"diplomacy of the dollar." The years 1919-32 are thus a "first era" of a new, good policy, as contrasted with the old, bad policy.

It is hard to follow this interpretation. In many respects, the "diplomacy of the dollar" in Latin America (1919-32) very strikingly resembles the "dollar diplomacy" of 1908-12, in aim and in operation. A leading feature of Taft's "dollar diplomacy" was his support of the first Consortium, which aimed at control of China. In the period of Feis' "diplomacy of the dollar," from 1919 on into the 1920's, the State Department supported a second Consortium, with quite similar aims. (This, oddly, Feis does not mention.) Hughes' Middle-East diplomacy of the 1920's clearly suggests 1908-12 tactics.

For that matter, how can 1919-32 be called the "first era" in light of the vital decisions made by the government in the financial diplomacy field in the neutrality years of private lending to the Allies (1914-17) and the subsequent period of government lending (1917-19)? Are these years of odious "dollar diplomacy" or years of enlightened "diplomacy of the dollar?" Would it not be better to avoid Feis's "that-was-bad" and "this-is-good" classification? One could say, then, that finance has profoundly affected the diplomacy of the United States for the past half-century, just as trade, ideas and strategic factors have. One could add that, from 1900 on, the financial diplomacy of the United States has sometimes been wise and sometimes unwise, sometimes effective and sometimes ineffective.

In *The Diplomacy of the Dollar: First Era*, Feis has shown that the State Department was sometimes wise and effective between 1919 and 1932. But most scholars are likely to conclude that, all things considered, the finance diplomacy of the United States in that period was generally both unwise and ineffective.

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The Basis of a Development Program for Colombia: Report of a Mission headed by Lauchlin Currie and sponsored by the International Bank for Reconstruction and Development in collaboration with the Government of Colombia. (Washington: International Bank for Reconstruction and Development, 1950. Pp. xxxviii, 642. Maps, appendixes, index, separate summary. $5.00.)

In 1949 the International Bank for Reconstruction and Development organized a mission to study the economy of Colombia, with the aim of preparing a comprehensive, integrated program of development for that nation. Headed by Lauchlin Currie, a well-known American economist who formerly held important posts in the United States government, the work of the mission went on for nearly a year. Some four months were devoted to field study and first-hand investigation in Colombia by the fifteen specialists who made up the staff of the mission. While in Colombia these experts were assisted by a group of advisers representing the Banco de la República (the central bank of Colombia), and a number of departments of the Colombian government. With such personnel resources, and with a budget that must have run into substantial figures, the mission was able to assemble and analyze material on many specific development projects, as well as basic data on the structure and functioning of the Colombian economy.

The report was directed to the government of Colombia for information and guidance in shaping a development program. It is not clear why the International Bank decided to make the report generally available in published form, but apparently it was regarded as a model study, and thus a useful document for other underdeveloped countries besides Colombia.

It is, indeed, a model study in many ways—especially from what might be called the technical point of view. The survey was carried out by a highly competent staff, and the work of the several specialists was skillfully brought together in a program designed to bring about simultaneous improvements throughout the Colombian economy. Within the limits of the problem defined for the mission, they knew the important questions to ask, and they showed ingenuity in making use of imperfect and fragmentary statistical material to arrive at working estimates of the magnitudes they had to deal with—such as, national income, capital formation, monetary expansion, and so on. Similar statistical difficulties, of course, are typical of underdeveloped countries in all parts of the world.

The problem set for the mission was to draw up a short-run program of economic development for Colombia—that is, one which could be carried out during the five-year period 1951-1955. More specifically, they worked out the details of a five-year investment program designed to raise productivity in the several branches of the Colombian economy without causing inflation. In other words, the program, amounting to about one billion *pesos* per year, is to be financed out of voluntary savings plus a reasonable net inflow of capital. The investment estimates are broken down in two ways: (1) by branches of the economy, such as agriculture, industry, transportation, mining, construction, housing, power, and municipal facilities; and (2) by private and public investment. The steps by which the estimates are arrived at are set forth in detail.

