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# Book Reviews

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## *The Stages of Economic Growth*

By W. W. Rostow. Cambridge University Press. 179 pages. 1960. \$1.45.

## *Theories of Economic Growth*

By Bert F. Hoselitz, Joseph J. Spengler, J. M. Letiche, Erskine McKinley, John Buttrick, and Henry J. Bruton. The Free Press of Glencoe, Ill. 344 pages. 1960. \$7.50.

## *Theories of Economic Growth and Development*

By Irma Adelman. Stanford University Press. 164 pages. 1961. \$5.

## *Economic Development: Analysis and Case Studies*

By Adamantios Pepelasis, Leon Mears, and Irma Adelman. Harper & Brothers, New York. 620 pages. 1961. \$8.50.

## *Economics for Development*

By Stephen Enke. Prentice-Hall, Inc., Englewood Cliffs, N.J. 616 pages. 1963. \$11.65.

## *Economic Development in Perspective*

By John Kenneth Galbraith. Harvard University Press, Cambridge, Mass. 76 pages. 1962. \$2.50.

THE FLOW OF BOOKS and articles on economic growth and development continues unabated. Only the complete specialist can pretend to keep abreast. The six books reviewed briefly here are but a small sample of the whole, though perhaps a fairly representative one.

The little book by Professor Rostow emerged from a series of lectures given at Cambridge University in 1958. It has been a bestseller since its publication in 1960. Some economists and historians find Rostow's "stages" unsatisfactory, either as an explanation of past developments or as an indication of future ones. Nevertheless, his analysis has the rare qualities of imagination and perspective. It is a "must" for all students of economic growth.

In their efforts to construct relevant contemporary theories of economic growth and development, economists have sought inspiration from earlier writers. The next two books exemplify this approach. The first, edited by Professor Hoselitz, grew out of a seminar held several years ago at Dartmouth College under the auspices of the Social Science Research Council. It consists of seven papers by six different authors. All are scholarly contributions. The first four will be of primary interest to those concerned with the history of economic thought. The subjects and authors are as follows: "Mercantilist and Physiocratic Growth Theory" by Joseph J. Spengler; "Adam Smith and David Ricardo on Economic Growth" by J. M. Letiche; "The Theory of Economic Growth in the English Classical School" by Erskine McKinley; and "John Stuart Mill on Economic Development" also by Spengler.

The last three papers are more relevant to contemporary theorizing. "Theories of Stages of Economic Growth" by Hoselitz is a critical review of the theories expounded by German economists in the 19th century. Although Hoselitz finds their efforts deficient in many important respects, he does believe that theories of economic stages can provide a useful methodological tool, particularly for the analysis of institutional forces on economic growth. His findings should be helpful to those who wish to appraise contemporary theories of economic stages or to construct their own.

In his paper "The Neoclassical Contribution," John Buttrick undertakes to record and evaluate that contribution. The core of his analysis is a mathematical autopsy designed to reveal the essential elements and interrelationships of the neoclassical growth model. He shows, for example, how the properties of stability and Pareto Optimality were built into the model, and how such growth-producing factors as population, technology, and changes in tastes were handled as exogenous variables whose influences would be smoothly incorporated into the economy over time. Buttrick does not see much prospect of contemporary economists doing a great deal better than the neoclassical

group in terms of constructing a general growth model capable of being tested. We must start with limited short-run models involving only a few variables, with the hope that in time it may be possible to combine a number of these limited models into a more general one.

The final paper by H. J. Bruton has the self-explanatory title of "Contemporary Theorizing on Economic Growth." This is a comprehensive and tightly packed survey. It is fairly difficult reading, and does not lend itself readily to summarization. It begins with an exposition of the Harrod-Domar short-run capital adjustment theory of growth. Bruton then expands this model to take account of problems that arise as the time period is lengthened. This involves consideration of structural changes in the economy; that is, changes in the parameters which govern its capacity-creating and income-generating mechanism. Next, attention is given to the longer run behavior of such specific factors as population, technological change, and entrepreneurial behavior. Although discussion of noneconomic or "sociocultural" factors is omitted, their influence is recognized and leads Bruton to the conclusion that "in a long-period analysis the distinction between 'economic' and 'noneconomic' factors loses significance, and it becomes necessary to acknowledge that economic growth must be seen as a special aspect of general social evolution, rather than as a process which can be factored out of the social system and studied in isolation. This suggests not only that more empirical and analytical inquiries are necessary, but possibly also that the tools and method of the economist must be altered if the problems are to yield."

In the other historically oriented book, Dr. Adelman examines the growth theories of Smith, Ricardo, Marx, and Schumpeter, and presents a modern neo-Keynesian model of her own. This is carried out via a mathematical schema in which the total output of the economy is regarded as a function of five variables: services of capital stock; rate of natural resource use; employment of the labor force; society's fund of applied knowledge; and the sociocultural milieu in which the economy operates.

By explaining the theories of her four economists in terms of these variables, Dr. Adelman achieves a real advance in terms of exposition and comparability. Some may think that she has

taken too much liberty with these economists in order to fit them into her framework, but this reviewer thinks she has clarified rather than distorted their basic ideas.

