

Both individuals and states can err. Errors in judgement and action may be unavoidable after all. But an error should not be allowed to recur in the affairs of state. The United States has shown by its policies in Asia that the same error can be committed over and over again. A typical example of this is seen in Laos and South Viet-Nam. The United States is repeating in South Viet-Nam the same error that it once committed in Laos. The greatest error of the Americans is perhaps trying to force their own way of thinking and policy on others, and they have yet to correct this practice. China once ran into trouble with the Indonesian authorities in regard to how the Chinese residents should be treated in Indonesia. As soon as Peking became aware that Indonesian law and customs should be respected in that country, immediately its egocentrism was discarded. Despite its reputation of militancy and doctrinarism, Chinese foreign policy has proved flexible enough to adapt itself to the local circumstances of Asia and Africa. In comparison, United States policy in Asia is sometimes lacking in such a flexibility, and this is perhaps because the American policy-makers turn aside the "Vox Populi" in favour of reports produced by research institutions. If this is true, it is hoped that they will, with modesty, listen to what the private institutions have to say and thus give United States a policy of greater flexibility. (*Shizuo Maruyama*)

J. W. F. ROWE, *The World's Coffee*, London, Her Majesty's Stationery Office, 1963, 199 p.

(1) FAO and the other organs of the UN have made very great contributions to the economic analysis of commodities, especially economic analyses conducted from a point of view embracing the whole world. Examples are to be found in the FAO Commodity Bulletin Series. A global approach or method of analysis which seeks to provide a general view of international demand-supply relations for particular commodities on a world scale, consisting principally of a wide-ranging collection of basic material and statistical analyses of it, supplemented by suitable background information, is a characteristic frequently found in the material published by the UN and in particular by FAO. There is probably no need to give any explanation of the necessity for such analysis or approach, and further, of its efficacy when applied in surveys and studies of problems of international commodities. However, may it not be that there is an insufficient appreciation of the limitations and defects in this kind of approach? Even in the case of commodities which are produced mainly for the international market, production (supply) is likely to be subject to considerable influences from internal factors peculiar to the individual national economies. (This is of course the case in regard to differences in the natural and geographical conditions.) National and regional peculiarities are likely to be found in the consumption of a particular commodity. In the case of a global analysis consisting principally

of statistical analysis, it frequently happens that even when the importance of these special factors is recognized such an examination is ruled out for reasons connected with analytical techniques, while it also happens that international organs must either deliberately avoid carrying out surveys of this kind or must carry them out only in a superficial manner.

As another approach to be used in tackling commodity problems, it would seem that we are also called upon to give full recognition to the necessity and efficacy of descriptive and/or analytical studies of the significance or functions of a commodity in a national economy (an approach which we may call the "National Approach") or of the special characteristics which the structure of production, marketing, and consumption of a certain commodity (that is, the economic structure or organization of that commodity), possesses in relation to the special nature of the national economy of the country in question, at least in the principal producing countries. We may also say that the core of international commodity problems, and further, of International Commodity Agreements, consists in the confrontation and reconciliation of national interests over questions of commodities. In that sense we may say that the National Approach is attended by more practical necessity and concrete efficacy than the global analysis, as far as application in studies of international commodity questions is concerned, in that it attaches importance to the special nature of the individual national economies and the national aspect of the international commodity problem.

(2) As is shown by the sub-title of Rowe's book—A Study of the Economics and Politics of the Coffee Industries of Certain Countries and of the International Problem—this work is a superior analysis of a notable international commodity, coffee, in terms of the National Approach. (As an example of a global analysis dealing with the same commodity, coffee, we may mention *The World Coffee Economy*, FAO Commodity Bulletin Series, No. 33, 1961. This is a little too concise, but is a superior work.)

The intention or aim of this work would appear to be the following. It is concerned with making clear the peculiarities and problems in the economic structure of the coffee industries in the individual producing countries, and further, with finding a way of adjusting production (supply) between the various countries of the world in the light of the peculiarities of the differing coffee industries in the various countries (through a critique of the International Coffee Agreement, 1962), now that the world as a whole is facing an unprecedented surplus of production (supply) of coffee.

The work accordingly devotes most of its attention to the development of the coffee industries in the principal producing countries after the Second World War and the factors inherent in them, the special nature of the economic and management aspects of these industries at present, the possibilities of increasing production, and the elucidation of the significance (or functions) of the coffee industries in the national economies, and this occupies the greater part of the book. Six countries are discussed, comprising Brazil and Colombia, long-established as the principal producing countries, Kenya, Uganda, and

Tanganyika among the African countries which have acquired greater importance in the world market since the war as a result of their increasing production, and Costa Rica, one of the small producers of Central America. On the basis of the latest data collected in the course of personal visits to these countries the author gives a detailed description and analysis of conditions in each country. Of course it is impossible for one individual to cover all the producing countries in the world, and even if we have doubts as to the representative or typical character of the countries chosen for discussion, we would seem to be called upon to evaluate this work highly, at least as regards the value of the data which it presents, in that it gives an adequate and detailed account of the latest actual state of the coffee industries in these six countries—six countries which occupy a predominant share of total world production.

However, the value of this work is not confined to the data which it presents. As we have already noted, the author's intention is to consider the question of what should be the economic-rational state of the world coffee industry in the future, and we may say that his analyses of the actual state of the coffee industries in each of the countries are in the nature of pre-conditions required for this purpose. Consequently, after having carried out analyses of each of the countries which may be thought to be a little too minutely detailed, the author develops his unique views of the future of the coffee industry on the basis of these analyses, centring his criticism on the International Coffee Agreements. The author's views are as follows.

