



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

BOOK REVIEWS

Size, Structure and Future of Farms, A. Gordon Ball and Earl O. Heady (editors). Ames, Iowa: Iowa State University Press, 1972. Pp. viii, 404. \$12.80.

This book is one of several produced in recent years by the Center for Agricultural and Rural Development of Iowa State University. It contains twenty chapters relating to particular aspects of farm business size, structure, and change. The twenty-eight authors, three-quarters of whom hold high academic posts, have already provided many individual contributions to the literature of the topics on which they write. Most of them are connected with the mid-western States of the U.S.A., and their examples and references relate almost entirely to American experiences.

The book is aimed at the diverse audience who are concerned with the nature and direction of change in United States farm business structure. It gathers together, from many sources, a wide range of data on the trend towards larger and fewer farm businesses in the U.S.A., considers the direction of further change, and discusses the economic and social desirability of present trends.

The first two chapters outline societal goals for the size of farm businesses, and the policies with which the United States has tried to achieve them. Chapters 3 and 4 depict the trends that have occurred in farm business sizes and relative income groups over recent years. The relative changes in capital and labour inputs, and the trends in farm returns and incomes are reviewed in some detail.

Chapters 5 and 6 consider scale economies in farm businesses, whilst chapter 7 covers aspects of scale economies related to markets and integration. The increasing use of capital and credit in American farming, and the decreasing labour component are considered in chapters 8 and 9.

Chapters 13, 14 and 15 examine the position of the family farm in present day U.S. agriculture, the reasons for participation in family corporations, and other aspects of farm tenure. The advantages and disadvantages of the non-family corporation, its attendant managerial considerations, and other features of industrialized farming and specialization are discussed in chapters 10, 11, 12 and 16.

Trends in farm business numbers and sizes are investigated in chapter 17, where Markov analysis is used to predict future trends. The interaction between service industries and agriculture is discussed in chapter 18.

Chapter 19 outlines the means by which farm businesses have been changing their structure to adapt to the changing economic climate of recent years. The book is rounded off by chapter 20, which reviews the means and alternatives by which public policy may be achieved in the future.

A recurring question throughout the book is whether the family farm will survive. The authors do not agree on the answer. However, most believe that although large corporate farms will increase in numbers and in share of total production, the family farm business will adapt sufficiently to remain a major segment of the farming industry.

Size, Structure and Future of Farms is thus a very wide ranging review of the many facets of the farm problems which face the United States. Although keyed to that country and its several particular problems, the book nevertheless contains a wealth of information for Australian students and administrators. It does not presume to give simple answers to current problems of farm change, but raises many relevant questions in attempting to explain some of the difficulties that have been faced in the past, and the complexity of the difficulties we face today. It is a comprehensive book, easily comprehended, and well documented. Bibliographies at the end of each chapter provide references to source material up to 1970, whilst much of the data presented is in tabular or diagrammatic form.

The book is not without some faults, however. Considering the scope it covers, and the inevitable overlapping that must result within such a series of articles by different authors, the index does not assist the reader as much as it should. Nor do all the summaries, which follow only about half the chapters, state clearly the main themes of the chapters.

The book is not written to the same standard throughout. Perhaps the most disappointing aspect is the emphasis placed on the meaning of the changes in numbers of farms in particular income categories over recent decades as though the dollar itself was a fixed value over that period.

The discerning consumer, accustomed to purchasing books published abroad, will not, of course, be surprised to find that the Australian retail price of this book considerably exceeds the cost of retail purchase and freight from the United States.

CYRIL B. J. CATT

Department of Agriculture, East Maitland

Soybeans and Their Products. Markets, Models and Policy, James P. Houck, Mary E. Ryan, and Abraham Subotnik. Minneapolis: University of Minnesota Press, 1972. Pp., 257. \$11.00.

This book is a comprehensive study intended to specify and quantify empirically the forces, interrelationships and processes which influence the behaviour of the soybean market.

BOOK REVIEWS

In the period which the book reviews (1946 to 1967), the soybean industry in America grew from humble beginnings to a level of unprecedented achievement in the U.S. agricultural sector. The publication of this book is timely, as soybeans have become the world's most important oilseed. Apart from its edible application and as a base for synthetic meats, the derivative high protein meal is being included in balanced feed rations in increasing quantities. As the United States produces 75 per cent of the world's soybeans and is responsible for over 90 per cent of international trade in this commodity, the U.S. market provides the setting for an examination of soybeans and its ancillary products.

