

His contributions are too many to be discussed adequately here or in the volume under review. He is perhaps best known for his advocacy of full employment over economic growth as the central focus of public policy.

If there is a major shortcoming in this book, it is the lack of a concluding chapter with suggestions on how additional cross-paradigm work on distribution could prove fruitful. Still, this is a good read for any economist with an interest in distribution. Given the diversity of views presented and topics covered, there will almost certainly be something to provoke your anger or reinforce your preconceptions about distribution.

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The Political Economy of Dictatorship. By Ronald Wintrobe. Cambridge; New York and Melbourne: Cambridge University Press, 1998. Pp. x, 390. \$59.95. ISBN 0-521-58329-2.

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One common stylized fact about the last quarter of the twentieth century has been growth in the number of new democracies. Historically, nondemocratic forms of government have been the predominant form of political system. We have witnessed a democratic revolution alongside a global market revolution. Nondemocratic governments still exist, but their number is dwindling. Ronald Wintrobe's *The Political Economy of Dictatorship* is a comprehensive examination of the logic of choice faced by dictators and the interrelationship that exists between economy, polity, and society within nondemocratic societies. With the notable exception of the works of Douglass North, Mancur Olson, Hilton Root, and Gordon Tullock, the economic analysis of politics has focused on democratic regimes. Thus, this book fills a major gap in the political economy literature and does so in an admirable manner.

The author divides dictatorships into four general categories: (1) totalitarian regimes of the Nazi and Soviet variety where the political system aspires to total domination of the collective over the individual; (2) tinpot regimes which build on traditional ways of life in the society they rule and repress the population only to the extent necessary for the

ruler to stay in office and extract the benefits of monopolized political power; (3) tyrannical regimes where the ruler makes use of violence to keep himself in power, pursues policies that run contrary to the material interests of his subjects, and takes particular delight in the exercise of his power over his subjects; and (4) timocracy, which is basically a benevolent despot. Wintrobe further parses these images of dictatorship into the relationship between loyalty and repression. Totalitarian regimes, for example, are categorized by high loyalty and high repression; tyranny has high repression, but low loyalty; tinpot dictatorships are low in repression and in loyalty; and timocracy can generate high levels of loyalty with low levels of repression. Thus, the author sets up his model of dictatorship to address these different "solutions." The dictator maximizes his utility (consumption, power, security, etc.) subject to political and economic constraints.

The book is well organized around this basic model and uses that model to address the following questions:

- What are the primary tools that dictators use to stay in power?
- What determines the repressiveness of a regime? How does the level of repression respond to changes in the regime's economic performance?
- What circumstances contribute to stability or instability of dictatorships?
- Are dictatorships more capable of superior economic growth? Are they less subject to rent-seeking activity?
- Does the introduction of free markets lead to the decline of dictatorship?
- What circumstances contribute to the fall of democracy and the rise of dictatorship?
- How does nationalism arise and why do dictators promote it?
- What is the responsibility of bureaucratic functionaries for crimes committed by the regime?

Wintrobe's book is a significant contribution to comparative institutional analysis and the economics of politics. It is a genuinely fascinating study and highly recommended. Yet, it is also disturbing. It is disturbing in

the same way that many works in the *analytical narrative* genre are. Though this reviewer is very sympathetic to analytical narratives and tries to work in that tradition in his own research, there is a tendency in some of this work to let the analytics dominate the narrative. Thus, the original intention of telling a powerful historical narrative gives way to interesting thought experiments, discussions of others' interesting thought experiments, and "thin" historical readings as illustrations of the theoretical framework. The best work in rational choice theory tends to employ the theoretical framework to make sense out of rich historical details. The test of the parsimonious exercise in modeling is not in its elegance, but in the ability to illuminate previously unintelligible phenomena. The purpose of theory is to enable better historical research by framing the questions we must address and arranging the data in a relevant order to aid in constructing a compelling narrative.

The very nature of the topic Wintrobe attempts to tackle invites a grand historical sweep distilled with the aid of a well-thought-out theory. The book is more successful theoretically than it is historically. Not that the work is historically uninformed; indeed, it is very historically informed. However, it is my opinion that it would be more persuasive to an audience of social scientists and historians if the historical narrative was given equal, if not primary, weight over the analytical structure of the argument.

Given the lack of attention that political economists have given to dictatorship perhaps this perceived shortcoming of the book was inevitable. We have to get the analytics right first before we can deploy it for the purpose of narrative illumination. The real test will be whether Wintrobe's model of the dictator's choice will be picked up by others and utilized in producing closer readings of the behavior of actual dictators and the stability and instability of dictatorial regimes. There is a lot of significant material here, and the work on the Nazi bureaucracy and the real-existing Soviet system is suggestive. Both of these areas are in need of further study by political economists and Wintrobe's research will be a very important starting point for that

endeavor. In sum, *The Political Economy of Dictatorship* fills an important gap in the political economy literature.

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E Macroeconomics and Monetary Economics

Monetary Policy and the Great Inflation in the United States: The Federal Reserve and the Failure of Macroeconomic Policy, 1965-79. By Thomas Mayer. Cheltenham, U.K. and Northampton, Mass.: Elgar; distributed by American International Distribution Corporation, Williston, Vt., 1999. Pp. ix, 151. \$70.00. ISBN 1-85898-953-1. JEL 99-0871

Thomas Mayer writes beautifully. Although his book treats difficult issues, one can read it with pleasure. He deals with the problem of why inflation soared in the sixties and seventies. At the same time, he offers the reader general insights gained from a lifetime of observation of how 19 members of the Federal Open Market Committee (FOMC) sit around a table and make monetary policy.

Like a bad movie reviewer, I will give away the story. Mayer places overwhelming blame for the Great Inflation on the intellectual environment. Economists cannot blame inflation on short-sighted politicians. However, one must read the book to see how he meticulously weighs all the competing hypotheses.

After examining forecasts made by the staff of the Board of Governors, the author concludes that forecasting errors cannot account for the inflation. His major caveat is that the FOMC's short-term approach to policy caused it to ignore the long-run effects of high money growth. Furthermore, the FOMC's interest rate operating procedures were not the culprit because they have largely persisted into the current low inflation period. However, as Mayer notes, the FOMC lost control of money growth in part because of the belief that "large" interest rate increases would harm the real economy. He quotes President Roos of St. Louis, who refers to the lengthy FOMC discussions that yielded only small funds rate increases as "an elephant giving birth to a mouse" (p. 43).