

sources. Unfortunately, none of these quotes are attributed. Without being able to quote sources directly, the book loses a great deal of its appeal as a literary work. Coupled with the fact that Perry often quotes three or four sources making virtually identical points in near identical language, I suspect few readers will actually read the book in its entirety. However, little is lost by selectively skipping the third and fourth quote making the same point.

Despite these shortcomings, Perry's book will serve as a valuable reference for those who are interested in studying the Supreme Court. It provides a wealth of testable implications – many of which Perry has only begun to explore. It also provides useful institutional background that any researcher would be wise to consult before embarking on theoretical or empirical research on the Court. Finally, I would be remiss if I did not mention the fact that Perry's book was awarded the Thomas J. Wilson Prize at Harvard University Press, which is "awarded to the book chosen by the Syndics as the best first book accepted by the Press during the calendar year."

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Merton Peck and Thomas Richardson (Eds.), *What is to be done?: Proposals for the Soviet transition to the market*. New Haven, CT: Yale University Press, 1991. xviii + 220 pages. \$28.- cl; \$12.- pa.

In August of 1990 a group of Soviet economists headed by Stanislav Shatalin meet outside of Moscow to devise a radical plan for the transition of the Soviet economy into a market economy. This was not the first time that Soviet economists had argued that perestroika could not be limited to reforms in the administrative procedures of central planning. In the fall of 1989, for example, Leonid Abalkin, then Gorbachev's leading economic advisor, had produced a transition plan which demanded the full adoption of the market system to guide resource use. Abalkin's plan was rejected, however, for the more cautious "regulated market economy" plan of prime minister Nikolai Ryzhkov. In the spring of 1990, Nikolai Petrakov became Gorbachev's personal economic advisor and it appeared that radical market reforms would be adopted. Within weeks, however, the announcement was made that the Polish approach of "shock therapy" would not be pursued in the Soviet Union. In fact, economic reform was postponed indefinitely.

But in the late summer of 1990, as ethnic and nationalistic difficulties grew more acute and the official economy sank deeper into a abyss, talk of fundamental change in the economic system grew louder. The Shatalin working group produced a program, dubbed the "500 Day plan," which was both a plan for the transition to a market economy and a constitution for a new confederation among the republics. The strength of the Shatalin plan lay in the recognition that the Soviet Union had ceased to exist in a fundamental sense and that a new agreement between the republics had to be reached if the union was to be maintained. This was also the program's weakness as the central organs of political power in Moscow could not accept the new constraints on their behavior, such as the power to tax, that would have followed had the Shatalin

plan been accepted. As a result, Gorbachev rejected the Shatalin plan in the fall of 1990.

Gorbachev's zigs and zags caught the attention of many economists in the West. In fact, carefully watching and analyzing the policy debate in the Soviet Union became a full-time occupation for many economists that previously had no or only a passing interest in the Soviet Union and comparative economic systems. These economists ventured to devise optimal plans and political solutions for the Soviet mess based on the teachings of mainstream western economics. Most of the advice offered was not very insightful – perhaps worse than that. But some did make sense. Probably the best statement in this genre can be found in *What is to be done?* edited by Merton Peck and Thomas Richardson.

The book is a project of the International Institute for Applied Systems Analysis in Austria and the USSR State Commission on Economic Reform. During the summer of 1990 economists from the East and West meet in Sopron, Hungary to discuss the transition to a market economy. The chapters of this book represent the various memorandum produced by the study groups in which the economists were divided. Topics covered include price deregulation and competition (Alfred Kahn), macroeconomic policy (William Nordhaus), foreign trade (Richard Cooper), developing a social safety net (Wil Albeda), and creating a banking system (Kimio Uno). The book also contains an appendix chapter by Petr Aven on the history of the Gorbachev reforms.

