policies in relation to the countries on her periphery. In this section he teaches us much regarding actual relations. Nevertheless, as a whole, his account is not entirely free from the blemish of over-concentration on China's security concerns. For example, would it not have been right to take into consideration, as a background element in the 1958 Taiwan Straits crisis (which marked a turning-point in Chinese foreign policy) the international crisis over the "Iraq Revolution" which occurred immediately before it? Again, as regards Sino-Burmese relations, for example, the author appears not to have conceived of this matter in terms of the mutual relations between China's policy *vis-à-vis* Ne Win and her policy in relation to the Burmese Communist Party (White Flag), nor has he understood these two policies to be mutually contradictory. These may perhaps be unreasonable demands on the part of the reviewer, who is writing with knowledge of the effects of the Great Cultural Revolution in mind.

The basic conceptual tool employed by the author throughout the work is the notion of power politics. This is clearly evident in his final examination of the China policy of the United States. From this point of view the author evaluates America's policy of blockading China as basically sound and effective. However, even if we cannot express wholehearted agreement with the author's position in this matter, it is no mistake to say that the work is a superior study of China's foreign policies and one to which much labour has been devoted. But this makes it all the more regrettable that because of the time of writing the book covers the period up to the beginning of 1965 and not the subsequent years. As is well known, China became internationally "isolated" from mid-1965, while concurrently Lin Piao's slogan "Long Live the Victory of the People's War" was issued, after which the decisions to brand the Soviet Union as an "enemy" were taken. Further, in 1966 the Great Cultural Revolution was begun. Violent changes have taken place in the Chinese political situation within the space of little more than two years, causing a great change in foreign policy. Consequently, I feel that a new point of view is required in our studies of China's foreign policies. I think that in the main this will be reducible to the essential question of the form in which the two opposed and mutually contradictory policies within the Chinese Communist Party have manifested themselves in the sphere of foreign policy. Through such difficult studies we will no doubt be able to attain a clearer understanding of the nature of Chinese foreign policy. (*Katsuhiro Ōta*)

ALASDAIR I. MACBEAN, *Export Instability and Economic Development*, London, George Allen & Unwin, 1966, 364 pp.

Not a few scholars studying developing economies have held the view that, because of the specialization in the production of a few primary products and the substantial role played by these products both in total exports and in the gross national product, and because the price fluctuations of primary products are greater than those of industrial goods, the export proceeds of the developing countries are also subject to great fluctuations, which in turn brings about instability of their national income through fluctuations in producer income, exerting unfavourable influences upon the consumption, investment, employment, and price levels in these countries, thus making their economies unstable and disturbing their economic development. Such a view was often shared by the governments of the developing nations, who have been trying to smooth their fluctuating export earnings by making it their national policies to establish marketing boards, or by imposing export duties, and also by coming out with loud suggestions for such schemes of international compensation for export fluctuations as international commodity agreements.

Opposing this line of reasoning and the policies associated with it, Alasdair I. MacBean, in his *Export Instability and Economic Development*, has presented the striking results of his statistical analyses. According to him, the short-term fluctuations in the value of exports of developing countries, in the first place, are not as great as they are generally considered to be, when compared with those of developed countries. Adopting per capita national income as a rough indicator for ranking the developed and developing countries, an analysis for some 80 countries of the association between the per capita income and export instability shows a correlation coefficient of −0.23, barely significant at the .05 level of significance. If the average degree of short-run instability of the developing countries is compared with that of the developed nations, the mean index for forty-five underdeveloped countries comes to 23.1 with a standard deviation of 12.9, while that of eighteen developed countries is 23.1 with a standard deviation of 7.1. Therefore, though the export earnings of the developing countries certainly tend to be less stable than those of the developed countries, the tendency is weak. Yet it seems to be true that the developing countries on the average are beset with a higher degree of export instability than the developed nations.

This difference might be ascribed to two factors; first, that developing countries specialize in the export of primary commodities and, second, that the receipts from the export of primary products are inherently subject to greater short-term fluctuations than are receipts from the export of manufactured goods. The first assumption is obviously a realistic one, but the second, though nearly as realistic, is not so clear as the first. A recent IMF study seems to indicate that the fluctuations in all exports from the average primary-producing country have been greater by about 45% than those of the average industrial country. However, the method of the IMF study would of necessity involve an arbitrary choice in dividing countries of the world into primary goods exporting countries and industrial goods exporting countries. So the author undertakes to examine a cross-country correlation between the instability and the ratio of primary products (SITC 0, 1, 2 and 3) to total exports, which turns out to be very low. His commodity-wise analysis reveals that stability or instability does not depend on whether a country is specialized in primary products or in manufactured goods, but rather on the variability of demand and supply as well as the short-run responses of demand and supply to changes in prices.

The correlation between export instability and commodity concentration in exports is very weak, too. The correlation coefficients for association between export instability and geographic concentration of export destination are actually negative, and none is significant at the .05 level.

To what extent can the variation in the degree of export instability be explained by aggregation of these three variables? An examination of this by multiple-regression analysis shows that only the geographic concentration is strongly associated with the export instability—but in a way which is contrary to what might be expected *a priori.*

A comparison of the instability indices for total proceeds, prices, and quantities of exports from individual developing countries shows that quantities are more unstable than prices and that the instability of total proceeds has no positive correlation with that of prices. Since, while the correlation between proceeds and quantities is thus insignificant, that of proceeds with the instability index of the quantity of exports is quite significant, it is even likely that a stabilization of prices might result in greater instability of proceeds. This has already been pointed out by P. T. Bauer, F. W. Paish, P. Ady, etc., at the time when they analysed the function which was to be fulfilled by the Ghana Cocoa Marketing Board in the export of cocoa from that country. If the fluctuations in the export proceeds of developing countries are ascribable mainly to the quantity instability of goods exported from these countries, it should be necessary to look into the causes of the instability of export quantities. Be that as it may, it is implausible to look to the instability of prices as a major cause of the fluctuations in the quantity of exports.