The aims of the International Coffee Agreement of 1962 are those of maintaining the existing price level of coffee (and export quotas designed for that purpose), and the elimination of unbalances in the world demand-supply relations for coffee within five years (the limit of the Agreement) by stimulating consumption, adjusting production, and by other measures. However, the author holds that if the present level of price is maintained, production (supply) will increasingly exceed demand up to 1967 and the unbalance between supply and demand will become so bad that it will be hardly possible to hope for any solution (excepting the occurrence of natural disasters). The "holding operation" or "defence policy" which Brazil has been employing against excess production and falls in prices since 1957 and the short-term international agreements had the effect of maintaining prices artificially, but, on the other hand, they continued to stimulate increased production and new planting. In particular, although the province of Parana could supply practically the whole of the export demand for Brazilian Coffee, this brought about over-production, since even at 1962 prices this has resulted from the continuing production of the "higher cost producers" of the other provinces, with the result that Brazilian stocks rose to the level of one year's world consumption, and the expenses involved assumed the proportions of a considerable financial burden. Further, the liquidation of these higher cost producers, or "obsolescent excess capacity," has lagged, and the government has been unable to take any positive measures for this purpose. This Brazil-

ian "holding operation" and the international price-maintenance agreements among the producing countries of the world which have followed in its wake have continued to provide a strong stimulus to the lower cost producers (particularly peasants) of the small producing countries to increase their production and new planting. A tendency to over-production, revealed and concealed, can therefore be expected to increase on a world scale under such measures. However, the 1962 International Coffee Agreement decided on the maintenance of existing price levels, but is very vague about prospects or measures for the adjustment of production (liquidation or reduction). Such is the author's criticism of the Agreement. Further, in order to revise this Agreement, the author proposes that before anything else an end should be put to the maintenance of price levels ensuring the persistence of "obsolescent excess capacity" he advocates the choice of "a decline of the price level to the equilibrium" (an annual reduction of prices, accompanied by the use of buffer stocks). If this were done it would make inevitable considerable reduction in the foreign exchange earnings of the producing countries—and, by extension, would render difficult the effecting of development (plans)—but this gap should be stopped either by gifts or loans from the advanced countries, or by the refunding to the exporting countries from the part of the consuming countries of the amount of their consumption taxes covering the reduction in prices.

In making this proposal the author has the producers of the two provinces of São Paulo and Minas Gerais in mind as the concrete "obsolescent excess capacity," and for these purposes he particularly supports the implementation of "The Proposed Subsidised Eradication Scheme" (to be carried out with foreign aid).

(3) Finally, let us make a number of comments.

Unless we understand the actual situation of the coffee industry in Brazil, the country which produces half the world's coffee, and the attitudes and policies of its government, we will scarcely be able to discern the prospects for the world coffee economy. On this point we may be of the opinion that the author's clear account of the Brazilian "holding operation" or "defence policy" and its effect on production in the Brazilian coffee industry is extremely valuable. But in spite of the fact that, as the author maintains, the "holding operation" has had an adverse effect on balance, we are left with doubts as to why the Brazilians adopted that policy and continued it—was it because of the necessity of obtaining foreign exchange, or because of political pressure from the coffee producers? If in this connection the author had described the concrete content of the "holding operation" and its effect on economic activity outside the coffee industry his intentions would have been all the more persuasive.

Comparisons between costs of production in the coffee industry of the various countries of the world are of course important criteria for measuring relative economic efficiency, but it is almost impossible to make such comparisons accurately and on an international scale. If we acknowledge this to

be so, then the terms "higher cost producers" and "lower cost producers" must surely be considered to be extremely vague in meaning. We must then have all the more doubts about emphatic proposals for the removal (liquidation) of "obsolescent excess capacity" in specific countries, based on concepts such as these (although it is true that the author does not base his argument on these alone).

The work is of interest in that it makes a fairly detailed examination of the internal structure or "inner state" of the coffee industries in a number of countries, concentrating attention on the factors which influence costs or returns, but it has comparatively little to say about the connections between the coffee industry and agriculture, or between the coffee industry and other sectors of the national economy.

The proposal for a reduction of present price levels as an amendment to the International Agreement appears natural in the light of the author's reasoning, and we may suppose that without such a measure there can be little hope of a solution to the problem of over-production, but it is difficult to accept the basis of the author's belief that the equilibrium prices should be about half the present prices. Besides, it is quite unthinkable that these prices would be accepted in fact by the producing countries. However, this will probably not detract from the value of the author's analysis in his capacity as an economist. Even although it is a case of "Coffee is now politics, not economics!" it is always necessary to examine problems from various angles and to arrive at an appreciation of future prospects.

In this work the author describes the state of the coffee industries country by country up to the year 1962, but the reviewer's observations in the three African countries at the end of 1964 indicate that there have been some important factual developments since then—for example, the remarkable developments centring on the African coffee-growers' co-operatives in Kenya, the strengthening of the marketing and processing organization in Tanganyika by the African Cooperatives, and the setting on foot of a state-operated trading organization—and there have been considerable developments, not only in management and cultivation techniques among the coffee growers, but also in the degree to which the growers are organized. Further, the initiative in these development has frequently come from the independent governments. May not this mean that policy factors will have an even greater power of influence in the future than is mentioned in this book? The reviewer cannot state definitely whether this situation is peculiar to East Africa or not, but if we suppose it to exist in a large number of the coffee producing countries we will find it necessary to give full consideration to the implications of government policies, and in particular development plans, when we consider the future of the coffee industry, as well as considering the internal structure of the industry, (*Hachirō Fukazawa*)