Part I is a brief descriptive venture into the U.S. domestic and international markets, for soybeans, soybean meal and soybean oil. This first section provides a foundation for the more formal models which take shape in the next section and which form the core of the report, which is basically applied econometrics and price analysis.

The aim in part II is to build a dynamic model to provide for policy analysis and comparisons. The estimated model is constructed for these purposes and involves the calculations of impact, interim and longrun multipliers for changes in several specific policy variables. These multipliers illustrate the effect on each of the endogenous variables of an isolated unit change in a variable known or assumed to be governed by policy formulators.

In a dynamic situation, multipliers are calculated for the immediate impact of a policy change for each of the four subsequent crop harvests and for the longer term when all seasonal fluctuations cease to be a significant variable. Thus the immediate and sequented effects of two or more policy changes can be ascertained and compared. Such estimates are exclusive of any external factors which touch upon the soybean market.

The tabulated results concentrate attention on the multipliers for four types of policy change:

- Price supports and planting constraints for major U.S. crops which compete with soybeans for productive resources.

- Concessional international sales of soybean oil under Public Law 480.

- Concessional international sales of cottonseed oil (substitute for soybean oil) under Public Law 480.

- Price supports for soybeans.

Policy changes in these four categories are evaluated and multipliers are presented for two cases: one where the existence of large government stocks, or greater than equilibrium soybean support price, controls the market; the other where soybeans are traded in a free market.

The objective in part III is to detail and quantify major economic relationships in international markets for soybeans, meal and oil. By specifying the basic forces operative in these markets, the research is intended to be used for policy and market decision making.

Each commodity market is divided into regions or multiple country listings to allow a more searching survey. Such a level of aggregation highlights some unusual demand relationships not evident in part II. Countries with similar demand determinants are listed together and include stages of economic development, common tastes and similar trading conditions. Positive relationships are exhibited between U.S. soybean exports and prices, the availability of substitutable inputs and income and population change.

Occasionally, these relationships are clouded by government policies or statistical problems. However, efforts to detail important administrative actions using ratios, dummy variables, first differences models and aggregated variables prove to be reasonably successful.

Generally, the authors state that the post-World War II international markets for U.S. soybeans and soybean products behave in ways that both economic theory and common sense suggest.

This book will serve the interests of commodity specialists and be of benefit to econometricians and traders, providing an example of empirical research into an important agricultural commodity and its residual products.

As one who was exposed to the domestic U.S. and international soybean markets in 1972, I found the detailing of the markets and institutional arrangements for soybeans, by-products and substitute oilseeds extremely valuable.

N. R. BAKER

Department of Agriculture, Sydney

Livestock and Meat Marketing, John H. McCoy. Westport, Connecticut: AVI Publishing Co., 1972. Pp. ix, 465. \$US22.00.

In this book McCoy describes the structure and organization of, and behaviour in, the markets for livestock (primarily cattle, hogs and sheep) and associated meat products in the United States. The book is an interesting example of applied economic analysis, but also, it provides an informative background for the evaluation of Australia's most important overseas meat market and it provides a useful basis for any analysis of suggested changes in the processes of marketing livestock and meat in Australia. Use of the book for the latter purposes is facilitated by the comprehensive lists of references which are appended to each chapter.

In the preface McCoy states, "This book is designed to present a balance of descriptive analysis of the marketing system together with the basic principles underlying its operation . . . Emphasis is placed on practical aspects rather than academic discussion". In achieving these objectives the book should be considered a success; it is comprehensive

BOOK REVIEWS

and readable. However, in the pursuit of a balanced and non-controversial approach it is a pity that McCoy felt constrained to say little about the performance of the livestock and meat marketing system. Policymakers, or those interested in policy will not find in this book the recipes for successful marketing, however the book provides a useful background for normative studies.

The first three chapters are of an introductory and background nature. While the background chapter on economic theory and principles provides a lucid outline of static competitive market theory the reviewer questions whether such theory is applicable to the study of livestock marketing, particularly the supply of livestock. With the long gestation periods of livestock, livestock production decision making takes on many of the complex characteristics of investment decision making under conditions of imperfect information.

Chapters 4 and 5 provide reviews of studies on the characteristics of, and important causal relationships influencing, the supply of and demand for livestock products together with supporting statistical series.

