Book Notices

Needleman, L. (Editor), **Regional Analysis, Selected Readings,** Baltimore, Maryland, U.S.A. Penguin Books, 1968, 398 pp., $1.95 (paperback).

Nourse, Hugh O., **Regional Economics: A Study in the Economic Structure, Stability, and Growth of Regions,** New York, U.S.A., McGraw-Hill Book Company, 1968, 247 pp., $8.95.

Kaynor, Richard S. and Konrad F. Schultz, **A Practical Guide to Industrial Development,** New York, U.S.A., Frederick A. Praeger, 1967, 336 pp., $15.00. Halm, George N., **Economic Systems,** New York, U.S.A., Holt, Rinehart and Winston, Inc., 1968, 420 pp., $5.00.

It is as yet uncertain whether regional analysis (or regional "science," as some prefer) is a discipline in its own right or only a largely indistinguishable part of economics. One reason for the uncertaintly is the problem about what a region is. There are three generally mentioned definitions: the first considers a region as an area with certain homogeneous economic, social, physical, or other characteristics; the second identifies it as a territory dependent on or closely related to a "pole," usually a centrally-located urban area; the third views it as an area with a coherent political or administrative identity. In regional studies, compromises are often forced by data constraints. These produce hybirds which cut across two or all of the definitions.

Another uncertainty concerns the nature of regional analysis. In theory, it is interdisciplinary, encompassing sociology, demography, geography, and history, as well as economics. But the economists arrived early and now dominate the field. Indeed, they arrived so early and staked out their claim so thoroughly that the popularity of regional analysis seems sometimes to originate as much from their stimulus as from felt need for a regional approach. Hence, regional economics bulks large in regional analysis.

But even the nature of regional economics is unclear. There is, as J.R. Meyer says in his essay in **Regional Analysis,** "An almost unavoidable tendency when first coming to grips with the problem of defining regional economics . . . to assert that it is simply all of economics scaled to whatever level is required to adequately measure or forecast economic activity for a specific geographic area."

While regional economics lacks a thoroughly distinct identity, it possesses several elements not encountered often in conventional economic analyses which distinguish it from the rest of economics. As it has evolved in the last 10 or 15 years, regional economics makes more use of location and international trade theory than of most other economic disciplines. Location theory (ably explained by William Alonso in an essay by that title in **Regional Analysis**) has been largely ignored in conventional economic theory, but it is much made of in regional economics. Conventional international trade theory is translated into regional terms in regional economics by defining (1) certain activities as exogenous to a regional economy and (2) a group of industries primarily engaged in exporting from a region as the "economic base" of the region being analyzed. More in line with other parts of economics, regional analysis makes use of multiplier theory, input-output analysis, and mathematical programing.

With these techniques, two different approaches to regional analysis are discernible. One emphasizes historical and behavioristic characteristics of regions; the other is more oriented to quantification, forecasting, and the formulation of a logically rigorous framework of analysis. Those who prefer the first approach take the view that instability and structural change make forecasting difficult, if not impossible. They are generally more concerned with operationally useful solutions to regional problems. Those who prefer quantified solutions to regional problems make use of static models, social accounting, and input-output procedures. Most studies in regional economics for the less developed countries are of this kind.

Which of the two approaches one likes depends on one's predilections and tastes. I opt for the first approach because experience teaches (as B.R. Berman put it in the citation by J.R. Meyer in the essay referred to above), ". . . a crude dynamic model may be better than a highly tooled, multi-jeweled static creation." For those interested in both approaches, **Regional Analysis,** with 11 essays which range the field, is recommended. For those interested in location theory and regional development within a traditional economic framework, Hugh O. Nourse's lucid text is required reading. Intended as an undergraduate textbook, the book presents simple models in the discussion of industrial location patterns, land use, regional economic growth, and public policy for urban and regional improvement. The Kaynor and Schultz work is more specialized. The authors, who have had experience as advisors in Peru, sought to write a handbook which indicates how to plan and carry out industrial development programs on the local, provincial, and regional levels. The book is pragmatic and provides information needed by the would-be investor and entrepreneur. Finally, those who, like myself, see many parallels between national and regional levels of economics, will find much relevant material for regional analysis in Halm's **Economic Systems**. The third and enlarged edition of a previously published work, the book presents a theoretical analysis of different economic systems, unified by the central idea that national economic systems, to be successful, must have consistent goals, as well as consistent policies to achieve these goals.

Albert Waterston

Sims, Nicholas A., **Opting for Development: A Guide to Opportunities for Development Studies in British Higher Education,** London, Overseas Development Institute Ltd., 1968, 56 pp., 8s. 6d.

This helpful pamphlet capsulizes the wide-ranging recent developments in the curricula of British universities that are of importance to students preparing for overseas service. It also suggests opportunities for development studies outside first degree courses, and includes lists of useful publications for students and others interested in working in developing countries. The pamphlet has been cosponsored by Oxfam and the Overseas Development Institute.

De Gregori, Thomas R. and Oriol Pi-Sunyer, **Economic Development: The Cultural Context,** New York, U.S.A., John Wiley & Sons, Inc., 1969, xi + 138 pp., $3.50 (paperback).

The authors argue that even with the rapid urbanization of recent years, tribesmen and peasants still form the overwhelming majority of the population of developing areas. They emphasize that meaningful economic development can occur only if the motives and inhibitions of these people are fully understood both by local planners and foreign economic advisors. Coordinated planning, in their view, must encompass and reflect an understanding of cultural, political, and technological, as well as economic factors, and not falter as a result of a failure to include exogenous or noneconomic variables.

