gate motherhood, euthanasia etc. has been about what the law should permit and what it should proscribe, that the field would seem to be inescapably political. Yet all too often, the debates about these issues have revolved around the purely medical/scientific questions (eg. when does life begin?) or around ethical theories. This is plainly unsatisfactory, since neither liberalism nor Christianity – still the other great source of ethical inspiration in Australia – assumes that everything which is immoral also should be illegal. We must hope that Charlesworth's effort will inspire a more thorough analysis in the future.

Reference

Raz, J. 1986, *The Morality of Freedom,* Clarendon Press, Oxford.

reviewed by T. C. Delacey, a Melbourne writer with an interest in liberal political thought.

Public Goods, Public Enterprise, Public Choice: Theoretical Foundations of the Contemporary Attack on Government

by Hugh Stretton and Lionel Orchard
Macmillan/St.Martin's Press, London, 1994
301pp, ISBN 0 333 60725 2
$39.95

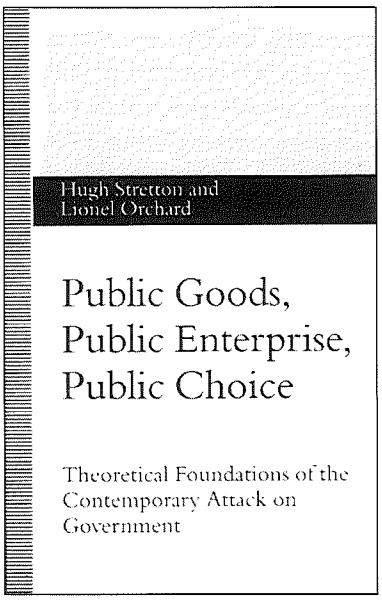
This book has two purposes. One is to launch a counterattack against 'economic rationalism' by restating the case for the role of government in the economy – public goods, public enterprise and intervention for economic and social purposes. The other is to present a systematic critique of public choice theory – the economics of politics – identified as the theoretical foundation of economic libertarianism. The authors, political scientists, do not think much of (most) economists. The book, painstakingly and eruditely, explains why.

They have no difficulty in finding pronouncements in the public choice literature which, unqualified, are patently absurd: 'Man is an egoistic, rational, utility maximiser' (p.123). In contrast to such dogmatism, the authors exude an air of sweet reasonableness. We need to find 'the desirable mix of mixed economies' (p.122). People's public behaviour contains 'elements of generosity, disinterested morality and shared culture' (p.7). 'Efficiency is a slippery, value-structured concept' (p.84). 'Public enterprises often have multiple purposes' (p.84). 'Market forces ensure efficiency by eliminating inefficient private firms, while government allows inefficient public activities to continue. Both processes certainly happen. But they do not always or necessarily happen' (p.113). Who could possibly disagree with any of this?

The paradigm shift in western countries from 'wet' to 'dry' policies (to use the crude but convenient Thatcher terms) occurred, not because public opinion and policy makers embraced laissez-faire and wanted to get rid of government, but because of a widespread perception that in the first half of this century the pendulum has swung too far towards government control and intervention. It asserted nothing more radical than H.G. Johnson's aphorism that the possibility of market failure is not sufficient to prove the certainty of government success. For all sorts of reasons, governments often do a worse job than markets.

Stretton and Orchard would not claim that governments always do a better job, but their preference is clearly for more government intervention, more public enterprise, rather than less. It shows up occasionally in the interstices of their studiously moderate exposition. To take one example, is public enterprise necessarily less efficient than private? 'A government factory makes service uniforms which could be imported a little cheaper. It employs women in a steel town which has few other jobs for them. Without it the nation would have more unemployed, less output and a worse balance of payments. Is it an inefficient investment?' (p.83). The employment argument for protection to illustrate the benefits of public enterprise!

