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BOOK REVIEWS

Beyond Economics. Essays on Society, Religion, and Ethics, Kenneth E. Boulding. Ann Arbor: University of Michigan Press, 1968. Pp. x, 302. \$3.10 paperback, \$10 cloth.

By giving the title *Beyond Economics* to this collection of his own papers, Boulding is guilty of perpetuating some rather tired dogma of the logical positivists. Economics as a social science is rather more than elegant mathematical logic since sociology, religion, ethics and politics are an integral part of economics, not beyond it.

In this collection of almost two decades of his writing, Boulding uses one of two basic presentations. In several papers, he takes a section of economic theory and discusses its general social, ethical or political implications—his scathing chapter on the manpower concept is an excellent use of this technique. The second basic approach he uses, is to draw conclusions for economics from sociological discussions—the classic paper “General Systems Theory—The Skeleton of Science”, included in this collection, is one such use of this technique.

It is difficult to decide the reason this collection was published—that is, aside from the rather uncharitable conjecture that, otherwise, most of these papers would never have risen from relative obscurity. But regardless of the contribution of individual papers to economic theory, collectively they are a fascinating illustration of “the process of transition from being a fairly pure economist to being a rather impure social philosopher”. The papers show four phases of Boulding the social scientist: defending “scientific” economics; propounding systems theory; relating economics to ethics and ethics to economics; and examining the political implications of economics.

Two elements connect separate papers in the collection. Less importantly is the easy Boulding writing style, coupled with the often striking illustrations of principles, and perceptive commentary on the world in general. More importantly, several major themes appear in many of the papers. These themes are not necessarily of a strictly economic nature, but are of broad interest to the economist as well as to other social scientists.

Briefly, Boulding’s major concerns can be summarized as:

Economics is a general theory of choice, which may be usefully applied to other disciplines.

The social sciences, particularly economics, will largely determine the future of civilization.

Knowledge, power, and freedom are the most important elements of society, and of these, knowledge is the key to social and economic development.

As Boulding admits, in collecting papers intended for widely different audiences over a number of years, gaps and repetitive material do occur. It may also be added that interesting contradictions between papers

occur that can be explained as radical changes in the author's thinking over time. The most prominent of these "contradictions" is his early emphasis on economic growth for overcoming low living standards, a concept he later disparages as "cowboy economics" in his analysis of the coming spaceship earth.

The most disappointing of the gaps in subject matter—the concept of economics as the grand manipulator—rates only a superficial discussion tucked away in a paper on the religious foundations of economic progress. Since this subject appears to be rarely discussed by economists, the points Boulding raises are worth quoting, both for their substance and as an illustration of "vintage" (1952) Boulding:

"The rise of social science presents man with problems of an ethical and spiritual nature of which he is still for the most part not aware . . ."

"The nightmare of the 'manipulative society'—the brave new world of Aldous Huxley or George Orwell—is not too far from reality. We see it foreshadowed in the crudely manipulative society of Soviet Russia . . . In its very conflict with Communism, however, the West may find itself sliding imperceptibly into a manipulative society more horrible, because more efficient, than the Soviet counterpart . . ."

"The cleverer we are and the more we know, the more thoroughly we may damn ourselves". (Pp. 209–210).

While this book's title may be odd and its purpose obscure, while gaps, repetitions and contradictions may occur, and although it may be an incomplete autobiography of Boulding the social scientist, the *questions* it raises as to the nature of economics and the role of economics in society are of sufficient merit for it to be worth a wide audience.

DAVID GODDEN

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Introduction to Quantitative Methods in Economics, D. E. James and C. D. Throsby. Sydney: John Wiley, 1973. Pp. xv, 335. \$9.00 cloth, \$6.00 W.I.E.

This book is well structured with a logical progression from, "Simple functions and economic relationships" (part 1), through: "Elementary calculus in economics"; "Functions of several variables in economic analysis"; "Linear economic models and matrix algebra"; to part 5 on "Elementary econometric methods". A useful set of mathematical appendices concludes the text. Additionally, each chapter is supplemented with some interesting exercises (answers provided).

With the increasing quantification in economic analysis there has been a definite void of quantitative economic texts which don't begin with several chapters of abstract mathematics. This book fills in this void quite effectively, but it does strike the difficulty of achieving a balanced mathematical approach. This may also stem to some extent from the large range of material covered.

As stated in the preface it is intended this book should be read in conjunction with basic economic texts. Some 1st year students may find difficulty grasping the mathematical concepts presented in economic jargon, if they don't fully understand the economics. The approach contained in the book would be ideal for a student familiar with economics but with limited mathematical knowledge.

The econometrics section is really only a summary of the concepts and techniques involved, and is intended to give the student a "feel" for the subject rather than teach, particularly as they presuppose a fair level of knowledge of statistical theory. While the book is intended for 1st and 2nd year university students it would prove a worthwhile addition to any economist's library particularly those economists who were not subjected to quantitative method courses in their basic training. Also it is pleasing to have available a text with Australian context rather than full of "Americanisms".

