exploring the relationship between democracy, collective identity, and the polis as an *imperial* "unity of action" would seem essential. Indeed, such a reading might go far toward countering apologist readings of the *History* as a guidebook for negotiating the tension between democracy and empire that have infected Thucydidean scholarship since the creation of "international relations" as a discipline.

AMERICAN POLITICS

The Private Abuse of the Public Interest: Market Myths and Policy Muddles. By Lawrence D. Brown and Lawrence R. Jacobs. Chicago: University of Chicago Press, 2008. 168p. $40.00 cloth, $15.00 paper.

The Politics of Bad Ideas: The Great Tax Delusion and the Decline of Good Government in America. By Bryan D. Jones and Walter Williams. New York: Pearson Longman, 2008. 384p. $16.95.
doi:10.1017/S153759270999003X

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It is way too soon to know whether President Barack Obama will deliver on his promise of transformational change. The future trajectory of politics and policy in the United States is anything but settled, and powerful coalitions and vested interests will seek to preserve the status quo. But it is already clear that the long era of conservative dominance over American economic policy has passed. After the election of Ronald Reagan, conservatives supplied the ideological energy in economic policy debates. To be sure, conservatives failed to achieve many of their specific objectives, including Social Security privatization, a flat tax, and a permanent reduction in the level of domestic spending. But, conservatives largely dictated the terms of the economic policy debate in the 1980s, 1990s, and 2000s. Liberals found themselves on the defensive, unable to advance their reform projects and forced to defend past victories from reversal. The era of Big Government may not have been permanently over, as President Bill Clinton famously declared in 1996, but a vast expansion of the American state was plainly not on offer during his eight years in the White House.

The election of Barack Obama, in the context of the most serious crisis of capitalism since the 1930s, has opened the door to the largest expansion of government since Lyndon Johnson's Great Society. In his initial budget proposal to Congress, President Obama signaled that he intends to undo key elements of the Reagan Revolution. Breathtaking in its scope and ambition, Obama's budget attempts to reduce greenhouse gases and address climate change, and it proposes tax hikes on the wealthy to help pay for a universal health-care system. Conservatives denounced the budget as an invitation to class warfare. Whatever the outcome of this initial budget battle, it seems likely that the next four years will witness a fundamental debate about government's economic role in the twenty-first century.

How did we arrive at a moment when the relationship between politics and markets in the United States is up for renegotiation? What economic policies worked and did not work over the past quarter century, and what are the prospects for more effective governance in the future? The two excellent books reviewed here offer fresh insights into these important questions. Taken together, they provide timely reminders that markets are shaped by politics, that economic ideas must be judged by their consequences, and that ideology is no substitute for hard evidence and rigorous analysis. Roughly speaking, Bryan D. Jones and Walter Williams, in *The Politics of Bad Ideas,* analyze the conservative effort to shrink the size of government through deep tax cuts, while Lawrence D. Brown and Lawrence R. Jacobs, in *The Private Abuse of the Public Interest,* examine conservatives' moves to expand markets and roll back state power in important domestic arenas. Although thoughtful and reasonable in tone, neither book is likely to persuade conservatives about the best way to repair the economy or improve governance. Each of these stimulating, myth-piercing books, however, deserves a wide audience among scholars, policymakers, and concerned citizens.

Jones and Williams investigate the causes and consequences of U.S. fiscal policy since World War II. Their central focus is on the economic theories that modern conservatives have used to justify tax cuts, even when the ensuing results have been (in the authors' evaluation) disastrous for the nation. Back in the Eisenhower era, many Republicans believed in balanced budgets and more or less had come to terms with programs like Social Security. Tax cuts were a nice thing, if the government could afford them, but they had to be evaluated in the context of competing budgetary priorities. By the early 1980s, however, tax cutting became an essential part of conservative Republican ideology. Jones and Williams argue that conservatives have embraced two "bad" (by which they mean empirically dubious) economic ideas that have been used to rationalize a radical tax-cutting agenda. The first is supply-side economics, which argues (in its "miracle" version, as opposed to its more sophisticated, academic version) that tax cuts on the rich will stimulate enough capital investment to greatly increase the level of economic growth and wipe out budget deficits. The second bad economic idea is the "starve the beast" theory, which claims that the short-term budget deficits caused by tax cuts will generate a public outcry that forces

Congress to slash government spending. While the two theories have different causal logics, both imply that tax cuts are a "magic fix" that will produce robust economic growth and shrink the government.

