In this reviewer's opinion, the most needed single piece in the book is that by Marriner S. Eccles on postwar fiscal policy. Eccles insists that we must consider postwar taxation as a means for controlling deflation as well as an instrument to fight inflation. The emphasis is on flexibility and adaptability of our postwar tax structure to meet the changing requirements of fiscal policy. "Tax policy must be recognized as part of a flexible fiscal system and must be used wisely to supplement or curtail the flow of consumer and business spending as conditions require." Rapid conversion to peacetime production is the most effective way to cope with inflation immediately following hostilities, but we must retain rationing and price control and licensing of exports as well as wartime taxes during the transition period. After reconversion we must continue to use taxes as major instruments of national economic policy. This view does not contemplate a panacea of incentive taxation, which to nearly every man means reduction of his own taxes. It does contemplate the shaping and timing of taxes and public expenditures so that government can be "a balance wheel and a stabilizing influence in helping to maintain a high level of production and employment."

Little that Eccles says is new to economists, but basic truths are effectively focussed to point a direction for policy in the period just ahead. While there remain Congressmen who will tell you unabashedly that taxation must be "for revenue only," perhaps strong statements of simple necessities are even more important than elaborate technical economic analyses. (The Eccles address is available also in the Federal Reserve Bulletin, March 1944.)

This symposium, taken as a whole, is a decidedly worth-while contribution to the yet swelling flood of discussion of inflation control and future fiscal policies. The book has a selected bibliography and an index.

Fred A. Clarenbach

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This volume will serve as a very useful textbook on Latin-American economics. Its main emphasis is on trade, investment, tariffs and exchange policies. The authors have combed well the English
literature dealing with the areas covered in this volume. (Unfortunately, they have not used Spanish or Portuguese sources.) Their accumulation of facts is welcome indeed; and one who wishes, in the shortest possible time, to be informed concerning the composition of Pan-American trade, the numerous trade restrictions of Latin-America and of the United States vis-à-vis Latin America, the prospects of new industries, concentration of population, loans by the Export-Import Bank, clearing agreements, inter-American cooperation, etc., would do well to read this volume. It will indeed be a useful reference book, almost a Latin-American economic almanac. Undoubtedly we may expect much good work from these writers in a field where talent is scarce and unexplored areas rich.

In their next volume, the reviewer expresses the hope that the authors will spend more time on analysis and less on digging up facts. In his book on a Liberal Education, Mr. Van Doren says the educated man must, among other things, learn to give facts their proper place. We must not catalogue and catalogue; we must accumulate them only in so far as they might yield the generalizations we seek. Professors Olson and Hickman, for example, list the possible sources of investment in Latin America. Yet the reader is not left with any concrete idea as to how much foreign capital Latin America might profitably use. The past and potential contribution of foreign capital towards a higher standard of living, and a higher productivity of labor is not treated adequately. They discuss the defaults and indicate some reasons for them. They blame the collapse of trade and, to some extent, unproductiveness of the loans. Is it not too bad that, in the light of the mistakes of the past, they did not suggest concrete proposals for a borrowing program which might not break down? What safeguards might be introduced? A priority system under government auspices on the basis of productivity and potential yields of exchange might, for example, be set up.

I am not satisfied with the general analysis of the international position of Latin-American countries. Nowhere are the strands pulled together. What is the relation of trade balances, reserves, capital movements, tariffs, exchange control and domestic investment? Much information is presented on each of these subjects. But no attempt is made to appraise exchange control, tariffs, capital movements, exchange depreciation, etc., as means to the equilibration of the balance of payments. No attempt is made to
weigh the gains in terms of stabilization, improved terms of trade and domestic investment resulting from protectionist measures against the losses associated with the diminution of trade. Or take exchange control. Various techniques are discussed. We are not informed, however, as to the effects of exchange control on exports, imports, the allocation of economic factors, and so on.

*Seymour E. Harris*


Since agricultural economists will likely be most interested in the articles on The Concept of Income Parity for Agriculture and Forecasting National Income and Related Measures, this review is confined to them.

Mr. Grove’s paper on parity income and the accompanying discussions are well worth serious study. After tracing the origin and development of the concept, Mr. Grove turns his attention to the problems of income measurement and to the validity of income as a measure of welfare. His analysis leads him to the conclusion “that the economic foundations of income parity as now measured are shaky in the extreme.”

This unfavorable conclusion seems to rest not so much on the use of a historical base period and the inaccuracies of measurement as it does on the inability of dollar income measures, however precise, to reflect accurately total welfare. Three major objections are