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Book Reviews

Government and Agriculture: Public Policy in a Democratic Society

By Dale E. Hathaway. The MacMillan Company, New York. 412 pages. 1963. $8.95.

MOST PROFESSIONAL BOOKS are easy for me to lay aside at the sound of mess call or taps. Professor Hathaway's book on policy was not one of them. This means that it was easy to read and that I became fascinated with the tidbits of observation about agriculture and farm policy which turned up every few pages.

Hathaway makes a point in his preface that the book is *about* agricultural policy rather than a *history* of policy or an examination of what policy *ought* to be. While he may play on words here, history is dragged in incidentally where needed for understanding. And you get the author's view of what *ought* to be only by implication and by a bit in the very last chapter where he talks about the future of farm policy.

I should add, as the author does, that he deals only with some farm policies. He talks mostly about price and income policies with a dip here and there into policies relating to the low income and employment problem of rural people. He completely ignores policies relating to conservation, resource development and management, standards and quality of farm products, and many other facets of public action affecting farm people and farm products. He mentions many others only incidentally. The book should not be criticized on this account, however, because he tells you in the beginning that he concentrates on price and income policy.

Government and Agriculture is built around four major parts: The pressures for public action, the economics of the farm problems, the process of policy formation, and potentials and obstacles of selected policy alternatives.

The first part begins with a description of beliefs and values underlying policy—the things people desire. Here the author properly points out the complexity and inconsistency of many of these desires. He could have emphasized that inconsistency in desires often occurs within individuals as well as between groups. For example, many policy leaders fail to see conflict between the desire for favorable, stable incomes and unfettered production, or between the desire for economically adequate family farms and a maximum number of opportunities to farm.

The first part of the book continues with an examination of gaps between desires and reality and how desires get translated into policy goals. There is little here that is new to students of policy, although it is well stated and worth scanning.

The second major part deals with the economics of the farm problems. Here the author draws heavily on the scholars of the field including himself, Cochrane, Galbraith, D. Gale Johnson, Glen Johnson, Heady, and many others. The author's contribution is chiefly one of bringing together and critically examining most of the modern ideas about the economics of farming. (I use "farming" here instead of "agriculture" because little is said about factor-producing industries or the product-marketing industries.)

Hathaway cleverly makes one point by talking about "why farmers are underpaid but not always poor" (ch. 4) and about "those who are poor but not always underpaid" (ch. 6).

The most interesting, and at the same time least satisfying, section of the book discusses the process of policy formation (part 3). Unlike the previous part, here the author fails to avail himself of much of the relevant literature. In fairness, a full treatment of this subject would require far more than the 53 pages used.

Hathaway does make the proper point that policy formation is a complicated stew made by many different cooks each following different recipes or none at all. The Congress, the White House, the Bureau of the Budget, the Secretary of Agriculture, the U.S. Department of Agriculture, the general farm organizations, the special farm orga-

nizations, committees, commissions, and occasionally just citizens—all add to the pot, taste the results, and wonder whether the broth is overdone or yet too raw. The author tells about the growing influence of commodity-oriented organizations, but he fails to emphasize it; he does not even mention the American National Livestock Association.

The fourth part of Hathaway's book treats, in very general terms, with broad policy alternatives. Here he poses the key questions of the entire book: "(1) will agriculture suffer from chronic disequilibrium in the market economy and, (2) if so, what are the probable impacts of various policies to either reduce the tendency to chronic disequilibrium or keep it within 'acceptable' levels."

Hathaway concludes, reluctantly it seems, that the market cannot achieve equilibrium for agriculture. In this, he is in good company, albeit perhaps not a large one.

Hathaway does not say anything very favorable about policies to change the demand for farm products. "None of the programs influencing the demand for farm products can appreciably improve the poverty problem in agriculture . . . [nor are they] particularly effective in dealing with . . . change in output . . ." "The complete inability of a price support program to deal with the equilibrium problem in agriculture has been amply demonstrated over the past decade."

