

Adam Przeworski's
The State and the Economy under Capitalism
(New York: Harwood Academic Publishers, 1990)

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This monograph is volume forty in the Marxian Economics section of Harwood's "Fundamentals of Pure and Applied Economics" series. Przeworski, an eminent political scientist, demonstrates amazing breadth in his rather concise treatment of this broad subject matter. As a survey, it would serve well as a supplemental text for advanced undergraduate courses that dealt with the theory of the state and the subject of democracy. The book also just goes to prove (or at least support) my contention that Marxists have something important to offer when they are not trying to take over the world.

Przeworski's main purpose is to explain the relationship between the state and the economy. He systematically presents and dissects the three major theories of democratic capitalism. All three theories are criticized from a variety of theoretical, logical, and empirical perspectives (i.e. not just Marxist). Not surprisingly, all three perspectives are found to contribute something to our understanding of the relationship between the state and the economy, but none represents the conclusive explanation. While Przeworski realizes the value of establishing a clear theory of state capitalism, he can only lament that good empirical studies have not been completed that might direct us to the correct theory.

The first theory is where Przeworski defines the strawman of perfect democracy where the state acts efficiently as a perfect agent of the public. The median voter model of democracy is presented as a foundation for perfect democracy, along with all of the real world and theoretical problems of the model. Perfect democracy and the median voter model are shown to be subject to a variety of conditions and constraints. This discussion is followed by a presentation of the neo-liberal critique (Chicago and public choice perspectives) where all government intervention works against the general welfare of society. The author makes a reasonable presentation of this position and his only retort to the neo-liberal position is that it is not consistent with technical aspects of the median voter model and pareto optimality. Anyone familiar with Austrian economics or the natural/property rights perspectives could easily reinforce the "neo-liberal" position.

The second theory of capitalism is where the state is autonomous, that is, not directly affected by the democratic process. Or, in other words, heaven on earth for politicians and bureaucrats. As a strawman description of capitalism, it falls easily to the logical and empirical criticisms brought forward. However, understanding the conditions that allow the state and its bureaucrats to become autonomous to a degree is worthwhile reading. What is largely left out of the discussion is the growing appeal for state autonomy. Obviously, politicians and bureaucrats do not appreciate the constraints placed on them and would like more autonomy, but citizens and academics are increasingly interested in technocracy and autonomous bureaucracies based, incorrectly, on the success of the bureaucratic and mercantile states of Japan, Korea, and to a lesser extent, Germany.

The third theory of capitalism is that the state is constrained by capital and commercial interests. The Marxist theory of the state sees state intervention as a product of the interests of capitalists and that this state interventionism is responsible for maintaining capitalism in the face of the otherwise overwhelming forces of socialization. The contributions of Offe, Habermas, and Poulantzas are presented and critiqued. Ultimately, however, the author concludes that Marxism has not provided support for its central hypothesis of the theory of the state: that capitalism has only survived because state intervention has nullified the otherwise inevitable historical forces.

As an introduction to the topic and a starting point for establishing a comprehensive theory of the state, Przeworski's work is a worthwhile contribution that incorporates the contributions of many different disciplines and perspectives. One cannot but help notice that a more skeptical view of the state is called for here. Marx himself argued in the Communist Manifesto that the democratic process and state interventionism should be used insidiously to undermine the insti-

tutions of market capitalism. I would not only agree with Marx on this point, but would point out that this process is proceeding apace throughout much of the world, despite the downfall of "central planning."

It also seems clear that the answer to the question, What is the correct theory of the state? is not an empirical decision amongst the three theories. Rather, the answer lies in offering a theory that can incorporate all three theories. For example, I have used all three of his theories as raw material to explain the origins and development of prohibitionism in America in my *The Economics of Prohibition* (Salt Lake City: University of Utah Press, 1991). I did not consider myself eclectic or uncommitted as a result. I was merely describing an historical process that began largely under the influence of theory one, grew under the influence of theory two, and developed into something now best characterized by theory three.

Przeworski, unfortunately does not consider the contributions of Austrian economists and libertarian political theorists. He also exhibits a bias towards democracy and state intervention in the economy. For the readers of *Reason Papers*, these and other drawbacks represent important theoretical problems. However, for classroom instruction they can be easily made to facilitate, rather than hamper, the discussion of important topic of political theory, economic policy, and philosophy.

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