

with them. Collective bargaining in the U.S.A. still means in most cases bargaining between a trade union and an individual employer or, at most, a local group of employers, and only rarely between a trade union and the employers in an industry as a whole.

Subject to the omissions which have been noted, this book will be of considerable assistance to those who seek a better knowledge of the principal Federal labour legislation and of its interpretation by Governmental agencies and the Courts. Possibly too much emphasis is laid on the activities of the National War Labor Board, which are of a passing nature, and a divergence from the main current of Government policy. The method adopted in the book of analysis under a variety of subject-headings leads to constant repetition which may be inevitable; when, however, almost identical passages occur in successive paragraphs which deal with the same-subject matter, one can only conclude that this is the result of inadvertence. A few misprints are singularly unfortunate, in that they reverse the sense of the passage entirely, as, for example, when it is stated that social security legislation was in 1937 held unconstitutional in a case in which in fact its constitutionality was upheld.

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Agriculture in an Unstable Economy. By THEODORE W. SCHULTZ.
(New York: McGraw-Hill, 1945. Pp. xix + 272. \$2.75.)

THIS is an admirable book, in which modern economic theory is brought to bear on the past and present facts of American agriculture and a gallant attempt made to forecast numerically future trends. Since the factual material is American, the book will be of the greatest value to American readers, economists and agriculturists and, perhaps above all, those concerned in framing agricultural policy. But its usefulness is by no means confined to those interested in American economic and agricultural problems; much of the analysis is equally applicable to any industrialised country, and certainly to Great Britain.

Professor Schultz analyses the relations between agriculture and the rest of the economic activities of the nation, in order, as he says, to lay the foundations for a national policy for agriculture, which he proceeds to outline in his concluding sections. He brings out that the basic causes of the farm problem, the low earnings of most farm people and the great instability of income

from farming, lie less within agriculture than elsewhere in the economy. A great part of the analysis is familiar, at any rate to economists. But no other book which I know puts it so clearly or cogently.

The argument is compressed, and cannot be adequately summarised in a review. Only a few of the salient points can be noted. Professor Schultz begins in Part I by analysing the outlook for American agriculture after the war. Agricultural production has increased by a third during the war, in spite of a decline of from 15% to 20% in the number of people employed in agriculture; in America, even more than in this country, farmers have been brought to realise the extent to which modern machinery can be substituted for labour, not only in crop but in livestock production, and not only on large farms and level land, and production costs reduced by mechanisation. These figures, and others which Professor Schultz gives in his second part, demonstrate the extent of under-productive employment in American agriculture before the war (Mrs. Robinson's "concealed unemployment") as unemployed industrial workers were forced back to the farms they had left to seek work in cities.

After the war, unless there is a pronounced inflation, farm prices are likely to recede sharply within one year or at the most two (Professor Schultz wrote before the recent food crisis). For agriculture will stay in full production and demand from overseas countries will fall; this will particularly affect cotton, which has remained in surplus supply throughout the war, and the other products entering world markets but now in short supply—fats and oils, wheat, rice, coffee and sugar. Professor Schultz expects the terms of exchange available to farm people to drop by one-fourth to one-third from the levels of 1944.

He proceeds, in Part II, to develop the fundamentals of the agricultural problem in an expanding and fluctuating economy. In an expanding economy, and one where the reproduction rate is considerably larger for the farm than for the non-farm population and where labour-saving devices are being introduced as rapidly in agriculture as in secondary and tertiary industries taken as a whole, only a very rapid increase in output (and hence income) outside agriculture will serve to maintain demand and secure a rapid enough movement of labour from agriculture to support reasonably prosperous farm incomes per head. For, as incomes rise, a smaller and smaller proportion of those incomes are spent on farm products (after allowing for more services in getting food-stuffs to consumers). If the income elasticity for farm pro-

ducts is $\frac{1}{4}$ (which Professor Schultz puts as the most probable figure), then, he estimates, the annual rate of increase in non-agricultural production must be 4-6% in the first two decades after the war, in order to make room for an expansion in agriculture of 2% or rather more a year, which he considers to be necessary if the old pre-war farm problem is to disappear. The discussion of the income elasticity of demand is summary; one would have liked a rather fuller analysis of this crucial fraction; but, whatever its level, provided (as is certain) it is substantially below 1, the nature of the problem, though not its extent, remains unchanged.

After a brief analysis of the effect of business fluctuations on agriculture, and of the probable movements of agricultural imports and exports, Professor Schultz proceeds to discuss Government policy for agriculture before and during the war, and to outline a desirable policy for the future. He is concerned to preserve the essentially competitive nature of agricultural production, and would have the Government step in to help determine the correct allocation of resources and to advance general welfare.

Put very briefly (far too briefly to do justice to the argument), his policy would be: first, to encourage the movement of labour from farms, develop mobility, education and greater leisure, and introduce and improve social services for the farm population; secondly, to counteract the instability of farm income, if possible by avoiding business depressions and developing farm technology to avoid fluctuations in yield, introducing crop insurance and storage of grain for animal feeds; and, as a second line of defence, by subsidising agricultural production if unemployment mounts and prices fall, to give returns equal to a percentage (perhaps 85%) of the price in the previous boom; thirdly, to avoid the type of production adjustment intended under the A.A.A. policy pre-war (which in any case was largely ineffective except for cotton, since, for the remaining crops, though acreage fell, production did not); but to help adjustment in specific types of listed cases; and, finally, to establish forward prices, announced in advance, designed to secure the socially desirable allocation of resources. Prices should not be the goal of policy, but a means to secure the right adjustments; especially, the doctrine of parity prices, related to levels before the last war, should be abandoned; conditions have changed so much that such prices are now entirely out of line with requirements.

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