

its deductive application, looks down on the growing nations as backward, irrespective of his goodness.

In order to develop mutual communication between the persuader and the persuadee, a change of attitude must be achieved on both sides. This changing attitude on both sides is nothing other than a mutual relationship in the context of a process of interplaying contradiction which accelerates the new development of the communication system towards a much more advanced stage and level. In application of the methods of social scientific analysis derived from Western rationalism, we must always keep in mind the dynamic process of development worked out by the mechanism of mutual interplay; in other words, the logic of mutual change. (*Masaki Takizawa*)

HLA MYINT, *The Economics of Developing Countries*, London, Huchison, 1964, 192 pp.

1. This book criticizes the neo-Keynesian theory "for increasing international aid to underdeveloped countries," and explains theoretically "the fact that, even with generous aid which can ease their situation, the developing countries cannot ultimately escape having to make difficult and painful choices to promote economic development" (p. 198).

The author first levels his criticism at the method of applying to all backward countries monistic theoretical models which are based on a specific type of country; i. e., of over-populated countries. He adopts models under the separate headings of less-populated countries and over-populated countries, and of countries which are in the early stage (prior to "take-off") and countries which are in the later stage.

The framework of the author's theory may be described as follows:

First, the author elucidates the economic structure of the growing countries in Chapters 3, 4, and 5, after making a preliminary examination of the two elements, the enlargement of exports of primary products and the population pressure, which disturb the modernization of these countries. The economic structure is divided into the "subsistence sector" and the "mines and plantations sector."

It is pointed out that between these two sectors no dual structure exists in regard to productivity or wages—that they are of an overall low level—but that a marked dual structure exists in the financial aspect. In spite of the fact that large investments of capital have been made in the mines and plantations sector by foreign enterprises, this sector has been unable to become the leading sector in economic development. The author explains this as due to the pattern of "low productivity and low wages" of the seasonal and/or immigrant labour employed. It is stressed that a transition to a *wage economy* is necessary for economic development.

In Chapters 6, 7, and 8, criticism is levelled at the neo-Keynesian theory

of balanced growth. This criticism is based upon the three assumptions of (1) the Malthusian theory of population, (2) an unlimited supply of labour (the concept of disguised unemployment), and (3) the possibility of vast sums of foreign aid being available. It is said to be of the greatest importance to discover ways to improve "the productive organization" so that investment can take place with a high rate of efficacy, and to find ways to overcome the tendency to diminishing returns in agriculture. In the latter case, it is implied that the capital-intensive formula is suitable as a method for producing an agricultural surplus.

In Chapter 9, the relation between foreign trade and economic development is discussed. According to Professor Myint, it is erroneous to consider the question of "specialization" on the basis of the assumption that the income elasticities of demand for primary products are low. The author advocates price effect on that matter, and states that the question of whether to give priority to the agricultural sector or to the manufacturing sector should depend on the situation. It need scarcely be said that the author rejects a balanced development theory of the kind exemplified in the theory of the "big push."

In Chapter 10 the author draws together the points made above and presents them as a critique of economic policy, but we may regard the book as consisting of an analysis of the economic structure of the growing countries up to Chapter 5, and the development of policy on the basis of this analysis from Chapter 6 to Chapter 9.

2. In contrast to those scholars who hold pessimistic views based solely on the Malthusian theory and the elasticity of income demand and who at the same time try to assuage the futility of a spending policy by recourse to political ideals, the author may be said to be much more optimistic in regard to the prospects for economic development in the countries. But even if we describe him as optimistic, he does not list a range of possible choices, any of which may be chosen at will. A severely limited sphere of selection is implied. Herein we may find both the positive and the negative aspects of his theory. His personal career might give us a clue as to how the two parts of this theory were formed. That is to say, he is not a scholar born in an advanced country, but a Burmese. We may take it that he is intimately involved in the question of backward countries, that he cannot but possess the powers of vision which will enable him to perceive correctly the problems inherent in a growing nations. On the other hand, however, the fact that he has found the economic policy of the Burmese government unacceptable and has left his native country may be a reflection of certain limitations in his theory. His course lies in the reverse direction from that of E. Hagen, who felt impelled by his stay in Burma to make some change in his perspective in order to consider the problems dealt with in *On the Theory of Social Change* (Homewood, Ill., Dorsey Press, 1962). Let us now examine these two

parts.

The positive parts: The author is not a monist armed solely with quantitative analysis, but studies some of alternative models only of which can be used. This is possible for him with the help of his new interpretation of the established theories from his experience as a man in the growing nation. As examples we may cite his interpretation of the Malthusian principle (pp. 33-34), and his criticism of the theories that productivity is a function of wages (pp. 55-58), that the withdrawal of labour from disguised unemployment is not cost-less (p. 86), and that 10% of national income is necessary for saving and investment in the "take-off" period. (His positive aspects are his pointing out the necessity of making changes in the structure of production and the importance of human investment rather than material investment, etc., p. 93.)

The negative parts: (1) The author divides the economic structure into the subsistence sector or non-wage economy and the mines and plantations or wage economy, but the indices of these are not clearly stated. Should we not consider the "economic organization" of which the author speaks (p. 83) as representing productive relations in the greater totality? From the viewpoint of landownership which is basic to the non-wage economy, we may well give consideration to servile land tenure, independent agriculturalists, the serf system, etc. All are characterized by low productivity, but they differ completely in their functions in regard to the creation of an agricultural surplus and of a labour force. For example, what to do with excess agricultural production is a difficult problem for the independent agriculturalist, but an easy one for the other two types. This will be clear if one considers China before 1949, or Japan before the liberation of the land. The difficulties involved in surpluses under a system of independent agriculturalists will be clear if we pay attention to the Soviet Union before the introduction of the Food Tax and China between 1952 and 1953. In all these cases a backward bending supply curve is described. We must not ignore the fact that the influence of foreign trade, the technological progress in agriculture, and the supply of labour will produce different results under different systems of land tenure. In this sense we are obliged to state our opinion that it is monistic to proceed with an analysis by means of the concept of the subsistence sector alone.

Since this point is not within his scope, there exists a pitfall in the capital-intensive methods which the author puts forward as a means of overcoming the tendency to diminishing returns in agriculture, a subject to which he attaches the greatest importance. This pitfall is not to be found in the capital-intensive methods themselves, but in his negative attitude towards the acceptance of the land reform as an prerequisite to the development of capital-intensive methods. Speaking from historical experience, the transformation of the mechanism of production and the human investment, in regard to which the author has criticized Rostow, cannot succeed without land reform.

(2) The author's scheme of "low productivity and low wages" halting of

technological development is correct. Nevertheless, some questions remain concerning the reasons for this. Why is it that immigrant labour in America and Australia gets high wages (p. 59), while labour which has moved to the backward countries gets low wages? Negro immigrant labour in America also got very low wages before the liberation of the slaves. The answer to all these questions is whether or not capitalist-employment relations have been established. Though one may tell the backward countries to go through the transition to a monetary economy, or tell their governments to adopt a high-wage policy, the policy-makers in these countries will have a very narrow range of choices so long as mechanisms in which capitalist employment relations do not apply exist in their countries (as in the case of foreign capital and the traditional systems of land tenure). The same can also be said of the dual structure of credit-provision in countries where usurious money-lending exists.

(3) It is very penetrating of the author to employ the price effect as one of the important theoretical items in his studies of the relation between foreign trade and domestic construction, but when we consider long-term development, there remain, as before, certain problems particularly for those countries who wish to adopt an independent economic system. New economic structure cannot always be established by lowering the cost of primary products as advocated by the author. (*Reiitsu Kojima*)