

istics of one stage often overlap into others. Beckmann might have made a useful contribution, had he concentrated intensively on a limited number of countries. Instead he has relied on a few data to make sweeping generalizations covering all of Latin America, continents where industrialization, technical sophistication, capital formation, and social structure vary widely from country to country (Argentina vs. Bolivia), and even within countries (southern vs. northeastern Brazil).

Pan American Union

ROLF HAYN

Hemispheres North and South. Economic Disparity Among Nations.

By DAVID HOROWITZ. Baltimore, 1966. Johns Hopkins Press. Notes. Index. Pp. vii, 118. Paper. \$1.95.

This small and relatively nontechnical volume is centered on a plea for a massive increase in capital transfers—1.5% of their gross national product from the wealthy Northern Hemispheric countries to those of the South in order to reverse the widening economic disparity between the two regions. For the area specialist who has not had training in economics, David Horowitz provides a useful, general, and clear statement of some of the more serious economic problems confronting Latin America today: insufficient external capital resources, declining primary product prices, and a demographic crisis. The professional economist, however, will find little that is new, and some points that are debatable.

Following an introduction which eloquently describes the growing disparity among nations and treats the problems of productivity, population, and trade, the author briefly analyzes the factors of agricultural productivity, capital, and labor force in the process of economic growth. In his discussion of population and the labor force, Horowitz suggests, but does not confront, a problem often inadequately grasped by native Latin American social scientists. This problem is not the density of population or the labor force concentration (i.e., the land area/population ratio), but the relation between rates of population growth and economic activity. For example, Brazil may be a relatively unpopulated country (the density ratio), but it is in serious trouble if the population grows as rapidly as economic activity. Of course Brazil has not experienced this form of stagnation because its rates of economic growth have been high, but these have been declining since the early 1960s because possibilities of import substitution have been exhausted, and the incremental capital output ratio has been rising. Nevertheless, a high rate of population increase

(3.0 to 3.5%) has made the problem of economic development more difficult than it otherwise would have been, and in any event, there are serious distributional implications for the lower economic classes, since the rate of natural increase is highest among them.

Horowitz devotes most attention to the role of capital and capital accumulation in the process of development. While most economists would agree about its great importance, some of his arguments are posited on theoretical constructs which have not been fully tested. For example, it is not clear that the flow of capital has been diminished by the mild income redistribution that has occurred in the West. In fact the current or absolute income hypothesis of aggregate consumption behavior posited by Keynes, which is Horowitz' implicit theory was discredited theoretically and unsupported econometrically as early as the late 1940s. Nor has it been shown that labor unions have reduced the export of capital. These criticisms notwithstanding, Horowitz' discussion of the role played by capital and the burden of external debt is very cogent if one recognizes that he has excluded many important theoretical topics bearing on his discussion, such as the role of *human* capital.

Since economists usually pride themselves on being equilibrium analysts, Horowitz grapples with the problem of dynamic economic equilibria in relation to financing capital investment by inflationary processes. However, if the truth be known, many states of equilibrium in economic theory are merely academic tautologies derived from methodology, i.e., from the use of mathematics, especially calculus. They are static and not temporal analyses and consequently are of extremely limited use in analyzing economic development. Horowitz makes the usual comments concerning the distortions in the balance of payments and investment allocation caused by inflation. Nevertheless, while an excess of claims over the supply of resources will generate inflation, it is facile and superficial analysis to speak of "optimal" factor (labor and capital) combinations. Since Pareto, optimality has been a useless concept unless it can be related to dynamic considerations of growth. In particular, to condemn capital for intensive technology in the presence of a labor surplus is to ignore questions of investable surpluses, economic interdependencies, and growth. Horowitz' analysis is shallow and dated.

Finally, he convincingly argues that there is a functional relationship between peace and prosperity, and that the possibilities for democratic processes in the developing world depend on large flows of economic aid to overcome declining prices of primary products, the demographic explosion, and inadequate capital inflow. Otherwise

totalitarian measures will be employed. He argues for a reordering of priorities in the West (less armament expenditure) which will free resources in order to confront this very serious economic problem. It is difficult to see that this aid will be forthcoming in sufficient amounts during the next few years.

Indiana University

HAYNES GODDARD

Contemporary Politics and Economics in the Caribbean. By HAROLD MITCHELL. Athens, 1968. Ohio University Press. Illustrations. Maps. Notes. Bibliography. Index. Pp. xix, 520. \$10.00.

This is a comprehensive description of current problems in each part of the Caribbean, including both the independent republics and the colonies but excluding Central America. The author clearly knows the region well and has done a great amount of research.

The description of the political changes which have taken place in the foreign colonies during the past ten years is especially interesting. Each power has attempted to meet increasing demands for self-government in a different way. The United States has given Puerto Rico virtually complete autonomy and has made it clear that the people of the island can decide their own future status: independence, statehood, or a continuance of the present commonwealth. The Virgin Islands of the United States have had an increasing measure of self-government. There, as in Puerto Rico, the prosperity which has come from association with the United States seems to render complete independence unattractive. France has made her Caribbean possessions integral parts of the French Republic, a status which under the centralized French system gives them little real autonomy. There seems to be some question, especially in Guadeloupe and Martinique, whether pride in French citizenship and attachment to French culture will outweigh a desire for a greater voice in dealing with the islands' own problems. The Netherlands have perhaps found a happier solution in making the Netherlands Antilles and Surinam separate realms under the Dutch crown, with complete local self-government and a voice in matters which affect the tripartite kingdom as a whole.

The British government sought to free itself from the responsibilities of empire in 1958 by setting up a West Indies Federation, but this project collapsed three years later, apparently in the main because the larger islands were unwilling to assume the burden of supporting their poorer neighbors. Jamaica and Trinidad became independent states in 1962 and Barbados in 1964, with governments which