He does not think much of land retirement; ". . . it offers at best a poor way of controlling farm output." He dismisses possible control of other inputs with hardly a word.

He then makes a brief bow to programs outside of agriculture including training and other devices to make farm labor occupationally mobile. But ". . . labor mobility in agriculture, by itself, is unlikely to be sufficient to bring returns for human effort in agriculture up to returns elsewhere in the economy." I agree; so do many others who have examined the place of labor in farming.

This all seems very confusing and, in fact, it is. Yet despite abundant skepticism, Hathaway concludes that farm policies have been successful. That is, farm people are better off than they would have been without them, the Nation is well fed at low cost, and so far we have avoided a "peasant" rural class.

After some passes at our "conventional wisdom," Hathaway offers economists nothing but a frustrating role in farm policy matters of the future. He says we should develop better information, and suggests little for economists but to keep trying.

I would put this book on the required reading shelf for all who think or think they think about farm policy. It is easy to read, free from complex algebra, and covers pretty well that part of farm policy in greatest recent controversy. Congressmen, college students, and county committeemen will find facts here they need to know.

M. L. Upchurch

State Individual Income Taxes—Impact of Alternative Provisions on Burdens, Progression, and Yields

By Emanuel Melichar. The University of Connecticut, Storrs Agricultural Experiment Station. 275 pages. 1963. $2.50.

WITH THE FIVEFOLD postwar growth of State and local expenditures, and the accompanying concern with ways of financing these expenditures, Melichar's analysis of State income taxes will be of great interest to students of public finance. Furthermore, as discussions in many of the States involve the possible use of the income tax to modify the property tax burden on farmers, Melichar's study will interest agricultural economists as well.

Melichar begins by tracing the history of State income taxation from the "faculty" tax of colonial times through the adoption by Wisconsin in 1912 of the first modern State income tax, and to the present use of the income tax by 33 States and the District of Columbia. He describes State individual income tax revenue from 1912 to 1960, and describes and compares State tax provisions in 1960.

In the following sections—the real meat of the analysis—Melichar measures the progressivity of the income tax in each State that uses it. He discusses the various provisions regarding deductibility of the Federal income tax, State personal exemptions, and income splitting, and the relative burdens of the State taxes on taxpayers at different income levels.

The study includes an excellent discussion of the concept of the net burden of the State tax—the amount by which the combined State and Federal income tax bill rises as a result of the State tax. Because the State income tax is deductible from

income in calculating the Federal income tax (and in 20 States all or part of the Federal tax can be deducted from income for State tax purposes), State taxes are paid partly with dollars that would otherwise have gone into Federal taxes. For example, a taxpayer in the 74 percent marginal tax bracket on the Federal income tax, living in a State that does not permit Federal deductibility, will find his total Federal and State tax bill rising by another 26 cents for every dollar rise in his State tax bill. In view of the sharply rising marginal Federal tax rates in the higher income brackets, it is not surprising that Melichar finds that the net burden of the State income tax is regressive in every State, in at least some of the higher income brackets. The new Federal tax rates will change the net burdens of the State taxes somewhat, but it seems unlikely that they will materially affect the value of Melichar's study.

Appendix B of the study will be of particular interest to research workers in agriculture. In this section, Melichar has estimated the size and distribution of the burden on Connecticut farmers of an income tax modeled after each of the State taxes now in use. The taxes that would have been collected from the 5,800 Connecticut farmers in 1956 range from $9,900 under the rates and provisions of the Louisiana tax to $191,500 under the Hawaii provisions. Also included are estimates of the distribution of the tax by net farm income. Melichar's estimates are based on a special tabulation of net farm earnings grouped according to size of earnings, obtained from social security data. Both his methodology and his conclusions should be useful to workers concerned with these problems in other States.

The reader who is interested in a quick introduction to the field of State income taxation will probably find Melichar's book both too limited in scope and too detailed for his needs. The reader who wishes to go into the field more deeply, however, will find the book invaluable.