The following four chapters are devoted to the structure and conduct of livestock markets, of the meat packing and processing activities, and of the marketing of meat at the wholesale and retail levels. For the main part these chapters are descriptive rather than analytical.

Chapters 11 and 12 provide excellent discussions of the grading and market intelligence systems, respectively, which influence United States livestock and meat marketing. In addition to the detailed description of these activities the author considers the role of both public and private grading and information collection and dissemination activities in achieving efficient marketing.

An interesting chapter is devoted to meat substitutes and synthetic meats. The author collates data on the types, volumes and prices of synthetic meat proteins in current use in the United States together with an assessment of likely trends in these variables. The current upsurge in meat prices together with expected technological developments seem likely to increase the relative importance of meat analogs, particularly in the case of meat-food preparations such as soups and stews.

Other chapters are devoted to futures markets, regulatory and inspection measures, international trade, marketing costs, and a final chapter considers some likely near future developments in the marketing of meat and livestock.

In summary this book provides a useful reference for people interested in the marketing of meat and livestock products in general, and in the United States in particular.

J. W. FREEBAIRN

Department of Agriculture, Sydney

A Generalized Simulation Approach to Agricultural Sector Analysis, with Special Reference to Nigeria, Thomas J. Manetsch, *et al.*, East Lansing, Michigan: Michigan State University, 1971. Pp. xvii, 361. Price not given.

In February, 1966, a conference was held at Michigan State University to assess the feasibility of using simulation models for the purposes of planning and policy analysis in developing countries. One conclusion of the conference was that simulation models were not yet well enough developed for these purposes, and that more research in this area was needed. As a consequence of this recommendation, the United States Agency for International Development decided to support a research project at Michigan State aimed at developing system simulation methods of relevance to the sorts of development problems faced by countries in receipt of AID largesse.

The original contract did not specify any particular country of study, nor was it a condition that the project had to lead to operational models. However, some empirical "test-bed" was necessary and Nigeria was chosen for this purpose because of the diversity of its agricultural economy and because Michigan State seems to have accumulated a special expertise in relation to this country. The project team, being bent on purely methodological tasks, did not expect to produce models of use to Nigerian planners. In the event, the models developed do have some empirical validity, and the research team expresses the modest hope that the models might in fact be put to useful work in studying some specific Nigerian problems. The book under review reports the results of the research project, which was carried out by a team of ten including the project director, Glenn L. Johnson.

There is not much one can say about these sorts of simulation models in the abstract, and it is only by looking at specific model building exercises that the features of the system simulation approach can be properly appreciated. The authors, therefore, do not spend much time on general discussions. Indeed only one short chapter (chapter 3) is not couched in terms of the Nigerian model. For the most part, the structure, the linkages, the sources of data, the nature of outputs, and so on, are all discussed in terms of the model of the Nigerian agricultural sector.

The overall model comprises a series of submodels which themselves may be broken down into further components. The main submodels are of the Northern Region, (producing mainly annual crops and cattle), the Southern Region (tree and root crops), and of the Non-agricultural Sector. The latter submodel performs a double role: it describes the major interactions between the agricultural and non-agricultural sectors (demand and supply relationships for both inputs and outputs) and it provides an accounting framework within which national accounts and balance of trade tables can be constructed. The model is used to simulate the behaviour of the economy into the 1990's under a variety of alternative policy assumptions. The main policies evaluated are marketing board and export tax policies, and technical improvement campaigns to modernise crop production.

The general systems simulation approach to sector analysis certainly provides greater flexibility in specifying and in quantifying relationships in a model. It is also clearly directed at improving the dialogue between policymakers and analysts, and in so far as this is successful it should permit of greater realism in models and greater practical usefulness and acceptability of results. But there are dangers, perhaps the most important of which is illustrated by the following exchange between Professor E. P. Holland and the Michigan State Group. Holland comments on a certain component of the Michigan group's model comprising an innovation diffusion mechanism which allows for spontaneous farmer-to-farmer diffusion of new techniques, as follows:

Imagine trying to verify *that* relation and estimate its parameters! But the defense of such *a priori* formulation is hard to overcome. If experienced observers believe that this is the way things really work, that is the way they should be in the model, even if the parameters cannot be measured (quoted p. 23).

To which the Michigan group replies:

"We would feel better had Holland replaced 'measured' in the last line with 'estimated by standard statistical techniques from time series and cross sectional data, but have to be obtained instead from a wide variety of kinds and sources of information and methods of estimation, approximation, judgments and guesstimations'" (*loc. cit.*).

