

but too weak. We are half-hearted creatures, fooling about with drink and sex and ambition when infinite joy is offered us, like an ignorant child who wants to go on making mud pies in a slum because he cannot imagine what is meant by the offer of a holiday at the sea. We are far too easily pleased.

My reservations notwithstanding, I do think that Roth's book is useful and valuable. Using modern secular thought as his starting point, he reaches roughly the same conclusions that one would reach reasoning from the older Christian tradition. There is certainly much to like about that effort.

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## **Markets, Planning, and Democracy**

**David L. Prychitko**

Cheltenham (UK): Edward Elgar, 2002 (219 pages)

This volume is a collection of twelve essays published by the author between 1988 and 1998. It also includes one short speech delivered at a conference and an enriched version of a book review. The main emphasis is on two important questions. One has been widely debated in the literature, the other much less so. First, is self-management consistent with Austrian economics? More generally, are Austrian economics and anarchic capitalism the only consistent theoretical alternatives to centralized planning?

As a matter of fact, the opening chapters of the first part are a stimulating introduction to the Marxist and the Austrian approaches to economics, some elements of which are also mentioned again in the papers presented in the second half of the book. Quite effectively, Prychitko highlights the Marxist description of a market system as equivalent to chaos and alienation, ultimately leading to economic collapse and social turmoil; hence, the socialist case for rational planning, which by definition maximizes social welfare (defined by the planner) and eliminates exploitation.

The author rightly acknowledges that the attack against central planning has probably been the greatest success of the Austrians. He aptly quotes Wieser and Mises, who emphasized the impossibility of conceiving economic activity without referring to scarcity and thus, without interactions among individuals being voluntary and driven by market-based relative prices. Hayek's contribution is called upon, too, to underscore the importance of dispersed knowledge. Such knowledge is indeed the essence of a market system, but it is virtually ignored by central planning.

However, although Prychitko does not deny the value of the traditional Austrian argument with respect to the so-called calculation debate, he suggests that the capitalist firm in a free-market context and the state-owned enterprise within a centralized planning system are not the only alternatives available. A third possibility is the self-managed firm in a free-market economy, which owes much to Theodore Burczak's work and differs both from the Yugoslav version and from Martin Weitzman's model

(the latter ignored by the author). Indeed, the remaining chapters of the first part of the book are devoted to reviewing the shortcomings of self-management with social ownership (the Yugoslav option). It is, however, somewhat surprising that its free-market alternative is only mentioned to stress its theoretical feasibility. The crucial question—that is, why workers have seldom considered it an interesting option in the real world—is not analyzed in depth.

The second part of the book deals with the Austrian approach to the welfare state and a number of inconsistencies that have characterized some eminent Austrian economists in the Misesian tradition. In particular, Prychitko calls the reader's attention to some rather dogmatic claims that have been made, by Murray Rothbard and Roy Cordato, for example, which seem to contradict the very fundamentals of Austrian economics. Prychitko also calls attention to some Austrian cases where reality has been misunderstood. For instance, if the "old" Austrians were right and central planning was indeed impracticable, how can one explain that Communist economics survived for so many decades in the Eastern Bloc?

As a consequence, the author encourages young Austrians to be more critical of their illustrious predecessors and to pay more attention to the insights of a number of Third-Way scholars. In a nutshell, Prychitko would like us to look at the role of state intervention through Hayek (as opposed to Mises and Rothbard).

Overall, this is an interesting book. It surely deserves credit for emphasizing that Austrian scholars need to take a greater interest in policy matters and to avoid some extreme views that might be perceived as sheer dogmatic arrogance. Nevertheless, it is not an easy book. Non-economists may find some passages difficult to understand, especially if they are not familiar with the Austrian tradition and debate. Furthermore, some readers will probably notice the lack of a thesis, of a leading argument with respect to which the various contributions can be compared and linked to each other. There are also some repetitions and imbalances. For example, almost half of a book is probably too much to devote to explaining why a given category of self-managed enterprises is consistent with Austrian economics. On the other hand, although the Austrian analyses of the welfare state and of the role of government intervention deserve to be reassessed, one has the impression that too many pages are devoted to asking questions and perhaps not enough to offering answers.

Regarding this last point, advocating "libertarianism with solidarity" and without anarchic excesses is certainly worth further discussion, if not another book—but raising the issue in the concluding page of the volume is a puzzling choice, if not unfair to the curious reader. Indeed, if that is the essence of what Prychitko calls "Hayekian socialism," that very reader may wonder whether it might be wiser to forget about most of Hayek's work and concentrate instead on de Jouvenel or Leoni, or perhaps consider the challenges raised by De Jasay and Hoppe.

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