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BOOK REVIEWS

On Economics and Society, H. G. Johnson. Chicago: University of Chicago Press, 1975. Pp. xii, 356. \$A.15.55.

This volume is a collection of 21 essays most of which have been presented or published elsewhere, predominantly in the 1970's. The purpose of bringing these essays together is twofold: on the one hand they represent an economist's attempt "to think in terms of progressively broadening frames of institutional and cultural reference" (p. ix); and, on the other, they attempt to explain economics, or the application of economics, to people who are intelligent but not specialists in the areas being discussed. The essays are grouped into 6 parts: Part 1, The Relevance of Economics; Part 2, The Keynesian Revolution for Good or Ill; Part 3, Economics and the Universities; Part 4, Economics and Contemporary Problems: Inflation and Inequality; Part 5, Economics and Contemporary Problems: World Inflation, Money, Trade, Growth, and Investment; Part 6, Economics and the Environment. To Part 1, one might add . . . in Contemporary Opulent Society; the other parts are self explanatory.

Because of its composition the book has features which might be regarded by some as strengths and by others as weaknesses. Firstly, subjects such as Keynesianism and more monetarist modes of thought and their context, inflation, income distribution, and poverty and opulence appear in a number of essays. For those who are conversant with these particular fields this may seem repetitive, but for those who are attempting to widen their appreciation of the content and applicability of economics this is an advantage, especially since the subjects are considered in different contexts. Secondly, the collection, unlike a monograph or a series of readings on a particular issue, is an overview rather than a systematic study. While it may represent reasonably well accepted conclusions, it seldom provides all the details as to how they were derived. Nevertheless, there is an advantage in having an accomplished economist discuss a range of issues, presumably in a uniform manner, so as to obtain a perspective. And since the book is aimed at a wide (non-specialist) audience lack of rigour cannot be regarded as a criticism.

This volume comes at a time when the usefulness of economics is being reviewed by the profession. Johnson displays a conviction that basic economic principles can explain or depict in a meaningful way a significant number of the issues facing contemporary society. But he goes beyond this to indicate how the choice of which economic principles to apply is very much affected by the existing social conditions, the employment opportunities for academic economists, and their motivations. These reflect the progressively broadening frames of institutional and cultural reference in which he wishes to discuss economics. At one point he suggests that, because economic theory appears too abstruse and technical, even professional economists often "confine the use of their scientific tools to technical and academic problems, while relying on intuition, emotion, or political ideology to form their attitudes on social questions" (p. 15).

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The following examples give some idea of the range of issues discussed. In his chapter on "The Problem of Inflation", Johnson puts forward the argument that governments, by choosing to focus attention on full employment, deliberately accept a loss of control over wage and price levels, and that this is broadly representative of the preferences of the public. Concerning the functioning of Government, he contrasts the neoclassical position, where government is depicted as "the impartial servant of the public good", with the economic theory of democracy "which regards the election process as one in which policies are exchanged for votes" (p. 24). Concerning poverty he makes the point, developed in later chapters, that "cures for poverty lie in the direction of providing increased opportunity to earn adequate incomes, rather than in the direction of recapturing and redistributing incomes after they have been earned" (p. 31). He also expresses the view (p. 19) that the perfectly competitive model in its conclusions is much more robust than the questionings over the validity of its assumptions would imply.

His comments on the social setting of economists are also penetrating. Whereas investigations of the natural environment allow a progressive development of scientific knowledge, in "the social sciences man is his own environment and his brief mortality means that he is perpetually recreating his own environment and with it his own prescientific primitive ideas about it" (p. 267). To add to this, some economists are prepared to "sell out their science for a pot of political message" (p. 268). But the influence can be reversed. In the chapter on "National Styles of Economic Research", Johnson observes that "the interest of American society in knowledge has always been pragmatic rather than philosophical so that an orientation towards techniques and research comes more naturally to the American than to the European scholar" (p. 131). However he goes on to identify some of the weaknesses of the publish or perish approach. On the other hand, prior commitments to ideological positions can generate much intellectual effort and yet stifle progress, quite apart from making things difficult for students. In this regard his chapter on "Cambridge in the 1950's" is far from flattering.

This reviewer regards the collection of essays as particularly good value for the non-specialist, and perhaps also for the agricultural economist whose training is largely in production economics under perfect competition and related management techniques. The content is stimulating, and the style is clear although the reasoning is compact.

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Economics of Markets: an introduction to economic analysis, C. A. Tisdell. Sydney: John Wiley and Sons, 1974. Pp. ix, 404. \$9.95 (RRP).

Tisdell's *Economics of Markets* is not a marketing book as the major title may suggest. The book covers three main areas in economics.