The developed countries have become increasingly involved in the economic and political affairs of the third world. The authors claim much of this involvement is economically questionable in that it tends to center on questions of ideology and military confrontation. "There must be willingness to learn," they state, "just as there must be a commitment to tutor, not to indoctrinate."

Thomas R. De Gregori is Associate Professor of economics at the University of Houston, and Oriol Pi-Sunyer is Associate Professor of anthropology at the University of Massachusetts.

D. W. Townson

Davis, William, **Three Years Hard Labour: The Road to Devaluation,** London, U.K., Andre Deutsch, 1968, 224 pp., £1 10s. 0d.

This book is financial journalism at its best. Mr. Davis, who has recently exchanged the Financial Editorship of *The Guardian* for the editorial chair of *Punch,* writes with incisiveness and insight. His description of the losing battle fought by Mr. Wilson and the British Labour Government from the time that it took office in 1964 until the devaluation in November 1967 will not easily be bettered. And the lessons that he draws from these "Three Years Hard Labour" are, it is to be hoped, writ large on the briefs confronting Mr. Jenkins as the problems of 1968 are added to those which defeated Mr. Callaghan.

The conclusion that Mr. Davis brings forcibly home to his readers is this: the most dangerous faculty for a British politician is optimism. It was with optimism that Mr. Wilson, Mr. Brown, and Mr. Callaghan confronted the immense problems bequeathed to them by the "thirteen wasted years" of Conservative rule; and their optimism repeatedly let them down. One result has been the emergence of a credibility gap; another and graver consequence was that remedial measures taken proved again and again to be too little and too late.

This is a book to be pondered; its immense readability and its punning title in no way detract from the gravity of its subject or from the informed concern with which the author views the problems which his country is trying desperately to meet.

J. Keith Horsefield.

OTHER BOOKS RECEIVED

Weymar, F. Helmut, **The Dynamics of the World Cocoa Market,** Cambridge, Mass., U.S.A., The MIT Press, 1968, xv + 253 pp., $15.00.

Chamberlain, Neil W., **Enterprise and Environment: The Firm in Time and Place,** New York, U.S.A., McGraw-Hill Book Company, 1968, xi + 223 pp., $7.95.

Leijonhufvud, Axel, **On Keynesian Economics and the Economics of Keynes: A Study in Monetary Theory,** New York, U.S.A., Oxford University Press, 1968, xiv + 431 pp., $7.00.

Bachmann, Hans, **The External Relations of Less-Developed Countries: A Manual of Economic Policies,** New York, U.S.A., Frederick A. Praeger, 1968, xix + 341 pp., $15.00.

Nadler, Paul S., **Commercial Banking in the Economy,** New York, U.S.A., Random House, 1968, xiv + 207 pp., $2.25 (paperback).

Officer, Lawrence H. and Thomas D. Willett (Editors), **The International Monetary System: Problems and Proposals,** Prentice-Hall Inc., Englewood Cliffs, N.J., U.S.A., 1969, xi + 238 pp., $2.95 (paperback).

Theberge, James D. (Editor), **Economics of Trade and Development,** New York, U.S.A., John Wiley & Sons, Inc., 1968, xiii + 545 pp., $9.95.

Yeager, Leland B., **The International Monetary Mechanism,** New York, U.S.A., Holt, Rinehart and Winston, Inc., 1968, iv + 154 pp., $2.95 (paperback).

OECD, **The Food Problem of Developing Countries,** Paris, France, Organization for Economic Cooperation and Development, 1968, 114 pp., $3.00 (paperback).

Adams, Don, and Robert M. Bjork, **Education in Developing Areas,** New York, U.S.A., David McKay Company, 1969, xiv + 161 pp., $2.95 (paperback).

Views and Comments

Excerpts from a speech by Edwin Stopper, President of the Directorate of the Swiss National Bank, at the Bank's Annual Meeting on March 21 in Zurich.

"The Euro-money market has gained further importance in the monetary sphere. Its existence furthered the record expansion of the balance sheets of our big banks, and reinforced our links with what is going on in the international monetary field. This also affects the work of the central bank. The Euro-money market has grown large thanks to the Euro-dollar. It increasingly attracts the dollars that have come to hand, particularly in Europe, as a result of the U.S. balance of payments deficit. These dollars are in demand mainly because the procurement of dollars in the United States itself has become more difficult. The principal causes lie on the one hand in the fact that 'dollar exports' for financing abroad have been made more difficult for balance of payments reasons, and on the other hand in the tightening of money in the United States. In the course of time, however, smaller supplementary markets in some European currencies have also come into being, including a market in Swiss francs.

"Thanks to the Euro-dollar market, balance of payments surpluses and deficits are reflected to a lesser extent than formerly in an immediate increase or decrease in the official monetary reserves of the surplus or deficit countries. As long as there is confidence in the dollar and in the monetary stability of the countries taking a major part in this market, the central banks will be less directly affected by balance of payments disequilibria than in the past. Thus, from many points of view, this market may be called a 'free market for international liquidity outside the central banks.' Provided that it is not disturbed by an acute monetary crisis, this international market can serve as a reservoir for international liquidity. The liquidity in it will be channeled by the interest differential to where it is most needed.