able (1997 is out now), and ignoring the best estimates available, say, for the probability of prosecution upon arrest. Sometimes he attributes facts like exclusionary rules to the statist nature of the justice system too quickly, ignoring competing hypotheses like rent-seeking by lawyers in an adversary system. Understandably, Benson is prone to exaggerate the failure of the current system, referring to a “public breakdown,” or positing high recidivism estimates of 70 percent to support his contention that “prison does not impose very high costs” on criminals.

Benson is silent on some things that warrant treatment like the role of faith-based and similar voluntary, nonprofit entities in the current or more privatized system. He also ignores the impact that full restitution may have on investment in private defense against crime, a problem that he could handle well.

Let’s give final grades. The book is A+ on content, B– on style. The lower grade primarily reflects Benson’s serviceable if dull prose. Overall, I wish more economists were like Benson: first-rate on the narrow stuff (not uncommon) and first-rate on breadth (rare). Clearly, the crime solution lies in more individual responsibility and less public responsibility. Benson’s daring conclusion – privatize both the demand for and the supply of criminal justice services – leaves us with a wealth of provocative diagnoses and examples for further research. I am convinced that a rights-based system with effective property rights to restitution would produce far less crime. Benson has given us a breakthrough book.

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In Economic Politics: The Costs of Democracy, William Keech addresses the immensely important issue of whether democracy is or is not inherently pathological in its effects on the macroeconomy. In an even-handed assessment of the arguments, Keech concludes that while there are times when democratic institutions produce undesirable outcomes, these results are not necessary implications of democracy. That is not to say, however, that democracy generally results in optimal outcomes. Such a conclusion, Keech contends, is unwarranted because of the ever-changing and ill-defined nature
of the optimum with respect to macroeconomics. Indeed, it is the very nature of democracy that the goals evolve as the preferences of the citizenry change and as the formal and informal institutions of government change.

Keech opens the book with a detailed explanation of the questions and methodology for the analysis. He defines “costs of democracy” as “the reasonable and unavoidable prices of things that are basically desirable”. These costs, similar to agency costs which arise in a principal-agent relationship, are to be minimized, but they are inevitable. Keech is concerned with how these costs can best be minimized. One of the themes of the book is that changes in formal institutions are not necessarily helpful in minimizing these costs if informal institutions and patterns of behavior are not altered. The Gramm-Rudman-Hollings deficit reduction legislation of the 1980s is a prime example. On the other hand, alterations in informal institutions may have wide-sweeping effects despite little or no change in formal institutions. Keech points to the Fed-Treasury accord of 1951 as a case in point.

Keech justifies the focus on macroeconomic policy because there is generally widespread agreement about the benefits of low-inflation, low unemployment, and faster growth of real income. The same cannot be said of many other issues such as affirmative action or abortion. Agreement on the goals means that it is possible “to draw conclusions about the performance of democratic institutions on the basis of relatively objective standards”. However, Keech devotes an entire chapter, the fifth, to the lack of clear, permanent, authoritative, and indisputable standards even for economic performance. Moreover, a frequent criticism of democratic institutions is that they encourage politicians to avoid the hard choices, to favor short-term gains with high future costs over long-term benefits. Keech argues that this time dimension fits well with macroeconomic policy making, making easier the drawing of inferences about the costs of democracy.

The second chapter provides an introduction to the principal macroeconomic schools of thought. However, the emphasis is on “the political issues in these theories: what they contend that public officials should do, and what they identify as the risks of political mismanagement”. For individuals well-versed in macroeconomic theory, this chapter provides little that is new. For others, this chapter is excellent in four regards. First, the summary of the theory is intuitive and clear, relying only on the simplest of aggregate supply-aggregate demand and Phillips’ curve diagrams to describe the theories and their differences. Second, the discussion makes quite clear the importance of the rules versus discretion debate. The discussion is particularly effective in making clear that objections to discretion arise both from adverse incentives faced by policy makers, the venal politician objection, and from concerns about long and variable lags in the policy process, lags which would exist