Thomas F. Hady

Challenge to Affluence

By Gunnar Myrdal. Random House, New York. 172 pages. 1963. $3.95.

PROFESSOR MYRDAL presents in this informative and provocative book a challenge to American economic growth. His appraisal of our current economic and socioeconomic problems is presented in a straightforward and concise manner. He directs his attention to our problems of economic stagnation, structural unemployment, and international economic relations. His discussion suggests the following questions: What would happen to U.S. foreign policy if, weakened and frustrated, we found ourselves unable to meet the Soviet challenge? What would happen to the structure of our society if low growth rate and rising unemployment became increasingly permanent parts of our economy?

The book is divided into two parts: Part I deals with economic stagnation in America; part II evaluates international implications of this stagnation. The author includes in the appendix an address given at Howard University in 1962 in which he discusses the role of the middle-class Negro in our society.

Professor Myrdal stresses the need to expand the aggregate economy by enlarging capital investment outlays in the public sector along with increases of capital investments in the private sector of the economy. The end result would be an increase in the U.S. growth rate and, in turn, less unemployment.

The thesis of this book is that it will not prove possible to change over the American economy to rapid and steady growth and full employment without taking vigorous measures to induce greater equality of opportunity and of standards of living.

> Economic expansion, which is not just rapid but steady, is only possible if huge reforms are made in the interest of social justice. Otherwise, it will be impossible to maintain a steady rise of total demand, and the supply of labor will not be fitted to the demand for labor. The induced expansion will soon turn into a new recession. The reforms will necessarily imply very substantial increases in public expenditures.

Professor Myrdal evaluates some very important problems where analyses in depth are needed in order to plan and develop effective short- and long-run economic policies and programs.

This book should be read by all who are interested in the future growth of the American economy. Economists, administrators, and policy makers will find this study of great value in appraising the major problems facing our economy today.

C. B. Singleton, Jr.

Livestock and Livestock Products

By Theodore C. Byerly. Prentice-Hall, Inc., Englewood Cliffs, N.J. 422 pages. 1964. $10.

IN UNDERTAKING the monumental task indicated by the title, Dr. Byerly appears to have been well aware of the necessity to limit specific detail in order to gain broad coverage. His book is directed toward helping those with a minimum of training in livestock management to understand and solve common livestock production problems.

The core of the book appears to be the 4th through the 15th chapters, which cover topics such as heredity and livestock breeding, reproduction, lactation, nutrition, feeds and feeding, livestock health, livestock quality, and meat quality. The background and industry setting are covered in the first three chapters, while product utilization, marketing, and costs and returns from livestock farming are covered in the last three chapters.

Chapters 4 to 15 contain general and specific information about the technical aspects of livestock production which will be beneficial to the student or producer who knows little about livestock and needs a starting place he can grasp. This approach may be less helpful in the rest of the book. Farm management today is increasingly scientific. Farmers recognize that decisions, if they are to be profitable, must be made on the basis of expected costs and returns from possible alternative courses of action. The farmstead environment on profitable farms is increasingly a result of such informed decisions, as are the farm organization and the resultant pattern of marketing. I believe these sections would have been more helpful if Dr. Byerly had talked about alternatives, criteria, and decisions a great deal more, even at the expense of descriptions of techniques livestock raisers or feeders have used and ways producers have found to do things.

The reader with the minimum of training will find the more detailed chapters on the technical aspects of production somewhat more applicable to his problems than the sections on farm management, farm environment, or marketing. However, these sections also will be useful in developing a perspective of animal agriculture in the United States.

William C. Motes

The Economics of the Wartime Shortage

By Mancur Olson, Jr. Duke University Press, Durham, N.C. 152 pages. 1963. $4.50.

THE AUTHOR challenges the assumption that shortages of food and other raw materials are more serious than shortages of products manufactured from them. His challenge is based on an examination of economic theory and of Great Britain's wartime experience.

