

Nixon years. Its chief strength is Matusow's description of the duplicity of Nixon's conduct of economic policy. He reveals the blatant contradictions between the so-called conservative philosophy that one might think would have led Nixon to advocate tax cuts, smaller government budgets, repeal of regulations, removal of trade barriers, and other laissez-faire policies. But no, precisely opposite policies prevailed, culminating in the 1971–74 wage and price controls.

Matusow's commentary on the contradictions between theoretical Republican support for markets versus actual adoption by the administration of socialism is illuminating. Few politicians are long able to resist the temptation to wield governmental power for short-run political advantage. Professed limited-government principles are forgotten or deliberately cast aside when interventionism seems to offer better political rewards. (The author's observations are also relevant to what has befallen the "Republican Revolution" since 1995.)

Sadly, Matusow, professor of history at Rice University, is himself weak on economics. While good at exposing the weaknesses and contradictions in Nixon's economic policies, one sees little indication that he is familiar with serious free-market analysis. Especially as regards monetary policy and the origins of the lethal inflation generated by the Nixon programs of the late '60s and early '70s, the author confuses cause and effect. For example, in chapter three Matusow claims that "the main reason why prices kept rising through 1970 . . . was the big wage increases that workers were demanding and getting." He compounds this confusion in later chapters, suggesting that currency devaluation and oil price hikes are causes of inflation.

Errors like this are not isolated. By chapter six, perhaps in an effort to make the book more readable, the author resorts to normative assertions, using "good" and "bad" with reference to Uncle Sam's manipulation of the dollar vis-à-vis foreign currencies. Later, Matusow falls into the trap of stating that "controls deserved some credit for declining inflation." Yet, he elsewhere credits Milton Friedman's monetarist warning that

inflation is always and everywhere a monetary phenomenon.

This unevenness is forgivable for a non-economist. But some shortcomings cannot be excused. The story of the Nixon years would have been a considerably more valuable exposition for future generations of readers and economists had the author included fewer retrospective testimonies from apologists for the Keynesian school, and instead emphasized the disservice of "political economists" and power-hungry advisers, such as Paul Volcker, Arthur Burns, and John Connally. Also, contrary to the author's gratuitous statement that "no one in or out of government [in 1973] foresaw the approach of the [inflation] cataclysm," there were many non-political economists who foresaw and wrote about the futility of controls and catastrophes that awaited economies adopting these bankrupting policies.

Nixon's Economy is worthwhile and germane reading, making clear the important point that the incentives of politicians tend to put them disastrously at odds with sensible economic policies. The author's own lack of economic comprehension, unfortunately, renders the book less valuable than it might otherwise have been. Read the book for its good history and take the author's economic pronouncements with a grain of salt. □

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To Serve and Protect: Privatization and Community in Criminal Justice

by Bruce Benson

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• \$37.50

Reviewed by Morgan O. Reynolds

Over the last three decades, the share of GDP consumed by the public sector on crime control has tripled and now exceeds \$100 billion annually, or about \$1,000 per household. Crime rates have declined in the 1990s, suggesting some benefit from the

expenditure, yet crime stubbornly remains three times higher than 30 years ago, according to FBI statistics. These data imply a substantial decline in the productivity of law-enforcement bureaucracies.

The natural thought of a public choice economist is, "So what else would you expect?" Big government is no more likely to be the answer to crime than to any other problem. Private-sector solutions and market-driven reforms are more likely to work. The root solution for crime is a set of institutions that get incentives right. Custom and law must internalize (privatize) more benefits for crime suppressors and make crime producers pay more of the costs they impose on victims.

Bruce Benson, professor of economics at Florida State University, pursues this logic brilliantly. Benson is a veteran researcher on crime and law, and in this volume he integrates a sprawling literature in a way that changes the whole discussion. The book works on two distinct levels. First, it provides nearly encyclopedic coverage of private techniques in criminal justice that range from medieval Anglo-Saxon days to contracting out of prisons today. Second, and more important, it elevates us to a high philosophical plane by redirecting our attention from social-engineering goals like deterrence and rehabilitation toward a focus on justice and individual rights and responsibilities.

Like education, criminology has long been a field rent by fads. Lacking a real intellectual anchor and populated primarily by sociologists, criminology has for the most part ignored a rights-based perspective. Benson's book fills that void. His premise is that justice for victims should be the goal of our justice system. All else follows from that premise.

