

States and Markets: A Primer in Political Economy by Adam Przeworski. Cambridge, UK, Cambridge University Press, 2003. 223 pp. Cloth, \$65.00; paper, \$23.99.

Two aspects of modern political economy make it an unattractive field for political scientists. First, working through many of the more interesting results requires a lot of tolerance for mathematical minutiae. And second, the field is strewn with small results about myriad different aspects of different political processes. Adam Przeworski's *Primer* is well positioned to respond to these two concerns, although scholars looking for grand theories of politics won't find much here.

Przeworski covers an extraordinary range of material. He works swiftly through the ways in which markets function, giving the basic intuitions behind the miracle of the market and then, with much more passion, describing market failures. After presenting the principal-agent framework, he tackles three major areas of research in political economy: private sector regulation, the control of bureaucracies, and the accountability of politicians. With the treatment of markets and states completed, the final sections look at the role of states *in* economies, with a focus on economic growth, redistribution, and social insurance. Readers who work through all this will have a very solid grounding in political economy.

The book is very successful in communicating the core insights of this complex material using little beyond basic calculus. When needed, Przeworski gives a gentle introduction to constrained optimization. And when source material skips over steps in the derivation of results, he fills in the gaps. This should let many readers follow the full derivation of results and, hopefully, allow them to experiment further with the models.

The simplification of the exposition is, however, accompanied by a loss in rigor that sometimes makes following and interpreting the text difficult and that may be misleading for readers hoping to take the subject further. There are many typographical errors and much loose usage of technical language. The problem is more severe when the explanations of core concepts are off. For example, Przeworski suggests that competitive markets are well-behaved, with unique equilibrium price vectors, when, in fact, these equilibria are not necessarily either unique or stable. There are similar, possibly misleading characterizations of Jean-Michel Grandmont's notion of "intermediate preferences," of John E. Roemer's notion of a party unity Nash equilibrium, and of the median voter theorem.

While Przeworski's *Primer* succeeds well in surveying results in the field, it is less successful in the more difficult task of presenting this material within a unified framework. At the outset, the principal-agent framework is billed as a unifying concept for describing the networks of relationships that obtain in and between states and markets. However, although the framework proves useful in the chapters on regulation and political accountability, it does not

bring Przeworski as far as we would have hoped. Most disappointing—although this reflects the field more than it does this volume—relatively few of the results on markets and states from Parts I and II are in fact used during the discussion of the state *in* the economy in Part III. The treatment of economic growth illustrates the point well. Most of the discussion of growth uses neoclassical models in which everything that we have learned about politics is missing. Przeworski later introduces a richer model in which growth depends on whether players choose to save optimally or to “grab” resources. Sometimes they grab and subsequently endure perpetual suboptimal growth. Although this illustrates how politics can hinder growth, the model gives little insight into states and markets; in a way, the problem arises here precisely because the model includes neither a market nor a state, institutions capable of enforcing contracts or of coercing consumers.

The problem of providing a more integrated treatment of political processes remains, as Przeworski put it, a Holy Grail of political economy. In the meantime, few volumes relate the many parts of the jigsaw puzzle as clearly as does this one. The problems of clarity and rigor that exist can and should be fixed for the second edition. And there should be future editions. This is a book that will open doors for many students of politics and that will likely become an indispensable text in the field.

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Economics, Bureaucracy, and Race: How Keynesians Misguided the War on Poverty by *Judith Russell*. New York, Columbia University Press, 2003. 304 pp. Cloth, \$62.50; paper, \$24.50.

The programs created by the Economic Opportunity Act of 1964 did not mark the same sort of watershed in our social welfare policy that programs such as Social Security and Medicare did. Instead of a grand point of departure, the War on Poverty has more often been viewed as a misdirected set of uncoordinated initiatives that failed to achieve their purpose. From the right, social commentators use the War on Poverty as a more general metaphor for the Great Society and argue that its various subsidies undermined work effort and exacerbated the problem of poverty. From the left, social commentators describe the War on Poverty as a failure of will—afraid of real income distribution, poverty planners instead timidly stressed opportunity.

Judith Russell, in this intriguing monograph, puts a new twist on the argument from the left. She argues that the best means of reducing poverty in 1964 would have been a commitment to providing the poor with jobs but that distinct economic, political, and social forces made that strategy impossible. Instead, Keynesians sold President John F. Kennedy on the idea of a tax cut and neglected the importance of structural unemployment that required gov-