The assumption that a shortage of food is particularly critical is traced back to the discredited physiocratic theory that all wealth comes from the earth. There is no relation between the tragedy which would result from a total loss of food supply and the problems of adjusting to a partial loss of the normal supply. The author points out that it is not the type of commodity but the type of use which distinguishes a luxury from a necessity, and that food has many low-priority or inessential uses.

British experience during the Napoleonic War and World Wars I and II is used to demonstrate the weakness of the idea that food is more essential than most other types of goods when partial loss of supplies is at issue. Great Britain was able to overcome similar supply problems in each of the three major wars.

The British performance was particularly remarkable during World War II when the food problem was most serious. British food and feed imports were reduced from 20.7 million tons in 1939–40 to 10.3 million tons by 1942–43. Despite this drop in imports, the health of the British people actually improved. This extraordinary achievement cannot be attributed to prewar preparation or to any peacetime expansion of agriculture.

Britain's success is largely attributed by the author to its advanced techniques in administration of science and government. Although Britain's experience bolsters Olson's argument that a loss of food imports is not necessarily worse than a loss of other kinds of imports, he notes that the British Government appears to have reached a different conclusion. The tendency of British postwar policy has been to increase domestic food production and to keep a stockpile on hand. Olson questions this conclusion and suggests: "It may be that if any one kind of production is to be

singled out as most critical, it should not be the production of food or raw materials but the production of a skilled and versatile people. Perhaps tertiary industries like the educational 'industry' ought to be expanded, rather than the primary industries."

The author suggests that protection of primary industries like agriculture by tariff and the stockpiling of food may be harmful as well as unnecessary:

> The protection by tariff of domestic primary industry, and to a lesser degree stockpiling, also tend to hurt a nation's strength by damaging its relation with others . . . barriers against international trade can deprive a nation of that "dependence" on foreign nations which makes neutrals out of enemies and allies out of neutrals.

Few will disagree with the author's conclusion that "need for a resourceful, disciplined, and well-managed people would reach unprecedented heights" in the event of a nuclear war. However, issue will be taken with his accompanying statement that the amount of a nation's food and raw materials would be the least of its worries.

Shortages of food may be no more serious from an economic standpoint than shortages of other commodities, given a highly developed industrial economy and a long war period in which adjustments can be made, but fear of shortages can have a particularly devastating effect on morale. The author does not discuss food stockpiling during World War II in relation to the postwar world food famine nor the fact that serious restrictions on British food consumption were required until 1950.

Man's need for assurance of enough and palatable food increases as he faces fear of the unknown. The author does not discuss the importance of food to man's mind and morale.

Gladys L. Baker

Rural Revolution in France—The Peasantry in the Twentieth Century

By Gordon Wright. Stanford University Press. Stanford, Calif. 271 pages. 1964. $6.

THE AGRICULTURE of France, long dominated by "small peasant production," has undergone and is undergoing a great change. Pressures on the agricultural sector throughout Western Europe are similar to those that exist in the United States. Agriculture's share of gross national income is declining rapidly in France, and population has shifted out of agriculture as productivity per person has increased.

Wright, in this book, has highlighted the political and administrative aspects of this rural revolution. It is safe to say, and the case is documented, that the peasantry has been a traditional force in holding back agricultural change. The peasantry and supporting groups did this in what was thought to be self-interest. The struggle away from traditionalism has been characterized by much political action with direct involvement by special-interest groups with their own specific approaches to the problem. Wright points out that it is only since World War II that the countryside revolution really got underway. One might say similarly that the more rapid changes of our own U.S. rural revolution occurred in World War II and the years just after. The obvious force in the village countryside revolution has been the technology that has pervaded all modern agriculture. The French peasant, and France as a country, could not be bypassed in such a revolution.

The author has made the chronicle more interesting by adding an appendix which describes the revolution in six different village settings. What has happened among the peasantry is made more vivid by this presentation.