The mission's five-year investment proposal is visualized as a means of giving a new boost to economic development in Colombia. The report properly emphasizes the interrelations among factors promoting development, and the cumulative nature of the developmental process as a whole. Thus, it is held that the investment program suggested, plus minor reforms here and there, will initiate a self-sustaining process of rising productivity and rising standards of living for the Colombian people.

The five-year perspective adopted by the mission made it unnecessary to come to grips with long-run questions of economic, political, and social reform—the kinds of questions, it might be added, that are most delicate and difficult for an official outside agency to write about for public consumption. Such questions are not ignored entirely. They are suggested, and often discussed at some length, but at best they are treated as problems which are collateral to the mission's field of study and recommendations.

Perhaps the best illustration of this feature of the report is found in the treatment of land tenure (pp. 383-387). To cope with the problem of uneconomic use of large holdings, a condition found on some of the richest valley and savannah lands, the mission recommends a graduated tax program designed to penalize poor use. The aim of this special tax would be to induce owners to employ their lands more efficiently or else to dispose of them. However, the authors grant that the lands thus forced onto the market would usually be beyond the means of most rural people. "To satisfy their desire for more land," the report goes on, "and to achieve the economic and social benefits of ownership of land by those who cultivate it, this proposal needs to be supplemented by other measures." Save for a brief mention of an admittedly inadequate government land-purchase program, however, the other measures are not discussed, and the whole subject is practically dropped at that point. If it is reasonable for the writers to do this, in view of the five-year focus of the report, it is also reasonable to suggest that in the long run Colombia will have to examine its land-tenure problems from a broader and more comprehensive point of view.

The publication of reports such as this one on Colombia raises an interesting question about the role of the individual academic investigator in analyzing the problems of underdeveloped areas. Obviously, he cannot do a study like that which can be turned out by a well-financed staff working under the auspices of one of the international agencies. On the other hand, his lack of official connection makes him a freer agent, and he has greater latitude to study and write about the fundamental institutional conditions affecting economic development in an underdeveloped country. The individual scholar should, therefore, be encouraged to turn more to study of that kind, making use of his knowledge of history to give an evaluation of the tenacity of basic economic, social, and political institutions in a given countyr. By tying such an evaluation to the analysis of contemporary developmental problems he can render a valuable service not likely to be performed by the staff of any official agency.

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The Customs Union Issue. By JACOB VINER. (New York: Carnegie Endowment for International Peace, 1950. Pp. viii, 221. Index. $2.50.)

Professor Viner has turned out a very useful little reference book dealing comprehensively with a topic of considerable current interest. In 139 pages of text, all of the significant aspects of the customs union are covered: its relation to the most-favored-nation principle, the political questions it raises, the special problems arising in connection with the Havana Charter, and the economic issues involved in customs unions. Each topic is well documented with references to the concrete experience of past customs unions. Following the text is a useful "List of Conventions, Decrees, Etc., Concerning Customs Unions," together with an extensive bibliography.

Perhaps the most interesting chapters are those dealing with the economics of customs unions (IV) and with the prospects for their adoption (VII). Professor Viner skillfully demonstrates how and why the customs union has become entangled in the free-trade-protection issue, thereby contributing greatly to the clarification of this particular problem. In brief, he shows that free traders may espouse customs unions because they focus attention on one possible outcome of such a union: a shift by one member of a union from supplies furnished by a high-cost domestic industry to a lower-cost source in another member of the union. But it is equally possible that a member may, as a consequence of union, shift its imports from a low-cost source in a third country to a higher-cost source in a member country. This will be the case if the common tariff after union effectively protects high-cost suppliers inside the union. Protectionists who favor customs unions generally have this trade-diverting effect in mind, rather than the trade-creating effect which occupies the attention of the free-trader.

Closely related to the presumed gains from increased trade is another gain which has been urged (by free-trader and protectionist alike) in favor of customs unions. This is the economies from enlarged production which are supposed to ensue with the removal of the tariff between