COL GELLATLY

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What Economists Do About Values. Case Studies of Their Answers to Questions They Don't Dare Ask, Glenn L. Johnson and Lewis K. Zerby. East Lansing, Michigan: Department of Agricultural Economics, Michigan State University, 1973. Pp. viii, 255. Price not known.

This book represents both high and low points in the struggle to achieve respectability for the study of ethics in the social sciences in general, and within economics in particular. An agricultural economist (Johnson) and a philosopher (Zerby) examine nine case studies involving economists, where either the ethical nature of some situations have been explicitly recognized by the analysts, or where the unrecognized ethical content can be analysed.

Chapter 1 contains a brief but satisfying glance at the role of ethics in the social sciences. Of crucial importance to the understanding of following chapters is a glossary of philosophic terminology and a short description of five faiths—positivism, normativism, conditional normativism, pragmatism and existentialism—to which economists, wittingly or otherwise, find themselves owing allegiance.

The nine case studies of values in action can be conveniently classified three ways.

Firstly, there is one barely comprehensible analysis. The background to farm credit in the U.S.A. appears of such complexity that the thumbnail sketch introduction to the case study does not provide sufficient detail for readers not acquainted with the situation to easily appreciate the nature of the problem.

Secondly, there is a series of case studies which are little more than catalogues of facts. These are the studies of foreign aid for Thailand, development problems in Kentucky, Michigan's pickle industry, and rural development in Nigeria. Much of the ethical analysis of these studies is either compressed into a brief concluding page, or left as an exercise for the reader.

The other four case studies adequately examine in sufficient detail the value positions underlying four different situations. These studies are concerned with the establishment of a national recreation area, a long run plan for an academic department, a general studies programme in an African university, and (to the probably delight of Bayesians) the selection of sample sizes in sample surveying. These chapters tend to be more comprehensible to the Australian reader than the other case studies, either because the right balance is struck between background information and analysis, or because the reader is more familiar with the background material.

The chapter analysing a controversy surrounding the establishment of a national recreation area has a very readable discussion of the doctrine of possessing natural rights. This chapter would be valuable if only for this reason.

The ethical analysis of long range planning in the agricultural economics department at Michigan State University is the best study presented—primarily because it contains the authors' most careful philosophical analysis. This chapter, in contrast to some others, sustains the reader's interest through the shock value of subjecting sacred cows such as academic planning to close scrutiny within a general economic framework (economists seem to lose the power of rational economic thought when it comes to planning their own futures, or indeed the power of any rational thought when it comes to objectively analysing their own normative concepts).

For Australian economists, the major contribution from the analysis of the general studies programme of the University of Nigeria is that it provides an example of analysis much neglected in Australian economic papers. Johnson and Zerby highlight the normative aspects of (academic) planning at the junction of two cultures, the African and the European. As yet, little Australian work appears to have been done into the social consequences of a predominantly British based economic system which has a value conflict with aboriginal and migrant societies.

What Economists Do About Values represents a high point in the struggle for the respectability of ethics within the Social sciences since it draws out the wide-ranging implications of ethical values to economic analyses. Regrettably, however, Johnson and Zerby fail to note that an analysis of the nature of economic case studies itself possesses an ethical basis. For example, in their concluding chapter, they assume the goodness of individuals determining their own morality without subjecting this assumption to some kind of rigorous analysis which their own thesis promulgates.

The opening and concluding chapters together with the four case studies with an adequate blend of background and analysis provide an enlightening introduction to the role of ethics in economic science. For practice in the application of concepts so learned, the reader's attention is drawn to the other five case studies.

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Public Expenditure Economics. An Introductory Application of Welfare Economics, Robert Millward. London: McGraw-Hill, 1971. PP. xi, 379. \$10.60.

This book places emphasis on the criteria used in deciding which particular items comprise the total of public expenditure, rather than examining the use of total public expenditure as a macro-stabilizer. It aims to specify to what extent economic theory can contribute to project evaluation. With particular reference to the English scene, these would include, for example, the choice between various sites for a third London airport; the provision of a motorway box around London versus a system of licensing cars; and the choice between nuclear or thermal power electricity generating plants.

Project evaluation in the field of public expenditure is a fairly new subject area for economists. Pricing policy of public utilities has been examined by economists for some time. In this regard the work of Pigou is important because he was the first to completely examine the divergence between private and social costs.

In part I, chapters 2 and 3 highlight some fundamental tenets of basic welfare economics. Chapter 3 provides some introductory comments on marginal cost pricing, examines in detail the application of producer and consumer surplus, and considers the relevance of compensation tests. Chapter 4 looks at the theory of *second best*. Chapter 5 analyses problems common to the public goods sector of a number of countries, including a consideration of externalities, and evaluates the importance of decreasing cost and returns to scale. Chapter 6 concludes part I by analysing the effect of the time dimension in project evaluation.

Part II is concerned with particular case studies and the problems encountered in the application of public investment evaluation criteria.

Chapter 7, "Marginal Cost Pricing", deals with those areas of the public sector where prices are levied and considers the problems of pricing. Chapter 8 examines the technical difficulties and peak loads. An appraisal of the techniques used in cost-benefit analysis is covered in chapter 9.

