asures typical year-to-year relative changes corrected for trend influences. Removal of trend influences is necessary since they were so strong in the postwar period that without correction to remove, it would not have been possible to isolate the fluctuations important to the author's analysis. Annual figures are used, thus eliminating purely seasonal influences, the author properly recognizing, however, that annual data clearly understate the actual fluctuations.

Instability indexes are developed for all the major countries, both for exports and for imports. The author carries his analysis beyond the individual country to regional and political bloc groupings. Some mildly surprising results emerge. The instability resulting from swings in exports is not nearly so high for Latin America as is commonly assumed. Argentina is an exception with an instability index of 36.8 compared to Iran with the highest, 73.8, and to Switzerland with the lowest, 6.2. The United States has a relatively low index of 16.8, but because of the magnitude of its international trade relative to total trade of supplying countries makes a high contribution to instability.

Export instability tends to be greater in Asia and Africa than in other continents, although the range of dispersion within each continent is wide. As one might expect, imports are much more unstable in Asia, South America, and Africa than in Europe and North America. The median instability index for Asia (29.6) is twice as large as that for North America (14.5). Even to note the entire range of the author's analysis is beyond the scope of this review. One or two important generalizations can be made:

(1) There is a distinction between the incidence among countries of high instability of trade (exports, imports, or both) and the incidence of a high percentage share of world instability of trade, and (2) the United States is not as important a factor in international economic instability as is widely assumed.

Thus it seems obvious that it is one thing to take measures to reduce the instability of exports or imports, or both, of countries with high instability indexes, but it is something very much different to take measures to reduce the instability of world trade generally. The two characteristics do not show a high positive correlation among countries.

Almost the entire book is given over to the statistical analysis. This analysis is both rigorous and elegant, but not entirely satisfying, as too few of the important conclusions arise out of the analysis. The author recognizes this in his concluding chapter and admits that his empirical study of international economic instability provides few positive prescriptions for governmental or intergovernmental policy for reducing such instability. Statistical analysis is not needed to know that the stabilization of prices and quantities will stabilize proceeds. But the author's work does show that manipulation of some single, indirectly connected variable, i.e., other than price and quantity, is very unlikely to have much influence on export instability.

The author, in his service with the United States Department of State from 1945 to 1953 as an economic advisor, and in 1961-62 as Director, Foreign Economic Advisory Staff, Office of the Under Secretary, has dealt directly with the problem of international economic instability. He indicates his awareness of plans, now under consideration in international economic circles, for compensatory financing when the export proceeds of a country fall by more than a reasonable amount. His policies for dealing with international economic instability show a practical concern with and knowledge of the problem. Despite the interest of his statistical work, the tenuously related practical conclusions are probably his more satisfying contribution to an ultimate solution.

Warrick E. Elrod, Jr.

Factors Affecting the United States Balance of Payments


This volume of 24 papers by 20 authors is a timely exploratory analysis of the U.S. trade and balance of payments problem. The wide attention our balance of payments has received since 1958 is the result of record payments deficits. A loss of monetary gold reserves totaling $6 billion and a buildup of dollar assets abroad now totaling over $25 billion resulted. Even with the improved payments position in 1962, the
United States is still faced with the problem of considering domestic policies in terms of how they affect the external value of the dollar.

Balance of payments trends are analyzed in depth by Seymour E. Harris and Edward M. Bernstein. Capital movements and the Euro-money market’s significance to the U.S. payments position are discussed by Philip W. Bell and Oscar L. Altman, respectively. Walter Lederer’s paper explores some of the more difficult conceptual problems of the balance of payments. One problem is the definition of a surplus or deficit. The most useful definition, Mr. Lederer believes, is measuring the changes in our capability to defend the exchange value of the dollar. Because this defense is the responsibility of U.S. monetary authorities, measuring the change in our financial resources and the liquid claims against our assets is the most meaningful institutional measure of the Nation’s external liquidity position.

In his paper, Charles P. Kindleberger points out that U.S. trade policy is developing along lines previously adopted by France and Britain. This policy is one of exporting to protected markets through tied loans, shifting military procurement from low-cost sources abroad to high-cost firms at home, and using high-cost surplus farm commodities as part of our foreign aid. In terms of long-run U.S. economic growth, he suggests financing be furnished directly to less developed countries to buy goods in Europe and Japan; these countries would then buy other goods from the United States.