These findings of the author are more or less contrary to the presentation of the average textbook, but if his data and measurement are not improper, we cannot but recognize the validity of the findings.

The common view that foreign trade is more important to poor nations than it is to the rich, too, may not be supported by empirical facts. An examination of the correlation between export instability and national income, prices or investment, for the purpose of analysing the short-run effects of export instability on the domestic economy, shows that none of the three has a correlation with the export instability, and that a correlation is observed only between the import and export fluctuations. According to the author, a major reason why the export instability does not exert a strong influence on the domestic economy is because many a developing country has a built-in stabilizer in its economy in the form of a high marginal propensity to import.

Also with respect to economic growth, the author draws the conclusion that the short-term instability of export earnings will not have any significant effect upon it.

Since reliable statistical data concerning developing countries are very scarce, it is in general difficult to conduct quantitative studies of the economies of these countries, with the exception of their foreign trade. Hence some scholars prefer to divide underdeveloped countries into any of a number of paired types, such as the over-populated versus under-populated, tropical colonies versus settlements, countries based on small-farmer production versus those based on mining or plantations and so forth, so as to select what might be considered typical of these respective types as objects of their studies. Other scholars, who do not plan to analyse the developing countries' economies as a whole, choose subjects more limited in scope, the dual economic structure, for example, and then select for their study some specific countries which are thought typical—of course, on the assumption that the dual economic structure is not exceptional, but were rather more or less common to all developing countries.

In any case, in selecting countries as an object of study, those scholars certainly have had little quantitative criteria based on a quantitative analysis of all the developing countries of the world, according to which such selections might have been made. Their selections were guided by what MacBean termed "an *a priori* reasoning," similarly, in proceeding with studies of individual developing countries, it should be difficult to carry out a quantitative analysis, inasmuch as developing countries are not societies as homogeneous as developed countries, to say nothing of the scarcity of relevant statistical data. And this would of necessity oblige the scholars concerned just to collect reports and information based on partial observations, with which to decorate their *a priori* reasoning. Therefore, there might be little room for refutation if it was pointed out that those almost universally accepted theories concerning developing countries were but combinations of *a priori* reasoning and casual empiricism.

The author's method, on the contrary, may well claim generality or universality, since it is based on statistical analyses. Those of his findings which have been presented in opposition to what was previously universally accepted are ones covering developing countries as a whole or the average developing country. Therefore, even if he says that export instability has little significant correlation with domestic variables, it does not preclude the possibility that, as far as certain individual countries are concerned, such a correlation may be quite high.

Even if, in average terms, export proceeds may be said to have little influence on domestic variables, they do in some countries. Since it is expected that the channels through which the effects of the export fluctuations are conveyed to domestic variables differ to a considerable extent by countries, it is necessary to study the economic structure of each country. So the author, selecting such countries (each with a peculiar structure of export economy) as Uganda, Tanganyika, Puerto Rico, Chile, and Pakistan, tries to find relationships which might be left in obscurity in country and brief time-series analyses. Since statistical data are of an *ex post* nature, it may well be surmised that the export fluctuations have had little effect on the domestic economy because of some government policies, because of the domestic financial system, or due to the policies of expatriate firms having a hand in exports, or, maybe, because of the consumption habits of the native population. The export fluctuations themselves are likely to be associated with the price elasticity of supply of domestic producers, harvests and prices of cash crops in a subsistence economy, etc. Any attempt to analyse these relationships, which is handicapped by the scarcity of data, might after all have little recourse but to that very same *a priori* reasoning and casual empiricism noted above. Moreover, some of the built-in stabilizers which have been useful in smoothing the fluctuations in export earnings are by nature likely to disappear as the economy grows. Those policies for stability currently pursued on a national level would also have to be examined in detail for each country.

MacBean's work will not only give valuable information as well as lessons to students of developing countries, but will furnish useful suggestions to those concerned with the current national and international measures for stabilizing exports from developing countries. To be sure, to understand the relationships among variables would no doubt require studies of individual underdeveloped countries. Yet, merely describing the situation in each of these countries would not in itself be a theoretical work. If it were to be a part of social science, the building of models through abstraction would be needed. In that case, how much meaning is to be found in an *average* of things might be open to question. From the MacBean book we have learnt that in the average underdeveloped country the correlation between export instability and domestic variables is low. Yet, it would not be legitimate to ignore the relations between the export fluctuations and domestic economy as holding little significance. Also, it would not be right to discard all research approaches in the past as being wrong and no longer useful. MacBean's study is confined to short-term fluctuations and does not touch upon the secular trends like the long-run deterioration in the terms of trade for developing countries which is now being hotly debated. Although the consequences of his analysis may suggest leaving the export fluctuations as they are, this does not mean that economic development can make headway automatically in developing countries, and MacBean himself must know this very well.

(*Katsu Yanaihara*)

STANLEY DIAMOND & FRED G. BURKE eds., *The Transformation of East Africa: Studies in Political Anthropology*, New York, Basic Books, Inc., 1966, xii+623 pp.

This voluminous work was prepared for the faculty-student seminar on problems of nation-building in East Africa by Syracuse University's Program of Eastern African Studies. It contains sixteen papers by different authors