Mrs. Adelman's own model is a sophisticated one in which the labor force is linked to population, population to the real wage rate, and the wage rate to the capital-labor ratio, which in turn "depends partially upon the nature of the equilibrium between savings and investment, and partially on the technical character of production." With respect to the production function, she explores long-run equilibrium conditions under conditions of constant, increasing, and decreasing returns. Finally, the influence of continuing technological progress on an economy characterized by decreasing returns is examined.

There is a considerable degree of similarity between the Adelman model and the one presented by Professor Bruton. A direct comparison of the two would be a profitable exercise for anyone trying to formulate a general growth model.

In conclusion, Mrs. Adelman makes a number of useful observations with respect to growth policies for underdeveloped areas, particularly the difficulty of stimulating growth when the relationships among the growth-producing variables are largely endogenous, and the importance of Government agencies in planning and initiating economic development. Though this book is built on a mathematical framework, most of the important considerations and conclusions are well summarized, so that it is not necessary to struggle with all the equations in order to benefit from the analysis. Mrs. Adelman's book runs less than 150 pages and provides an introduction to the whole theory of economic growth and development that is not only succinct, but of very high quality.

The next book, *Economic Development: Analysis and Case Studies*, combines an elementary text on the determinants of economic development with 12 case studies covering such diverse economies as Uganda, Chile, India, Turkey, and New Zealand. These studies account for over two-thirds of the volume. The text portion was written by Professors Pepelasis and Mears who also contributed two of the case studies. Ten individual authors, including such well-known economists as Robert Edminster and J. B. Conliffe, prepared the others. Professor Adelman, author of the book reviewed above, served as editor of the entire volume.



The venture as a whole does not strike this reviewer as being a particularly successful one. For a systematic treatment of the factors responsible for economic development, such standard texts as those by Higgins and by Meier and Baldwin seem superior. The case studies exhibit a wide degree of variability with respect to scope and content, though doubtless instructors and others interested in particular countries will find some of them very useful.

Professor Enke, well known for his writings in theory and international trade, has produced a comprehensive work on economic development designed as a one-semester text for the "intelligent reader who has had a really sound introductory course in economic theory, and thoroughly understands its content."

The book is dedicated to several broad propositions. Western countries are failing to achieve their goals of economic progress in the underdeveloped areas because they are trying to *buy* development through financial assistance. Officials who make economic policy (in both the giving and receiving countries) must learn more about economic principles and must apply them in the development process, else we will continue to fail, and will fall further behind our adversaries in the cold war. In applying these principles, stress must be laid on the vital connection between economic growth and personal freedom.

There are 28 chapters altogether, plus an appendix on industrialization through greater productivity in agriculture, another on certain aspects of India's third 5-year plan, and an extensive bibliography. Altogether these run the book to nearly 600 pages. The chapters are organized under six broad headings: (1) environment for development, (2) innovations and development, (3) accumulation and use of capital, (4) labor and development, (5) development through trade, and (6) prospects for development.

Most of the materials presented by Professor Enke fall within the conventional bounds of economics, but this is not true of his treatment of labor and development, where he has chapters on birth control, education, and public health. Like Professor Bruton, he believes that the economist cannot go it alone in the field of economic development. "He must work with agricultural and industrial experts and—above all—with political scientists and social anthropologists. The most useful people in the area of economic development

are moral philosophers with youthful idealism."

Virtually every topic relating to economic development gets some attention. There is a presentation of Harrod-Domar-type models and a critique of Rostow's "stages." There are discussions of agricultural versus industrial expansion; the role of taxation and banking systems; the relation of international trade and capital movements to development; and a review of U.S. economic aid and military assistance programs. The final chapter contains a sobering appraisal of development prospects, as well as reaffirmation of Enke's belief in the indivisibility of economic and political freedom and the need for making it the cornerstone of the development policies of the Western nations.

This book should prove very satisfactory as a text, especially where the need is to combine comprehensiveness with a solid body of theory. It should also be useful as a general reference for teachers, researchers, and policymakers. It is hard to think of anyone in these categories who will not find new and stimulating material in many of Enke's chapters. The needs and interests of individuals will vary, but this reviewer found the chapters on international trade and capital movements especially helpful.

J. K. Galbraith's slim volume grew out of lectures given at five university centers in India while he was U.S. Ambassador to that country. They are addressed to an educated but unspecialized audience, and stress in simple terms the critical importance of effective government, education, and social justice as prerequisites to economic progress in many of the underdeveloped countries. There is also a lecture on the nature of planning and one in praise of the corporation as an instrument of economic development, which may surprise some of the critics of *The Affluent Society*. Galbraith writes in his usual felicitous style, and may well have more influence on policymakers and planners in some underdeveloped areas than the authors of more pretentious tracts.

J. P. Cavin

### *Scarcity and Growth*

By Harold J. Barnett and Chandler Morse. Johns Hopkins Press, Baltimore. 288 pages. 1963. \$5.50.

**I**F ANY BOOK can give our "dismal" science of economics a brighter look, it is this one. Students of development economics will recognize its pathbreaking nature at once. Quite apart