It presents, with Australian examples, the introductory theory of microeconomics; the application of this theory to topical policy issues; and completes the book with a resumé of introductory macroeconomic theory.

The book is non-mathematical and in fairly simple language for those with a background in economics. For the novice it may be difficult because economic jargon is sometimes introduced without explanation, or with the comment that such jargon will be explained later.

The first chapter contains a general introduction to both micro and macroeconomics while chapter 2 introduces the types of sectors in the Australian market and the features of each.

An analysis of demand and supply is presented in chapters 3 to 5 and it is refreshing to see the inclusion of real life Australian examples. This gives the book a more applied footing than many introductory microeconomics texts. A pleasing feature is that the concept of producer and consumer surplus which is often given minimum coverage in introductory texts is well explained.

Chapters 6 to 9 are devoted to the theory of the firm. The treatment is quite rigorous with numerous tables and diagrams used to support the explanation. Perfect competition, monopoly and oligopoly (complete with Australian examples) are all given quite thorough treatment.

The remainder of the book (chapters 10 to 17) is generally more applied and takes a wider view than that of the individual firm. This section is policy oriented, and covers a wide range of topics including aspects of economic growth; the role and effectiveness of government in promoting (and in some cases restricting) competition; resources, ecology and environmental economics; and urban and regional issues. Chapters 15 and 16 which cover the two latter topics mentioned would appeal to readers other than economists, as they contain only a small amount of economic jargon.

The last chapter attempts to show that economics does not have to be compartmentalised, by concluding on a macroeconomic note. The chapter is introduced by stressing the problem of inflation and unemployment in an attempt to show that what are problems for the firm are also problems for the country as a whole. A number of the more famous macroeconomic models are then given scant coverage. For a person new to the subject, too much is covered too quickly, but as a reference for those who have completed a macroeconomics course, it may have some merit. The chapter also ends with a macroeconomic treatment of inflation and unemployment. In Tisdell's analysis, the solution to these problems lies in correct Government policy decisions. In democratic societies these decisions are hard for a Government to make while attempting to remain in office, leaving the reader with the feeling that democracy is in a dilemma. I think that Tisdell could have been more positive in his analysis by concluding that the public can be educated about causes of inflation, inevitably swaying opinion and thus influencing government policy making in the right direction.

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The author, a Professor in Economics at the University of Newcastle, has shown throughout the book that he is very much aware of the role that economics can play in arriving at government policy. The reference to recently completed reports prepared for government and even reports that were not completed at the time of writing is commendable. Unfortunately the reference to reports and the use of then-current examples will make the book less topical as time passes. For this reason further editions will be required in the future.

An annoying feature of the book is the constant reference to Pareto optimality. The author tends to continually rely on this concept and its use is so regular that it becomes monotonous. In many situations I think the reference was unnecessary.

The book has obvious appeal to students seeking application of the theory that they are taught. It also has quite a deal of useful material for professionals using economics, as a reference book on policy issues and as an aid in brushing up on basic theory. Some sections of the book would also be useful to people with an interest in policy issues, although some of the legislation that is mentioned is already of historical interest only.

The index at the back is excellent as is the bibliography at the end of each chapter. However, the table of contents at the front could have contained more than just the chapter headings for a better indication of the contents of the book.

This book has sufficient general appeal to be a useful addition to all large libraries.

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Financial Management in Agriculture, J. A. Hopkin, P. J. Barry and C. B. Baker. Danville, Ill.: Interstate Printers and Publishers, 1973. Pp.x, 462. \$US10.75.

Although the contents of an American text on agricultural finance are not directly comparable to the Australian situation, this book transcends this gap by concentrating on the basic financial management tools. At certain times, the reader does become bogged down in the intricacies of the American financial system or is perplexed by a term or phase with which he is not familiar. This is inevitable in such an exercise, but it is infrequent and, on the whole, the book is a valuable addition to a subject which is only now receiving the attention it warrants.

The book results from the authors' belief that managerial literature in agricultural economics has generally concentrated on production and marketing issues. The problems of the agricultural firms relating to the acquisition and control of resources, and to the management of cash

credit, debt, taxes, and estate transfer have not been widely covered. This book, and others since its publication four years ago (an increasing number of which have been written for Australian conditions), have served to remedy this situation.

Financial Management in Agriculture centres on the financial problems of the agricultural firm with particular reference to the sole proprietorship. In general the book deals with the principles of financial management adapted to the agricultural firm and their application. Most financial management texts deal only with the problems of the large corporate firm. The main emphasis of the authors is on investment decisions and financial control.

