only a watered-down version of the plan.

Minns sees "no need to be dogmatic" about how to give workers more say over their equity capital. But he favors "a Meidner-type plan" for Britain that would award 51 percent of all seats on pension fund management and investment committees to employees or their representatives.

The Forgotten Economic Crisis of '68

"The Economic Crisis of 1968 and the Waning of the 'American Century'" by Robert M. Collins, in *American Historical Review* (Apr. 1996), 914 Atwater, Bloomington, Ind. 47401.

There have been many accounts of the 1960s, and of the tumultuous year 1968 in particular, but strangely missing from most of them, writes Collins, a historian at the University of Missouri at Columbia, is "the most serious economic crisis since the Great Depression." The crisis of 1968 "marked the beginning of the end of America's postwar economic boom," he argues, and helped persuade President Lyndon B. Johnson to cap escalation of the Vietnam War and curtail the Great Society.

The crisis—which culminated in March in a speculative run on gold ("the largest gold rush in history," *Time* called it in a cover story)—was brought on by a combination of factors, Collins says. The "most deeply rooted" one was chronic U.S. balance-of-payments deficits. The causes: increased spending overseas, both by American tourists and a U.S. government vigorously prosecuting the Cold War, as well as increased imports from an economically resurgent Europe. The deficits produced a glut of dollars abroad, weakening other nations' confidence in the dollar. (The dollar was then tied to the gold standard, while other nations' currencies were tied to the dollar.)

The Johnson administration's massive expenditures on the Vietnam War seriously aggravated the balance-of-payments problem and also fueled inflation. LBJ received advice as early as December 1965 from Gardner Ackley, chairman of his Council of Economic Advisers, to increase individual and corporate income taxes in order to cool down the economy. But Johnson—fearing this would play into the hands of war critics and spell the end of his Great Society—resisted for a year and a half. Finally, in August 1967, he called for a major tax hike, only to see the bill held hostage in Congress by fiscal conservatives who wanted to trim domestic spending. Inflation worsened.

Amid rising international concern about America's problems early in 1968, foreigners sold dollars and bought gold. In response, the United States and other nations made certain changes to return the international monetary system to working order, and LBJ and Congress finally agreed on a tax increase—together with a $6 billion spending cut. But the gold crisis weighed on U.S. policymakers. "These monetary and budgetary problems were constantly before us as we considered whether we should or could do more in Vietnam," Johnson later wrote. "It was clear that calling up a large number of troops, sending additional men overseas, and increasing military expenditures would complicate our problems and put greater pressure on the dollar." That helped him to decide on a different course: expanding South Vietnam's role in its own defense.

In any event, the makeshift solution of 1968 ultimately could not conceal the weakness of an international system based on a gold-backed dollar. The U.S. economy could no longer support the burden. After another global monetary crisis, in 1971, Collins notes, President Richard M. Nixon "closed the gold window." No longer would the dollar be convertible to gold. By 1973, a new system based on floating exchange rates was in place, and the dollar was reduced to the role of first among equals in the world.

SOCIETY

It Takes a Village

A Survey of Recent Articles

A majority of Americans now live in suburbia, but if a recent Gallup Poll is any indication, most of them would prefer to be elsewhere. Only 25 percent of Americans, according to the survey, look upon suburban living as ideal. Not that there is any great yearn-