Venezuela—a doubtful conclusion for which no evidence is supplied. With respect to his thesis of expanding militarism, the experience of the past half decade is to the contrary. The power and credibility of the military regimes in Argentina and Uruguay appear to be waning. A combination of ineptness and corruption brought the military regimes to an end in Ecuador in 1979 and Peru in 1980. Nicaragua rid itself of a military dictatorship in 1979 and El Salvador finally got a civilian government in 1982. In fact, nowhere in Latin America has military rule been expanded since 1976.

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*Export Diversification and the New Protectionism: The Experiences of Latin America.* Edited by WERNER BAER and MALCOLM GILLIS. Champaign: National Bureau of Economic Research and The Bureau of Economic and Business Research, University of Illinois, 1981. Tables. Notes. Charts. Pp. 301. Paper.

This volume contains papers and comments presented in March 1980 at a conference in São Paulo on trade relations between Latin America and advanced industrial countries. A preface by the editors provides a cogent interpretation of the themes of the conference and précis of the papers, which were also published as an issue of the *Quarterly Review of Economics and Business* (1981, number 2). There is neither an index nor a bibliography.

Just as a number of Latin American governments were turning from substitution of imports to promotion of exports, the oil shocks of the 1970s made securing larger flows of foreign exchange both more crucial and more difficult. These shocks and their repercussions are a theme pervading several of these papers, most explicitly those by Bela Balassa and Abel Beltrán del Río. Comparing Brazil, Mexico, and Uruguay, Balassa attributes the relatively rapid growth of GNP per capita in Uruguay from 1976 through 1979 to economic liberalization begun in 1974, in reaction to the first oil-price increase. This reaction included decontrol of domestic prices, elimination of import quotas, and real depreciation of the peso. Brazil, in contrast, turned to further substitution of imports, while Mexico, not a heavy importer of energy even in 1974, experienced an internal shock from Echeverría's increase in public expenditures. The resulting inflation and weakness of the peso were not cured by the beginning of the oil boom in Mexico in 1978 and 1979. In fact, the analysis by Beltrán del Río of the Mexico oil syndrome, while optimistic on balance, emphasizes oil-derived structural imbalances that have resulted in Mexico's replacing Brazil as the LDC with the largest external debt and in the devaluation of the peso in early 1982, two years after his essay was written.

In pressing the case for liberalization, Balassa's article is joined by one by Gustav Ranis, who credits greater reliance on market mechanisms with much of the success of the East Asian "superexporters" (Korea, Taiwan, Singapore, and Hong Kong). Hollis Chenery, in a comment, questions the relevance of the East Asian example. Chenery thinks that comparisons with Mediterranean countries, which share much of the culture of Latin America, would be more fruitful.

Several of the authors are more doubtful than Balassa and Ranis about the gains from liberalization. Eliana Cardoso works out a Keynesian model of trade with sticky wages for unskilled labor in the short run. From her assumptions she concludes that devaluation leads to a reduction in the relative wages of unskilled workers and then to inflation as these workers restore their position. From his observation of Peru, Adolfo Figueroa proposes that the tendency of rich urban dwellers to import food has kept rural workers poor so that they serve "as the present historical form of the 'reserve army'" (p. 96), but fails to note that a similar explanation in vogue twenty years ago of a tendency toward increasing concentration of income turned out to be inconsistent with budget surveys.

Raymond Vernon, in an informed speculation about how state-owned enterprises in Latin America will fare in export competition, suggests that they may have trouble mastering quality-control and may be less flexible than privately owned multinationals. Donald Keesing, discussing prospects for the 1980s, predicts that slack world demand will hinder the expansion of exports. In other papers in this volume, Millard Long presents a careful discussion of the difficulties of measuring external debt; Miguel Urrutia describes Colombia's participation in the Andean group; J. M. Finger displays regressions explaining the incidence of complaints by producers in the United States of unfair international trade practices; Rachel McCulloch unravels a tangle of trade restriction issues; and F. G. Adams, J. R. Behrman, and M. Lasaga use a Wharton econometric model to place a low return on holding buffer stocks of primary products.

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