

## BOOK REVIEW

*Problems of Development of Smaller Countries* by Yadab Prasad Pant, New Delhi, Bombay, Calcutta, Oxford & IBH Publishing Co., 1974, viii+222 pp.

### I. CONTEMPORARY LACUNA OF STUDY

What is meant by a "big country"? Conversely, what is a "small country"? Some use these words in relative terms, as "Nepal is a 'small' country sandwiched by two colossi, China and India." Nepal, though, is a "big" country with 12 million population compared to neighboring Bhutan with only 10 per cent of that figure. Whether the expression is made in relative or in absolute terms, it seems true that population is a crucial measure underlying an implicit definition loosely applied. Size of per capita income, level of available education and its diffusion among the people may also be comparable measures, but the two factors are related more to the degree of development of countries rather than to differing size. In the same context, the relative share of the manufacturing sector in total GNP of a country is useful and comparable measure of development.

In my view, there seem to be at least three major lacunae in the theory of economic development. One is related to giant countries and their attributes that seem to pose various questions normally intractable by ordinary economic knowledge. I would call them colossi countries. They are neither "big powers" in conventional terms, nor are they "big countries" as is implicitly recognized of countries whose population is 50 million or more. Specifically this means China and India alone which have a population of over 500 million, and are at economically low levels. Professor Seiichi Tōbata briefly but aptly pointed this out in *Chūō kōron*, December 1974.

The second lacuna relates to "small developing countries." More precisely, they may be termed "hard-core least developed countries" as the United Nations does under its specific criteria of definition. There are twenty-five such countries and it is to this group that the United Nations and its specialized agencies have given more priority in development assistance.

The third lacuna is more specific but is something contemporary students of international economics and administrators cannot be indifferent about. It is the problem of "land-locked, hard-core, least developed countries." The second and third lacunae have much in common, because out of the twenty-five countries, fifteen are LDCs (least developed countries) as shown below (those italicized are land-locked countries): *Afghanistan, Botswana, Bhutan, Burundi, Chad, Dahomey, Ethiopia, Guinea, Haiti, Laos, Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Sikkim, Somalia, Sudan, Tanzania, Uganda, Upper Volta, Western Samoa, and Yemen.*

This book, as stated in the preface, has two purposes: to give a broad understanding of the people who inhabit the underdeveloped parts of the world, particularly the least developed and smaller countries (this interpretation is made in relation to the types of problems these countries face in the course of development) and

secondly, to offer some suggestions to solve these problems in coming years. This book contains eleven chapters focused on this intention. The first two give the general setting and structure of the smaller countries by several statistical tables showing rates of economic growth, level of GDP and distribution among different economic sectors, international trade, and transport, etc. At a time when there is a tremendous amount of literature on economic development currently available, this presentation would be useful only to the general student, unaffected by the economic development experts were not for the way the author stressed transport development as a crucial factor for hard-core small countries.

The second section pertains to policy issues. These are discussed in Chapters 4 to 6 with special emphasis on the use of domestic resources endowed with domestic commodity policies and preferential policies for manufactures and semi-manufactures.

The third part is poignantly presented in Chapter 7 where the countries have been analyzed from the point of view of external assistance. This mainly relates to the usual exploration of the shortage of capital felt by smaller countries and the inadequate growth of development assistance incurred by developed countries, especially on an official grant basis. As far as the discussion is limited to general topics of aid, this chapter would be a mere repetition of what developing countries say at various international conferences, failing to delineate the real issues persistently available in smaller, land-locked, and least developed countries. The author's point is unique in this respect in that in the long run international trade should be given more importance for these countries than aid itself and that the coordination of aid constitutes a crucial element for sustained development and trade expansion.

By far the most persuasive and appealing portion of the book is the following two chapters, on economies of land-locked countries and strategies for their development. The author explains special impediments to development they face. Having worked in Nepal for five years as agricultural economic advisor of FAO, I read these chapters with profound interest and sympathy. I knew the author for these four years when he was Governor of the Nepal Rastra (Central) Bank. He is now Ambassador to Japan.

It should be noted that the international setting and relations of land-locked, least developed countries such as Nepal, can be understood by relating them to their transit neighbors and that these relations should be viewed in terms of cultural, political, and ethnic relationships within the country as well with transit neighbors.

Throughout the book, Dr. Pant elucidates his search to find proper tools and strategies applicable to the least privileged states in the category of "hard-core" least developed. Such an attempt, in my understanding, stems from the author's career maturity which has covered key posts in Nepal's economic institutions since he began in an international capacity as staff member of ECAFE in 1957-59. This experience as an international civil servant enlarged his dimension of factual observation and thinking of the intricate (and at times very cumbersome) issues existing between land-locked and transit countries.

