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## Book Review

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### **The Politics of Public Fund Investing: How to Modify Wall Street into Main Street**

By

Ben Finkelstein  
A Touchstone Book published by Simon and Schuster New  
York, NY  
2006 by Stanford Financial Group  
ISBN-13 #978-0-7432-6729-8

*Ben Finkelstein's book touches critically on an important issue in public budgeting and finance; and that relates to the concept of politics. Although this is not a book on politics, it nevertheless does not shy away from illustrating the often frustrating interplay of political agendas in the budgeting process; again with specific emphasis on public fund management. Public budgets are policy, and policy is political. This means that evaluating public investment policy is a political process of sufficient importance to make or break the public fund manager. The author here specifically differentiates between the evaluation of Wall Street portfolio performance, and his metaphor of*

*Main Street portfolio performance, in terms of what is both legal and suitable for a particular public entity. The key political aspect of the job entails maintaining legal standards, balancing risk and return with liquidity, and maybe more importantly, being able to explain to many diverse interested parties, many of whom do not understand the complex process of fund management, the results of the fund's performance.*

*I evaluated this book in terms of its applicability as a text book in public administration graduate courses in budgeting and finance. I find two points in relation to its applicability in the academic setting. One, it is not a standalone book; rather it could function well in a public budgeting and/or public finance course as a required second reader if the teaching faculty wished to provide some concentration in the course toward fund management. This, of course, depends largely on the expertise of the professor and the background of the students. Further, it requires or assumes a reasonable amount of financial knowledge so it is not written at the entry level even though it is written in simple language and is not so abstract as to be incomprehensible as many text books can be. But, from the second point, I am not convinced that it could stand alone as a text book in a specific course on fund management. This could be the only real shortcoming of the book; it is too short and too brief given the extremely technical topics covered. There are many points that could or should be expanded substantially to make the work a true comprehensive handbook for advanced graduate students and public finance practitioners. The author should consider a much larger work on this very critical subject upon which he is an acknowledged expert. However, this book, however much abbreviated is a good book to use as a communications and instructional tool to educate the constituency of the public fund manager. Given a moderate amount of financial*

*knowledge, this book could provide a bridge of understanding between the public financial manager and his/her constituency who may not understand all the ramifications of the manager's actions. My use of the term constituency casts a fairly broad net, and it is meant to reflect the stakeholders who ultimately evaluate the financial manager's performance.*

*From the textbook standpoint, the author does provide a bullet list of key points at the beginning of each chapter, and a "points to remember" list at the end. Although, unlike many text books, it does not contain study questions, and there are no known ancillary support materials developed for classroom use. The book is well indexed for easy reference and it contains a short glossary of technical terms and reference notes on each chapter's topic.*

*In conclusion, this book is a good addition as a secondary text for an advanced graduate course in public finance but only when used with a much more comprehensive text book, and assuming moderate financial knowledge on the part of the students. It is not adequate as a standalone text in a graduate course specifically on fund management. But, it is useful as a learning tool for public officials who are not necessarily financial managers but have an interest in the performance of that job. I must certainly recommend that the author consider a much larger version of the work either as a textbook or as a handbook for practitioners.*