

### Theory and Fact

**Unequal Partners:** *Volume I: The Theoretical Framework. Volume II: Historical Episodes.*

By Thomas Balogh.

*Blackwell.* 267 and 302 pages respectively, 35s. each.

DR BALOGH is well known for his taste for controversy and for writing as though he regards everyone who disagrees with him as both stupid and immoral. Furthermore, he is prejudiced against rigorous economic theory and econometrics, for all his own intellectual capacity in these fields, because they have both been misused on various occasions. In consequence his views receive less consideration than they deserve.

This collection of essays, supplemented with postscripts and preceded by two introductory essays, one to each volume, amply manifests Dr Balogh's characteristic strengths and weaknesses. He dislikes the standard theory of international trade. Per Jacobsson, Professor Haberler, our "dilettante" civil service, trade liberalisation, the European common market, monetary restrictionism and other features of our "boring" economic policy. He is convinced that, as things are going, the disparities between the poor and the rich countries will become greater—hence the title of this collection.

Volume I is subtitled "The Theoretical Framework." It is almost entirely concerned with international trade and investment. Here Dr Balogh mounts his attack against orthodox theory—and a very effective attack it is. The point is not that the theory is illogical, but that it is inapplicable both because it is static and because it is too simple. Thus the attempt to analyse the effect of a devaluation in terms of a few elasticities provides no usable results. Many of the points made by Dr Balogh over the past twenty years have, of course, been noted by other economists, who have mostly reacted in one of two ways. The first is to leave this field for other, more fertile ones. The other is to construct more complicated analyses in the hope that the work of many hands will eventually achieve a rigorous and useful structure. Dr Balogh, however, has followed neither of these courses, but has continued to discuss these important questions in a realistic way without the benefit of rigorous economic analysis. His argument thus frequently proceeds by instinct rather than by logic and is not always clear. The reader will note that the three essays in which Mr Streeten collaborated are the most cogent.

Volume II is subtitled "Historical Episodes" and will arouse lively recollections on the part of those who were concerned with wartime exchange control, Bretton Woods, the American loan, the dollar shortage and the drive towards convertibility. Here the author has been most creative and most combative. We are told, for instance, that the policy of the International Monetary Fund made Per Jacobsson

"the most potent ally of the Communists in South America and other less developed areas." We find here Dr Balogh's scheme of 1940, which would have permitted the discretionary creation of international reserves. Yet where he gets on to the need for "conscious planning" now, Dr Balogh's creativity fails (or is postponed to another book, for we are never told exactly what this involves so far as the domestic economy is concerned).

Despite the work of editing, both volumes are fairly repetitious. Dr Balogh might call this "boring," but the kinder critic will observe that the validity of propositions is unrelated to the frequency with which they are enunciated.

BALOGH  
\*Book 1966  
Prof. of Economics,  
Oxford University  
Per Jacobson, 1965-1967, Paris

OK-SZE  
OK