Robert E. Baldwin finds the United States in the position wherein no adjustment process for righting the payments problem appears politically acceptable. But like several other authors, he further suggests that in maintaining our “international economic viability” we should not only move toward freer trade but prepare to change our exchange rate. James E. Meade suggests that Western countries should make freer use of alterations in the rates of exchange between their national currencies under a reformed system for international payments. George N. Halm advocates the introduction of a system of flexible exchange rates because such a move would greatly reduce the need for high international reserves.

James C. Ingram believes the payments position could be strengthened through a closer degree of financial integration within the Atlantic Community. He sets out several prerequisites for attaining a closer integration of capital markets. These are rigidly fixed exchange rates, removal of all legal restrictions on international transactions, and taking steps to remove market imperfections which inhibit international capital transactions.

Fritz Machlup reviews past and present plans for the centralization of the world’s monetary reserves. George N. Halm’s review of the supranational bank issue includes an informative analysis of how the International Monetary Fund has gained strength in the international financial world through concluding special borrowing arrangements with the industrial countries.

Under Secretary Roosa has conveniently stated prior remedial proposals and in turn presents the objection to each. Dollar devaluation through increasing the price of gold would be a temporary expedient because this action would certainly be followed by similar actions on the part of other countries. A dollar guarantee on the other hand merely assures the rest of the world that devaluation will not occur, but such a guarantee would mean greater control of domestic policies by foreign interests. Lastly, the supranational bank, advocated to increase the world’s liquidity, would generate the “most high-powered” money ever created by a man-made institution; however, it would have no super government to insure the validation of claims among nations.

Part 2 of this volume should be of particular interest to those following developments in the Common Market. Lawrence B. Krause in analyzing the effects on U.S. agriculture concludes that prospects for agricultural exports are not encouraging, due to the Common Market’s move toward self-sufficiency for a wide range of crops and higher internal prices coupled with greater trade barriers to outside countries. In the aggregate, he estimates that the loss of agricultural export values might well reach 30 percent of current levels of U.S. agricultural trade with these countries.

This volume provides a penetrating analysis on the Nation’s payments difficulties. While many of the proposals made are not new, their inclusion and evaluation in one volume makes an extremely valuable reference book for those interested in the
U.S. trade and payments problem. The reviewer feels that this volume provides the general public and students of international trade and finance with the most provocative information of its type available.

McGehee H. Spears

**Rural Land Tenure in the United States**


LAND TENURE conditions in the United States and problems associated with them hardly stand still long enough in these days of rapid change to permit a portrait to be drawn. But, in *Rural Land Tenure in the United States*, Bertrand, Corry, and a group of 10 associates have made the needed effort. The authors were affiliated with the former Southwest Land Tenure Research Committee which sponsored the volume.

The work appears to be intended primarily as a text for students. A broad spectrum of topics in the field of tenure is presented. These range from the legal principles of leasing, through a review of present tenure patterns and trends, to a discussion of public policies affecting land tenure and the needs and techniques of tenure research.

As a means of “presenting tenure problems in their total social aspect,” each chapter has been written or reviewed by both economists and sociologists. An attempt has been made to introduce an integrative conceptual frame derived largely from sociology, but the success of this varies with so many authors being involved. As a result, the reviewer deems the book more valuable for the merit and information of its individual chapters than for any degree of uniqueness as an integrated whole.

In a summary chapter on tenure research needs the authors give a perceptive list of 21 areas and trends that currently are “being looked into or need looking into.” To the reviewer, a disappointment of the book is that many of the topics on this list are barely mentioned elsewhere in the work. For example, the list includes “tenure problems of minority groups.” However, there is only passing mention elsewhere of the exceptional tenancy status of Negro farmers, despite the body of census data available and the far reaching effect on the future of the Negro farmer that current tenure changes are having. The subjects “minority group” and “Negro” do not appear in the index.

Similarly, although the “impact of Federal action programs on tenure” is listed as a research need, the text gives only an unpointed history of production control and soil bank programs without presenting existing knowledge or thoughts about the effects of these programs on tenure.

Withal, *Rural Land Tenure in the United States* fills a need for many teachers and is a useful general reference. It should also be an encouraging reminder to other regional committees working on socioeconomic projects that it is possible to produce a monographic study from the oftentimes tedious process of the regional committee system.

Calvin L. Beale