population dependent on government largess for its existence. Such dependency is dangerous, particularly for minority groups, because—Gill is right about one thing—moods do change.

There is meanness in America, but not the kind Gill cites. The meanness takes the form of our government permitting various interest groups to use its coercive powers to create monopolies for themselves. The Miami law, for example, that requires a person to go to school two years to get a license in order to go into business as a pool cleaner is *mean.* The taxi laws in Boston, Chicago, and New York that require that a person buy a license, which ranges in price from $40,000 to $65,000, in order to own and operate *one* taxi for a living is another example of meanness. The minimum wage law of $3.35 an hour, which in effect prohibits companies from hiring anyone who has the skills to produce only $2.00-an-hour worth of goods and services, is the supreme example of this meanness in America.

Ironically, people like Gill *completely* ignore, and sometimes even sanction, this kind of meanness. Instead, Gill says that Americans, who now work from January 1st to the 27th of May to pay their state, local, and federal taxes, are mean because they don't want to work on into the summer. That's mean when the former secretary of Health, Education and Welfare was able to tell Congress of his attempt to keep waste, fraud, and mismanagement in HEW to $9 billion a year? I'll just have to be one mean mother. And I'm sure glad that *Meanness Mania* is biodegradable.

Walter Williams is a visiting professor of economics at George Mason University.

The Fortunes of the Dairy Lobby

Milking the Public.
By Michael McMenamin and Walter McNamara.
Chicago: Nelson-Hall. 1980.
300 pp. $13.95.

Reviewed by Gregg Easterbrook

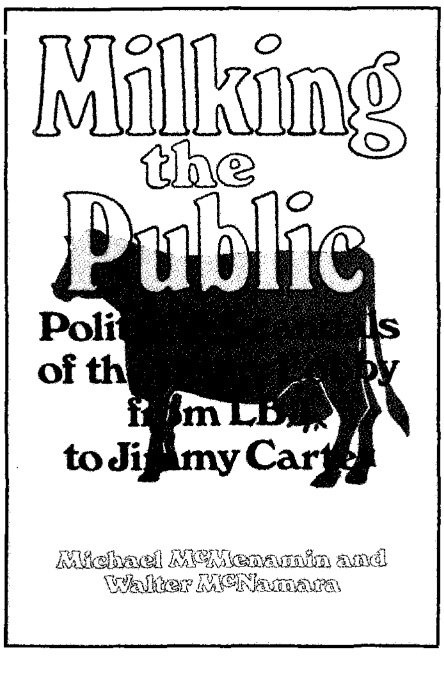
In the city of Washington, certain words are instantly associated with corruption. *Nixon* is one, and *Korea* is another. A third is *milk.* Yes, milk, the wholesome drink from contented moo-cows, is synonymous with wrongdoing.

To learn the reasons why, read *Milking the Public* by Michael McMenamin and Walter McNamara. The book explains in great detail how the dairy industry has milked us all for billions—an estimated $500 million to $800 million a year more than the market value of milk—by using a system of cooperatives, taxpayer-subsidized price supports, and politicians bought off with bribes or "contributions."

A dairy cooperative, to start with, is not a bunch of friendly farmers who get together for barn raisings. It's a cartel front-group. Most or all of the raw milk in any given area is funneled through a co-op in order to fix at an artificially high level the price that milk processors must pay. Meanwhile, federal support mechanisms guarantee a minimum price and ensure that any surplus milk will be purchased by the government, making milk production nearly risk-free.

Co-ops, the authors note, did not consolidate their power until the mid-1960s. It's no surprise that that is when the bribes, "contributions," and steep increases in price supports began in earnest. Presidents Johnson, Nixon, and Carter have been splashed with dirty or at least suspicious milk money, McMenamin and McNamara say; so have hundreds of congressmen. Even populist champion Hubert Humphrey was tarnished.

The sums have often been staggering. One co-op alone gave $100,000 to a Nixon campaign. New campaign-finance laws have cut the size of individual sums but done little, the authors believe, to diminish the dairy lobby's influence. The three largest milk co-ops managed despite the new laws to contribute $1.2 million to congressional candidates in 1980.



It's ironic to note that in the 15 years since the milk scandals and artificially high prices began, milk consumption has declined significantly. The average American consumer drinks about 30 percent less milk now than he did then. You might think this would give dairy farmers pause and inspire them to improve their product's reputation and lower its price. Apparently not. After all, Washington can award them higher profits by boosting price supports—and if people boycott milk as a result, well, then Washington just buys up the surplus (using the boycotters' tax money, natch). "The dairy lobby believes that politicians are more important to their economic survival than consumers," McMenamin and McNamara note.

This preference for bailouts, subsidies, and political arm-twisting over meeting economic problems head-on is central to the decline of American industry. In agriculture, government subsidies have been granted to tobacco (a double subsidy, since government also pays much of the costs of the cancer that tobacco causes), sugar, and other commodities. At the moment, peanut farmers are demanding special handouts, a particularly brazen exercise in greed since peanuts are in short supply, making peanut prices soar on their own.

There is some hope of relief, as the Reagan administration was successful in its fight to block the milk price-support increase scheduled for April 1. But there's still a long way to go. Remember, if the price support doesn't go up, farmers might compensate by increasing milk production, forcing the government to buy up even more surplus.

The book documents complex milk wheeling-and-dealing in exacting fashion. Especially impressive is a long chapter about the bribe controversy surrounding John Connolly. The jury found Big John innocent, but the reader may come to other conclusions. (Whether Connolly may be guilty or not, the authors point out, at no point did the dairy lobby ever deny that it *attempted* to bribe him. It almost seemed proud of the fact—and asked that the $10,000 bribe seized as evidence be returned!)

