established fact that a least-squares regression is an unbiased estimate of the dependent variable. For example, it gives unbiased estimates of expected prices associated with given, or assumed, values of marketings, consumer income, etc. Usually this is what the practical economist and statistician wants.

But these are minor differences of opinion. Shepherd’s fifth edition—like the previous four editions—is a good, well-written, interesting book on a difficult, but important, subject.

Frederick V. Waugh

Human Resources of Central America, Panama and Mexico, 1950–1980, in Relation to Some Aspects of Economic Development


The author states: “The major purpose of this study is to make a broad comparative survey of current and future trends in population, labor force and related socioeconomic conditions, as an aid to the programming of economic development in the countries of the region, and the implementation of Central American economic integration policy.”

The report consists of 6 chapters including text, 87 tables, 19 maps and figures plus a statistical appendix of 51 tables. The recent demographic situation is inventoried in terms of population density and composition and such items as social and cultural characteristics, education, and marital status. The distribution and growth rates of both rural and urban population are reviewed. The major determinants of future population trends, birth and death rates, are reviewed, and deficiencies in the basic data concerning these two factors are noted.

Low, medium, and high rates of population increase are assumed for projection purposes. For each rate, projections are made for each country by 5-year periods up to 1980, and are broken down by sex by age groups. Rural and urban projected populations are broken down by age groups but only for the medium rate.

Projections are made to give an indication of probable labor force under certain conditions. Country projections (medium rate) by 5-year intervals to 1980 are made of the economically active labor force by agricultural and nonagricultural activities by sex. The projected labor force (medium and high rates) is also classified by sex by age groups. The 1950 labor force is broken down by sex within industry groups. Labor force participation rates are given by age and sex for 1950 and 1980. Replacement rates and ratios are presented by provinces and departments to show the excess male labor supply in the 1950–60 decade and to point out the urgency for creating job opportunities in the present and following decades.

Using the “medium” assumption of population increase as a base, rates of growth in real national product required to maintain levels of living by 1980 are projected.

Future school age population is projected and the attending needs in the way of nutrition, recreation, housing, and health and educational facilities are mentioned.

The land requirements for a rapidly increasing farm labor supply are pointed out and attention is called to the fact that a large percentage of the present farmland is in relatively few hands. A brief reference to the land situation barely touches on one of the major problems of economic development, land reform. In addition to this problem many others related to economic development will come to the reader’s mind. The author has adhered closely to his stated objective and left related problems to the specialists and planners.

The author has accomplished a formidable task in bringing together demographic data for the area and presenting it in forms useful in economic planning. In common with many other types of data for underdeveloped countries, the basic demographic data have shortcomings, and these are acknowledged by the author. They detract from some of the analyses made, but the procedures demonstrated represent useful tools.

Granted that many of the projections are based on arbitrary assumptions, they do provide some valuable guidelines on future population trends. These may be used for points of departure by planners who may wish to refine and revise specific data for their own particular area of interest. They provide a valuable base which may be updated with 1960 census data and other material. Students and planners interested in Central America will find in this thought-provoking report both
profitable reading and a valuable reference. It should be useful for orientation purposes in an area that continues to experience a population explosion in a period when great efforts are being made to improve health, education, and economic opportunities.

James L. Paschal

The Alliance for Progress: Problems and Perspectives

Edited by John C. Drier. The Johns Hopkins Press, Baltimore. 146 pages. 1962. $3.95.

THE JOHNS HOPKINS School of Advanced International Studies sponsored a series of lectures on the Alliance for Progress in the spring of 1962. Five lectures were selected as essays for this publication to contribute to the success of the Alliance through enlightened public opinion and support.

Authors are Milton S. Eisenhower, Raúl Prebisch, José Figueres, Teodoro Moscoso, and Dean Rusk, who deal with historic roots, economic aspects, political goals, social change, and the context in world affairs of the Alliance, respectively. The text of the Charter of Punta del Este which established the Alliance is also included.

“Economic Aspects of the Alliance,” constituting about half of the essay material and of primary concern to economists, makes a case for planning. Industrialization is the key to economic development and must play two dynamic roles: Supply-needed goods the region cannot afford to import; and the absorption of excess manpower from agriculture and other sectors.

Past industrialization patterns were characterized by static monopolies and the failure to fulfill both roles; new and unguided industrialization efforts are likely to be characterized by the adoption of labor-saving technology of the developed countries and the failure to fulfill the manpower absorption role.

Associated problems are agricultural development, education and technical training, income redistribution and capital accumulation, and combining internal and external resources.

The solution is planning with the quantification of targets and resources, along with the necessary government intervention, to reduce existing monopolies and to guide new efforts to a balance between labor-saving and labor-absorbing investment.

The other four essays are concerned with facets of the Alliance related to its central purpose of increased economic growth to raise living standards. The Alliance is viewed as the positive result of a long evolutionary process. Development financing problems are held small, political problems almost unsurmountable. Needed is a sense of urgency for the most important common venture of the Hemisphere.

The publication measures up to objectives and should prove stimulating and useful to developed economists.

Charles R. Davenport

International Economic Instability—The Experience After World War II.


Concern over international economic instability is not new; it has been evident at least since the end of World War I. But the emergence of new nations with the attendant worldwide revolution of rising expectations has now forced countries to take steps, and rapidly, to remove as much of the instability as possible through stabilizing economic arrangements. Post-World War II institutions such as the International Monetary Fund and the International Bank for Reconstruction and Development are but two of many mechanisms which over the years have been developed to reduce instability. Today concern is directed primarily to those popularly called underdeveloped countries where extreme shifts of export earnings, often arising out of the proceeds of one or two commodities, cause volatile swings in the national income with serious unstabilizing effects. In International Economic Instability the author attempts to analyze the problems created by international economic instability. His approach is statistical.

The author has chosen export proceeds as the “primary dependent variable” in measuring international economic instability and, adopting the log variance method of measurement, develops for the years 1946-1958, indexes of instability for 83 countries based on the movement in export proceeds. This measure of instability is also used for several other variables which seem to bear on instability of export proceeds. The index meas