The book begins with the recognition that public policy choice must start in the current state and not some hypothetical state of affairs. As such the authors document the crisis situation in the Soviet Union circa 1990. The simple fact of the matter was that the Soviet economic system was one where capital was misallocated, labor was misallocated, the monetary system was neither externally nor internally convertible, and consumers were ignored. In other words, the economy was a basket-case. Tinkering would not do, only radical change in the basic institutional structure of the economic system could produce the desired change. Perhaps the most important point made by the authors in addressing these questions and the corresponding concern about the costs to society of such radical reform, is that the real cost comparison that must be made is between the cost of doing nothing and allowing the situation to continue to deteriorate, and the cost of restructuring the basic economic institutions.

A policy memorandum, which summarized the findings of the study groups, was prepared by Barry Bosworth, Merton Peck and Thomas Richardson and then submitted to Gorbachev in December 1990 (reprinted as Chapter 2 in the present collection). The memorandum outlined the steps required to transform the Soviet economic structure and presented them in a five-step platform: (1) price liberalization, (2) corporative enterprises, (3) stabilize government spending and restrict credit, (4) moderate social costs of unemployment, and (5) open the economy to competition, both internally and internationally. Furthermore, it is argued that the reforms could not be phased in gradually, they must be introduced at once in a “shock therapy” fashion.

Most of the advice is fairly sound in the abstract, especially the advice about opening up the Soviet system to foreign competition. Allowing foreign competition accomplishes two essential task almost immediately: it imports a rational price structure and it eliminates the problem of monopoly power inherent in the previously imposed industrial structure by extending the relevant market and increasing the range of substitutes available to consumers. On a pure technical economic point of view, the fact that discussion of anti-trust policy does

not incorporate much of the "new learning" that developed in industrial organization in the last 25 years means that some arguments presented, e.g., the discussion of public utility regulation, leave something to be desired, as does the discussion of corporatization as opposed to privatization of state enterprises. Nevertheless, most of the advice is basic economics and as such recognizes the need to institute public policies that are incentive compatible with the economic motivations of individuals.

There is, however, a major problem with this book and others similar to it. The policy advice is offered as if it was being given to a benevolent despot — in this case Gorbachev or Yeltsin. For readers of this journal, exhortations to government to do good seem naive. *What is to be done?* simply does not pay attention to the public choice questions of constitutional constraint and credibility in public policy formation. The problems that discretionary fiscal and monetary regimes cause in economic policy are ignored. Nor is it fully appreciated in the chapter on moderating the costs of the transition that policy choices are not choices among alternative distributions, but rather among institutional arrangements that generate patterns of distribution and allocation. Thus, while the book possess informative facts and interesting arguments it fundamentally lacks the modern political economy perspective necessary to adequately address one of the most interesting questions of our day. Nevertheless, *What is to be done?* is recommended reading for all interested in the questions of the transition of the former Soviet Union into a market economy.

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Charles K. Rowley, *The right to justice: The political economy of legal services in the United States*. Brookfield, VT: Edward Elgar Publishing Co., 1992. xv + 413 pages. \$49.95.

Romance novels excepted, more often than not one truly can't tell a book by its cover. Dust jacket material, written as it is by the publisher's marketing department (when not by authors themselves), is usually given to hyperbole and to self-promotion that promises more than can conceivably be delivered. Charles Rowley's *The Right to Justice* is an exception to this rule. The book is a tour de force: It is, at once, a primer on public choice, a withering critique of the Chicago School's everything-is-efficient paradigm, and a thoroughly researched case study of a (possibly) well-intentioned federal program looted by politically powerful special interest groups at the expense of the targeted beneficiaries.

The Legal Services Corporation (LSC), a quasi-public bureaucracy established in the twilight of the Nixon presidency to succeed the controversial legal services program of the Great Society's Office of Economic Opportunity, is the subject of Rowley's cautionary tale. Designed to facilitate access to legal advice and representation in civil disputes on the part of the poor who could not afford it otherwise, the LSC from the beginning became a focal point for left-leaning attorneys and social activists who were interested not in providing client service on mundane matters of divorce, credit, and housing, but in