

WILEY



Review

Author(s): S. Caine

Review by: S. Caine

Source: *The Economic Journal*, Vol. 80, No. 318 (Jun., 1970), pp. 377-379

Published by: [Wiley](#) on behalf of the [Royal Economic Society](#)

Stable URL: <http://www.jstor.org/stable/2230140>

Accessed: 29-09-2015 23:59 UTC

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Wiley and Royal Economic Society are collaborating with JSTOR to digitize, preserve and extend access to *The Economic Journal*.

<http://www.jstor.org>

The C.S.O. revised its "unchanged price" base three times in the period 1958-67, but nothing is known as to how they did this. Vainshtein, in fact, finds in this "triple revision in the course of a decade" a possible source of "a not entirely justified rise in the comparable-prices index" (p. 137). Vainshtein's conclusion: "in all probability the data in current prices more accurately reflect the growth of national income than the data comparable prices." While, of course, we should accept that the official price index does indeed suffer from the distortions referred to by Vainshtein, one wonders if he does not go too far in ignoring price changes altogether. Many prices did fall, and the use of current prices produces a nonsense in the case of agriculture, where prices, on the contrary, rose very sharply.

There is also in the book a subtle statistical analysis of instability, of cycles, though "these have nothing to do with capitalist cycles." Statistical trends are studied and various extrapolations discussed. The book ends with an appeal for more statistics of the various components of national income, which would make possible a more solidly based prognosis.

A. NOVE

University of Glasgow.

Partners in Development. Report of the Commission on International Development.

Edited by L. B. PEARSON. (London: Pall Mall, 1969. Pp. xvi + 399. 50s. (cloth), 18s. (paper).)

THIS report of a Commission appointed by the President of the International Bank appears at a time of questioning of the whole international aid operation. Criticisms of some of the biases in aid programmes once peculiar to eccentrics like Professor Bauer have become commonplace and respectable. The real value of official aid from the older aid-giving countries has ceased to expand, reflecting disillusion with the results of aid. True, a few countries classified two decades ago as undeveloped appear to have passed the point of developmental take-off, but a larger number, after receiving absolutely greater amounts of aid, remain far from the stage of self-generating development. Increasingly, moreover, the spectre of population growth hangs over the picture; in too many recipient countries—and some of the largest—while aggregate income may have increased, there are more people at the extreme limits of poverty than ever before.

The report provides cogent and realistic analysis of the broad pattern of aid and summaries of the situation in typical countries, together with a mass of recommendations on practical action, with most of which few non-communist economists would quarrel. The Commission are against "tying" aid or limiting it to the identifiable external expenditure of projects receiving assistance. They join in urging more assistance to agricultural development and in deploring over-attention to the stimulation of manufacturing industry. They somewhat cautiously recommend more scope for private investment.

In general, they favour a more liberal regime in international trade, especially in the reduction of the barriers imposed by the developed countries to the imports from the less developed. A broad tendency to lean towards the price system rather than planning controls is typified by their advocacy of greater use of price incentives in internal agricultural policies and by their coolness towards international commodity schemes. As to population, the report amply recognises how its increase and the consequent maintenance of a high ratio of dependants to workers can nullify the benefits of absolute economic growth. All countries are urged to adopt population policies (by implication policies of restriction) and the proposal for a United Nations Commissioner for Population is supported. Having persuaded the International Bank to include a recommendation on family planning in a report on Ceylon as long ago as 1952, I can only applaud and pray for the success of these measures, while pessimistically recalling that in past history population control has followed, not preceded, a fairly advanced stage of economic development.

On procedural issues the Commission not unexpectedly favour more co-ordination. They suggest new machinery for that purpose, and this harmonises with their preferences for multi-lateral rather than bilateral channels and for programme rather than project aid. A major consideration in all this is perhaps the advantage of generalised aid in coping with the balance-of-payments problems resulting from the growing burdens of debt charges left behind by previous aid operations, but apart from that, the arguments for the procedural changes advocated appear to be based on broad principles rather than the detailed analysis of past operations. Still more is this true of the assumption that the target of aid should be the conventional 1% of national income. The Commission urge more research, but in these procedural matters seem to have reached their conclusions in advance of it.

Developed countries are urged to devote much more of their internal research effort to developmental problems, including policy-oriented research in the social sciences; but obscurities remain as to how that research should be conducted. In the technological field the main benefit to the developing countries will no doubt continue to come as a by-product of research undertaken by the more developed for their own purposes; some technological research directed to the particular needs of the developing countries will continue as well, though it is important to remember that business concerns, who do so much of the practical research of the developed world, would do more in this field if they saw more prospect of taking part in its application.

When it comes to social-science research the way is less clear. Everyone now agrees that the initiation of the developmental process is a social problem, or a series of social problems. There is less agreement on the keys to the solution of these problems, though perhaps one can safely premise

that the clues are to be sought not in pure thought but in studies of past experience. Studies of the history of countries now recognised as developed tend to end with the conclusion that each is *sui generis*; yet one feels that with all the conscious effort devoted to aid by so many national and international agencies there must exist a mass of information, the comparison and analysis of which might yield fruitful lessons about alternative approaches. Why has Mexico moved apparently so much faster than Venezuela? Is anything to be learned from study of the comparative effects in Commonwealth African countries of aid programmes under the old C.D. & W. Acts and under post-independence procedures? And so on. Obviously there are enormous difficulties, technical and political, in a full and objective examination of the mass of information now on record in official archives, but on what better basis can serious research in this field be based? It was not the task of this Commission to organise such a project; they were more concerned with immediate policy issues. But a real effort to surmount the difficulties of analysis is surely necessary if aid in the future is to be planned with the intelligence which its organisers perhaps too easily take for granted and if its critics are to be answered.

S. CAINE

Silchester.

Economic Development and Structural Change. Edited by I. G. STEWART.
(Edinburgh: Edinburgh University Press, 1969. Pp. 193. 50s.)

THE conference papers reproduced in this volume cover a wide range of topics, some of which, it must be said, are no more than distantly concerned with the title of the book. Apart from a paper by Hymer and Resnick on "government expenditure policy and the reflection ratio," they are mostly rather untechnical. Hunter describes the development of the labour market in Kenya; Stern discusses financial issues in economic aid; Newlyn develops a criterion for the "right" rate of monetary expansion in "financially dependent economies" which would allow expansion to take place "up to the maximum demanded by the feasible increase in domestic product forecast by the physical planners." There are papers by Reddaway on Ghana, Prest on the finances of small countries and Williams on commodity distribution in Malawi, and a very short note by Wall on "After UNCTAD II."

Three of the papers deal with international trade. In one of them Miss Ady advocates "the general introduction of commodity schemes for tropical crops on a wide front." She is unconvinced by the attempts (Coppock and MacBean) to show that there is no particular instability problem for primary producing countries, which she argues employ an inadequate measure of instability, examine unrepresentative time periods and are guilty of misplaced