## II. WHY ARE MOST LDCS LAND-LOCKED?

It was mentioned earlier that fifteen of the twenty-five least developed countries of the world are land-locked. Surprisingly none of them border on any developed countries. In other words, all land-locked LDCs are surrounded by other developing countries and consequently must go through either land, air, or pipelines for communication with industrialized nations. For this reason, it should be understood that development hurdles for land-locked countries basically different from the non-land-locked, are their involvement with transit arrangements to adjoining littoral countries, because port facilities, transport facilities, custom arrangements, and other infrastructural and administrative matters are still inadequately developed on the part of transit countries as well. Consequently, there are in many cases, additional costs of transportation for imported goods and an unstable, slow tempo of development (for example, unexpected delays in the arrival of chemical fertilizers and essential construction materials for development projects—cement, steel frames, petrol, etc.).

The above relations and environments that face the land-locked LDCs suggest that land-locked and transit countries must coexist through a patient adjustment of complementary and harmonious relations in terms of trade and transit. In this respect, there seems to be much room left for international agencies to promote and coordinate trade and transit issues. The United Nations, notably UNCTAD and the regional commissions of the United Nations, have increasingly paid attention to improve transit arrangements in favor of all parties. Dr. Pant has made a careful survey of efforts by the League of Nations and subsequent international agencies.

From the foregoing discussion, it seems clear that small, land-locked developing countries have two distinct policy approaches on the international level in their open system of economic development: free trade with "third countries" other than adjoining transit countries and agreed trade and transit with the transit country. As stated earlier, both land-locked and transit countries are developing nations and it is usually difficult for both parties to create complementary relations in their commodity trade pattern. Nepal-India trade relations are somewhat different from others since India is now in the economic position to produce an extensive range of agricultural and manufactured commodities.

Nepal, her industrial sector still in an embryonic stage, is currently exporting to India (specifically Kerala and other food deficit states) some 200,000 metric tons of rice at the expense of some domestically available food deficit areas and imports from India various capital goods and other essential industrial and consumer goods. Nepal's trade with the rest of the world is predominantly jute, although in overall international balance of payments tourism has emerged as the single largest hard currency foreign exchange earner. And yet, trade with third countries is only 20 per cent of the total, for 80 per cent is still in soft currency (Indian rupees) trade with India. In the long run, Nepal must find its way toward a higher stage of economic development and industrial structure by adjusting its complementary relations with India in terms of trade commodities while taking advantage of hydro-power potential, tourism, and exportable agriculture-originated processed goods pro-

duced from temperate and semi-temperate areas (e.g., silk, dehydrated and processed fruits, and other horticultural products, cardamom and a host of minor products with high value added by processing—this can justify benefits greater than air transportation costs). In this respect, the author has not discussed Nepal in detail. Probably, he has avoided dwelling on this on purpose because he is fully aware of the uncertainty in direction of trade for Nepal both in relation to India and rest of the world.

### III. HOW TO HELP DEVELOP LAND-LOCKED LDCs

Among other factors, transport development will be of utmost importance for all land-locked LDCs. For mountainous countries like Nepal, Lethoto, Bhutan, Laos, and Afghanistan, highways are much less useful than they would be in less mountainous nations. Ropeways, improved mule tracks, trekking roads, all-weather international air ports and simple local air strips, suspension bridges, etc., should also be developed.

Connection points such as major harbor facilities in the transit countries (Calcutta for Nepal), railway terminal heads, customs warehouses, loading and unloading depots, simplification of customs and check-point procedures, standardized cargo and packing systems, prevention of pilferage, and other measures will have to be planned, negotiated and implemented. Developed countries and international agencies have great many chances to assist both land-locked and transit countries in developing this multi-national approach.

As Dr. Pant emphasizes, land-locked countries should have trials in production of exportable commodities with a high value-to-weight ratio to warrant air transport. This is however a highly economic and technical matter requiring deliberate choice of technology and technical potential to be applied to the specific endowments of any given country. Nevertheless, it may be useless to discuss international division of labor and trade commodities suitable for land-locked LDCs *in general* because each country is more dissimilar than similar except in their subsistence agriculture and poor infrastructure in marketing and storage.

I do not think that there is any specific type of industry suitable for all land-locked LDCs, nor does it appear that massive amounts of capital are properly absorbed under conditions of low literacy and low productivity in agriculture. Since these are common and major inhibiting factors to national development, basic economic strategy must be aimed at laying these corner stones. To me it appears that the author, preoccupied with comparative description of major economic indicators, GDP, population, growth rates of economy, etc., did not go deeply into multi-disciplinary aspects which may make individual smaller and land-locked countries quite dissimilar to others nor did he describe the realistic position of these individual LDCs in relation to respective transit countries concerned.

Whatever weaknesses in this book, this book is of high value, unique and useful. As I pointed out earlier, considerable space has been given in this book to three lacuna in the theory and application to the developing world. Further studies of this type, should use an integrated system of study by students in different disciplines and different countries. These study results could then be integrated into the cross-

section of international consensus of assistance so that the least privileged states could be more intensively favored.

(Teruji Sakiyama)