

burdensome to the reader. For example, it seems unnecessary to know that the Caja de Crédito Agrario began its operations "in a small office on the second floor of the Pedro A. López Building" (p. 82) in Bogotá.

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*Cuatro etapas de la inflación en Colombia. Estudio económico preliminar de Edgar Gutiérrez Castro.* By HERNANDO AGUDELO VILLA. Bogotá, 1967. Ediciones Tercer Mundo. Tables. Notes. Pp. 316. Paper. \$3.70.

This book consists of a series of speeches and essays given during the period 1949-1966 by Hernando Agudelo Villa, presenting his thinking on the problems of inflation and fiscal imbalance in Colombia as it evolved during this period. Agudelo had to confront many of these problems as Minister of Finance between 1958 and 1961. Since the chapters are not well integrated by themselves, a lengthy introduction tying them together has been written by Edgar Gutiérrez Castro, the present director of Colombia's planning commission.

The book is of use to students of Colombian economic history and the history of economic thought in Colombia, though the amount of information is small compared to the length of the book. This is in part due to a great deal of repetition in the different articles and speeches. Also some of the articles do not classify as economic history, but rather as political documents; they are party platforms, presenting extensive lists of many desirable projects, with no priorities given or indications of feasibility.

The contribution of the book lies in the presentation of facts germane to the inflation issue over the period 1949 to the present. A monetarist explanation of inflation is assumed, and the author does not concern himself with a detailed defense of such a theory or with trying to determine whether structural rigidities have played an important role in the inflation. This constitutes something of a failing, in that there are many things which we do not understand about the inflationary mechanism in Colombia. There can be little doubt, however, that monetary expansion was in some sense the "first cause" of the inflation in the period under consideration.

In dealing with a perhaps more interesting question, the implications of inflation for economic growth, the book is weaker. The author believes strongly in the need for price stability as a backdrop for growth. Although he presents a little supporting evidence (e.g., that the average growth of G.D.P. was faster in 1958-61 than under the

inflationary policies of the dictatorship in 1953-57), a much more detailed analysis would be required to provide a convincing case. He argues frequently that inflation tends to lower real wages, and the labor share of national income.

According to the earlier set of national accounts, which he used, the labor share did decrease during the (inflationary) decade 1945-55. But the current estimates show that it rose gradually over 1950-62, in both inflationary and noninflationary periods. Worse still is his neglect of the fact that real wages of blue-collar workers in manufacturing not only rose, but rose dramatically in such inflationary periods as 1954-57 and 1961-63. A recent study suggests that these wages have in general risen faster in inflationary than in non-inflationary periods. While the author's position may well be valid for other sets of workers (possibly servants, for example) the "inflation-workers' wage" link is clearly a much more complicated one than his stereotyped version of it implies.

While this book cannot be considered an important contribution to economists' understanding of the Colombian economy, it may be beneficial in educating public opinion on some of the issues discussed. Against much ill-informed opinion in Colombia, the author argues, for example, that the solution of the fiscal problem is not in cutting out waste, but in increasing taxes. The introduction by Gutiérrez is useful in explaining some aspects of what happened in Colombia, but even more interesting in its explanations of why governments took the position they did on monetary and fiscal issues at certain times.

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*Expanding Ecuador's Exports. A Commodity-by-Commodity Study with Projections to 1973.* By RALPH J. WATKINS. New York, 1967. Frederick A. Praeger, Publishers. Praeger Special Studies in International Economics and Development. Tables. Pp. xii, 430. \$15.00.

Ralph J. Watkins, vice president of Surveys and Research Corporation, directed this study for the National Economic Planning and Coordination Board of the Ecuadorian Government. With the aid of competent specialists, he obtained a very thorough documentation from every available source of information, including field work and extensive interviews. Beginning with a brief examination of Ecuador's few significant exports, this study proceeds "to determine the adequacy of the resource base, to appraise the effectiveness of production, to identify barriers to more effective performance, and gen-