

Guide to Economic Indicators - 3rd Edition

By Norman Frumkin, Armonk, NY:
M. E. Sharp, Inc., 2000, 313pp.,
\$64.95 hardcover, \$24.95 paperback

Invariably, for either the occasional or a frequent user of economic statistics, questions will arise about some aspect of a particular series; even the best of us cannot remember everything! Now in its third edition, this handy reference book is a reliable source of useful information about more than seventy economic indicators, mostly those issued by government agencies but also by private organizations as well. In total, just about every series likely to be used in interpreting economic information is covered.

The economic indicators are arranged alphabetically, mostly with accompanying tables that reflect recent trends. Each section contains the following information about each indicator:

1. When and where the data are available, i.e., the originating organization, the publication containing the date the data are available and the time period covered;
2. The content, i.e., the details of the information provided;
3. The methodology of preparation, i.e., from other reports, from surveys, from estimates, derived from other data, etc.;
4. The accuracy of the data, i.e., estimates of sampling error or revisions, or just "no valid estimates;"
5. The relevance of the data in interpreting economic developments; and
6. References from the primary data source, indicating where further

information and explanations can be found.

Although the relevance of each series is covered, no comprehensive overview is presented to indicate which series to use for what purpose or which ones are more significant or which are timelier. However, some guidance is provided by a helpful list of thirteen categories that group together those indicators that relate to particular aspects of the economy. These groupings include economic growth, household income and expenditure, business profits and investment, labor, inflation, production, housing, finance, government, international, cyclical indicators and forecasting, economic well-being and psychology. Other useful information is a discussion of growth cycles as developed by the Foundation for International Business and Economic Research, experimental recession indexes available through the National Bureau of Economic Research, and monthly reports on the leading, coincident and lagging indicators now provided by the Conference Board. In spite of the "New Era" talk, the business cycle is not a dead issue yet.

With the availability of so much information on the Internet, the value of the book could be considerably enhanced if more specific methods or places of retrieving specific data were provided, not just the Web site of the originating organization. In addition, it would be helpful to know where back data could be retrieved as well as current data. Although these sources may change from time to time, any new site is usually indicated if a shift occurs. And it would be of great help to those researchers who spend countless hours wandering around a particular Web site looking

in vain for specific historic data. Perhaps in the fourth edition, every indicator will have its own Internet section.

Despite these criticisms, the book provides an unusually useful, compact and thorough reference guide. It is a practical tool to keep on your desk, whether you are a seasoned analyst or only an occasional user of economic statistics.

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New World, New Rules: The Changing Role of the American Corporation

By Marina v.N. Whitman, Boston,
MA: Harvard Business School Press,
1999, 161 pp., \$29.95 hardcover.

"The revolution that this book explores is the transformation of the large American corporation from the secure, paternalistic, and globally dominant organization of the 1950s and 1960s to the lean, mean, and nimble global competitor of the 1990s." With these words, author Marina Whitman begins her fascinating review of the evolution of American business during the latter half of the past century.

Indeed, it would be hard to confuse the Pennsylvania Railroad of the 1950s with the General Electric of today, and even harder to relate either to "business.com" of 2010. As competitors to American firms popped up in recent decades, not just down the street but around the globe—televisions in Taiwan and software in



Bangalore—market pressures intensified. Moreover, relationships that had long come to be accepted among companies and suppliers, employees and corporations, boards and managements were turned upside down. The unwritten pact between employees and corporations that had promised long-term job security in exchange for corporate loyalty could not be sustained in this new environment. Even IBM began to suffer reductions in its workforce, while Japanese firms downsized and venerable names of American business disappeared altogether. In fact, in the 1980s one of the surest ways to ensure positive media coverage as well as a boost on Wall Street was to announce a large layoff. Closing the whole plant was even better. Employee loyalty was one of the first casualties of this mixed-up way of doing business.

In her examination of these and a number of other related phenomena, Whitman has provided an extraordinarily well-documented assessment of the tectonic forces that pummeled American corporations in recent decades. She has considerable firsthand experience as a major participant in the American business scene. She was a vice president and group executive of the General Motors Corporation; a member of the President's Council of Economic Advisors; a member of the Board of Directors of major corporations such as Procter & Gamble, Alcoa, and Chase Manhattan; and—in recent years—as Professor of Business Administration and Public Policy at the University of Michigan. This experience has afforded her the opportunity to think through many of the issues that those caught up in managing the day-to-day affairs of a business stuck on fast-forward too often take for granted. And in keeping with her background, Whitman sees both the forest and trees,

addressing changes that have affected the American corporation internally and externally, top to bottom.

Referring to Boards of Directors, she notes that “specific skills . . . are replacing social standing and personal friendship with the Chairman as criteria for board membership.” The profound impact this one change has had on the American corporation is now widely recognized, but this was not always the case. Warren Buffett states the problem that had prevailed with regard to selecting directors in the following terms: “CEOs (who are usually Chairmen as well) were more prone to choose Cocker Spaniels than Dobermans.” The result of this new paradigm has been the emergence of a previously unheard of phenomenon: The Board fires the CEO. In fact, the chairman of the corporation for which Whitman worked became one of the early casualties of the new trend that has now come to be known as the Boardroom Revolution.

Moving to the other end of the corporate ladder, the author states what should have been obvious to America's managers in the days of the Hudson Bay Company as well as in the era of Amazon.com . . . but sadly was not. Namely, “workers represent assets rather than simply costs.” Whitman discusses the still evolving social compact between workers and their employers, drawing the important distinction between employability security and employment security; the importance of education in reducing earnings inequalities, and the declining impact of labor unions in this entrepreneurial age.

She also observes that too many politicians seem to have missed the point that as difficult as it is to have a corporation without employees, it is equally difficult to have employees without having employers.

This seemingly innocuous observation could be said to set the groundwork for the book's discussion

of regulatory reform, wherein it is noted that public opinion surveys in 1964 indicated that three-fourths of Americans trusted their government to “usually” do the right thing. By 1996, however, that figure had dropped to one-fourth. This decline in confidence, coupled with the globalization of markets and the resulting intensifying of competition, has created a need to re-examine the role of regulation in business. In recent years, the gradual broadening of anti-trust policy to at least recognize the existence of foreign suppliers as well as domestic ones has been but one outcome of this new calculus—yet it reflects only the beginning of the regulatory reform Whitman's work suggests.

Fortunately, the author does not leave matters with a simple cataloging of chronic problems. Whitman also discusses possible solutions and does so in a scholarly and balanced fashion, addressing issues ranging from tax policy to workforce “safety nets,” from educational reform to environmental policy.

The various chapters of the book deal with such topics as the anatomy of change in corporate relationships, the control of corporations, the responsibilities of corporations to society, corporate globalization and, finally, public policy challenges. Each topic is dealt with in a well-documented, interesting and scholarly fashion that should be appealing both to the theoretician and the practicing business executive.

In the book's final pages, Whitman notes that “there are no signs yet (in mid-1998) that the United States' remarkable seven-year expansion is about to reverse direction, but there is no evidence either that the business cycle has been permanently abolished.” So far she seems to have that right, too. If there were to be any disappointment with the book, it would be that it deals

principally with how we got to where we are rather than what we might expect next. There is, for example, very little mention of the Internet and its likely impact on the business world. But, then, that wasn't the stated purpose of the book anyway. Hopefully, this can be interpreted to suggest that the author is simply laying the groundwork for a follow-on companion volume.

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