Herein lies the danger. In the wrong hands, such flexibility could be nothing more than a licence for slovenly data collection and imperfect model specification. Of course, the final judgment lies in the validation of a model's performance. But, as the authors point out (pp. 342-4), the problem of validation is a particularly tricky one in this field.

Taken as a whole, this book provides a very useful case-study of a major attempt to broaden the descriptive realism, and hence the policy usefulness, of conventional econometric and programming techniques in the field of sectoral model-building. That the attempt is not yet wholly successful is freely admitted by the writers, and they give some details of further developments which they and others might investigate. The book is well presented, and readers will probably be prepared to forgive a certain self-importance in the style of writing, given the lofty ideals the research team has embraced. There is no index, but the chapters and subsections are sensibly arranged and well marked for speedy reference. A longish bibliography contains many recondite items not easily accessible to the ordinary reader.

This book will be essential reading for anyone concerned with agricultural model building whether in developed or developing countries, and is strongly recommended as a source of new methodological ideas to those involved in the agricultural development area generally. The simulation methods developed in the book are currently being applied in Korea by another research team from Michigan State, again under the direction of Professor Glenn Johnson.

C. D. THROSBY

Macquarie University

The Economics of Public Policy, E. Victor Morgan and Ann D. Morgan, Edinburgh: Edinburgh University Press, 1972. Pp. ix, 321. \$14.65.

The period since World War II has seen a dramatic development of analytical research methods applied to economics. The discipline has expanded rapidly into many fields of application, none more evident than in the area of public policy decision-making, with the consequent appointment of an increasing number of economists to positions as policy advisers in government. However, as the authors of this book about United Kingdom public policy point out, while these economists have provided considerable comment relating to various economic problems their advice has not always been taken. Problems facing the U.K. Government include the low rate of economic growth, high rate of inflation, numerous pockets of poverty, overcrowded and obsolete schools and hospitals, regional unemployment, and recurring balance of payment difficulties. These and other shortcomings of public policy are the results of political as well as economic considerations and have been a source of serious concern to economists.

A substantial portion of this book is a critical commentary on public policy decision-making. The authors remind the reader that economics has provided a number of theories that are able to form the basis for political action. Economics can predict a range of situations which would provide valuable guides for policy decision making. It is the nature of scientific enquiry that accepted principles should be periodically re-examined and this has happened in economic theory concerned with public policy, otherwise known as "welfare economics". There has been a more rigorous analysis of the circumstances in which private decisions operating through the market can be expected to promote the public interest and of those in which an apparent case for state intervention exists. With regard to the latter, particular attention has been focussed on the requisite detail in order to determine whether a change is "for the better", the identification of value judgments and the formulation of criteria capable of quantitative testing.

Unfortunately, some of this analysis is at a high level of abstraction, so that the simplicity and obvious practical relevance of welfare economics is, at times, in danger of being obscured. A major objective of this book, which it accomplishes very well, is to clarify some of the more complex and esoteric aspects of the subject.

Part I reviews some recent developments in the theory of economic welfare. In examining the basic concepts, the authors endeavour to show the areas of difficulties, assumptions and conclusions relevant to public policy. This section also looks at the scope of welfare economics, the allocation of resources and the role of the market. The methods of the measurement of utility and alternative welfare criteria are discussed. The distribution of income, private and social benefits, and the case for intervention are then examined, while the concluding section of part I discusses the merits of net present value and internal rate of

return in comparing present versus future income. Considerable attention is paid to value judgments in this section. While it is crucial for the economist to separate value judgments and testable hypotheses, it is important to realize that public policy is concerned with values and the economist should be able to take full advantage of value judgments, provided these are made explicitly.

Part II considers another key area of theory that directly affects public policy—post-Keynesian macroeconomics. The problems of stabilization in general are examined, and the two main groups of stabilizers—monetary and fiscal policy. Then follows a discussion of cost inflation and its control by incomes policies. For the sake of simplicity, the theoretical analysis in these chapters is considered in terms of a closed economy.

Part III looks at some United Kingdom applications of welfare economics including the effect of monopoly and restrictive trade practices. The organization, administration, financing complexities, and economic issues of the public transport system are then examined, followed by a discussion of the economics of fuel and power. The extent to which the State can influence the distribution of income are discussed in the chapter on “Income Distribution and the Relief of Poverty”. The reader gets the impression here of a quickening of pace as the authors deal with the problems directly relating to social questions. Public goods and resource allocation, the economics of housing, regional variations in resource allocation, employment and income distribution round off the discussion in part III.