Public choice theory receives much the same treatment. In relation to environmentalism, for example, we are told that 'case studies typically focus on the motivation of the self-interested contenders: direct sufferers from physical or financial ill effects of environmental degradation, profit-seeking industries, workers whose jobs are at risk, vote-seeking politicians, rival bureaucrats. Hamlet without the prince. There is little or no explanation of the motivation of the prime



movers of most environmental vigilance and reform, the multitude of researchers...and voters for environmental reform who expect no material benefit for themselves' (p.245). Public choice theorists do not deny the role of disinterested motivation. Their object has been to point out that it is not the only, or most influential, motivation and that the influence of interests may significantly affect the outcome.

Allowing for the authors' political animus, this is a book which libertarians should take the (not inconsiderable) trouble to read. It patiently, methodically, laboriously, examines every facet of the libertarian case and public choice theory. Libertarians will not, I suspect, be persuaded; but they will be much better equipped to deal with their critics in the public debate.

reviewed by H.W. Arndt
Professor Emeritus, National Centre for Development Studies, Research School of Pacific Studies, Australian National University.

The Seven Cultures of Capitalism: Value Systems for Creating Wealth in the United States, Britain, Japan, Germany, France, Sweden and the Netherlands
by Charles Hampden-Turner and Fons Trompenaaars
Piatkus, London, 1994
417pp, ISBN 0 7499 1330 4
$49.95

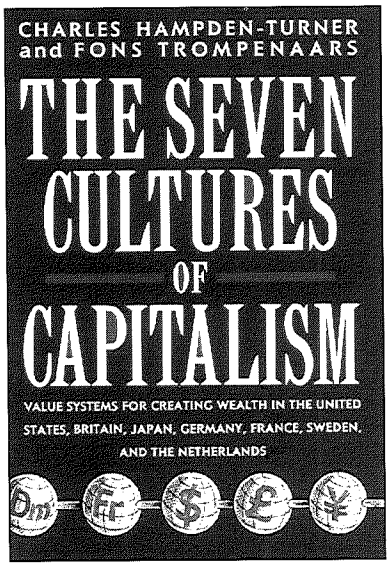
This book explores the value systems internalised by managers in the seven supposedly leading capitalist countries, and speculates on the possibility that different value systems are paralleled by contrasting styles of organisation in the economy at large. It is a research effort which calls for detailed comparison with David McClelland's *The Achieving Society* (1961).

Much of the information in this book came from questionnaires administered to 15,000 managers who attended over 500 seminars conducted by the Centre for International Business Studies in The Netherlands and its affiliates worldwide. The method forces managers to take sides in a number of problem situations, and so to reveal which of two contrasting values the person regards as most fundamental. The seven sets of values include analysing versus integrating, individualism versus communitarianism, and equality versus hierarchy.

For example, to assess the 'analytic versus integration' dimension, people were asked whether a company should hire people with a view to their tasks and functions, or with the emphasis on social relations with other people in the organisation. Those opting for 'tasks and functions' ranged from 70% in North America to less than 50% in Italy, Germany, Singapore, France and Japan. The problem with these forced dichotomies is that one yearns to give an answer that is qualified by the nature of the job and the circumstances. The researchers administered scores of these tests and they claim that coherent patterns emerged.

'Each of the seven nations here considered believes in a unique combination of the values enumerated above. This value set is an economic fingerprint, which, we believe, correlates with specific types of economic achievement and failure (p.16).'

Some elements of the 'fingerprints' are surprising, such as the high level of personal responsibility manifested by the managers from Sweden.



The authors supplement their questionnaire profiles with discussion of the economic history and circumstances of the seven countries. Much of this is interesting and revealing, for example the lack of new industries developing in Sweden, the poor prospects for small business in that country, and the way that small business operators are in it for the independence, not to grow and become rich. They skate over the issues of regulation and taxation, concluding 'Whatever the reasons, something is preventing the growth of acorns into giant oaks, and the long-term consequences could be very serious (p.264).'

The authors do not appear to favour the classical liberal position and they adopt a scornful attitude towards the Thatcher initiatives. In their words 'The authors lack sufficient economic training to critique monetarism on its own terms, but its cultural and psychological appeals are obvious ... Individualists could have a fine old Hobbesian contest of all-against-all...Through it all is revealed an extraordinary ignorance about "The Real Economy" (p.322).' They mostly stick to analysis of their data but when personal opinions occasionally surface they appear to lean towards a kind of social compact