

ner—but not without making sure that credit comes where credit is due. Remarkable is Lewis' account. He makes us first of all realize that being black in the world of economists does make a difference. And then he tells a story in which fortune has the better part with him as the unwilling participant who nevertheless repeatedly generates controversy with his ideas. Such a story, which is almost an apology for his being where he is, forms a stark contrast with the one by Friedman or by Samuelson. Friedman also gives credit to chance in his story but claims his stage without self-consciousness and reservation; the latter sees himself so much the orchestrator of his own story that he chooses to tell it in the third person.

Yet even if one is not interested in the self-images that these Nobel Prize winners portray, one may find much of interest in the image that they collectively paint of their time and generation. We recognize a generation who started careers in economics with great enthusiasm. All these economists, now in their late sixties and seventies, were excited about the possibilities of mathematics and statistics in economics while admiring people such as Hotelling, Wald and Von Neumann. Keynes provided them with substance for argument, but the mathematicians gave them their self-image as scientists. We realize also through their stories that economics was getting made in the USA. England plays only a minor role; the central locations are places such as Harvard, Chicago and Columbia.

Accordingly, slim as this book may be, it is rich in content. It is recommended to anyone who is interested in knowing how we got where we are now.

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Human desire and economic satisfaction: Essays on the frontiers of economics. By TIBOR SCITOVSKY. New York: New York University Press, 1986. Pp. xii, 209. \$45.00. ISBN 0-8147-7862-3. JEL 87-0349

"Nothing is ever so simple," says Tibor Scitovsky at the end of one of the 14 essays in this charming book, "that a single explanation will adequately explain it." That he views the world as complex is evident from his approach here to the age-old question of why some peo-

ple are happier than others. The explanation in standard neoclassical economics fails, he reminds us, to illuminate why self-ratings of happiness tend to be unresponsive to economic growth. His own thesis goes a long way toward illuminating this particular finding. But true to his dictum, he refrains from claiming that the issue can now be laid to rest.

Scitovsky accepts the neoclassical assumption that the individual endeavors to maximize utility. He is understandably disturbed, however, by the lack of attention within neoclassical economics to the sources of utility. To determine how well a person is using the opportunities he is presented, we must identify his needs, suggests Scitovsky, and then determine how he resolves the conflicts these inevitably generate. Neoclassical economics has shied away from this task, and so, it has disqualified itself from a policy role on diverse matters central to the human experience.

In Scitovsky's own framework, there are two sources of utility: comfort and stimulus. The former depends on the *level* of output, the latter on *changes* in its level and characteristics. The introduction of a new appliance generates lasting comfort. It also generates some excitement, which soon wears off, though, leaving a void to be filled by a new stimulus. In general, this could take the form of a challenge to one's skill, strength, or intellectual ability, or else a threat to one's life, health, economic welfare, status, or self-respect. A claim that runs through all the essays is that modern progress has blocked some of the main avenues of excitement: much work has become routinized, and both physical dangers and economic insecurity have diminished. These developments, Scitovsky observes, have induced people to look for excitement elsewhere: dangerous sports, games of chance, exotic travel, do-it-yourself tasks, political agitation, and various forms of crime.

But, he further observes, these activities have not quenched people's desire for excitement, for the demands of work leave little time for their pursuit. Herein lies his explanation for the finding that people's self-ratings of happiness have been stable in the face of the unprecedented economic growth of recent decades: in the process of increasing people's comfort, this growth has left them with an excitement deficit. This explanation does not con-

flict with the evidence that at any time and in any society high-income individuals tend to have higher self-ratings than low-income individuals. High-income groups contain a greater-than-average proportion of people whose jobs are relatively stimulating or whose incomes have recently risen.

What could be done to close the excitement deficit that progress has borne? Scitovsky puts emphasis on teaching people how to generate more excitement from the leisure time at their disposal—on developing, that is, their consumption skills. This could be done by reorienting school curricula toward the humanities and by subsidizing programs for the young. Such measures, predicts Scitovsky, would lead to a fall in crime: people who, because their consumption skills are underdeveloped, now seek excitement from violence would turn to painting, literature, and theater.

This is a bold argument that touches on issues of fundamental importance. Coming from an eminent economist with an impressive knowledge of psychology, it deserves to be taken seriously. It does, I hasten to add, have a glaring limitation, which is that it devotes little attention to the social determinants of personal excitement. The stimulation a person derives from a play comes partly from his subsequent critical and recreational talks about it with others. So the fewer of his acquaintances see the play, the less opportunity there is for stimulation. The task of providing people with enough excitement is thus a social coordination problem. If lots of people attend plays, then the individual who attends will find the experience sufficiently stimulating to justify his time and expense. But if few people attend, he will find the stimulation insufficient, and in accordance with Scitovsky's theory, he will seek stimulation elsewhere.

Given that the latter condition characterizes modern society in general and American society in particular, what can be done to establish a superior coordination equilibrium? Scitovsky does not address this question directly. But from several of his essays it is apparent that his solution would involve the abandonment of permissive child raising. Parents and teachers, he asserts, currently give their children and students far too much freedom in choosing courses and in allocating time after school. But

children are incapable of making wise choices in these areas, because they know little about their future needs. Left to their own devices, they naturally favor the momentary thrill of video game to the painstaking process of learning to play the piano. It is essential to children's future happiness, Scitovsky believes, for parents and teachers to reclaim the authority that they have surrendered.

