the functioning of markets depends importantly on the intervention of ethical constraints" (13).

Roth's other significant contribution in the book deals with the consequentialist underpinning for social welfare theory. This is a helpful one, since it is still widely assumed, at least in popular circles, that neoclassical economics is value-free. This has important implications for social welfare theory as it tries to accommodate its consequentialism with rights, liberties, and freedom. Roth points out that rights are irreconcilable with consequentialist considerations, and at times, utilitarian considerations of efficiency may be contrary to widely accepted rights. This point could have easily been extended. It is not uncommon in the critique of utilitarianism by moral philosophers to suggest that the evaluation of outcomes can work only if one "smuggles in" principles from a more deontological moral system. That is, what constitutes a bad outcome is, in large part, dependent on one's prior commitment to principles, or rights. It is also true that the critique of Amartya Sen is correct—that, rights and liberties tend to be overlooked in many utilitarian social welfare systems, and they are judged by the outcomes produced (37). Sen rightly observes that it is difficult to adhere to strict utilitarianism and to protect rights at the same time. To make the social welfare system more of a hybrid system, which includes both utility and rights, does not help—it only makes the system attempt to accommodate two diametrically opposed components.

Roth proposes a more contractarian approach as an alternative, with emphasis on justice and procedure. These views of justice do not fit well within a consequentialist approach and enable institutional assessment in ways that a utilitarian framework does not. In the final chapter, he applies this approach insightfully to a variety of issues such as growth of government, corruption, and transition to market systems. This list could have been extended for some length, but the application is helpful and takes the book out of the strictly theoretical realm.

Overall, the book makes a solid contribution though it can be difficult reading at times for the nonspecialist.

—Scott B. Rae
Talbot School of Theology, Biola University

Equity As a Social Goal

Cathy Buchanan and Peter Hartley

Wellington, New Zealand: New Zealand Business Roundtable, The Terrace, 2000 (246 pages)

Buchanan and Hartley have given us a comprehensive inquiry into the fairness of our modern societies, with the hope of offering their readers a basis for a really ethical society, one in which everyone can get a fair shake. Is it possible, they ask, to make equity our objective, rather than just plain money-making or material advancement? "Equity As a Social Goal" covers the waterfront of welfare economics and finds its analysis mostly inconclusive. It finds that efficiency creates inequality and that equality itself is illusory (5). All the proposals for leveling the differences between humans and for redistributing incomes are impractical and generally lead to worse conditions.

We are introduced to all the traditional mathematical measures of welfare, such as Pareto optima, the Gini coefficient, the coefficient of variation, utility functions, and social welfare functions. Each is dissected and is found to be utopian and unworkable, most often involving concepts that only offer unsolvable measurable problems, or they rank higher incomes indifferently with respect to lower incomes, or they betray a spirit of envy rather than of compassion on the part of their adherents. The Gini coefficient, for instance, which shows the percent of total income that a portion of the population earns, "appears to reflect an envy of high incomes as much as compassionate concern for the poor" (128).

Very gratifying is the authors' rejection of the role of government in redistributing incomes. Transfer programs are not only costly, but they tend to displace private welfare and to reduce work incentives, altering the ethics of marriage and family. Governmental agencies are either unworkable monopolies or are incapable of controlling the private firms they engage, the latter most often becoming the prime beneficiaries of the programs they serve. In the case of education, the reader is startled with the assertion that "the extra taxes that middle-class families pay over their lifetimes exceed any savings they accrue from not having to pay for competitive private education" (167).

The authors oppose progressive taxes, which distort decisions and involve high administrative costs while creating multiple disincentives. The motivations for advocating them are often not compassion for the poor, but again envy raises its ugly head (135, 183). For these reasons a flat income tax with zero marginal rates is proposed: "A far better system involves taxing everyone at the same tax rate and using the welfare system to provide transfers to the poor" (184).

The authors, however, do not despair in their search for some golden rule of equity; they find one bright light that most of us would accept: compassion for the destitute poor. In this one instance they open the door to governmental assistance for those persons whose standard of living is unacceptably below what a fair shake would imply. And they hold that most of us, though not unanimously, are compassionate toward the poor and are willing to share part of our own, even at the forced hand of the government—but never the false solution of relieving poverty as an excuse for promoting equalization or projects that benefit the hangers-on or the suppliers and agents.

Without pretending to appear as conservatives, our authors seem generally to favor the conservative or libertarian approach toward an equitable economics, whether it be lower taxes or reduced governmental intervention or less feeding at the public trough. There are, however, some points on which a lover of freedom feels less than happy with this book. The authors, though citing many excellent sources, recognize no clear starting point in social science. Our inherited wisdom is summarized in all sorts of opinions. Every agonizing welfare concept is rehashed over again. They offer no initial core of principles other than a vague preference for liberty and efficiency. There is no clear starting point, such as a down-to-earth liberty, as a prime prerequisite, which shows how the free market has worked and even could be made more equitable. The decision-makers become the social scientists, politicians, and popular opinion—not the entrepreneurs, those most likely to promote abundance.

Left aside is the Hayekian observation about the ignorance of knowledge that is not only dispersed over millions of creative minds but is nonassayable. The authors rehash all the attempts to alter reality by utopians who, ignorant of their ignorance, attempt to make unknown variables efficient, to maximize and redistribute them. Of what use is a maze of historic data soon to be replaced by future unknowns, which are still ruminating in the minds of countless entrepreneurs?

The authors pretend to base their analysis on sound philosophy, introducing a mixture of Kantian *a priori* strictures and utilitarian acts or rules, which set moral law either on the autonomous subjective intuition of the individual or on what makes for happiness. Not mentioned is natural-law philosophy, which, since the times of Cicero, has held that there are certain unchanging and evident rational norms that are universally binding upon human action, which expound man's rights and duties. This is a serious omission in the book, for instead of a solid ethical base, we have the pseudo-ethics of what most people might think is right (42).

The authors are not clear in their exposition of efficiency, which usually refers to the least costly or maximum output, or to cost-benefit analysis, but their efficiency is the welfare efficiency, which refers to the dollars earned, no matter by whom, or to resources being used to create maximum happiness (28). The book is weak in its neglect of the solid conclusions of economics. Unconvincing mathematical models and unworkable constructions of indifference (130), and utility abound. Distribution is considered an autonomous function rather than an integral part of production (1).

For these reasons, the person who upholds the free market, yet is willing to be compassionate at the same time, comes out somewhat disappointed. While recognizing the noble intent of the authors to provide us with some convincing principles of social ethics that would uplift our society, he does not clench them in the book promoting "Equity As a Social Goal."

—Joseph Keckeissen
Francisco Marroquin University, Guatemala

Transcending the Economy

Michael Perelman

New York: Macmillan Press Ltd., 2000 (182 plus 7 pages)

In *Transcending the Economy*, Michael Perelman purports to focus "On the Potential of Passionate Labor and the Wastes of the Market" (subtitle). The "concept of passionate labor" is traced to Charles Fourier (1772–1837), "a brilliant but eccentric French writer" (3). The wastes of the market, as he identifies them in chapters 2 through 7, are