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THERE ARE THREE CATEGORIES of economic studies: (1) Economic expediency, (2) economic ethics, and (3) economic description. Some economic descriptions are in the nature of photographs or journalistic reports; others are concerned with the development and presentation of a consistent body of generally applicable and useful hypotheses. Boulding's new book is of the latter type.

Boulding's "Reconstruction" of economic theory will not come as a complete surprise to those already familiar with his earlier work. However, the basic concepts are here developed and extended in their complex interrelatedness through symbolic logic to their ultimate structure. This is a ready-made, modern, and refreshingly new synthesis of the theory of the market, the theory of the firm, the theory of the consumer, and the macro-economic theories of production (output), employment, interest, and money. Unfortunately the book contains a great deal of filler that does little either to elucidate or further the argument. Combined with the absence of summaries, this characteristic makes it difficult to discover and to follow the essential framework.

The Boulding theories are grounded on the concept of preferred asset ratios. For those who need to use the theories in guiding research projects, the problem will immediately arise of how to discover or measure such ratios. But use of the preferred asset ratios does allow Boulding to tie the concept of liquidity preference into both price analysis and production economics theory. Having taken this step, he can bring firm analysis one step nearer reality by making a meaningful distinction between (1) production and (2) sales. Consumer analysis is also given a more realistic treatment by a similar distinction between (1) consumption and (2) purchases. Incorporation of these obvious truths into the body of economic theory is a real contribution.

Before one could be relatively sure that Boulding's micro-economic hypotheses of exchange and production would be useful in marketing research projects or farm-management studies, one would

have to try them out on specific problems. The haunting fear that the central concept of preferred asset ratios would prove difficult, if not impossible, remains until it is downed by successful application of the concept in research activity.

Boulding also tries to fill a gap that has always existed in economic theory—the need for a macro-economic theory of distribution. Micro-economic analysis as applied to the firm or the industry simply cannot correctly be blown up to an explanation of the distribution of income to the various factors of production.

This discovery has a significant relationship to the analysis of problems involved in public policy. For example, Boulding's theoretical structure may prove more useful in developing a more meaningful analysis of farm price-support problems than was possible with the hypotheses heretofore available. The new look gives some novel and startling conclusions that differ markedly from the maxims drawn from less incisive theoretical constructs in the fields of taxation, regulation of labor relations, and stabilization programs in general, as well as in private firm and family economic operations.

This reviewer doubts that Boulding has yet done his most mature work. The author of "*A Reconstruction*" is still searching for a more useful vision. He is worried by the thought that a general nonprice equilibrium rather than a general price equilibrium may actually house the strongest forces involved in real problems. General *price* equilibrium may be more misleading than helpful in understanding the nature of economic problems.

Chapters One and Two also make me think that ultimately he will give us something even more useful than this book. These chapters are naive almost to the point of being nonsensical; I doubt that Boulding has nailed up even the first scantlin' for the structure upon which a final synthesis of all the social sciences will be built. But he does have that aim, and, although he has missed the real reason why economics, as well as the other social sciences, is abstract, he'll probably keep trying to attain his high aim.

John A. Baker