

many methods and problems of transferring technology and the great impact that just blueprints and a dozen engineers can have on an industry. This book in essence gives us a good descriptive case study of an economy that successfully borrowed foreign technology to accelerate its industrialization.

Sutton's concluding chapters, however, are marred by faulty analysis and an inadequate study of economics and other scholars' work on the Soviet economy. At times his analysis suggests a personal distaste for the Soviet regime. (See my review of the first volume in this journal, June 1970, pp. 337–38.) For example, Sutton finds that growth rates of industries are directly correlated to their (crudely measured) dependence on foreign technology. From this he makes the unwarranted conclusion that "Western technical assistance was the major causal factor in Soviet economic growth for the period 1928–1945" (p. 339), and he dismisses the contribution of labor and capital as unimportant. But, in fact, as Richard Moorsteen and Raymond Powell point out in their 1966 study, the major part of Soviet growth can be attributed to additional capital and labor rather than technological progress. Sutton also concludes that Soviet technical personnel failed to make many significant technological advances in this period because the "Soviet system" stifled Russian creativity. This issue cannot be resolved here, but there is another reasonable explanation for the Soviet failure to advance their own technological frontier during this period. Technical skills were so scarce that it was more efficient to use these scarce skills to adapt and introduce proven Western technology into the Soviet economy than to try to develop domestic designs. After all, isn't this the advantage of being relatively backward?

Sutton overlooks interesting implications of his own research. For example, he ignores the growing Soviet ability to carry out routine design, construction, and operations without the numerous foreign personnel required in pre-1917 Russia. He also has missed a more important development. The Soviet regime reaped many of the benefits of foreign investment without being "burdened" with foreign capitalists. The Soviet government purchased the technologies, technicians, and sophisticated machines from major Western firms for a fixed fee, but supplied their own capital, labor, land, and entrepreneurship. Thus the profits of technological innovation accrued to the Soviet economy rather than to the foreign investor. This was a major innovation in economic development!

Yet, despite these shortcomings, Sutton's second volume is an important definitive study of Western technology in the USSR during 1930–45 and merits reading by both Soviet specialists and persons involved in the technical and economic development of less developed countries.

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THE PREDICTION OF COMMUNIST ECONOMIC PERFORMANCE. Edited by P. J. D. Wiles. Soviet and East European Studies. Cambridge and New York: Cambridge University Press, 1971. x, 390 pp. \$13.00.

The twenty-seven pieces of varying length—by about half as many contributors—cover the USSR, China, and Eastern Europe (including Albania but not Yugoslavia). The core of the collection is a dozen essays written and originally published (in *Analyse et Prévission*) in 1967 in an attempt to test the possibility of predicting

Communist economic performance one year and several years ahead—namely, for 1967 and 1970. These essays have been reprinted unamended in the book and are now supplemented by follow-up pieces—sometimes by the same authors and sometimes by others—that critically examine the predictions in the light of information available a year or two later. (The book apparently went to press in mid-1970. Might it not have been better to hold up publication for another year in order to confront the predictions for 1970 with the data for that year?) There are three other very useful pieces in the book: a systematic inventory by Wiles of the main features of planning, financing, management, and so forth, for the industrial sector of each country; a similar inventory for agriculture by E. M. Jacobs; and a long empirical “Note” by Wiles on the purchasing power of each currency.

At first glance it may seem pointless to go through the exercise of predicting for one to three years the performance of economies that are governed by *five*-year plans running through 1970. But to begin with, there was no such plan for China and the one for the DDR had not yet been published. As for the others, Czechoslovakia and Hungary were in the throes of launching major economic reforms fraught with much uncertainty in all respects. Regarding Albania and China, very little was known in any case. And as for Bulgaria, Poland, Rumania, and the USSR, the existence of one-year and five-year plans at the time and the minimal nature of their reforms in no way eliminated all uncertainty. The published plans contained many important lacunae, were of varying degrees of “realism” and prey to diverse exogenous shocks, and for many other reasons were subject to uncertainty of fulfillment. Hence there was plenty of room for doubt—that is, for prediction.

Most of the attempts at prediction in this collection fall into the category of what used to be called by Gosplan in the twenties the “method of expert appraisals”—that is, a loose examination of the assumptions of the respective plans, their degrees of “tautness,” past records of fulfillment, certain dynamic regularities (e.g., investment cycles), probability of shocks, and so forth, in order to arrive at corrections, or at least questions, regarding the plan targets. The resulting record of predictions is far from perfect, but certainly not bad in the eyes of this reviewer. (Deserving special note are Michael Gamarnikow’s insights on Poland. He all but foresaw, in 1967, the riots of December 1970.) Yet much remains to be done to improve our foresight regarding Communist economies in both the traditional (command, Soviet-type) and the market-socialist versions—which is to say that we do not know too much about them yet.

In a class by itself and of considerable interest is the contribution by Haruki Niwa (Japan), who forecast Soviet performance in 1970 on the basis of his unique dynamic model consisting of twenty behavioral-technical equations. The model’s parameters were calculated from Western recomputations of the major macro-magnitudes of the Soviet economy since 1935. Niwa’s forecast is yet to be tested against Western direct recomputations for 1970.

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