Jones and Williams evaluate the consequences of conservatives' tax-cutting project for the nation's economic performance, the government's fiscal capacity, and honest public policymaking. Their most compelling and significant empirical finding—which thoughtful conservatives simply cannot afford to ignore—is that the starve-the-beast route to shrinking the size of government just does not work. Contrary to the claims of radical supply siders, there is an inverse relationship between marginal tax rates and the size of the deficit. All else being equal, lower taxes mean bigger deficits. Moreover, there is no evidence that the public reacts to higher deficits by pressuring politicians to slash government spending. If anything, the opposite is true. The authors persuasively argue that voters roughly compare the level of current benefits they receive from government with how much they pay in taxes. The more tax rates fall, the higher the ratio of the benefits of government to the tax costs, the more liberal public opinion becomes, and the greater public support for government. In sum, not only does starve-the-beast fail to tame government growth, but its effects are also *perverse* (from conservatives' perspective). All starve-the-beast does is push the costs of government programs onto future generations. If conservatives really want to stoke public resistance to government spending, the authors suggest, they should push for *higher* taxes.

Jones and Williams also systematically review the impact of recent fiscal policies on economic outcomes. They argue that George W. Bush's tax and spending policies contributed to reasonable macroeconomic performance in the period 2001–6, but they fueled greater income inequality, increased the debt/GDP ratio, and did little to improve the living standards of middle-class families. While conservatives might offer a more positive assessment of Bush's economic performance, few can be happy about the damage that his administration did to fiscal discipline and the cause of limited government.

If the tax-cutting approach to public finance has produced such dismal results, why have conservatives stuck with it? The main answer given is that naked ideology has triumphed over neutral competence and sound policy analysis. According to the authors, conservative Republicans seriously degraded analytical capacity throughout the executive branch, limiting the degree to which solid information and reality-based data were brought to bear on policy decisions. An egregious example of such behavior occurred during the debate over the Medicare prescription drug bill. Fearful that Congress would not pass the bill if lawmakers knew its true price tag, the Bush administration threatened to fire the Medicare program's chief actuary, Richard Foster, a career civil servant, if he informed Congress that his cost estimate was nearly 40% higher than the White House claimed.

It seems clear that Reagan and especially George W. Bush at times suppressed or distorted information that did not conform to their preexisting economic worldviews. The argument that modern conservatives have allowed their "faith-based" obsession with massive tax cuts to erode not just the U.S. economy but the health of our governing institutions, however, ultimately cuts too deeply. First, while the authors are correct to deplore the politicization of the Office of Management and Budget (OMB), they arguably give too much weight to the consequences. The OMB is one of the most powerful federal agencies, but the Congressional Budget Office and outside experts still possess some capacity to challenge dishonest budget numbers. Lawmakers who seek sound information about major fiscal proposals usually can obtain it. If Congress fails to challenge presidential propaganda on the budget, the political explanation may lie elsewhere. Second, the authors overstate somewhat the economic importance of fiscal policy. While fiscal policy decisions are of crucial importance (especially during a severe recession), so are the actions of the Federal Reserve, decisions to regulate or deregulate, human capital policies, and the management of global capital flows. Attention to these other factors might not change the failing grade the authors give to conservatives' economic stewardship, but such factors must be taken into account. Finally, while the authors are correct that numerous conservatives were disappointed that the Bush administration failed to shrink the size of government, many also saw cuts in the top marginal rates primarily as a way to reward wealthy investors, the small business community, and other core GOP constituencies. That the Bush tax cuts redistributed money upward was not a perverse effect from this perspective but, instead, the whole point.

If *The Politics of Bad Ideas* explains how conservative tax cuts promote more spending and larger government, *The Private Abuse of the Public Interest* explains how conservatives' efforts to expand markets and shrink the public sector can result in more extensive government rules and regulation. The title of Brown and Jacobs' concise, elegantly written book is a play on the title of the classic 1977 book *The Public Use of Private Interest,* in which Brookings economist Charles L. Schultze argued that government interventions in the economy in the 1960s and 1970s relied too much on heavy-handed regulatory techniques, and that government could achieve its objectives far more efficiently by relying instead on market-like incentives to encourage private citizens and firms to take publicly desired actions. This market-based prescription has been massively influential among Democratic and Republican analysts alike over the past 30 years. Its continuing influence is evident in the Obama administration's decision to address global warming through an emissions trading program,

https://doi.org/10.1017/S153759270999003X Published online by Cambridge University Press

rather than through traditional command-and-control regulation. So there is nothing wrong with the use of market mechanisms in policymaking per se.