There is a five section breakdown in the book. The first section deals with the nature and scope of financial management in the context of four areas: the process of management, organizational areas of the firm, time and managerial decisions, and tools for decision making.

It is in the second section of the book, concerning the institutional setting for financial management, that the Australian reader might become lost. The authors expound fundamental principles in association with a detailed analysis of the credit, legal and general banking systems of the United States.

The third section relates to the firm's environment for financial management. Here the authors develop concepts and tools to be used by the farm manager, in the acquisition and use of resources, in controlling the performance of the business, and in relating financial decisions to production and marketing decisions.

More specifically, the authors review financial accounting tools and illustrate their use in analysis and forward planning. They introduce time and its impact on managerial decisions, introduce the concept of time preference, and develop the concept of discounting and compounding into the dynamic setting of the farm firm and the life of the manager. Chapters on growth investigate the incentives to growth, the constraints to growth, the role of financial leverage, liquidity management, and the conflicts between leverage and liquidity. One chapter in this section develops the framework for evaluating prospective investment under alternative methods of acquiring asset control. The authors use two methods for returns: net cash flow for measurement and present value for valuation.

Section four investigates alternatives in resource control and their evaluation. Three resource areas—land, depreciable assets and annual operating inputs are examined from institutional, financial and policy viewpoints. The chapter on alternatives in business organization is valuable in its insight into how the financial success of the farm business is influenced by its legal form of organization.

The fifth and last section treats three special topics of financial management: the financial methods available to analyse and control the farm business, tax management and estate management.

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The merit of *Financial Management in Agriculture* has been seen in Australia; it is used as a text and reference in a number of farm management and agricultural finance courses. It benefits from the addition of recent research evidence to expand and clarify certain parts of the book. The mathematics in the book (i.e. equations, tables and graphs) is well presented and easily understood—the casual reader can gain from the example and not be immersed in paragraphs of complex equations. As an undergraduate reference, the problems, exercises and reference list at the end of each chapter are valuable. Summing up, the book is a definite contribution to the field of agricultural finance, for professional and student alike.

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Food Merchandising: Principles and Practices, T. W. Leed and G. A. German. New York: Chain Store Age Books, 1973. Pp. viii, 389. \$US9.95.

This book is a useful foundation text on the retailing of food products covering the practical considerations of supermarket management.

The authors are well suited to tackle the subject. Theodore Leed has served as a consultant for several food retailing companies and bodies and, at the time of writing this book, was Professor of Food Marketing at Ohio State University. Gene German has many years experience in food merchandising both in private industry and in executive training programmes at Cornell University.

The development of food merchandising to the modern self-service supermarket is outlined in the first section. The characteristics of consumer demand for food are dealt with in some depth and include the concepts of price and income elasticity, utility and specific consumer characteristics.

The chapter on buying outlines the decision process in inventory management and lists the factors which affect the optimal size and frequency of orders. In addition, there is an interesting section on the use of computer systems (such as SLIM—store labour and inventory management) in store inventory control.

Pricing fundamentals and alternative methods of pricing are described in detail in chapters three and four. Useful concepts such as flexible break-even analysis and variable margins are clearly and explicitly covered. The pricing strategies of non-conventional foodstores, such as warehouse markets and convenience stores, are included.

Principles and actual policy for advertising, promotions, shelf display and store layout are covered in chapters 5, 6 and 7. These sections, based on store experience and buyer surveys, are a good review of the

quantitative work done in this area. In a similar vein, chapter 8 is concerned with profit planning and control. The setting of financial and merchandising objectives, along with techniques for analysing the performance of individual items and the store as a whole, are discussed. Other topics covered include regulations affecting food merchandising in the U.S.A. and expected trends in the food retailing industry.

The book as a whole clearly reflects the authors' backgrounds in the education of retail food-store executives. Economic theorising is minimized and, where included, is in an applied context. The emphasis throughout is on practices related to supermarket operation. Written in a straight-forward, easy style, the authors have integrated a wide range of retail marketing research, and derived either recommendations or a list of factors which must be considered for a proper decision. The principles outlined are most relevant to the Australian situation.

Although only a minor shortcoming, the authors have neglected the role of personnel in food retailing. Training, motivation and the place of unions are barely touched on. It is also unfortunate that no bibliography is included as, although primarily a management handbook, a list of sources and references would broaden its appeal and usefulness to the general reader.

This book would be worthwhile for those with general interest in food retailing. The practicalities and underlying principles of food merchandising are covered in a logical and clear manner with summaries, clarifying charts and diagrams throughout.

Food merchandising—principles and practices can also be recommended as a suitable text for courses concerned with supermarket retailing.

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