

and through modification of both its organic law and statutes. Simultaneously she urges reduction of the autonomy of the I.M.S.S. in determining its own investment policy, which she feels should be more closely aligned with the objectives of national economic planning. The conclusions and recommendations are frequently not linked analytically with the descriptive material presented, but seem rather to be based on Mrs. Araujo's twelve-year experience as a technical advisor to the I.M.S.S.

An interesting observation of the study, which warrants further detailed analysis, is that there is an inequitable redistribution of income from the tax paying, poor majority to the urban, insured minority. This occurs as a consequence of the contribution of the Mexican government to the support of the programs of the I.M.S.S (p. 111). (In 1963 less than one-sixth of the Mexican population was covered by the programs of the I.M.S.S.)

This book is most likely to be of value to those interested in the organization of social welfare programs in Latin America. Certainly for anyone desiring to study the Mexican programs this book is an indispensable starting point. Mrs. Araujo has not only painstakingly assembled key statistics on the I.M.S.S. for the use of future researchers, but she has also outlined a number of issues on which additional research is desirable.

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The Financial Sector and Economic Development. The Mexican Case.

By ROBERT L. BENNETT. Baltimore, 1965. Johns Hopkins Press. Tables. Appendix. Bibliography. Index. Pp. xiii, 210. \$6.95.

Students of recent Latin American history may find Bennett's study useful in understanding certain aspects of Mexico's impressive economic growth since World War II. In essence he applies the Gurley-Shaw theory of finance to an imposing array of statistical evidence (seventeen tables in the text and thirty-three more in the appendix) for the years, 1945-1959. The author believes that Mexico's bold and imaginative use of the financial sector has helped to bring about the far-reaching structural changes which have transformed "a relatively stagnant agricultural economy to one of rapid and self-sustaining economic development" (p. 5).

Bennett's initial chapter ("Financial Intermediary Activities and Economic Development") can best be appreciated by readers familiar with economic theory and econometrics. No mention is made of Mexico until the closing paragraphs. The preceding thirty-two pages discuss

the theories of John G. Gurley and Edward S. Shaw—especially their joint work, *Money in a Theory of Finance* (Washington, 1960)—and relevant contributions to the field by other economists.

Chapter II (“The Mexican Financial Sector and Its Control”) surveys the evolution of financial institutions since the Revolution of 1910; then it describes private and government financial intermediaries. Two sections dealing with federal control of financial intermediaries explain how “the entire Mexican financial sector can be made responsive to the financial needs of Mexico’s economic development program” (p. 59). The third chapter (“Financial Intermediary Sources and the Use of Funds 1945-1959”) offers evidence that, through intelligent use of such control, the government has succeeded “in minimizing inflationary pressures while promoting developmental investment” (p. 92).

Again, economists rather than practitioners of other disciplines will derive the most from Chapter IV (“A Comparison of the Financial Sector with the Nonfinancial Sectors”), since it deals in a somewhat technical manner with the flow of funds in various sectors of the Mexican economy. Parts of Chapter V (“Financial Intermediaries and Economic Development in Mexico”) are less specialized. Government financial intermediaries, which usually considered social costs and benefits before market prices and interest rates, were able “to act as the source of financing for new firms, for investment in social overhead capital, and for investments in basic industries—in short, for risky and privately unprofitable projects” (p. 117).

Bennett observes in his sixth and final chapter (“Conclusions”) that “in Mexico the government and government-owned financial intermediaries were apparently the financial innovators; the other sectors acted more as followers in this respect” (p. 136). Why? One might logically inquire as to what finally lured capital from the private sector and abroad into long-term innovation financing. Was it greater confidence in the Mexican peso after the devaluations of 1948-1949 and 1954? Was it a generally more favorable climate for foreign investments, the government’s improved international credit rating, the apparent stability of Mexico’s political institutions, or some other combination of elements present in the postwar period? Indeed, this is one of the book’s chief drawbacks for most readers. The scope is so limited, and the approach so minutely descriptive, as almost to preclude analysis or even mention of underlying causal relationships.

According to the author the trend to heavy commitments of funds by the private sector and foreign capitalists to long-term innovation

financing has had most beneficial results for the Mexican economy. He considers it "a primary determinant of Mexico's success during this period in maintaining a 2 percent per year increase in the level of per capita output while restraining the rate of inflation to slightly under 10 percent per year" (p. 126).

Whether, as Bennett seems to imply, other Latin American countries can profit from "a theory of finance which fits the Mexican experience" and "follow Mexico's example" (p. 1) is open to dispute. Some developing nations may profit from studying the Mexican experience, but to suggest that they might trace the same path overlooks a unique set of circumstances. For example, in their struggle toward self-sustained economic growth, how many Latin American republics enjoy an advantage such as Mexico's special relationship to the U. S. economy, which furnishes more than half a billion dollars annually from tourism? It is misleading to generalize from Mexican evolution, an error frequently made in singling out Puerto Rico as a model for Latin American development.

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La educación en México (. . .-1965). By JOSÉ BRAVO UGARTE. México, 1966. Editorial Jus. Index. Pp. 201. Paper. \$20.00 (Mex.).

México y su revolución educativa. 2 vols. By ISIDRO CASTILLO. México, 1965-1966. Editorial Pax-México for the Academia Mexicana de la Educación. Notes. Pp. 461, 213. Paper. \$65.00 (Mex.).

The titles listed above deal with a common subject from widely different points of view. José Bravo Ugarte's small volume packs considerable information into limited space. A brief introduction delineates the main periods in the history of education and shows their relationship to the chief epochs in Mexican education. The latter he classifies as: traditional indigenous before 1521; humanistic, Christian dogmatic-moral 1521-1867; methodological and very diversified since 1867.

Each of these three periods is treated in a separate chapter. To cover several hundred years of educational development in 185 pages is an ambitious undertaking, forcing the author to be sketchy and catalogic in his recital of events. Fortunately each chapter is followed by an extensive bibliography from which the reader may fill in the details.

As an able exponent of the clerical point of view the author is particularly critical of many of the restrictive measures imposed by