penalties.

While many chapters deal with non-US markets, the last major section deals with the international evidence on security market imperfections. There are a series of specific chapters dealing with individual countries, including Canada, Italy, Turkey, Finland, and Japan (two chapters). An especially valuable chapter covers the Asian emerging markets (Koh and Wong). These chapters will be useful to those concerned with the markets covered.

Of particular interest is the last chapter in the book that deals with the high stock returns before holidays (by Cerven, Alonso and Keim). Previous research had documented that the day before US holidays had unusually high returns. This chapter extends the finding to a large number of holidays in a multitude of countries.

For the investor in a retirement fund or mutual fund group that permits moving money from account to account as many do, the finding about pre-holiday returns, returns at certain times of the month, or on certain days of the week, or in January could assist him in increasing his returns. Such an investor might choose to be in stocks at the calendar times when they were most likely to go up and in bonds or Treasury bills at other times.

One problem in this collection of valuable papers is lack of index. Someone cannot look up a topic in an index and be directed to the discussions of this in the various chapters.

Edward M. Miller
University of New Orleans

Monopoly Politics
James C. Miller
Hoover Institution Press, Stanford CA. 1999

James Miller's new book examines the possible application of public choice theory to politics. Drawing on his academic background in economics and his personal experiences in political affairs, Miller compares political with economic competition, asking how political competition can be made more effective.

The prime topic is therefore essentially "political markets," and the author organizes his study into seven major chapters. The first documents the importance of public decisions and distinguishes public from private decision-making. The second and third discuss the nature of competition in commercial and political markets in terms of individual sovereignty, incentive to monopolize, and antitrust laws. The fourth and fifth chapters specially deal with the remarkable features of political markets, the advantages of an incumbent, and the major institutional restraints on competition in political markets. The last two chapters concentrate on policy reforms and recommendations for the future.

As a political economist, Miller focuses on the differences between personal (commercial) choices and public (political) choices. Both choices affect our being. Miller discusses the political institutions within which people make economic decisions, including property rights and contracts.

Quoting from Adam Smith's (1776) *An Inquiry into the Nature and Causes of Wealth of Nations*, Miller points out that consumers are the king or boss in the commercial market, which gives them a wider range of sovereignty in their decision-making process and the market forces drive consumers and producers. However producers have an incentive to become a monopolist, and consumers have an incentive to be monopsonist. In real world public concern is directed to monopoly power on the selling side as pointed by Miller. To limit monopoly power a series of "antitrust laws" has evolved over the past decades. Miller explains the limitations and imperfections of antitrust laws in the commercial markets.

As a professor of economics, Miller brings back the economic ideas and rationale of competition and monopoly in political markets. In most political markets voters choose the electoral officials to represent them. Miller points out how political parties or candidates have incentives to collude with political rivals in order to exclude competitors and to avoid mutually damaging rivalry. To combat the monopolization of political markets and preserve competitions among political parties, election laws indirectly serve the same function as antitrust laws. Miller uses the distribution of voter preferences to discuss how parties and candidates will position themselves.

The economic theory of politics assumes that voters are utility maximizers and that political parties are vote maximizers. Politicians are motivated by self-interest and formulate policies accordingly. This view conflicts with the social welfare-maximizing model of government behavior in which politicians seek office to expedite pre-conceived policies designed for the social good. There is one logical problem with the model of voters voting for their own well being, and candidates trying to promote the policies that maximize their chances of election.

Because the typical voter in an election has very little chance of determining the outcome, the voter's increase in utility from voting is likely to be very low, too low to induce a selfish voter to vote. However, when the total benefit from having the right candidate elected is multiplied by the small probability of a single vote changing the outcome of an election, it is rational for a voter to vote for altruistic reasons. Of course, what the voter thinks is good for the community may be influenced subconsciously by what is good for him and his family.

It follows that the model of the rational but selfish voter has a logical inconsistency. Alas, this argument is not made in the book.

Other differences between commercial markets and political markets include information asymmetries, principal-agent problems, political speech, constitutional restrictions etc. Miller himself argues against the efficiency of political markets both theoretically and empirically. Selected data for the US Congress suggests that the assets of office provide a substantial advantage to incumbents. This is a major impediment to the competitiveness of political markets. In fact, Miller argues the rules limiting spending usually benefit the incumbent much more than the challenger.

The rules of economics differ from the laws of physics in that economic rules are subject to socio-institutional conditions. Miller proposes institutional reforms for Congress. He suggests that campaign-finance laws should be revised to make political markets more competitive. However, he points out how many proposed "reforms" would make political markets less competitive. Incumbency gives a major advantage to whoever is already in office, and if the challengers are to have a chance they must be able to raise enough money to become known.

Mohammad Imtiaz A. Mazumder
Edward M. MIller
University of New Orleans

The Inevitable Dominion by Man: An Evolutionary Detective Story
Seymour W. Itzkoff
Paideia Publishers, Ashfield, MA. 2000

Seymour Itzkoff has authored a number of important books on