Part IV relates some aspects of international trade theory to the problem areas in tariffs, customs union, and the balance of payments. The latter has played an important and often dominant role in determining the actual policies pursued in the United Kingdom since 1945.

The authors admit that space limitations have precluded discussion of some aspects of public policy important from the economists’ viewpoint. These include public finance (except in its stabilization aspect); land use planning and urban renewal; agriculture; correlation between development of the economic system and the law relative to poverty, contract, inheritance and incorporation.

The Economics of Public Policy is mainly an exercise in applying basic theoretical principles to practical problems. “Correct” policies can only be formulated and carried out if the intrinsic nature of difficulties are recognized by policy advisers and decision-makers. This is an excellent book which should be of considerable interest and benefit to academics, economists employed in the public sector and students of economics generally.

N. R. BAKER

Department of Agriculture, Sydney

Mobility of Farm Families. A Study of Occupational and Residential Mobility in an Upland Area of England, J. S. Nalson, Manchester: Manchester University Press (in association with University of Western Australia Press), 1968. Pp. xvi, 299. \$6.90.

This book has been available for 5 years and is based on research completed more than a decade ago. Written by a Professor of Sociology, reviewed by a geographer in a journal whose main focus is on marketing and agricultural economics—it must be a good book to deserve such belated attention. It is a good book and an important one too, with worth-while insights into a problem situation all too apparent in Australia at present.

The book is divisible into three sections. A short but valuable preface and chapter 1 give the methodological context for the study, and point to the dearth of substantive integrated research on the mobility of farm people. Nalson outlines “the agricultural economic approach” and “the sociological approach” and stresses the need for an integrated approach. This need explains his transgression of disciplinary boundaries—from a grounding in agricultural economics, into sociology and social anthropology—to gain ideas, research methods and analytical tools in order to understand the complexity of the problem situation he studies.

A second section forms the major portion of the book, and comprises chapters 2–11. Here Nalson describes the study area and its farming economy, but does not divulge its precise location. He categorizes his 172 sample farms by size and type of business and by altitude, and their occupiers by the amount of off-farm work undertaken by the farmers or their family members. Subsequent chapters cover the broad pattern of mobility, succession to farms, mobility in relation to land and locality, occupational mobility, and the mobility of farmers’ children. Three final chapters in this section draw together the preceding detailed analysis. Demographic influences on mobility include the use of pre-nuptial conception as a means of obtaining farms in a few cases! A very perceptive view of the effect of the farm/home, and school environments on mobility is followed by a summary of the detailed results of the study.

The third section into which the book can be divided is of a review and prognostic nature. One chapter looks at the relevance of the study to the problems of mobility in agriculture and a final one proposes subsidizing mobility rather than subsidizing farming as a means of solving mobility problems.

Chapters 1, 2, and 10–13 are the recommended reading for Australian agriculturalists. The detailed results of the study found in the remainder of the book are fairly heavy reading without a high degree of motivation or interest. For those few, like myself, born and reared on a dairyfarm in upland Northern England, the detail is alive and worth while. Chapter 11 is included in the above recommendation because it summarizes the salient generalizations of the detailed study, and chapter 10, titled “The Effect of Environment on Mobility”, because it best achieves the methodological dexterity that is one of the major virtues of the book as a whole. In outlining the stifling effect that a farm background can

have on the occupational, social and spatial horizons of farmchildren, especially boys, Nalson synthesizes the complexity of factors influencing mobility and provides shafts of light derived from his empathetic approach to his study area. He conveys the impression of what it *feels* like to be there. He understands the situation—I suspect that he came from such a background, as I did. Would that more of our agricultural policymakers had such understanding of the lives that they influence.

Nalson's research methods form one of the two main messages I perceive for the Australian situation. He blends quantitative analysis of his data with the testing of hypotheses generated in the research—in one case from an overheard conversation in a hotel bar, in another from a farmer's reminiscences of his grandmother. He also incorporates much of what he absorbed just by being there, participating and observing the reality of a particular place. The amalgam of science and art which results is a valuable example of similarly focussed Australian research to follow.

The fruits of the author's approach expressed in the final chapter on policy recommendations for subsidizing mobility are the second message I feel to be of relevance. He argues for:

Easing the deprivation of a farm background by widening the range of occupational skills taught in rural high schools and allowing greater flexibility of holidays so that farmchildren do not miss school when labour demands are high at home.