The problem arises, Brown and Jacobs argue, when this pragmatic approach gets hijacked by market dogmatists who seem blissfully ignorant of the myriad ways that markets in the real world can and do fail, and who are unmindful of government's essential role in correcting negative externalities and supplying the institutions and rules that permit efficient markets to function. When reformers inject free-market forces into sectors that lack the conditions (including low information costs) for a competitive equilibration of demand and supply, the reforms may not only fail to deliver the efficiency gains initially promised, but they may also create a host of unforeseen problems that in turn generate calls for new government interventions.

Brown and Jacobs illustrate this argument through an analysis of market-based reforms in transportation, education, and health care. The historical and institutional contexts in which market reforms have been introduced varied substantially across the three sectors. For example, the government has long dominated the financing and delivery of education from kindergarten through grade 12 in the United States, while private practitioners and market forces have been paramount in health care. Despite inheriting very different policy legacies, market enthusiasts offered the same basic reform prescription in each sector: Give consumers the right to choose among competing providers, and use competition to motivate better system performance. In Chapter 4, Brown and Jacobs analyze what happens when market models confront the tough realities of policy implementation. Their central claim is that the outcomes of market reforms have been disappointing for consumers, citizens, workers, and businesses. Private actors have complained about unanticipated costs, service breakdowns, wage reductions, and unfair competition. Political representatives have often felt compelled to respond to these complaints with new corrective laws and market cushions. The paradox is that "the success of policy entrepreneurs in pushing market reforms ended up fueling political discontent and legitimating new government interventions to manage markets" (p. 85).

The authors identify many, but not all, of the factors that shape the evolution of market-based reforms over time. While they correctly emphasize the mix of costs and benefits in each sector, they fail to give adequate weight to the policy feedbacks generated by each reform. When market forces are unleashed, the configuration of interests, institutions, and ideas in a given sector may change. These policy feedbacks, in turn, shape how government responds (or does not respond) when concerns arise about the market's performance. In the airline deregulation case, for instance, politicians distressed about airline bankruptcies, flight delays, and the deterioration of service quality have found that efforts to reregulate inevitably generate fierce opposition from public and private actors (including carriers, service providers, and business park owners) who have made long-term economic investments predicated on the continuation of the deregulated system. Government can still play a supervisory role in the airline sector, but its legal authority, bureaucratic capacity (given that the Civilian Aeronautics Board was terminated), and political incentives have been durably reconfigured. The authors are correct to argue that "pressure from voters and stakeholders is an unavoidable ingredient in sustainable and effective policy" (p. 126). But changing how markets operate, once actors have adapted to the new economic and political arrangements, is a far more complex task than simply learning from mistakes and clearing new space for pragmatism in public policy.

This caveat aside, Brown and Jacobs make three significant contributions to the literature on politics and markets. First, they show what can go wrong when the subtle ideas of policy experts meet the rough and tumble of democratic politics. Just as the academic version of supply-side economics was distorted by ideologues who never met a tax cut that they did not like, so the nuanced claim that well-designed, market-based solutions can improve economic performance was taken by some conservatives as an excuse for the wholesale elimination of government oversight mechanisms. (See the present financial crisis for a painful example). Second, they argue persuasively that institutional impediments to market-based reforms must be anticipated. Market-based reforms (like any policy design) need to be robust enough to withstand the inevitable trials of the implementation process. If they are not, the reforms probably should not be implemented in the first place. Disappointed market promoters who contend that their utopian reform visions were never given a fair test because "politics" or "unforeseen events" intruded lack a realistic understanding of how government works.

Finally, and most importantly, Brown and Jacobs provide an eloquent reminder that markets are means, not ends in themselves, and that the public and private sectors are institutional complements, not substitutes. There are many things that markets can do, but few that they can do well outside of an effective democratic framework. This lesson has been too often forgotten in recent years, and it is one that policymakers would be wise to keep in mind as they struggle to repair our economy.

Sin, Sex, and Democracy: Antigay Rhetoric and the Christian Right. By Cynthia Burack. Albany: State University of New York Press, 2008. 224p. $74.50 cloth, $21.95 paper.
doi:10.1017/S1537592709990491

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Who can forget the fiery rhetoric of Jerry Falwell two days following the September 11, 2001, terrorist attacks? During a guest appearance on Pat Robertson's *700 Club*