ness in his theory is the absence of any neutral and principled technique for identifying the major premise of original understanding. His position on racial affirmative action is most instructive.

In approving *Brown v. Board of Education,* Bork identifies the major premise of the Fourteenth Amendment's equal protection clause as "black equality." If *black* equality is the major premise, laws that give preferences *to* blacks *may* be consistent with it. But Bork leaves no doubt that he sympathizes with the ruling last year placing substantial constitutional limits on racial preferences to minorities. Racial quotas, he says, are inconsistent with the "promise [sic] of the equal protection clause." That conclusion depends on whether the major premise of the Fourteenth Amendment is directed to eradicating laws that disadvantage minorities, or whether it prohibits all racial preferences. Put another way, it turns on whether the major premise requires equality for groups or for individuals.

How are we to decide which is the appropriate premise? For Bork, the answer flows from his argument that the "only possibility of avoiding still more racial and ethnic antagonism, with largely unforeseeable but certainly unhappy results, is to drop the entire notion of group entitlements." Readers may agree or disagree with that premise, but, right or wrong, its source is Bork and not the Framers.

The point can be made again and again, as Bork discusses individual decisions. For example, he argues that the major premise of the First Amendment guarantee of freedom of speech is the protection of political expression. This explains his arguments that the First Amendment does not protect some nonpolitical speech. Yet somehow he further concludes that the First Amendment should not protect political expression either—if it approves violation of the law or the forceful overthrow of government, uses salacious language, shows disrespect to a nearby foreign embassy, or is embodied in the burning of an American flag.

Bork's sense of infallibility is never so clear as when he takes up this year's flag-burning case. He says the majority opinion of the Court can only be explained by "decades of left-liberal dominance on the Supreme Court, moral relativism, and untrammeled individualism." Justices Antonin Scalia and Anthony M. Kennedy, who joined that opinion, will be surprised to learn that they were not simply implementing a major premise of the First Amendment by extending constitutional protection to one form of political expression.

Every year, I tell my students that an ideal theory of judging would produce decisions uninfluenced by any subjective extra-legal preferences. I confess, however, that I have never attained that ideal state of neutrality, nor has anyone who ever sat on the Supreme Court. It is not *humanly* possible for judges to decide all hard cases without reference to their own deeply-felt subjective beliefs. Robert Bork's book should demonstrate to everyone else, if not to him, that he is only human.

The Jeep That Couldn't

Beijing Jeep: The Short, Unhappy Romance of American Business in China
By Jim Mann
Simon & Schuster.
333 pp. $19.95.

Reviewed by
Jagdish Bhagwati
Arthur Lehman Professor of Economics and Professor of Political Science, Columbia University

THIS IS THE story of the American Motors Corporation's joint venture in China to produce Jeeps. Jim Mann, the Beijing bureau chief of the Los Angeles *Times* from 1984 to 1987, gives us a blow-by-blow account of the enterprise's ups and downs that exhibits the many strengths of first-rate journalism. Probing interviews with principal players, a relentless pursuit of detail, and an unfolding plot worthy of a Judge Dee suspense novel keep us glued to the narrative. But the book suffers from a journalistic weakness as well. Mann fails to place his story squarely in the context of similar undertakings in developing countries, so we can't distinguish between experiences specific to the company called Beijing Jeep and lessons of more general validity.

Beijing Jeep was born in 1983, out of a marriage between AMC and the Chinese government's Beijing Automotive Works. This was negotiated by three sets of actors with wholly separate aspirations whose convergence concealed the seeds of the controversy that would soon engulf the union.

AMC wanted to capture a market that was "a billion strong," a rather ludicrous notion. As economists realize, human need is different from market demand; a billion poor are therefore a less attractive market than a million rich. Moreover, poor countries restrict the availability of "luxury" goods such as autos to their populations when engaged in the task of accelerating development.

Geopolitically-minded American bureaucrats and politicians, who in this case included Ambassador Winston Lord and Vice President George Bush, had another agenda. They were interested in the growth of economic intimacy with a nation whose antipathy to its erstwhile friend, the Soviet Union, was the U.S.' ace in the hole in the superpower poker game.

Matching the American search for profit and for political advantage was the desire of the Chinese to use foreign investment to secure necessary knowledge and bend it to their own purposes. They evidently saw Beijing Jeep as a way to spur the diffusion of technology through a quick shift to locally made components, and even as a means of creating new technology and design.

But AMC's objective was clearly to penetrate a tightly controlled market, with the Beijing venture as the Trojan horse. It thus wanted to turn out its prestigious Cherokee Jeep in China with as little domestic content as possible. It also had no interest in repeated Chinese exhortations to produce a new four-door, soft-top model more appropriate to China's military needs, if only because the costs were too high and the returns too low.

