

Book Notices

Tinbergen, Jan, *Central Planning*, Yale University Press, New Haven and London, 1964, x + 150 pp., \$5.00 or 37s. 6d.

THIS COMPACT and readable book was written by a great authority in the field of planning, and both theoretical and operational planners can benefit from reading it. It discusses two major aspects of planning: principles (in chapters 2 and 3) and methods (in chapters 1 and 4). Professor Tinbergen considers that planning and the general economic process influence each other and from these mutual influences he attempts to discover the role of planning. He maintains that planning can exert influence on the general economic process through looking forward, by aiming at achieving an explicit general objective, and by coordinated action. In the unplanned situation, there may not be a complete absence of policy, but often "action is taken after some adverse development has occurred and in a trial-and-error way" (p. 51).

The extent of planning in any particular country is of course influenced by circumstances and ideas. Regarding circumstances, Professor Tinbergen reasons that where the need for forecasts, for sticking to some general aims, or for coordination is more pronounced, there is also a more pronounced need for planning. He then analyzes further what are the circumstances which prompt such needs, and here he provides considerable insight into the problem. For instance, any long-lasting production process (e.g., building construction, shipbuilding, animal raising, large dams, and mining facilities, and even education)

would particularly need forecasts. Forecasts are also needed in the case of instability of markets—for example, where there are wide fluctuations in the export prices of raw materials. The intensity of planning also depends partly on the tension between aims (e.g., higher standard of living) and reality (e.g., poverty) and partly on the need for coordination.

Professor Tinbergen believes that doctrinaire thinking may do considerable damage in planning, because it sharpens differences in outlook unnecessarily and causes trouble in the economy when applied to reality. He also observes that economic systems and economic thinking are becoming less different in the two major areas of the world and believes that a number of problems are gradually becoming objects of scientific or practical argument between the technicians on both sides (p. 78).

On the procedure of planning, the author gives an impression that he is in favor of "planning from the top" because that is where the demand for products is determined. However, he also says that since the bulk of the *auxiliary* work of obtaining information on projects can be done independently of other phases of planning, it can and should be started at an early stage (p. 22).

On techniques of planning, the author summarizes a number of new developments, e.g., the 36-equation model used in the Netherlands, the 20-sector input-output model used in Turkey, Frisch's model for the United Arab Republic, the triangular or partitioned matrix, the "star model," etc. They are all very interesting, but the description is too brief to be

understood by noneconometricians, and there is hardly any warning about the limitations on the practical use of these models.

Chapter 1 also contains an international comparison of the planning process compiled from the replies to questionnaires from five developed countries, five centrally planned countries, and nine underdeveloped countries (with tables in the Appendix). The results show the majority seem to have relied on "the aid of over-all macro-economic models, trial-and-error estimates, or common sense reasoning. . . . The use of detailed economic models is not widespread" (p. 39).

To indicate the "best" way of planning, Professor Tinbergen sees the possibility of making objective analyses. Regarding the controversy of centralization versus decentralization, he argues that a number of decisions cannot be decentralized because of external effects or increasing returns. Measures dealing with safety, the maintenance of law and order, the stability of the value of money, the operation of roads, education, information, planning, and taxation must be controlled by the government. So also the government should make decisions on the production of energy and transportation as well as on some heavy metal and chemical industries. While it is true that many of these activities, if not controlled or operated by the government, may result in too many and too small units in developing countries, one may ask whether those industries by nature yielding increasing returns will indeed be necessarily run efficiently by the government in all circumstances.

On the time period of plans, Professor Tinbergen distinguishes only short-term plans of 1 year and long-term plans of 5 years or more. This is perhaps because he has been influenced

by his experience in Turkey. It might be useful, however, to think of a long-term plan as a perspective plan of 10-30 years, offering guidance to a series of intermediate plans of about 5 years. This is what is being practised in India and Pakistan.

There are a few minor drawbacks in the book. A very minor one is that in describing the planning process in chapter 1, the author seems to have used too many technical terms. Such terms as tasks, actions, transactions, elements, activities, etc., are all very elusive. Similarly, the author has perhaps been somewhat liberal in extending the use of economic terms, e.g., treating "information" as "input" and "plan" as "output," trying to use marginal costs and benefits analysis to maximize the advantage of planning, etc.

Such minor defects as there may be, however, do not detract from Professor Tinbergen's success in producing an up-to-date introduction to planning.

Shu-Chin Yang

Manners, Gerald, *The Geography of Energy*, Hutchinson University Library, London, 1964, 205 pp., 16s. 6d.; Hillary House Publishers, New York, \$3.00.

THIS NEW BOOK compresses into 180 pages of text a surprising amount both of statistical data and analytical comprehension of the economics and geography of energy. The newcomer to this field will find early in the book a well-stated description of "The Basic Complexity" of the role of energy in the national and world economy. In the central part of the book there is an analysis of the major role played by transport costs and market fac-

tors in the choice of energy forms used in different economies. Political factors are not, however, overlooked in the final chapters, which describe the devices used in various lands either for protecting domestic fuel producers or for guarding against overdependence on imports that (wisely or not) are deemed undesirable.

The author has himself noted that the examples in the analysis have "a heavy bias towards the literatures of Britain, Europe and North America," partly because "the most detailed energy studies have been conducted and published in these countries." But the analysis also draws on situations in other areas and includes some criticism of policies in the developed areas.

In my view, the author pushes economic generalizations with respect to the competitive positions of various forms of fuel and energy about as far as they can be usefully pushed. He carefully distinguishes between situations where choices are hindered by historical legacy and those in which they are less fettered. Nevertheless, he recognizes that the branches of energy industries are often considered vital to a national economy and interventionist action will frequently be taken on their behalf to ease the burdens which they might otherwise have to bear unassisted. Some of the examples are the European Coal and Steel Community's action on coal, the U.S. action on natural gas price regulation, oil proration, and import controls, and the U.K. action on gas, coal, and power (both nuclear and conventional thermal).

This is not, and was not intended to be, a handbook for solving the energy problems of a country or a region. But its perusal and study

by those concerned with energy problems should broaden their comprehension of the multifaceted problems which face entrepreneurs and policymakers everywhere. The specialist, be he power engineer, fuel or transport economist, or economic planner, will find useful the summaries of available data bearing on some alternative choices, but the author is careful to economize his space and to avoid boring digressions of possible interest only to a very limited group of readers. Tabulations and charts offer useful rule-of-thumb data for capital cost factors in transport, but cautions against their uncritical use are implicit in the qualifications expressed. Other aids can be found in textual discussion of varying market factors, such as location, nature, and size.

Samuel Lipkowitz

Aufricht, Hans, *The International Monetary Fund: Legal Bases, Structure, Functions*, Frederick A. Praeger, New York, 1964, 128 pp., \$6.00.

This book, by a member of the legal staff of the Fund, contains brief descriptions of the legal basis for the Fund's work, of its structure, and of its principal functions. Appendices include tables of the Fund membership quotas, etc., and important documents and statements bearing on Fund activities and policies.

Aufricht, Hans, *Comparative Survey of Central Bank Law*, Library of World Affairs, No. 64, Stevens & Sons, London, 1965, xiii + 228 pp., £3; Frederick A. Praeger, New York, \$10.00

This is the English version of the book published by CEMLA as *Léglislacion Comparada de Banca Central* (1964).