This book is not only interesting reading, but it is informative for those who wish to know something about agriculture in the most important agricultural country of Western Europe. One who reads this small book analytically should gain understanding of some of the direction of French agriculture vis-a-vis the Common Market and our own market interests in Western Europe. The volume is recommended to those with the above interests in mind as well as for those who are students of agricultural change.

John H. Southern

Experiments on a Simulated Economy: Development Plans and Balance-of-Payments Policies

By Edward P. Holland with Robert W. Gillespie. The M.I.T. Press, Cambridge. 289 pages. 1963. $8.

TWO IMPORTANT subjects are dealt with in this book: computer simulation of economic systems and its application to the study of alternative economic policies for an underdeveloped

country. The country studied is India. The economic policies examined are alternative development plans and foreign trade policies.

This combination of subjects should interest many economists. However, the book is more an assembly of working papers intelligible only to the authors than a good piece of exposition.

The volume has three fundamental weaknesses. First, the reader is not very well informed as to what simulation is all about. It is not until the reader reaches chapter 9, "Is Simulation a Valid Technique?," that he gets an introduction to what simulation is. This chapter should be in first rather than ninth place in the order of presentation. Even so, this is, at best, a cursory introduction. Here and elsewhere the reader is given only the most general idea of how to go about constructing and using a simulation model. This is not a book from which the neophyte can readily learn to be a simulator.

Second, the economic models used in the study are not presented and discussed in the text. Rather, they are presented in the appendix in computer language. The economic models remain a mystery to those who are not conversant with this "alien tongue."

Finally, there is too much unexplained notation in the book. For example, for each five sectors of the economy studied there are alternative investment plans. Thus, a particular combination of these plans might be AEAGF where the first sector adopts plan A, the second plan E, etc. The reader of this review now knows almost as much about the specific nature of these investment plans as the reviewer—virtually nothing.

It is unfortunate that the authors did not do a better job of presenting their study—simulation of an underdeveloped economy. Simulation is a promising technique, particularly in the area the authors have examined. Also, the Indian economy is the unit of inquiry and there are many economists who are very interested in it.

In closing, a quote from St. Paul (First Epistle to the Corinthians, ch. 14, verse 9) seems appropriate: "So likewise ye, except ye utter by the tongue words easy to be understood, how shall it be known what is spoken?"

Martin E. Abel

Agriculture in India: Volume I, General, Volume II, Crops

By L. S. S. Kumar, A. C. Aggarwala, H. R. Arakeri, M. G. Kamath, Earl N. Moore, and Roy L. Donahue. Taplinger Publishing Co., New York, for Asia Publishing House. 252 pages, 243 pages. 1963. $7.50, each volume.

THESE TWO VOLUMES, to which a third on animals will be added later this year, were prepared by a team of Indian and American scholars for use as text books in the secondary schools of India. Consequently, as Dr. George Montgomery declares in his introduction, they are "easy to read, comprehensive, practical, conveniently arranged, and well illustrated" (p. ix).

Their value to the readers of this journal lies in the introduction they give to Indian agriculture, useful to one beginning to study this subject as well as to one preparing to serve as a technical assistant in India.

The first five chapters of volume I are of particular interest to the economist. They review the organization and role of the village councils, land reform, farmers' cooperatives and organizations, agricultural services of the Government, and farm management. The chapter on cooperatives describes the various cooperatives being used in India as well as the Farmers Forum. Yet these chapters are very brief and simple, covering 37 pages. The rest of the volume deals with plant structure and physiology—basic botany—agricultural chemistry, climate and soils, tillage and fertilizers, and irrigation. After reminding the readers that "India irrigates approximately one-fourth of the total land irrigated in the world" (p. 209), the authors provide descriptions and illustrations of the water lifts followed by descriptions of irrigation methods.

The second volume describes the culture and varieties of crops grown in India—rice, wheat, millet, legumes, oilseeds, sugarcane, cotton, jute, coffee, tea, papaya, and many others.

Both volumes are provided with useful indexes and glossaries.

Robert G. Dunbar