There is nothing novel about this prescription. Scores of social commentators have advanced it forcefully, including the historian Christopher Lasch and the psychologist Christopher Badcock. What is remarkable about this version is that it has been developed by a respected economist in choice-theoretic terms. Textbook economics teaches us that less choice cannot lead to more happiness. Scitovsky has added one more chink to the armor of this principle, already dented by developments in the fields of public choice, games, and institutions.

Other issues that receive attention in the book include the measurement of inequality, the benefits of monopoly and monopsony, and the dynamics of capitalism. On the last issue, he argues that capitalism is becoming increasingly calcified, as bureaucratization, expansion of government, and growth in the size of firms reduce the responsiveness of buyers and sellers to market signals. Characteristically, he refrains from predicting the demise of capitalism, pinning his hopes on the emergence of a new idea that will pave the way for the recovery of lost flexibilities.

Neither individually nor collectively do the essays present a fully developed argument. Scores of theoretical claims fall out of thin air, and only some of the empirical assertions are backed up by systematic evidence. The book is ruminative, discursive, and in many respects, merely suggestive.

This is no complaint, for Scitovsky's aim in these essays is simply to introduce various concepts and models and to encourage empiricists and theorists to carry them off in new directions. I think that many economists and other social scientists will find the book both enjoyable and profitable to read. It is loaded with interesting ideas, and it sheds light on some puzzling phenomena. In addition, it is written in an easy and unthreatening manner, with

no attempt to complicate intuitively simple propositions through cumbersome notation or terminology.

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020 GENERAL ECONOMIC THEORY

Benefit, cost, and beyond: The political economy of benefit-cost analysis. By JAMES T. CAMPEN. Cambridge, MA: Harper and Row, Ballinger, 1986. Pp. xii, 240. \$29.95. ISBN 0-88730-106-1. JEL 87-0018

The book is an attempt by a radical political economist to argue that benefit-cost analysis (BCA) is a conscious exercise to strengthen monopoly capitalism. However, previous to asserting this he rejects the view that BCA is biased toward either a liberal or conservative perspective. Reading the book I was saddened to see how ideology could totally dominate over fact. It gave me an uncomfortable feeling that, possibly, bourgeois economists, who rely too heavily on theory without fact to support their policy prescriptions, may be faulted as well.

The book has four parts: 1) an introductory description of benefit-cost analysis, 2) a weighing of arguments that BCA is either liberal or conservative, 3) a major section that argues that BCA's development "was promoted and shaped by capitalist efforts in pursuit of their class interests in accumulation and reproduction" (p. 184), and 4) a short final section that presents the author's vision of a socialist world and of how BCA can be part of the transition to socialism.

The author's description of BCA is adequate enough to characterize its general nature, but not sufficient to instruct one in how to do a study. In Part II he presents a liberal indictment, a defense, and then a summing up. The author summarizes the criticisms of BCA, which are all familiar, although he claims that he does not know of any place where they have all been brought together. The bottom line of his evaluation is that BCA should have the support of liberals since its thrust is to "curtail weak claims rather than weak clients" (p. 95). This section concludes with familiar caveats such as, Do not rely on BCA when the problem is too intractable for our known measurement techniques and, be alert to politically distorted applications. One can argue with some specific

points in the analysis, but on the whole it is reasonably done. It is the last half of the book that reaches for originality, deals with the radical criticism of BCA and, here, almost every page gives rise to wonderment.

The author's "radical" thesis is that:

Under the guise of promoting the public interest, individuals and institutions representing the most class-conscious elements of the capitalist class played a dominant role in shaping and implementing BCA during the period between World War II and 1970. (p. 122)

Therefore BCA will contribute to choices that serve the general class interest of the capitalists. His proof is dependent upon such strained arguments as the linking of the Reform movement at the turn of the century with BCA. First he cites radical historians to prove that the Reform movement was to serve the interests of capitalists and was profoundly antidemocratic since it made extensive reliance on "experts." Then he links the reformist Institute of Government Research headed by Robert Brookings to the Brookings Institution's publication of Robert Dorfman's *Measuring Benefits of Government Investments* (Washington, DC: Brookings Institution, 1965). This historical continuity is buttressed with a charge that BCA is an instrument by which the expert seeks to bypass the inputs of the "people."

He completely misunderstands the spirit and intent of the founders and later implementers. He charges that BCA by use of experts frustrates democratic checks. However, the objective of benefit-cost analysts has been to constrain the "expert bureaucrats." The bureaucrat technicians are the group that had already frustrated the "democratic" order. Rand's interest in BCA was not to perpetuate capitalist institutions but to establish civilian, and thereby political, control over the military bureaucracy. Experts who had confused their professional criteria and bureaucratic payoffs with the national interests were the target of BCA. Furthermore, the technical argument of BCA is more meaningful to the "people" than the more abstruse bureaucratic reports presented by soldiers, doctors, engineers, psychologists, and similar professionals.

The author insists that benefit-cost analysts accept institutions, and thereby the current power structure. It is true that they usually