

quired reading for any Ph.D. candidate planning to conduct an industry study in Latin America.

In another selection Solon Barraclough and Arthur Domike summarize and compare the major findings resulting from the detailed studies of agrarian structure carried out in Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala, and Peru by the Inter-American Committee for Agricultural Development. The volume concludes with an exchange of three articles on the problems of evaluating economic performance in Latin America, two by Keith Griffin and, one by Leland Johnson.

The Nisbet reader will undoubtedly be welcomed by those teaching advanced undergraduate and graduate courses on the economic development of Latin America. A need for a reader has existed and this volume admirably meets that need. This volume should also appeal to the noneconomist who is interested in sampling a cross-section of opinion on Latin American economic development.

McGill University

MYRON FRANKMAN

Latin America: Underdevelopment or Revolution. Essays on the Development of Underdevelopment and the Immediate Enemy. By ANDRE GUNDER FRANK. New York, 1970. Monthly Review Press. Notes. Pp. \$8.50.

Latin America: Underdevelopment or Revolution is a collection of essays by political economist Andre Gunder Frank, written primarily for the *Monthly Review* and other (although not exclusively) left-wing journals. While it is a dreary and exceedingly repetitive book, it does make a point. North American writers (and some Latin Americans as well) are so anxious to emphasize political and economic development, democratic reform, and the growth of the middle sectors that they minimize the impediments to both development and reform which are implicit in the structure of the international system.

Much of the overall thesis of the book is summed up in Chapter 23, "Destroy Capitalism, Not Feudalism." In it the author argues that Latin America's socio-economic structure, rather than being feudal, is more accurately understood as constituting the underdeveloped sector of the exploitative capitalist world system, in which physical force, capital, and commerce are monopolized by the developed countries. "Power, like everything else in the 'provincial' rural sectors," he states, "is intimately related to urban and inter-

national capitalist society through the economic (above all commercial), political (above all parliamentary backed by force), and social relations that link them to each other. Surpluses, agricultural and otherwise, are the result not of efficiency in production but . . . along with the exploitation and the profits associated with them, are the product of the monopolization of the foregoing relations" (p. 355). This "imperialist" system is seen further in the fact that although postwar governments found their balance of payments problems intensified, they continued to make "concessions to imperialism, not only in mining and utilities, but also in the consumer goods and service industries catering mainly to the higher income recipients" (p. 356). The worsening underdevelopment of Latin America and its dependence upon the United States were hidden, Frank contends, by the increased production of consumer goods for the middle classes.

One of the more interesting sections of the book is the author's treatment of North American economic policy in Latin America. With thin documentation he declares that the outflow of capital from Latin America is substantially greater than the combined amount of private investment and foreign aid. Then he shows how the very process of investment tends to retard a country's development. It seems that in Brazil, for example, North American businesses often obtain a good deal of their capital from Latin American banks or from U.S. banks with Brazilian deposits, invest these funds in export, processing, and service industries ("Coca-colonization, in a word"), and either remit the profits to the United States or use the proceeds to buy into existing Brazilian businesses. Furthermore, Brazilian "expropriation" proposals offer American investors government aid in transferring their capital from less profitable enterprises into much more remunerative industries. Thus, Frank states, "American capital, with financial and technical advantages due to its inter-national connections and with additional special privileges granted by the Brazilian government 'to attract foreign capital,' progressively denationalizes Brazilian industry, misdirects Brazilian investment, integrates the weaker Brazilian economy increasingly with the stronger American one, . . . and thereby adds further to Brazil's balance-of-payments difficulties" (p. 152).

Latin America: Underdevelopment or Revolution is not recommended for those who wish a well-researched book on the political economy of Latin America or who tire quickly of Marxist rhetoric. However, it does contain ideas—in particular an alternative framework within which to view contemporary reality. For those of us

who have become habituated to looking at the region in essentially liberal democratic terms, it is a useful corrective.

Tulane University

ROLAND H. EBEL

Food Supply and Inflation in Latin America. By MATTHEW EDEL. New York, 1969. Frederick A. Praeger. Praeger Special Studies in International Economics and Development. Tables. Figures. Notes. Appendix. Bibliography. Pp. xii, 214. \$12.50.

For Latin American "structuralists," the main "source" of inflation in Latin America is shifting and increasing demands coupled with substantial supply rigidities. One group lays particular stress on the role of agricultural "bottlenecks" and their effects on food prices, wages, the exchange rate, etc. The bottlenecks, in turn, are produced in archaic, agrarian institutions and highly skewed land distribution patterns. The remedy, then, is land reform.

How much is there to this hypothesis? A good deal, says Matthew Edel, after extensive, empirical examination. One could feel more confident in his conclusions, had his analysis been more careful and rigorous. His data on relative food prices and rates of demand and supply growth clearly show the "adequacy" of agricultural development in some countries (Brazil, Mexico, and Venezuela) and its inadequacy in others (Argentina, Chile, Colombia, Peru, and Uruguay). However, his food demand and supply functions are questionable. He uses the exogenous variable, quantity consumed, as the dependent variable in the demand functions. This procedure introduces statistical inconsistency. The supply functions are basically short-run and cannot greatly clarify the response of agriculture to persistent rises in demand.

The most important but weakest link in the analysis concerns the effects of food price increases on the general price level. Did relative price changes merely *accompany* inflation? Did they "cause" inflation, and if so, to what degree? Or did rises in relative food prices result from harmful feedbacks to agriculture, e.g., a reduction during the inflationary process of funds available for investment in farming? This is rough terrain. While a fairly complex model is indicated here, Edel falls back on *ad hoc* casual empiricism like that of the ECLA *Survey*. This is insufficient to establish the causal links posited by the structuralists. A couple of slips are especially irritating. The Brazilian currency is not the *peso* (p. 78), and the increase of coffee