the world were changing, and with their changing Western Europe was doomed to relative decadence. His prediction that the United States was to be the next great economic complex has been completely realized. If his generalizations are tainted with his fundamental pessimism and Calvinistic determinism, they are nearer to the core of truth than the predictions and speculations of many of his eminent contemporaries.

This work is favored with a long evaluation by Marquis W. Childs, noted columnist and author. Childs, not uncritically, attempts to show the application of Adams' sweeping prophecies to the world of today.

Whether or not the reader agrees with the ideas of Brooks Adams, he will find *America's Economic Supremacy* an arresting and very readable book.

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