Directing subsidies to fostering retirement, amalgamation, or part-time operation in specified cases.

Providing a wider range of industrial employment in rural areas so that the conflict, between a decline in social status and a possible rise in income on taking an off-farm job, may be lessened.

Supporting the provision of rural housing to alleviate the extra social and psychological trauma of giving up a locality as well as a way of life (so often forced on Australia's rural out-migrants).

Using the local Friendly Societies as lenders for the latter purpose (their functions having been largely usurped in Britain by the National Health Service, as may possibly be the case before long in Australia).

These are just the skeleton of his proposals, the meat is sufficiently fresh in the Australian context to warrant a close look by our social and agricultural policymakers, our academics and our students.

This is a good book, deserving of belated attention. The particulars of the Northern England situation detract a little from its value for an Australian audience, but point to the hope that John Nalson is approaching the state of empathy with the down-under case that will produce another book on a different, but closely related problem still existing in many of Australia's rural regions.

FRANK WILLIAMSON

School of Geography, University of New South Wales

Australian Monetary and Fiscal Policy, Selected Readings 1, Neil Runcie, (editor). (No. 4 in the Australian Studies in Economics Series.) Sydney: Hodder and Stoughton (by arrangement with University of London Press), 1971. Pp. 494. \$5.50.

The development and the efficacy of Australian monetary and fiscal policy in the post-war period is an interesting area for the study of the application of economic theory. The purpose of this volume is to reflect on a quarter of a century of experience of the evolution and workings of monetary and fiscal policies. The analysis represents a unique collection of essays by prominent Australian economists with a heavy concentration on the workings of monetary policy (approximately 75 per cent of the book).

In analysing the workings of monetary and fiscal policies in the postwar period, the subject matter is treated via three basic sections. Parts I and II analyse the development and effectiveness of monetary policy through its early failure to control the heavy postwar inflation, the modest subsequent successes of the 1950's in the face of a rapidly expanding non-banking capital market, to the positive steps taken by the monetary authority in the 1960's to extend its influence over all sectors of the financial market. The contributors to these two sections include some prominent central Bankers (e.g., Coombes and Phillips) and a selection of outside critics (among these being Hogan, Rowan and Arndt).

The editor contributes to the overall analysis by prefacing each of the sections and by providing an analysis of credit financing in the light of the central bank's advances policy from 1945-1963. He provides adequate summary of the material presented by crystallizing the role of monetary and fiscal policies in economic stabilization as being the maintenance of full employment, the minimization of inflationary pressures, the achievement of a continuous rate of growth in the economy and the avoidance of balance of payments crises. Runcie proposes the significant postwar developments in the central banking system as being:

The replacement of a single Governor concept by a board of control (1951).

The 1953 Banking Act which formalized the central bank's powers of Special Accounts.

The 1959 banking legislation which created a new central bank by dividing the Commonwealth Banking Corporation (with its trading, saving and development bank components) from the Reserve Bank.

BOOK REVIEWS

Overall, it came to be generally recognized that the traditional reliance on managing liquidity by the quantitative control of trading bank advance policy was no longer adequate in influencing the rapidly diversifying capital market. A new approach to monetary and fiscal policy was required which would be flexible and instantaneously adaptable to changing economic conditions.

Part III presents a pioneering critical assessment by Artis and Wallace of postwar fiscal policy operations—an area which until recently has attracted little academic attention. Early confusion as to the purposes of fiscal measures was one of the major reasons for the restricted use of fiscal policy and the authors note that the assessment of fiscal actions has been “fraught with misconception and contradiction” among Treasurers, government officials and academic commentators, even though the environment “has been receptive to an active fiscal policy”. In the absence of quantitative information to the contrary, the authors are forced to conclude a “not proven” verdict on the effective performance of Australian fiscal policy.

It seems significant that the treatment of the book’s subject matter is biased against the analysis of fiscal policy, save for the treatise of Artis and Wallace. This appears incongruous if one considers the basic meaning of fiscal policy as being the raising and spending of money by governments, affecting the allocation of resources between the various sectors of the economy and the distribution of income and wealth in the community.

Although the book is not indexed, a well-detailed table of contents permits easy reference to all aspects of the subject matter and a valuable bibliography is included.

D. T. VERE

Department of Agriculture, Orange