In chapter 10 Millward explores some alternatives to the *efficiency* approach to project assessment, which, for sometime, has been the primary concern of economists. He examines the possibility of including income distributional objectives in public expenditure criteria and also deals with budget constraints.

In the concluding chapter of the book Millward reaffirms that his main objective has been to encourage the study of public expenditure economics in greater depth and extend it to a wider area of enquiry. He says that, granted certain assumptions regarding welfare and happiness certain propositions about the allocation of resources can be deduced. He points out that in many cases in the past, assumptions have been used which have proved of minimal assistance and that the systematic study of more complicated policy objectives such as those now being applied to defence, health and education would appear to be a more

realistic approach. Consequently, the objectives associated with Pareto-type efficiency may well become less important in the future evaluation of public policy.

Another main concern of the author is that the pure theory of public goods now appears as though it could provide a takeoff for the development of positive theories of public expenditure. Following on from this, two approaches warrant examination. One, which is adopted in this book, is to explore the technical features of public goods and see how this dovetails into welfare economics, e.g. what size of airport and how to finance it. The other approach more directly connected with the positive aspects of public goods theory is concerned with how markets develop and not just price derivation—for example, in what way self-interest can foster the growth of markets. As an added factor to both of these questions, some people are concerned with how the political processes impinge on market forces. Millward observes that consideration of political processes is an intriguing approach but is not sure how it will develop in a useful way.

The author welcomes the empirical work done in the United Kingdom concerning the post office, gas industry, health services and in transport, electricity and education. However, he is worried that detailed statistical exercises and complex maximization processes could obscure the more fundamental problems related to basic policy objectives. He is also concerned that techniques such as cost-benefit analysis can be accepted uncritically. Even when criticisms are made, these usually are of a technical nature, such as the inability to deal with intangibles or the limitation of partial equilibrium changes.

Each chapter of the book contains an outline in its first few pages and all mathematical material is presented in separate sections, footnotes or appendices, so that the non-mathematician is not dependent on them to grasp the import of each chapter. A detailed reading guide is provided in the final chapter for the following topics: basic welfare economics (chapter 1 to 4); public goods, externalities and returns to scale (chapter 5); public investment criteria (chapter 6 and parts of chapter 9); pricing (chapters 7 and 8); and project appraisal (chapter 9).

Given a basic knowledge of micro-economics on the part of the reader, this book is extremely valuable for students, administrators, engineers and economists to further their knowledge of public expenditure economics.

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The Natural Resources of Australia. Prospects and Problems for Development, J. A. Sinden (ed.), Sydney: Angus and Robertson, 1972. Pp. vi, 334. \$6.75 paperback, \$7.95 cloth.

This book contains a collection of papers selected from those presented at a symposium held in August, 1968, at the University of New England under the auspices of the N.S.W. Division of the Australian and New Zealand Association for the Advancement of Science. The book is not

intended as a report of the proceedings of the symposium. Rather the selection of papers was made so as to deal with the theme of the symposium—The Planning and Management of Australia's Natural Resources.

The stated aim of the volume is "to establish goals and to consider how to attain them within the framework of forward-looking economic and social thinking" (p.v.). An attempt is made to shift attention away from the technological and biological syndrome that is so much a part of the discussions of the use and development of natural resources. The emphasis instead is focused on the task of formulating policies essential for the sound management of Australia's natural resources. The organization of the book reflects this basic objective.

Following the editor's introduction, the papers in part II concern themselves with the goals toward which the use and development of Australia's natural resources should be guided. The main points which emerge from the discussion are the need for the "quality of life" to be recognized as an important facet of resource-use criteria, the many and sometimes conflicting interpretations of the social, political, and economic goals of planning the use of natural resources, and the difficulties associated with establishing the weighting of the various arguments of the social welfare function. The contributors agree that the economic efficiency criterion is not an adequate one. Perhaps then some grounds may exist for delaying the complete relegation of the Malthusian dictum (p. 5). Dr Sinden argues that "The critical test of this important (Malthusian) hypothesis concerns the productivity of natural resources" (p. 5). While there appears no evidence to support the hypothesis of decreasing productivity in natural resource activities in economic efficiency terms, the results may not be quite so favourable, particularly in terms of the "quality of life", if a broader based objective function was used.

Part III contains papers which describe what resources are available in Australia for utilization. Water, land, forest, minerals, fish, and petroleum are some of the resources dealt with. The six papers in part IV focus attention on issues which arise in the use and development of several of the natural resources, including water, minerals, land, forests, and fisheries. The final papers of the final section deal with the institutional framework within which the use and development of Australia's natural resources are proceeding. In this part the land tenure system, the foreign investment question, and Commonwealth-States relations are examined.

This book fills a hiatus in the literature and yet leaves one. The discussion centres around that group of natural resources which provide a flow of economic services of a production variety. Those resources which generate a flow of economic services of the consumption kind lack attention. Yet it is this latter category that is assuming increasing significance in the planning and management of natural resources. This omission is a disappointing feature of the book.

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