

ing his stay in the Soviet Union, however, he did find some solace. "Peeping in through a broken window of the church with the newly painted front," he tells us, "I saw that it was used now for storing tools, as well as some of the fallen slogans from the nearby clearing, neatly piled for use for the following summer." But "at the back where the altar had been there was still the faint outline of a cross to be seen." In its survival Mr. Muggerridge read "the promise that somehow this image of enlightenment through suffering, this assertion of the everlasting supremacy of the gospel of love over the gospel of power, would never be obliterated, however dimly and obscurely traced now, however seemingly triumphant the forces opposed to it might seem to be."

Reviewed by HAVEN BRADFORD GOW

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## *Poverty in Mexico*

**Labor Legislation from an Economic Point of View**, by Gustavo R. Velasco, *Indianapolis: Liberty Fund Inc., 1974.* 65 pp. \$3.00.

THIS IMPORTANT BOOK by an eminent, internationally respected Mexican jurist<sup>1</sup> could well have been entitled *Poverty in Mexico and its Cause*. The avowed chief purpose of the work is to show how the determination of labor costs under governmental edict and labor union duress reduces the aggregate flow of wages and creates grave inequalities in the distribution of income generally. That is, the system is alleged to have exactly the opposite consequences from what the mass of people have been led to believe.

But while Professor Velasco's contribution is a skillful work of communication

and popularization,<sup>2</sup> it differs from most other works in the field in that it is profoundly moving. His deep concern about the distressing yet avoidable penury of his own beautiful and friendly country is obvious throughout. Labor legislation must, he maintains, accept chief responsibility for the creation of two classes of workers in Mexico, "one of them comparatively well off . . . and the other destitute of everything . . . and without hope of deliverance as long as predominant ideas do not change . . ." He contrasts the miserable poverty of the people working in the smaller towns and villages with the relative well-being of the industrialized workers. Through "laborism" in politics, *i.e.*, legislative protection for the politically powerful unionized artisans against the potential competition of the underprivileged classes, the unions have been allowed to monopolize for their members the opportunities which entrepreneurial enterprise, managerial ingenuities and technological progress have been offering to the community as a whole.

The most effective special privilege granted—that is, the most effective *discrimination in favor of the already favored*—has been the exemption of organized labor from civil or criminal liability for damage to the prospects, income or property of others. Moreover, the imposition of wage-rates and fringe benefits through the private use of coercive power (the strike or—more important—the strike threat) has been the predominant method through which sectional interests have gained at the expense of the social interest.

Professor Velasco does not assert of course that "the factors making for our general development" have been completely obstructed by the system he exposes. But he makes it clear how rising demand for—and hence rising yields to—labor as a whole (due to savers, inventors, innovators and risk-takers) have been engrossed by unionized workers; and how inflation has aggravated the injustices. "The hardships and poverty of the class composed of non-unionized workers who are the overwhelm-

ing majority of our population," he says, "are intensified." Millions of Mexicans are condemned "to destitution and starvation, for whom our country's industrialization and economic development would mean the only real and well-founded hope of solution." He observes that there are "eight or ten million people in our country who do not wear shoes."

The illustration is apposite. If the shoeless Mexicans had been allowed access to the bargaining table with the right to price themselves into employment fields offering more productive and better remunerated kinds of work, they would have been able to afford to be well-shod. They have been victimized through exclusion from such employment outlets largely because of enforcement of "the rate for the job."

Professor Velasco would be the last to deny that industrialization has already succeeded in ameliorating the material well-being of many nonunionized workers in his country. The point is, however, that if present labor union privileges were deliberately dissolved—gradually, and with due regard to the established expectations of the present privileged—the rate at which the benefits spread to the victims of the present system could be accelerated.

The new affluence would of course create its own sociological problems. But rapid growth in the material well-being of the working classes *need* not lead to worsening crime and rising discontent among the beneficiaries (which has been the most usual consequence of improving the living standards of the poor). A régime which was wise enough to get rid of "laborist" injustices would surely be wise enough to protect their achievement from the professional trouble-makers of the left.

In the meantime one hopes that others among Mexico's intellectual leaders will follow the lead given by this short and trenchant book. Mexico is a land of lovely scenery, fascinating "colonial" towns and villages, colorful dress and the most delightful people. But as in Latin America generally, tolerance of the right to strike de-

presses, with heartbreaking ruthlessness, the material living standards of the lower income groups. One wishes that Mr. Velasco's plea on behalf of his underprivileged countrymen will get an influential hearing.

Reviewed by W. H. HURT

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Professor Velasco is not a professional economist, but he knows the relevant authorities, he has a clear insight and he writes, with effective forensic logic, as a layman for the layman.

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### *Cleansing the Stables*

**Dissent on Development**, by P. T. Bauer, *Cambridge, Massachusetts: Harvard University Press, 1972. 550 pp. \$15.00.*

FOR THE LAST THIRTY YEARS the field of economic development has been the preserve of quacks and charlatans. The general disrepute of the field has been so great that few self-respecting economists would enter it. Those whose motivations included scientific or scholarly pursuits chose fields in which logic and evidence carried some weight. People who possessed economic competence and intellectual honesty had no incentive to enter a field in which these qualities were handicaps. Consequently, the field has been the scientifically weakest and most intellectually dishonest branch of economic studies, rivalled only by the field of Soviet and comparative economics. It has been a perennial source of embarrassment to the economics profession. Economists must, therefore, welcome with great appreciation Peter T. Bauer's monumental *Dissent on Development*, which clears the slums and renovates economics in the field of economic development.