

of merchant guilds in Havana in the late eighteenth-century Spanish colonial empire. The author specifically analyzes the process of institutional change and seeks to give attention to aspects such as emulation and path dependency, with a careful study of the pertinent historical sources.

Despite the heterogeneity of the chapters here highlighted, the sequential reading of all the chapters of the book produces (perhaps somewhat surprisingly) a solid perspective. This seems to be due in particular to how the different perspectives relate to the broad theme of economic development. This debate gains in density and complexity throughout the chapters, exceeding the specific perspective of the field of development economics, as it emerged in the postwar period, and taking economic development as a perennial and cross-cutting issue in economic thought. In this regard, the book is no doubt an important contribution to the debate on economic development in connection with a perspective on the history of economic thought.

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Peter J. Boettke and Peter T. Leeson, eds., *The Economic Role of the State, The International Library of Critical Writings in Economics Series, 304* (Aldershot: Edward Elgar Publishing, 2015), pp. xxv + 860, \$440 (hardcover). ISBN: 978-1-84376-312-3.

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Discussions of the appropriate role for the state within the economic system are as old as economic thinking itself. Indeed, much of the history of economics can be read as debate over the respective roles that individual agency and authorities of wider reach should play within that system. Perspectives on the subject are nearly as numerous as the commentators themselves, making it virtually impossible to paint this history with a broad brush—though there can be no denying thematic similarities within certain epochs, locations, and so-called schools of thought.

To bring together a coherent set of readings on the economic role of the state, then, is no mean feat. Lacunae are inevitable, and charges of slanting the readings toward a particular view of the state's role are a nearly unavoidable hazard. And so it is with Peter Boettke and Peter Leeson's 860-page collection of classic articles on the subject. The editors are at once two of the sharpest intellects on the George Mason University economics faculty and seldom identified with what one might call the interventionist credo. But those who expect the editors to present the reader with a manifesto for *laissez-faire* will be disappointed, for the editors have done an excellent job of assembling a set of articles and book chapters representative of a broad spectrum of perspectives, both old and new, including a number of more recent works with which many readers of this journal will be unfamiliar.

The thirty-one essays that follow the editors' insightful introduction are divided into four sections. The first, "Classical Arguments for Laissez-Faire," spans the latter part of the eighteenth century and the first half of the nineteenth, and includes works by David Hume (two), Adam Smith, Frédéric Bastiat, Jean-Baptiste Say, Simon Newcomb, and Herbert Spencer. The second, "Critics of Laissez-Faire," samples the reactions

against that earlier literature between the mid-nineteenth century and the early 1960s. Here, we find contributions by John Stuart Mill, John Maynard Keynes, Rexford Tugwell, James Meade, Paul Samuelson, and Francis Bator, as well as dueling expositions on the subject by George Stigler and Samuelson with the protagonists' usual rhetorical flourishes. A third section, "Restatements of Laissez-Faire," focuses on the two decades following the Second World War and features Ludwig von Mises, Friedrich Hayek, Ronald Coase (two), Murray Rothbard, James Buchanan, Gordon Tullock, and Armen Alchian. The volume concludes with essays on the "Modern Political Economy of Laissez-Faire," with "modern" defined to cover roughly the last four decades, and includes works by David Friedman, Jack Hirshleifer, Avinash Dixit, James Rauch, Timothy Frye and Andrei Shleifer, Shleifer, Daron Acemoglu and Simon Johnson, and Barry Weingast.

The reader of this review no doubt has already begun to pick apart the selection of contents. Mises, but not A. C. Pigou? Coase x 2 and Keynes x 1? *David* Friedman, not *Milton*? Tullock and Rothbard present and accounted for but no entry from John R. Commons? What of Mancur Olson? Elinor Ostrom? And have we mentioned Pigou? Boettke and Leeson have, in effect, loaded the guns for their own firing squad. The cult of Piero Sraffa is already asking for a do-over, while that of Rothbard is horrified that virtually the entire volume has been given over to socialism. But as one who has himself tried to tie a neat ribbon around a slice of this massive subject (Medema 2009), thereby opening the door to potshots by reviewers whose personal favorites—individuals and topics—were omitted from the narrative, I am sympathetic to the editors' predicament. Far better, then, to focus on what the editors have given us than on what they have not, for their conception and organization of the volume, and the essays selected, provide a most useful and interesting overarching historical portrait.

One of the defining features of this collection is the editors' effort to keep the discussion at the "big picture" level. Those looking for philosophical manifestos on market versus state—in the way of, e.g., Mill's *On Liberty*—will not find them here. But the largest share of the articles focus on broad themes dealing with the (in)ability of a capitalistic market system to work itself in a way that redounds to the best interests of society as a whole, with less attention paid to the nitty-gritty of particular economic phenomena—trade policy, unemployment, and the like. These particular phenomena at times serve as context for the works produced, but the level of analysis is largely that of the possibilities and limitations of market and state. This provides a measure of continuity across the volume that would be lacking in a more issues-oriented collection, where a wealth of topics necessarily would be omitted or, at best, treated unevenly, and larger themes would be lost in topical detail.

