

work on political interventionism in the economy from a public choice perspective. The book, *Beyond Politics*, begins with a discussion of welfare economics, that branch of the dismal science that deals with, among other things, issues of market failure. Market failure refers to the divergence of real markets from the assumptions of perfect competition.

One of the most troubling of market failures in the eyes of the general public is monopoly. On this issue and others, the authors approach the "market failure" from a public choice point of view, showing that the incentives of government officials are structured in such a way as to exacerbate the very problems, real or imagined, that the State is being used to solve.

For example, politicians in a democracy must seek popular re-election. The easiest and most effective means of staying in office is often the use of public power to benefit an electorally powerful interest or constituency. Why then the absurd belief that politicians can be relied upon to eliminate monopolies? For one thing, a genuine monopoly is impossible to maintain against the forces of a competition in a free market economic system. Politics is the only means of creating a sustainable monopoly through artificial barriers to competition. More importantly, it is in the interest of politicians to structure regulatory mechanisms that inhibit competition and lead to consolidation, since this creates a wealthy and grateful backer for the politician.

In a similar fashion, Mitchell and Simmons argue convincingly that market failures are often ill-defined and almost never warrant the degree of criticism they invoke. To drive the point home, the authors show that private solutions are invariably superior to public solutions. In fact, most of the book deals with what the authors call "public failure," the inability of the public sector to live up to the vision of an efficient and benevolent government handling the flaws of the marketplace.

The book ends with a call for a return to a free and unfettered economy, something which the authors have succeeded in dem-

onstrating as superior to the various schemes involving the State. Occasionally lost in the long discussions of the personal interests of politicians and bureaucrats and the economic consequences of interventionism is the fact that the most precious cost of growth of the State can be measured in terms of human liberty. The loss of freedom may be one of the unseen costs for economists, but it is the heaviest of burdens for civilization.

Beyond Politics is flawed by an overreliance on equilibrium models to illustrate points in the text. A free economy is dynamic and constantly changing. Many of the authors' points could be made using economic laws based on apodictic principles that do not presuppose static conditions in the economy. But this caveat should not preclude an appreciation of the devastating critique of statism, government intervention, and the pretensions of the political classes found in this book's pages. *Beyond Politics* is a cogent defense of the economic system of a free society and a firm rebuttal to some of its most vociferous critics among the economics profession. It deserves the attention of anyone interested in the great economic controversies of our day. □

Mr. Pavlik is director of The Freeman Op-Ed program at The Foundation for Economic Education.

Investment Biker

by Jim Rogers

Random House • 1994 • 402 pages • \$25.00

Reviewed by Richard A. Cooper

Jim Rogers autographed my copy of *Investment Biker* with the words, "Life is short; Ride hard and far." Rogers closes his highly readable account of the round-the-world motorcycle trip he and girlfriend Tabitha Estabrook accomplished with more words of wisdom: "More important, I've also learned that if you've got a dream, you have to try it; you must get it out of your system. You will never get another chance.

If you want to change your life, do it." Motorcycles, markets, and musings make this book both provocative and entertaining.

Viewers of the CNBC show *Mutual Fund Investor* will recognize his blend of down-home Alabama folksiness, savvy investment insights, and shrewdly biting public policy comments. Those viewers and other readers will marvel at the observations of Jim riding about China, Russia, Africa, South America and elsewhere, as he records his impressions and predictions about economic policies and investment prospects. Often he saw how bad economic policies and wars had squandered great natural endowments and the labor of the inhabitants.

Why does Jim Rogers want to see and know the world? He hails from the small town of Demopolis, Alabama. His family's phone number was 5. Just 5. As he says, if you are from somewhere that small you either stay there your whole life or you want to get out and make your mark in the wider world. Despite the folksiness, Rogers is a well-educated and sophisticated man. From Yale he went to graduate school at Oxford with a summer stop on Wall Street along the way. He was a partner in a hedge fund after going to Wall Street full time. Jim left Wall Street in 1980 with millions of dollars.

Jim and Tabitha's trip—intellectually and geographically—began in Ireland. Let Jim tell this part: "Riding through this part of Ireland was wonderful, great for motorcycles, the roads curvy and small and convoluted, green and beautiful. All my life, from my history courses at Yale to my work at Oxford and later on Wall Street, I've studied geography, politics, economics, and history intensely, believing they are interrelated, and I've used what I've learned to invest in world markets. I was on the lookout for investment opportunities, for some country—and its investment market—about to take off, where I could jump in and make five, ten, fifteen times what I put in."

Unfortunately, Ireland could not meet Jim's tests. He worried over its instability but was most concerned about statist poli-

cies. The conflict between statism and entrepreneurial capitalism is one of Jim's key themes. Where statism reigns, decay increases and opportunity decreases. Tied to that conflict is the burden of war frustrating the achievements of peace.

Jim observes that "Ireland is a victim of statism, which my dictionary defines as the concentration of economic controls and planning in the hands of a highly centralized government, and which I further define as the belief that the state is the mechanism best suited for solving most if not all of society's ills, be they health related, natural disasters, poverty, job training, or injured feelings. Statism is *the* great political disease of the twentieth century, with Communist, socialist, and many democratic nations infected to a greater or lesser degree. When the political history of our century is written its greatest story will be how a hundred variants of statism failed." I would say this is the story that should be written, but I expect that the story told will be how the historians' preferred brand of statism was not tried with enough rigor or was mishandled.

Unlike economists, Rogers is not merely interested in economic policy or analysis but in scouting out investment prospects. He is none too optimistic about the United States. Bright spots include Botswana. Botswana? Yes, and he tells a great story about why he is optimistic about this small African country.

Investment Biker shows you a world through a unique pair of eyes—badly maintained roads and sweeping natural vistas, economies wrecked by statist mismanagement, and countries torn by renewed tribalism. All this with a country boy's way with words and a Wall Streeter's eye for investment opportunities. You can enjoy the ride with Jim Rogers, and think of your gasoline savings. □

Mr. Cooper is an export/import manager and freelance writer.

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Knowledge and Decisions (1980)

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