Offenses thought of as crimes today, like murder and robbery, were once treated as private torts, with economic compensation as the primary remedy. This private system of justice worked well and could do so again, according to Benson. With the prospect of recovery of damages, the victim had a greater incentive to report a crime, correcting a major failing in our present system where victims only report about 40 percent of crimes to the police. Restitution rights were transferable,

thereby promoting efficiency in apprehension and liability.

Our present reliance on the state to protect our property rights and control criminals is very recent, less than two centuries old in most respects. The historical reason for this evolution was that kings took away victims' property rights to restitution, and the path of criminal justice in England then wandered away from individualism toward collectivism. In the tradition of Ronald Coase and Steven Cheung, who debunked the theories that private markets must fail to supply lighthouses or pollinate fruit, Benson's historical research explodes the doctrine that a justice system is a "public good" that only government can provide.

Perhaps Benson's most arresting evidence comes from Japan, which has the lowest crime rate among industrialized nations by far. A primary reason, claims Benson, is that their system is more privatized and victim-oriented than ours. There, the fundamental right is for the victim to be restored to his original condition. In contrast to our culture, in the Japanese culture there is no acceptable excuse for criminal activity. The criminal must bargain for forgiveness with the victim and if the wrongdoer negotiates an acceptable settlement package and shows contrition, public-sector punishment is lenient.

Benson documents the substantial private effort to combat crime in the United States, estimated at \$300 billion a year, and therefore larger than the public-sector effort. This will continue to grow rapidly, Benson predicts, if only to compensate for continuing public failure. Our system is also moving toward victims' rights, recently enshrined in many state statutes and constitutions. Benson sees these as largely illusory gains because law-enforcement bureaucracies have co-opted victims' rights organizations. He warns victims' groups that they must forge an independent path in order to transform criminals' "debts to society" into private, transferable debts to individual victims.

Shortcomings in the book are few and usually amount to legitimate differences of judgment or opinion. Benson sometimes fails to use the latest data available, and ignores the

best estimates, say, for the probability of prosecution on 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.

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. Benson has given us a breakthrough book. □

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Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed

by James C. Scott

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Reviewed by Aaron Steelman

Amazing progress has been made in the twentieth century. The Western world has grown tremendously rich, and many developing countries around the world have “emerged.” Today, most people enjoy living conditions that their ancestors could have only dreamed about.

But the twentieth century has also witnessed horrific brutality. Millions have been killed in wars. And an even greater number, perhaps, have been killed by their own governments in the name of “progress.” What has been the source of such inhumanity?

In *Seeing Like a State*, Yale political scientist James C. Scott examines “the failure of some of the great utopian social engineering schemes of the twentieth century.” He argues that “the most tragic episodes of state-initiated social engineering originate in a pernicious combination of four elements.”

First, Scott argues, are “transformative state simplifications,” that enable the state to easily track and classify its citizens. This includes the creation of permanent last names, popula-

tion registers, and the standardization of language.

Second is what Scott calls “high-modernist” ideology. “It is best conceived,” he writes, “as a strong, one might even say muscle-bound, version of the self-confidence about scientific and technical progress, the expansion of production, the growing satisfaction of human needs, the mastery of nature (including human nature), and, above all, the rational design of social order commensurate with the scientific understanding of natural laws.” National economic planning during World War I excited high-modernist theorists and led them to believe that society actually could be run by enlightened technocrats.

The third element is an “authoritarian state that is willing and able to use the full weight of its coercive power to bring these high-modernist designs into being.” Such regimes often gain power during times of war, revolution, depression, and struggle for national liberation.

The last element is a “prostrate civil society that lacks the capacity to resist these plans.”

“In sum,” Scott writes, “the legibility of a society provides the capacity for large-scale social engineering, high-modernist ideology provides the desire, the authoritarian state provides the determination to act on that desire, and an incapacitated civil society provides the leveled social terrain on which to build.” When those four elements are present, the stage is set for the likes of Hitler, Stalin, and Pol Pot—and for the forced villagization of 5 million Tanzanians in the 1970s, a lesser-known tragedy that Scott recounts in a fascinating chapter.

High-modernist ideology, Scott points out, manifests itself in less disastrous ways, too. Consider centrally planned cities. Traditionally, cities have grown naturally to fit the desires and needs of their citizens. The streets of many European and Middle Eastern cities don't fit a grid-like pattern: they sprang up as the population grew and moved. To a resident, everything makes sense. But to a government official who thinks he knows best, it appears chaotic. Surely, a planned city would be much better than one developed seemingly by chance.