A second defining feature of this volume is the editors' decision to take as given the context of a market economy, with the implication that the works included in the volume focus on how best to manage affairs within a market system. Absent, then, are articles dealing with full-on central planning, the socialist calculation debate, and the like. But once again, the necessity of an organizing principle, combined with the centrality of debates over the nature and extent of state action within a market system in the history of economics, makes the editors' selection principle a judicious one. The task of winnowing is difficult enough within even these narrower confines.

As Boettke and Leeson emphasize in their introduction, (political) economists have emphasized the necessity (Warren Samuels would argue "inevitability") of some role

for the state within that system—an agreement that they rightly claim is “near-universal” (p. xi). But as they go on to point out, that basic meta-level agreement “has hardly resulted in near-universal agreement on the nature or scope of that activity” (p. xi)—a fact that is as true of particular epochs of the past as it is today. While the implications of this extend in several directions, we will take note of just one of them here.

One of the less well-appreciated facets of the history of economists’ writings on the role of the state is the nuance underlying the views of many of these commentators, nuance that is all too often obscured when painting with broad brushes such as “laissez-faire” and “intervention”—language that tends to bring with it a cast of universal faith in the individual and the market or an equivalent faith in the agency of the state and its actors. There can be no question that perspectives such as this can be found in the history of economics, but the largest share of the serious work in the field—and the vast majority of that found in this collection—reflects a more balanced consideration of the possibilities and limitations of these two institutions, even if the authors come down strongly to one side or the other.

The topic of market failure, to use the modern term, is a bright thread running through the history of economic thinking (Medema 2009), whether that be failure on the macroeconomic stability front, that of distribution, or in the allocation of resources. Even those whom some would label prophets of market success recognized the imperfections of the market to one degree or another. By the same token, those lumped in with the “interventionist” crowd often exhibited a strong sense for the limitations associated with state action—limitations that tend to be associated with modern public choice analysis. And, as the essays in this volume illustrate, views of the relative efficacy of market and state were, if not about a choice between two evils, at least about determining the better of two rather imperfect institutional alternatives. Smith’s narrative, for example, is as much one of government failure as market success, while Pigou and Keynes, in their turn, demonstrate ample concern about the ability of the state to successfully carry out programs that would enhance imperfect market performance. In the end, much of the analysis over the pre-WWII period came down to the author’s priors as to which weight bears more heavily upon the scales of imperfection.

One of the most interesting features of the way in which Boettke and Leeson have elected to structure this collection is found in the contrast between the pre-WWII and post-WWII literatures. The professional context here is important, for in the latter period economics became a more formal, and more mathematical, modeling science. The greater tightness of argumentation, both intuitive and mathematical, gave rise to perceived *demonstrations* (rather than assertions) of market failure—demonstrations that were seen by some to justify corrective state action and thus a more expansive role for the state. But against this, in the late 1950s and the 1960s and particularly emanating from Chicago, Virginia, and UCLA, we saw a backlash, one focused to some extent on the possibilities of markets, but emphasizing far more strongly the limitations of the state in attempting to carry out the corrective policies increasingly being ascribed to it. This analysis adopted many of the same modeling strategies found in the literature dealing with market failures, but it turned the power of these models onto the activities of the state. As we approached the end of the twentieth century, then, the state of play, to the unbiased observer, was, if not dismal, at least leaving one with little reason for confidence in the possibilities of either market or state to take us far down the road to nirvana.

It is at this point that we arrive at the most unique—and in some ways perhaps the most controversial—aspect of Boettke and Leeson’s selection of articles. While some readers might expect that a final section would contain direct responses to the critics of intervention found in the third section—perhaps in light of lessons learned during the recent economic crisis—the editors instead treat the reader to selections from the modern political economy literature, a literature that focuses at least in part on the possibilities of still other institutional forms that can deal more effectively with the organization of economic activity. It is here that we see what Warren Samuels (1989) referred to as “the legal-economic nexus,” the deep interface between market and state that is typically overlooked in discussions of the “versus” sort, as well as more sophisticated forms of private and collective ordering. Private agency, legal rules, norms and customs, and various hybrid modes of governance are found to offer alternatives, and perhaps very superior ones, to laissez-faire and direct state action. The analysis of how and why institutions matter—for organization, for growth, . . . —is very much the order of the day, and a host of theoretical and empirical techniques are brought to bear on the problems. Indeed, this is where some of the most exciting work in the field is located today, though the editors are able to provide only a small sample in this collection.

Readers of this journal will find much that is familiar in the first half of this volume, though even there one tends to be confronted with deeper meaning and greater nuance of argumentation than one might expect if one has not deeply engaged these writings. But this, after all, is why these works are classics in the field. Revisiting them yields both pleasure and new understandings. The second half of the collection, meanwhile, will find the reader engaging with many familiar names, but not necessarily writings with which he or she is intimately acquainted. In the end, one comes away with a profound appreciation for the problems associated with the governance of human affairs and the attempts made by great thinkers over the past 250 years to grapple with this.

If the reader were organizing a seminar, undergraduate or graduate, on the role of the state in the history of economic ideas, she could do far worse than to work through the Boettke and Leeson volume with her students. While some topics would most assuredly be missed, the students would come away with an excellent sense for the basic contours of the debate over the respective spheres of market and state spanning the last 250 years, as well as some insight into how changes in professional habits and methods—including the rise of mathematical methods of discourse—have factored into this debate.

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