

depends on the parameter of interest, the statistical model is irregular and the standard asymptotic theory does not apply. However, they do not mention that the maximum likelihood estimator in this case is not asymptotically efficient but the Bayesian estimator is asymptotically efficient; see (Hirano & Porter, 2003; Yu, 2012). Moreover, the Bayesian methods for dynamic discrete choice models can be computationally advantageous because the fixed point of the contraction mapping operator can be solved only once; (Imai *et al.*; 2009). I believe, therefore, that some discussion on the Bayesian approaches would have been worth including in the book. Last, the practitioners who are estimating a dynamic model would spend a significant portion of research time on writing programming codes. Detailed advice and practical guidance (or even at least some examples) on coding in a widely used programming language such as Matlab, Python or R, would dramatically expand the set of readers who would get much benefit from the book.

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- The Illusion of Free Markets: Punishment and the Myth of the Natural Order*, by Bernard E. Harcourt (Harvard University Press, Cambridge, 2011), pp. 336.

There once was a young marquis who did not know what to do with his life. Fortunately, two older friends took him in hand, found him a journal to write for and a cause to champion: the abolition of those barbarous punishments of an earlier epoch that had trespassed into the Age of Reason. These friends conceded to others that he 'knows nothing of our criminal system' and that '... writing is laborious for him, and costs him so much effort that after an hour he collapses and can't go on'. But no matter: 'When he had amassed the materials' they 'wrote it out, arranging them in order, and made a book out of them' (Pierro Verri quoted in Paolucci, 1963 xiv). In 1764 *On Crimes and Punishments* appeared, nominally by Cesare Beccaria but in all probability by his older friend Pierro Verri, given Beccaria's suspicious near-zero productivity in the subsequent decades. But, however anticlimactic his later career, *Crimes and Punishments* gave Beccaria a hugely successful entrée into the republic of letters.

The timing was, after all, perfect. In 1762, just three years after Adam Smith had announced that even the 'greatest ruffian' is not without the principle sympathy, – a blameless calico merchant was broken on the wheel at the order of a tribunal of Toulouse nobility. Voltaire stormed at this outrage, and in 1764 the King annulled the terrible sentence. Hence, *Crimes and Punishments* is very easily seen as a shriek of the cult of sensibility against the official violence of the day. But there are other interpretations. Henry Paolucci takes the book to be the act of complaisance of a renegade noble, simultaneously gratifying the bourgeoisie and pleasing absolute monarchy by deploying a bourgeois rhetoric to justify the extinction of aristocratic prerogative (Paolucci, 1963). Bentham took it as the kernel of his philosophy of the good, and historians of ideas prize it as a fountainhead of utilitarianism. I would suggest that Becarria is recognisable as a prototype of the criminologist of our day: heria almost totally ignores crimes of violence, and construes legitimate punishment purely as an act of social efficiency. He accommodates no notion of equity as foundation for punishment: 'an eye for an eye' – most palpably a principle of equity – is as alien to him as it is to the current criminological mind set.

The author of the volume under review has a different use for *Crimes and Punishments*. For Harcourt it is a device to launch himself at his overarching target; policies of deregulation and free markets. His point of impact is the economics of crime, with its seemingly Benthamite logic and its 'Chicago' provenance. Somehow, it is insinuated, Beccaria will be the key to Becker, and all that spells.

Harcourt turns the key, but, regrettably, the lock does not move. Harcourt immediately notes the incongruity between Becker and Beccaria. Beccaria may have been Benthamite *avant la lettre* but he was no economic liberal. And this is no surprise: utilitarianism – the maximisation of aggregate utility – amounts to an infinitely ramified prescription of what should be done, and is consequently perfectly totalitarian in implication.

And Chicago is not Benthamite, anyway. Its normative axiom is Paretianism, not utilitarianism, which is something quite different. And its distinguishing axiom is a positive one: a Panglossian assumption of 'efficiency'. Stigler, Becker and others do not merely seek efficiency, desire efficiency, hope for efficiency. Rather, they hold that everything *is* efficient. Whatever is extant is efficient. And this applies to regulation as much as to anything else. In the United States sugar regulation has been extant since 1789. And, consistent with his tenets, Stigler in a posthumous publication defended the appalling thicket of regulation that entangles this industry (Stigler, 1992).

I venture to doubt whether the author approves a protection racket – in all senses of the term – that drives up sugar prices for hundreds of millions of consumers to the benefit of a tiny group of producers with politicians in their debt. But I am even more ready to wager the author of the *Illusion of Free Markets* would pour scorn on any move to deregulate that industry. For it is his evident conviction that every economic encounter is and must be rigged, fixed, sewn up. He is possessed of nihilism about the very possibility of the abolition of privilege and the symmetrical treatment of parties. This is not simply nihilism about the attainment of some ideal, but even about the merely closer approach to the ideal. We are permanently trapped, it seems, in abusive associations. It is perhaps not surprising that this drastic nihilism is asserted rather than argued. What would be the argument? The frequent observation that to play is to have rules is no argument for this nihilism. Neither is one pro-

vided for by the author's learned, extensive and curious account of regulation in the 18th century.

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Bad Economics: Pestilent Economists, Profligate Governments, Debt, Dependency & Despair, by Peter Smith (ed.) (Connor Court Publishing, Ballan, Victoria), pp. 240.

Let me start with the statement that this is an excellent book. But if you knew my own personal beliefs, that's what you would expect me to say given it is a tract on political economy based on classical economic theory, more particularly on an understanding of Say's Law, and these are views I hold myself. On the other hand, it is also a book that is designed to take no prisoners, will irritate to an astonishing degree anyone who doesn't come to it at least somewhat sympathetic to what it has to say, and has no hope of convincing anyone in the mainstream of the economics profession of the arguments it presents.

So who is it for? It is written for those who are dissatisfied with the textbook version of economic theory and wish to understand how economies work from a free-market perspective. And to be more specific still, it is written for those who are looking for a replacement for Keynesian macroeconomic theory and, following the dismal failures of the stimulus, wish to begin the hunt for alternatives to $Y = C + I + G$. That is not a small constituency – although smaller than it ought to be – and this is a book addressed to them. Here is the test to see if this is the kind of book you might be interested in. If you can withstand this statement from the first page of the preface, then perhaps you will be able to read the entire book through:

"Prosperity in Western societies is not a mystery. Free-market capitalism explains it. Economics lays it bare." (Smith: 3)

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