

now return to isolationism, or, as the lone remaining superpower, should it take the lead in creating and enforcing the rules for a new world order? Should the United States now pursue only its own narrow interests as a nation, strive to promote democracy around the globe, or try to do whatever needs to be done in the world, with little thought for its own selfish interests? Casting a skeptical eye on the whole "disappointing" debate, *Foreign Affairs* editor Hyland contends that to search now for "a politically correct concept of the national interest to justify American foreign policy" is "fruitless" because we are in a murky time of transition in world affairs.

While the debate's various protagonists—isolationists, internationalists, and realists—"are quick to prescribe policies," Hyland asserts, they are "reluctant to analyze the new circumstances" in the world. It will take years just to absorb the implications of the radical changes that have already taken place. While the United States is the only superpower left, it "does not have anything approaching the freedom of action it enjoyed in the Cold War decades," he points out. In those years, "even though the lines were sharply drawn, the United States could choose to intervene or not, and much of the world deferred to Washington. Now the political lines are far less distinct, and allies that were almost totally dependent on Wash-

ington seek greater autonomy and, like the United States, are under domestic pressures to assert more nationalistic positions." Moreover, the United States no longer can act abroad without regard to the economic consequences at home.

Hyland is willing to rule out isolationism, however. It is natural for America now to give domestic affairs priority, he says, but a return to pre-World War II isolationism is hardly practical. The same constraints that prevent the United States from dominating world affairs also bar it from withdrawing from them: "The United States is deeply entangled by the world's economy, by global technology, by international politics and institutions, and by half a dozen security alliances." To extricate the United States from world affairs would take years of dedicated efforts by Congress and the president, he says, and the unhappy result would be "a global crisis of unimaginable proportions in a world of a dozen or more nuclear powers."

But while the United States cannot simply withdraw from the world, Hyland says, it still may be a decade "before the outlines of a new world order emerge." And when that happens, he adds, "it will probably be more by trial and error than by design. No overriding principle articulated in advance will be sufficient to handle the burgeoning diversity of the new international agenda."

Was China Just Bluffing?

Did undue fear of Chinese intervention lead the United States in the mid-1960s to adopt a "no-win" strategy during the Vietnam War? Critics have long argued that the U.S. decision to escalate the bombing of North Vietnam only gradually and to confine ground operations to South Vietnam meant fighting (and losing) on Hanoi's terms. The United States, said retired Col. Harry G. Summers, Jr., in *On Strategy* (1982), let itself be "bluffed by China throughout most of the war." Garver, a

"The Chinese Threat in the Vietnam War" by John W. Garver, in *Parameters* (Spring 1992), U.S. Army War College, Carlisle Barracks, Carlisle, Pa. 17013-5050.

professor of international affairs at the Georgia Institute of Technology, is not so sure that Beijing was bluffing.

Just because China "did not react strongly" to the heavy U.S. bombing and naval blockade of North Vietnam in 1972, Garver writes, does not mean that it would have held back in 1965 if the United States had tried, as Air Force General Curtis LeMay famously urged, to bomb North Vietnam "back to the Stone Age." After border clashes between the Soviet Union

and China in 1969, the Soviet threat became foremost in the minds of China's leaders. But in the mid-1960s, Beijing's main global objective was thwarting U.S. imperialism, and support for Hanoi was a key element in Mao Zedong's strategy.

China's commitment was reflected in the amount of diplomatic and military support it gave to Hanoi. In 1962 alone, Beijing supplied 90,000 machine guns and rifles to the Viet Cong. Chinese threats to intervene in Laos were a key factor in the U.S. decision in 1962 to accept Laos's "neutralization." That allowed Hanoi to continue using Laotian supply lines to its forces in South Vietnam. And in August 1964, when the Americans began air attacks against North Vietnam, Beijing launched "a massive crash program to construct a large, self-sufficient industrial base deep in China's interior." This costly and top secret "Third Front" program, Garver says, was not an attempt to send signals to Washington but a serious effort

to get China ready for a major war with the United States.

In 1965-67, Beijing, in essence, threatened openly to enter the Vietnam War on Hanoi's side if the United States "carried the war too far." By the spring of 1966, nearly 50,000 Chinese soldiers were in North Vietnam, although Beijing did not officially acknowledge their presence. Some Chinese People's Liberation Army anti-aircraft units actively engaged U.S. aircraft in combat.

"Most probably," Garver writes, "China's policy toward the Vietnam War was not governed by hard and fast principles, but evolved in response to U.S. actions and other international developments." Nevertheless, during the critical mid-1960s period, when the American commitment to the war was irrevocably made, China's entry was a real possibility. It would have been imprudent—and perhaps disastrous—for U.S. strategists not to take that into account.

ECONOMICS, LABOR & BUSINESS

Saving Is Not Out of Fashion

"Explaining the Postwar Pattern of Personal Saving" by Alicia H. Munnell and Leah M. Cook, in *New England Economic Review* (Nov.-Dec. 1991), Research Dept., Federal Reserve Bank of Boston, P.O. Box 2076, Boston, Mass. 02106-2076.

The decline of America's personal saving rate is often cited as a cause of the nation's economic decline and even as evidence of its moral decay. Personal saving as a share of disposable income dropped from nearly 10 percent in the early 1970s to a low of 2.7 percent in 1987. That was largely a statistical illusion, reply Munnell, vice president and director of research at the Federal Reserve Bank of Boston, and Cook, senior research assistant. As they see it, there was, in fact, no fundamental shift in attitudes toward saving.

Instead, Munnell and Cook finger two principal culprits behind the apparent reduction of personal saving. One—responsible for about one percentage point of the decline—was a striking drop in employer

contributions to private pension plans, which are counted as personal saving. The tremendous bull market on Wall Street during the 1980s filled pension fund coffers. Employers who sponsored "defined benefit" plans (in which they promise to pay a fixed benefit) stopped paying as much into the funds. Annual contributions to private pension plans, which grew from \$13 billion in 1970 to \$49 billion in 1979, suddenly leveled off and, in nominal dollars, even declined during the 1980s.

The other major culprit, according to the authors, was the spectacular housing boom of the late 1960s and '70s, which occurred as baby-boomers began to establish their own households. Real capital gains on the nation's housing doubled. With