conjecture. Dogmatic Reds, unfortunately, tend to be a breed unable to digest anything but what is favorable to their preconceptions. In any case, Solzhenitsyn has added to the growing literature on Lenin’s basic responsibility for Stalin’s crimes. It is becoming increasingly impossible to blame the Stalinist aberration solely for the mass murders which surpass even those of Hitler. Red revisionists would like to hold that neither Lenin nor Trotsky (according to their sect-ist bias) were to blame for any inherent flaw in Marxism: In fact, there is no inherent flaw at all, they hold, and the next experiment in Marxism will start from scratch, start virginally all over again. But, even the theoreticians are privy to the fact that Lenin equals Stalin. Inevitably.

Reviewed by ANTHONY KERRIGAN

The Administered State


Containing eight essays revolving around one major theme, this collection examines a fundamental economic issue for now and the future: Must we be mere members of an administered state, run and regulated by the clerisy in the name of some undefined, inchoate, and therefore silent mass? The authors of these essays met at a conference in Ohio and confronted directly several of the major premises upon which a society regulated by men in authority depends. The introduction by Professor Pejovich is a piece which could stand alone as a succinct and summary statement of the issue in its newest and most threatening form: national planning in the United States. Since people, not “nations,” plan (and since people, not governments, regulate), it is appropriate to ask of activities undertaken in the name of the nation or of the government: Who are the people that gain and who are the people that lose? This book constitutes a vital and cogent response.

The case for restricted choices and for regulation by tenured administrators is usually argued in terms of a world where institutions and institutional arrangements transcend the realm of economic calculation and are, hence, not amenable to economic analysis in its traditional and scientific form. The crucial and pervasive view behind this collection is that institutions must be seen for what they are: the creations of men and women, created and destroyed in response to changing incentive patterns, and operating within bounds and constraints that are basically economic. Economic reasoning is capable of explaining changes in the social structure, but first we must observe, and specify, the people who would regulate us—and why.

The unpleasant thing about a free market system, and the reason that an unfree one is so much preferred by some, is that it not only minimizes coercion, but also that it minimizes the role of those in control of government as an employer of, and a provider of subsidized services to, the petty intelligentsia. Competition and freedom of choice move resources and skills towards their most highly-valued activity, as seen by the individuals who would give up wealth to obtain them; and this thought is uncongenial, if not unacceptable, to those who sense that few of us would give up our wealth voluntarily for what some would like to be paid to do.

In the first group of essays Armen Alchian points out that no amount of obfuscation should be allowed to blur the distinction between the means whereby inflation is created (expansion of the money supply by those who have the power to do so) and the reasons or justifications which
inflators give for their actions. Monopolies, whether in the form of state corporations or trade unions, may temporarily alter some relative prices, but without a sanctifying expansion of the money supply their actions are irrelevant in terms of inflation. To argue that the rate of "average" unemployment can be sustained at a level below that which would naturally occur is now seen as a red herring that takes away attention from the major effect of inflation: the resulting growth in numbers and power of those who operate the government. Lowell Gallaway destroys again the myth that income in the United States is highly and unequally distributed in comparison to nations like Sweden or Russia. He points out the evident futility of anti-poverty programs, and demonstrates that more equality of educational accomplishment will have no significant impact on reducing income inequality. Perhaps, Gallaway suggests with scientific deference, we should recognize the existence of "natural constraints." Perhaps, too, there is some natural pattern of income distribution analogous to the natural average level of unemployment. But he ignores the obvious question: Who benefits from expanding and perpetuating the fruitless chase? The answer is too obvious to be of any comfort to those in the formal education sector.

In the second group of essays the authors explore the reality of and the rationale for governmental policies in the 1970's. Niskanen deduces that it is not enough to select wise and honest political leaders. The political system translates what politicians think is public interest into public outcomes. But the system, now serving the quite private interests of officials, is moving further away from the shared concerns of the American population. With virtual "lifetime" tenure for legislators and other civil servants, decision makers in government can largely escape the cost of their actions; Niskanen has several intriguing suggestions for remedying this situation.

Contrary to the view of some, as Colin Campbell notes, the Old Age and Survivors Insurance system does a bad job. James Buchanan points out that our general system of transfer payments shifts purchasing power in a way unrelated to productivity; discriminates against both the single worker and the marriage partner; reduces private savings; and grows in the face of voter antipathy. The welfare system rewards its staff, clerks, and administrators for activities that expand rather than reduce their constituency. The only hypothesis which satisfactorily explains the behavior of regulators is that they act to their personal advantage and in their own best interest. Gordon Tullock dissects the alternative explanations, finds them weak at best, and offers policy suggestions which would reduce the socially perverse behavior now so common among regulators.

In the final section of the book, Oliver Williamson questions the current popularity of assigning to the modern corporation social roles and purposes for which it was not conceived or created. He scrutinizes the role and nature of the corporation as an economic institution, and indicates interesting areas for future research.

The final essay is superb. Eirik Furubotn examines the criticisms levelled by various radicals at capitalist institutions and their performance. Marxists and radicals, citing worker alienation as a capitalist ill, skillfully avoid specifying the alternative they have in mind. They demonstrate a profound misunderstanding of the capitalist economy and totally ignore the tradeoffs and costs that any system must face. There is no real irony in the fact that radicals would remove from the worker his right to choose between cash income and a more costly working environment; after all, radicals have traditionally been intolerant elitists. Both scholarly and current, this book is to be highly recommended.

Reviewed by Alan Rufus Waters