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United States Economic Policy and International Relations (Raymond F. Mikesell, 1952)

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This book is designed to serve as a text in a one-semester course or as supplementary reading in the general area indicated by its title. In some respects, however, it is much more than a textbook. The author, a professor of economics at the University of Virginia, has served in an advisory capacity in national and international economic conferences, and is a co-author of the Gray Report of 1950. In view of these experiences, he does not hesitate to express a point of view or to bring home to the reader some aspects of a philosophy of international relations. Many substantial suggestions and advices are offered which enhance the vitality and applicability of the discussion.

Some less favorable qualities of the book might include the excessive use of statistical material in the narrative of the first two chapters. More of this material might have been put into tables and the narrative used more fully for exposition and interpretation, thus heightening rather than depressing reader interest at the very start. Moreover, while it is somewhat unfair to lift a sentence out of context, it can be legitimately asked how much enlightenment an average undergraduate economics major might obtain from reading, as early as page 8, that "the emergence of the United States as a creditor nation at the end of World War I meant that the continuation of [the surplus trade with Europe] depended upon United States foreign investments and imports of gold and the existence of a European surplus on current account with third areas which was settled with gold and dollars." The great and obvious erudition in this book is not consistently matched by the virtue of communicability.

The substance of the book is oriented toward at least three fundamental theses: (1) that there are two over-all determinants of the foreign economic policy of the United States, namely, "the changing international political environment" and "the evolving domestic economic policies and interests" of the nation; (2) that government must assume the positive role of formulating, guiding, and executing economic policies for the whole people; and (3) that the maintenance of balance of payments equilibrium is of fundamental importance to the economic health of the world. These basic conceptions set the tone of the book, and throughout the discussion the author pays
tribute to what may be called the increasing maturity of the United States in the world community.

The first six chapters of the book, concerned with United States policies between 1919 and 1939, add up to a very severe indictment of both the domestic and international economic "programs" of that period—if indeed "programs" may be said to have existed—as unreal, narrow, unenlightened, and self-defeating. The author insists that our economic parochialism was not justified at any time, especially after 1934, since by that time the dollar was stabilized and the country's current accounts were "certainly not in fundamental disequilibrium in 1933-1934;" and he "seriously doubts whether or not the added boost which the American devaluation gave to United States prosperity was worth the price paid by the other countries. Certainly the same or much better results could have been achieved by a more vigorous policy of deficit financing in the United States" (p. 31).

Chapter VII is a truly masterful summary of the economic policies, programs, ways, and means employed by the United States during World War II. It constitutes a valuable reference for this subject and would alone justify the publication of the book.

There follows, in Chapter VIII, a discussion of post-World War II economic problems, especially the unprecedented balance of payments disequilibrium, as well as the various export and import controls. Professor Mikesell refers to these controls as "a powerful weapon of economic warfare" and concedes that "although its use represents a contradiction of certain principles of our general foreign-trade policy, it is only one of a number of ways in which these principles have had to give way to the political necessities of the cold war" (p. 119).

The remaining chapters—the really substantial part of the book—discuss current principles and practices in the international economic policies of the United States, such as the International Monetary Fund, especially in regard to its exchange stabilization activities and the elimination of multiple and discriminatory exchange rates; the practice of extending stabilization credits, and the use of various types of exchange controls; the difficult course of the emergence of the European Payments Union; the International Bank for Reconstruction and Development (an especially lucid discussion); the Export-Import Bank of Washington; the investment of private funds abroad; the Point Four program, "boldly conceived, but . . . not as yet . . .
Doty: United States Economic Policy and International Relations (Raymon


To the best of my knowledge and belief there are no absolute criteria by means of which it is possible to evaluate a book of readings in American government. Working on the assumption that the subjective judgment of the reviewer must be the criterion in any such evaluation, I do not consider myself presumptuous when I say that this selection of readings by Swarthout and Bartley would be a valuable addition to the library of anyone interested in the philosophy and practice of American government.