

Botswana which is U.A. one million with a voting power of 1.44%. Libya is an African country and it is hoped that 'African character' will not receive a setback if the upper limit to subscription is enhanced.

If the ADB has to run on modern banking principles, then it has to have a competent and well-trained staff. It was really astonishing to note that the Bank had to make provisions for such skills as simple typing to run a multi-national African Bank. What is suggested in this connection is that the Bank should recast its 'hard line' on staffing matters and if possible make room for non-African personnel in fields in which qualified African nationals are not available.

The author is rightly critical that in spite of the mandatory requirement that the Bank shall "contribute to the social progress", it has failed to finance projects with "social content", during the first decade of its existence.

One important inference that a reader can draw by going through the record of subscriptions and the arrears is that only in the last few years of the decade have the members realised the significance and the pivotal role that the Bank can play in mobilizing resources.

The author has deviated from the usual practices while describing the first decade of the ADB. He has not tried to eulogise the Bank's achievements but has been honest in pinpointing the shortcomings and has offered criticism wherever it appeared justifiable. *Development Financing under Constraints* is a good contribution in the field of monetary economics and students, scholars and policy makers will find it a very useful publication.

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*The Transition in Open Dualistic Economies.* By Douglas Paauw and John Fei. New Haven: Yale University Press. 1973. 306 pp. Price \$ 12.50

This book is concerned with a special type of less developed countries having open dualistic economies. It deals with transition growth, the postwar era of 1950—1970, which is a relatively short period, sandwiched between the two long epochs of colonial growth and modern economic growth.

The hallmark of the colonial epoch is the imposition of foreign political control on the agrarian economy of the colony to result in a heavy reliance upon primary product exports. The non-agricultural sector and the commercialized agricultural sector form an enclave which is "involved in a triangular pattern of resource utilization with the foreign sector." The economic goal of colonialism is to extract from the colony the maximum export surplus. This feature of colonial growth is vital to the examination of the transition growth process because the subsequent experience of the colony after political independence depends on how these export profits are employed.

The main point of the book is that the use of export profits to alter the economic structure differs among countries, and the authors identify two types of experience. The first is economic nationalism, under which the trade-related profits are utilized for a thorough change in the production and trade patterns. The second is neocolonialism in which, by contrast, the trade-related profits are employed to strengthen and perpetuate the colonial pattern of growth. Taiwan and the Philippines are cited as examples of economic nationalist transition growth while Malaysia and Thailand are examples of the neocolonial pattern of growth.

What determines the choice between these two types of experience? A host of economic and political reasons are suggested. In general, if a country has a favourable land-labour ratio and is rich in natural resources, it will follow the reliance on the primary goods export, will exercise liberal trade policies and will adopt a policy of export promotion. This is the scenario for neocolonialism. On the other hand, if a country is relatively resource-poor, it will be constrained to rely primarily on import-substitution growth, it will follow protective trade policies and will utilize its whole arsenal of policy instruments (such as exchange rate policy, price inflation, tariff policy and other ancillary policies) to alter the colonial structure. Politically, the main feature of countries following the neocolonial pattern is the multi-racial nature of the society. In each of these countries, there are two rival groups: the indigenous people (e.g. Malays in Malaysia and Thais in Thailand) who represent agrarian interests and control the political power structure; and the other group, consisting of "alien" minorities like Chinese and Indian as well as former Western colonialists, who are dominant in the fields of industry and commerce. Since the indigenous group controls the government, agricultural interests are carefully guarded. By contrast, countries preferring the experience of economic nationalism have governments which are primarily dominated by the industrial class. Import substitution is adopted because it favours the indigenous industrial entrepreneurs at the expense of local primary product export producers, and this is why, according to the authors, Taiwan and the Philippines opted for economic nationalism.

While this publication of the Economic Growth Centre, Yale University, is an important contribution to our understanding of the labour-surplus, dualistic economies of Southeast Asia, it suffers, in my opinion, from some minor drawbacks. First, it does not use the statistical data (and there are some very useful data in the Statistical Appendix, some of them collected over a period of 5 to 6 years) very effectively. The empirical analysis is altogether too casual and sometimes (as in Chapter V) rather unconvincing. Secondly, most of the diagrams are so complicated that they confuse rather than clarify. Many of the diagrams are unnecessary and the reader is advised to ignore the more ferocious-looking ones. These shortcomings are, however, compensated for by the tremendous amount of useful economic and institutional information contained in the book.