

lagged rather than an instantaneous multiplier and leading to the policy conclusion that export subsidies are one appropriate way out of balance-of-payments difficulties, since the monetary inflation which might result does not lead to increased imports. He then formulates a theory he calls the "bottleneck effect," by which a cut in imports may cause a reduced supply of the product whose manufacture depends on the import, and hence to a multiplication of the impact of the decline throughout a wider range in the economy. This is essentially a physical rather than a monetary phenomenon and, combined with the multiplier effect, leads Wiles to a more general theory of the relations between the bottleneck and multiplier effects than is currently found in Western theory.

In a different vein, Wiles relates economic warfare to the search (or is it odyssey) for peace, which he begins with, "How, if at all, do international economic relations promote peace?" He admits, tongue in cheek, that the "attempt to answer such a question lowers the tone of the whole book." Hardly, for it is in the no man's land of the relation between economics and politics that Wiles's work soars above that of his fellow economists. Only one historical parallel exists, he states, between the position of the USSR within the Comecon: Prussia in the Zollverein, a bloc of one large country and several small ones (chap. 12). The "paradox of the CMEA is that under Stalin the U.S.S.R. had the power, but not the will, to impose any degree of economic unity short of outright annexation; while under Khrushchev it had the will but not the power." The tug between national sovereignty and the "socialist international division of labor," particularly as shown in the affair of the Rumanian Galati steel works, "augurs very ill for integration within the CMEA." And, in another spot, "Virtually every nationality in Eastern Europe hates each of its immediate neighbors." Throughout, Wiles presents us with historical and political analysis which makes the book interesting to noneconomists as well as economists.

A new book by Wiles is a major event in Western scholarship on the Soviet and bloc economies, and this one fully realizes the promise of his earlier major work, *The Political Economy of Communism*. Any library above the community college level should have *two* copies of each, for they are rather heavy going (one does not assimilate either text overnight). Yet, because of the author's blend of erudition, daring insight, and wit, the books will be standards in the field for years to come.

At the risk of appearing churlish, it should be noted that Wiles's insistence on using abbreviations is jarring, even with the help of his glossary. Still, this is indeed a small price to pay for having Wiles around.

W. DONALD BOWLES
The American University

ORGANISATIONSPROBLEME DER WIRTSCHAFTSREFORMEN IN DER UdSSR UND DER DDR IM LICHTE DER KYBERNETIK UND GRAPHENTHEORIE. By G. Kade, H.-J. Zubrod, and R. Hujer. Studien über Wirtschafts- und Systemvergleiche, vol. 3. Österreichisches Institut für Wirtschaftsforschung. Vienna and New York: Springer-Verlag, 1971. 144 pp. DM 27.50. \$8.60, paper.

This is a book which American students of planning in Soviet and East European economies should find very useful. As far as I am aware there is no work in English that attempts to apply graph-theoretic methods and cybernetic theory to

planning and economic management in anything like its extent and detail. The theoretical material is intelligently and clearly presented by this team of German economists and cyberneticians; it is then systematically applied to the analysis of the Soviet and East German reforms of the 1960s. The least one can say for this original approach is that it provides a logical framework for organizing the complex and often confusing reforms and counterreforms that have taken place in the last ten years. The theory also generates hypotheses and conjectures that lead the authors to ask highly pertinent questions about the sensitivity to exogenous and endogenous disturbances of each of the organizational structures that were actually put into practice and about their potential ability to cope with disturbances once they occurred ("flexibility").

As is often the case with books that attempt to impose an original way of looking at familiar phenomena, the present work presents what may be an incomplete and perhaps even a lopsided picture of its subject. The authors' description of reforms in the USSR and particularly in the GDR relies heavily on official documents: on how system rules should work rather than on the informal behavior of the decision-makers in the system. After reading this book, I took another look at Michael Keren's excellent paper (so far unpublished), "The New Economic System in the GDR: An Obituary." This paper was written only a few months after Messrs. Kade, Zubrod, and Hujer completed their work. Yet it gives a strikingly different impression of the malfunctions of the GDR's New Economy System, which finally compelled the authorities to reimpose controls on the inputs and outputs of enterprises and VVB that had been removed in the mid-1960s and to reduce substantially the autonomy of decision-makers in the lower levels of the administrative hierarchy. Whatever may have been the faults in the *design* of the NES, it certainly could not cope effectively with the "adventurist" investment *policies* that were rammed through this delicate economic machinery by the political authorities. The formal approach to the analysis of organizational networks cannot provide a satisfactory understanding of the complex interdependence between policies and organizational structures. Nevertheless, the present book shows that it can give us valuable tools for tackling some of the problems raised by system reforms.

J. M. MONTIAS
Yale University

COMECON: CHALLENGE TO THE WEST. By *Roy E. H. Mellor*. Searchlight Book, no. 48. New York: Van Nostrand Reinhold Company, 1971. vii, 152 pp. \$3.50, paper.

The purpose of this book—one learns from the preface—is to provide "the lay-reader and those . . . commercially involved in dealing with Comecon countries" with "a fund of basic information" about this Soviet bloc institution. This raises a moot question: what does the layman or a businessman want to know about Comecon? Professor Mellor clearly believes that his prospective readers are primarily interested in the economic geography and political history of the region. Nearly half of this slender volume is devoted to a detailed, country-by-country account of the economic development patterns and the present industrial potential of the individual Comecon members. The Soviet Union, "the core of Comecon,"