Unfortunately, most of *Milking the Public* has about the same effect on the reader as a warm glass of what's being talked about. The writing is humorless and predictable and so crammed with numbers and acronyms that it's almost impossible not to get lost. But perhaps more important, the authors do not communicate any sympathy for the human side of the industry they are dissecting. There is no sense that either of the authors has ever wandered around a dairy farm with hip boots on or accompanied a milk truck on its predawn run.

Yes, milk, the wholesome drink from contented moo-cows, is synonymous with wrongdoing.

Maybe they have, but it doesn't show. There is no sense that the authors have done any research beyond checking clip files and legal documents, and this might explain both the book's lack of anecdotal richness and its failure to sympathize with the hardworking farmer at the bottom of the chain.

The milk business *is* politically corrupt and overly subsidized, and that should be changed. But even as we appreciate *Milking the Public*'s contribution in making this clear, we must remember that the dairy farmer is a pretty impressive old coot. Despite price-support inflation, retail milk prices remain lower here than anywhere except Australia and New Zealand. The high productivity of US dairy farms has also prevented any serious shortages in recent decades.

The fact that dairy farmers—most of whom are decent, industrious, and not living lives of conspicuous luxury—got involved in the co-ops and "contributions" bears troubling lessons about a country where it is all too easy for decent people to slide into respectable-sounding wrongdoing. Yet McMenamin and McNamara seem to suggest that squeezing an udder transforms one into an evil creature, and that is just not true. Condemning the dairy farmers' excesses, as this book does, is necessary to expose where they have gone wrong; sympathizing with their good side, which this book does not, will be necessary to spark lasting reform.

Gregg Easterbrook is an editor of the Washington Monthly.

Demolition Detail

The Ecology of Housing Destruction.
By Peter D. Salins.
New York: New York University Press, for the International Center for Economic Policy Studies. 1980. 155 pp. $10.00.

Reviewed by M. Bruce Johnson

The South Bronx is a term in the vocabulary of every American who watches TV, reads newspapers and magazines, or pays the least bit of attention to contemporary politics. More than a symbol, the term evokes real images of burning buildings, piles of rubble, and vast areas of utter destruction matched only by the World War II photographs of Dresden and London after the blitz.

The best estimates indicate that over 200,000 apartments were lost from the New York housing stock in the period from 1960 to 1975. The destruction was not confined to the Bronx; Brooklyn, parts of Manhattan, and even Queens account for some of the loss.

Why have hundreds of thousands of housing units been destroyed, with hundreds of thousands more "in process"? The standard explanation for those of us far removed from the scene is all too simple: rent controls! After all, New York City has had rent control in a variety of forms since 1943. Approximately 402,000 apartments are still rent-controlled; another 552,000 have moved from controlled status to "rent-stabilized" status since the passage of legislation in 1974. Still another 320,000 units (built subsequent to 1947) are "stabilized" without ever having been "controlled." All told, two-thirds of the housing stock in New York City is subject to one form of price regulation or another. Our knowledge of the workings and effects of rent controls in other times and places would seem sufficient to enable us to blame the South Bronx syndrome on the workings of rent controls and regulation.

Prof. Peter D. Salins argues that there is more to it; rent control is one of several forces that interrelate to produce the destructive dynamics we observe in New York. Salins refers to this as the "ecology of destruction" and lists the major components as follows: (1) the public assistance (welfare) system, especially with respect to the administration of its program of shelter allowances; (2) the complex, multilayered system of rent regulation and its impact on the market for housing; (3) the system of adjudicating landlord-tenant disputes, especially in its treatment of code-violation complaints; and (4) the dynamics of the ownership sector of the real estate market, especially as it operates on marginal rental property.

It is virtually impossible to do justice to Salins's book within the confines of a brief review. The feedback among the several programs can be very complicated, and an appreciation of the full story can be obtained only by reading his well-written analyses and scenarios, each of which is based on well-established facts.

Here is an abbreviated example of one of those scenarios. As of 1978, 242,000 New York welfare families received stipends to cover the full costs of their shelter rents. This stipend is a check that is tied to shelter costs and, in principle, is an in-kind subsidy that the welfare family cannot spend as it pleases. New York also has a housing court that adjudicates disputes among landlords and tenants apart from the traditional legal system. Over time, these courts have come to side with tenants in a crucial way: The courts authorize or condone the withholding of rent from landlords in the event of alleged violations of the building codes.

In a typical scenario, the tenant withholds the shelter allowance rent check from the landlord, cashes it himself, contests eviction, and simultaneously claims there are building code violations in the units. Tenants can and do willfully and consciously create code violations to justify withholding of rent (which they then spend on other things).

The legal process takes time in the housing court. Once a violation has been removed, the court condones a "negotiated" settlement for the rent in arrears, and the landlord frequently never collects the rent. If the landlord does prevail and the tenant is evicted, the welfare department provides a moving allowance, will help find a new apartment for the tenant, and may even raise the shelter allowance. Because of rent regulation, the rents in many "better" neighborhoods are below market levels and are attractive to the welfare tenant.

Salins argues that the shelter allowance combined with the housing courts provide strong incentives for the tenants to move frequently, to withhold rents, and to cause or contribute to the physical deterioration of the units they presently occupy. As they leave, vacancy rates rise, capital values of buildings fall, and, acting in their own self-interests, landlords in marginal properties are encouraged to postpone maintenance, default on taxes, and generally arrange their affairs so as to maximize short-run