The operation started without adequate resolution of these basic conflicts. Each party hoped that, once the marriage was consummated, the other could be seduced into compliance. AMC was so mesmerized by the potential in China that it did not even bother to get the explicit right to convert local profits into foreign currency, thereby assuring itself future crisis. Nor did it get any guarantees for minimum levels of allocation of foreign exchange for the parts Beijing Jeep would need to import if it was to produce at all, leaving everything to endless hassles.

The Chinese obviously thought AMC could be pressured into employing greater local content if foreign exchange, ever scarce, was denied for imported components. And the export of Jeeps from Beijing might materialize if the automatic convertibility of profits was denied and linked instead to export earnings.

Mann beautifully recounts the whole tale. He rescues it from drabness by the skillful device of focusing on the two main adversaries—Tom Clare, AMC's vice president for international operations and the mastermind of the joint venture, and Wu Zhongliang, its Chinese chairman. Additional color is provided by the cast of many in Detroit, Washington and Beijing who interacted with Clare and Wu.

But the troubles Mann describes are, by and large, well within the perimeters of the experience with joint ventures in developing countries that have an essentially "import-substituting" policy. These countries, India among them, typically use their domestic market as the principal bait to attract foreign investment. By shutting off imports of, say, trucks from Detroit, the incentive is created for the Detroit firm to put its trucks together locally. This results, however, in the finishing and assembling of the Detroit-produced truck components at high cost.

In such circumstances foreign firms then typically fail to export, not only because they came in for the local market in the first place, but because the local costs make exports impossible. So, the local governments often mandate export requirements to pay for the privilege of access to local markets. That becomes a headache and gets trickier when the foreign firms are required to pay the same salaries to local management as to foreign staff, reducing the advantage of cheaper local labor. The local governments impose schedules for shifting to increased local content over time, too, thereby compounding quality difficulties that further make export stipulations onerous.

Nevertheless, foreign firms often take the plunge if the local market, despite these constraints, is profitable on balance. Frequently it is. Yet it could be more voluminous and bring bigger returns to both sides if the host country's economic policies were outward-oriented and allowed greater play for market forces—as in the "export-promoting" developing countries of the Far East, which attract foreign investors who are reaching for global (not local) markets.

The problem at Beijing Jeep was not that the stumbling blocks raised by "import-substituting" were specific to China or to Jeeps. They became a source of disillusionment and discord because they weren't confronted and settled *before* the venture began. The moral is not, as Mann's readers may infer, that China is more exotic and special for foreign investors. It is that transparency in contractual arrangements, and knowing the pitfalls that invariably plague joint ventures of this sort, are essential if peace and amity are to prevail and profits are to be made.

The unrealistic assessment of China's market potential, the grease provided by Chinese intermediaries on the make (and perhaps on the take), the euphoria about China's growing conversion to capitalism, and the not-so-quiet encouragement of the geopoliticians combined to produce AMC's headlong rush into Beijing. The abandonment of prudence proved costly. Future investors in China should read Mann, not necessarily to change their course and invest elsewhere, but rather so that they will navigate carefully when they enter Chinese waters.

Rise and Fall

The Lone Star: The Life of John Connally

By James Reston Jr.
Edward Burlingame Books/ Harper & Row.
691 pp. $25.00.

Reviewed by
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IT CAN BE plausibly argued that during this century Texas has supplied as many politically consequential actors to the national stage as any other state. There was, for example, Edward Mandell ("Colonel") House, first among equals in the Administration of Woodrow Wilson. John Nance ("Cactus Jack") Garner served as Speaker of the House of Representatives and then as Franklin D. Roosevelt's Vice President. Sam Rayburn, sponsor of the principal securities laws in the mid-30s, afterward became a dominating Speaker himself.

In the Senate, Lyndon Baines Johnson was perhaps the most adroit and successful Majority Leader since Henry Clay, before occupying the White House as an aggressive, bedeviled President. Phil Gramm, a largely unheralded figure, authored the 1981 bill (Gramm-Latta) that wrote economic Reaganism into the statute books—then sought to remedy its consequences with another bill (Gramm-Rudman). And if the 1988 Democratic ticket had been reversed, Senator Lloyd Bentsen might conceivably have won the Presidency.

There have also been throughout the decades a host of powerful Congressmen: courtly George Mahon, controller of military spending for many years; the populist bank-fighter Wright Patman; Jim Wright, another Speaker and an intelligent liberal whose old-fashioned style made him seem spurious goods to modern tastes; the feisty Jack Brooks, the shrewd Albert Thomas, and so on. Until the 1960s, one-party politics in