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10-year stretch putting together Venezuela's Democratic Action Party, he returned home in 1958 to become his nation's first elected President. Among his many efforts, Betancourt initiated the gradual nationalization of Venezuela's all-important oil industry (completed in 1976) and built a modern system of public education. By declining to run in 1964 for a second term, Betancourt nurtured the infant two-party system and opened the way for a new generation of national leaders.

*Contemporary Affairs*

**THE IMPERIOUS  
ECONOMY**

by Davis P. Calleo  
Harvard, 1982  
265 pp. \$17.50

What explains the precipitous decline of American power since the end of the Eisenhower administration? Governmental economic mismanagement both at home and abroad, argues Calleo, a professor of European studies at Johns Hopkins. During the 1960s, Presidents Kennedy and Johnson overheated the economy by adopting expansionary fiscal and monetary policies to stimulate production and employment while maintaining expensive foreign aid and military programs and undertaking war in Vietnam. Inflation, which grew from one percent in 1960 to six percent in 1970, hurt American exports, and in 1971 the United States registered its first trade deficit of the 20th century. The "Nixon Revolution" of 1971—abandoning fixed exchange rates and letting the international market set the dollar's value—temporarily remedied the balance-of-payments problem. But Nixon did not address the underlying causes of inflation. Late in the Carter Presidency, soaring inflation, renewed trade deficits, and a plunging dollar forced the White House to slash the federal budget and the Federal Reserve to tighten credit. For the first time in this century, the economic well-being of the average American was highly dependent on world developments. Although the Reagan administration has slowed the growth in U.S. domestic spending, the White House still harbors extravagant ambitions, Calleo warns. Ronald Reagan's

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proposed defense budget indicates his determination to restore U.S. pre-eminence, but high U.S. interest rates and high U.S. deficits have hurt the economies of both Western Europe and America. Calleo believes America faces an unavoidable choice: either "sacrifice more at home to pay for its international position, or . . . scale down its world commitments."

**DILEMMAS OF  
PLURALIST  
DEMOCRACY: Autonomy  
vs. Control**  
by Robert A. Dahl  
Yale, 1982  
229 pp. \$18.50

Continuing his career-long exploration of modern democracy, Dahl, a Yale political scientist, addresses a question that has long vexed students of political theory: the place of independent organizations, associations, or special interest groups within the democratic state. In any democracy larger than the ancient Greek city-state, groups with some degree of autonomy are inevitable. History shows, furthermore, that the more independent organizations a nation has, the more democratic it tends to be. The recent dismantling of Poland's independent union, Solidarity, provides a corollary to this historical axiom: Without independent groups, democracy cannot exist. A "rich organizational life" also brings other benefits: It provides a sense of community identity, preserves ethnic and minority cultures, and prevents any one group in a society from dominating others. But Dahl also finds pluralism "implicated" in a number of problems. Championing single causes (e.g., environmentalism, deregulation), powerful groups may distort the public agenda, limiting the range of possible political and social goals. Organizations may gain control over matters that should be left to the determination of the large populace (Dahl points to the inordinate economic power of the British labor unions). But most dangerous, argues Dahl, pluralism tends to perpetuate inequalities. Focusing on this problem as it appears in several nations, Dahl finds that the degree of *economic* inequality largely depends on the extent to which labor and social democratic parties play a role in government (the greater the role, the less inequality). He also raises the disturbing notion that a