

does to a large extent. Mitchell and Simmons begin exposing that bias in Part I of their book, "Market Failures and Political Solutions: Orthodoxy," where they carefully describe the various theories of market failure, including externalities, public goods, imperfect competition, macroeconomic instability, distributive inequities, and the existence of transactions costs. The authors reveal the anti-market mentality of welfare economists who advocate "more taxes; price controls; subsidies and tariffs; penalties for collusion; more controls over private property; and, of course, more government-directed planning."

Welfare economists are not the only ones to devise biased theories to "justify" their personal preferences for government intervention. Chapter 2 explains the role of the political science profession in creating an equally unrealistic and utopian vision of the political process. Political activism is supposedly "necessary for human moral development." Robert Dahl, an influential political scientist, has long contended that the more special-interest groups and government-imposed income transfers the better—because "countervailing power centers" will supposedly render politics "civilized, controlled, and limited to decent human purposes." Is there anyone who knows anything about how Washington actually works who could possibly believe that? Apparently, nearly the entire political science profession does.

Then there is the field of "public administration," founded by Woodrow Wilson, who believed that politicians and bureaucrats could be programmed to act as "scientific managers," faithfully serving the public without regard to their own self-interest. The only challenge is to provide these selfless creatures with enough "scientific knowledge." Public administration, Wilson argued, "is removed from the hurry and strife of politics" and even "stands apart . . . from the debatable ground of constitutional study."

This incredibly naive theory swept the public administration profession a century ago and is still dominant. Evidence of that dominance, the authors point out, is abundant: the 1992 presidential election digressed to a debate over whose central economic plan for the economy was best; Al Gore's book, *Earth in the Balance*, is a plea for central planning in the name of environmentalism; and in 1993, Rep. Gerry Studds proposed a bill that would create a National Biological Survey (NBS) of "everything that walks, crawls, swims, or flies around the country." The science adviser to the secretary of the interior explained in the *Wall Street Journal* that the purpose of the NBS was to "determine development for the whole country and regulate it all." (Didn't the Soviets try that?)

Part II of *Beyond Politics* is an eloquent presentation of most of the major tenets of public choice theory. Among the issues discussed in chapter 3 are why voters are rationally ignorant; why special interests dominate political decisionmaking; why politicians must pander to special interests at the expense of the general public in order to succeed in office;

why public money is used to buy votes; why deficit spending is a politician's dream; and why bureaucrats bungle.

Chapter 4 consists of a more detailed explanation of "the anatomy of government failure," focusing on the "perverted incentives" that confront political decisionmakers under various electoral rules. After completing chapters 3 and 4, it is clear that however many "market failures" may exist according to the standards of welfare economics, applying those same standards to politics can only lead to the conclusion that government failures are far worse.

Part III of Beyond Politics—"Case Studies in the Anatomy of Public Failure"—surveys several areas of economics where public choice insights have been revolutionary. The authors explain why the so-called free-rider problem has been greatly exaggerated; why political control of markets leads to more, not less, monopoly; why there is a need for constitutional restrictions on the ability of politicians to plunder taxpayers; why "consumer protection" regulation often harms the consumer; why environmental policy has frequently degraded the environment while costing billions; and why politics renders macroeconomic "fine tuning" about as likely as a unicorn sighting.

In chapter 12, "Rediscovery of Markets, Competition, and the Firm," Mitchell and Simmons show how insights from the Austrian school of economics, especially the work of Friedrich Hayek, provide a devastating critique of the whole notion of market failure. If one understands competition to consist of a dynamic, rivalrous process of entrepreneurship, as the Austrians do, then the very business practices that have been condemned by welfare economists as inconsistent with "perfect" competition—advertising, mergers, product differentiation, and price undercutting, for example—are viewed as the very essence of competition. Government intervention can only impede the beneficial effects of market competition.

At this point Mitchell and Simmons should have introduced the work of the late Murray Rothbard, the Austrian economist who has made the most devastating theoretical critique of welfare economics. They also should have cited Roy Cordato's recent book, *Welfare Economics and Externalities in an Open Ended Universe*, and Tyler Cowen's edited volume, *The Theory of Market Failure: A Critical Reevaluation*.

Beyond Politics is must reading for all who wish to understand the political economy. It is the best exposition of public choice theory I know of for use in undergraduate classes, and it is filled with hundreds of references that will be especially useful to researchers who are new to the field. Mitchell and Simmons have produced a most valuable addition to the literature on the institutions of a free society.

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