

*these pose no religious problems.* But the last thing that we should do is embark upon a kind of cultural crusade for liberalism. Muslims may subscribe, at least formally, to certain ideas that are at odds with Western liberal values. These require careful consideration if they are to be brought into co-existence with one another. Berman's approach, while well-intentioned, could easily come over as a form of cultural imperialism directed at some of the tenets of Islam itself. It could risk turning actions directed against those few Islamists who endorse terrorism into a major rift with the Muslim world as a whole. Not only may such interventions give succour to exactly the kinds of ideological movements that Berman deplores, but they may become a major liability for those Muslims sympathetic to liberal ideas.

It is worrying that someone as able and as intelligent as Berman should get things so wrong. He acutely diagnoses some of the ways in which George W. Bush's ideas, while sounding alright at home (at least to some people), do not travel. But he seems oblivious to the way in which his own views, and his proposed push for his brand of liberalism, and a particular interpretation of human rights, would equally seem problematic in a significant part of the world today. It is the very clarity, interest and plausibility of this book that makes its defects so worrying.

**Reviewed by  
Jeremy Shearmur**

*Property Rights:  
Cooperation, Conflict  
and Law*

**Edited by Terry L. Anderson  
and Fred S. McChesney**  
Princeton University Press,  
2003, 448pp, US\$29.95,  
ISBN 0 691 09998 7

I took the opportunity to read this book whilst travelling in China and Vietnam. As my journey progressed, more and more evidence emerged of the remarkable growth these two economies continue to experience. And at the same time, it became increasingly apparent that this growth pattern can be directly related to a growing reliance on an evolving form of private property rights. For instance, Vietnam's emergence from being a rice importer to being such a successful exporter that Japan has recently decided to impose an additional barrier to trade, demonstrates vividly the impact of extended leasing rights over land to farmers. Edwin West's Chapter 1 evocation of Adam Smith's conclusion that 'well-respected property rights placed in a clear and secure legal setting, together with guaranteed liberty, were sufficient to set the wealth of nations on a course for almost perpetual growth' (pp.38-39) certainly rang true. But the question lingers: what would be possible if the bundle of rights to land in China and Vietnam was further extended to freehold status and personal liberty was guaranteed?

This book helps to address that question but also provides a useful input into the consideration of the related question: How might such rights emerge over time? These questions would appear to be fundamental to any understanding of economic processes yet the key insights

involved in property rights analysis are frequently omitted from the teaching of undergraduate economics. Economics 1 is often founded on the explanation of the mechanisms of market models and possibly some normative component of welfare economics to allow policy analysis. But what is frequently—but of course not always—missing is the development of an understanding of what underpins economic activity. As the editors note in their introductory comments, 'in classical economics, well-defined and secure property rights were typically assumed to exist, not analysed and explained'. Whilst nothing much has changed for the novice student, there have been important developments in the discipline. This volume helps to bring those developments to the attention of a wider readership.

It was, indeed, one of the authors, Terry Anderson, who was responsible for jolting me from my perception of property rights as being exogenous from the economic system. The occasion was my presenting some thoughts on environmental economics to a meeting of the Mont Pelerin Society in the mid-1980s. I made a statement to the effect that economics was all about the allocation of scarce resources—a definition that had been drubbed into me since my earliest exposure to the discipline. Anderson (rightly) pointed out that economics was rather concerned with the allocation of the rights to resources. In other words, it's important for economists to realise the need to 'dig deeper' so that property rights are considered as part of the story and not merely a 'given'.

This 'revelation' was exceptionally valuable to me in my professional development and

I hope that through my teaching endeavours it has been a useful insight for my students. It led me to the practice of teaching at least three weeks of 'institutional economics' as the front end of first year economics. It also led me to a better understanding of the importance of property rights issues in the management of environmental assets that are often classified as common property or open access resources.

The question of government involvement in the supply or management of such assets is of particular significance and one of the most important contributions of this book is its treatment of this question. The chapters that centre on government action make the point that any contemplation of government action needs to be tempered by an evaluation of all the likely costs involved. These will include recognition of the rent seeking possibilities government action would generate but would also involve an analysis of the associated transaction costs. The point made in the Harold Demsetz chapter is that property rights have not evolved in many circumstances simply because the costs of their creation and enforcement exceed the benefits resulting from their creation. The state would need to be able to demonstrate its capacity to lower these transaction costs through its intervention to the point where marginal benefits exceed marginal costs.

I'm hopeful that the publication of this book will result in many more being able to understand the critical role of property rights in economic and social analysis. My confidence in the book achieving this goal is largely due to its strength of presentation. There are three main aspects to this.

First, the chapters are well written and highly accessible to a wide range of readers. You don't need to be a top-flight economist to get a lot out of the book. Even the chapter on economic history—an area of economics renowned amongst students for its deterrent effects—is both sufficiently clear and comprehensive to permit a thorough understanding and generate interest.

Second, and partly related to the first point, the majority of authors contributing to the book use a good scattering of practical examples to illustrate their arguments. The examples used are predominantly in the North American context yet there are enough from the rest of the world for the reader to see that the points made are not restricted in their geographic/cultural spread.

Finally, and perhaps most importantly, the book is very well structured. It is split into six separate parts, each covering a specific aspect of property rights. At the outset, the editors provide a comprehensive outline of the whole book. Then, at the beginning of each part, a further introduction is provided. What this means is that the reader can easily come to terms with the overall thrust of the book by reading just the introduction. Should a particular aspect of this 'big picture' capture the reader's attention, they can turn to the introduction to the specific part of interest. On the basis of that deeper briefing, the reader can pick up the individual chapter or chapters that deliver the detail. This is a structure that provides the reader with tremendous flexibility in how they use the information made available.

In short, I find it hard to think of anyone who would not gain

from an exposure to the ideas presented in this book. From those with responsibilities for the future management of the Chinese and Vietnamese economies, through to those in Australia contemplating the future of water use in our river systems, property rights matter. This book will help to get that fundamental message across.

**Reviewed by Jeff Bennett**

*2001: The Centenary Election*

**Edited by John Warhurst and Marian Simms**

University of Queensland Press, 2002, 330pp, \$31, ISBN 0 7022 3303 X

**2***001: The Centenary Election* is the third in a series of edited collections on Australian federal elections. The contributors are mainly political scientists, with the book divided into sections on the campaign, the parties, State issues and results, selected policy issues and a final section interpreting the election's outcomes.

This structure provides for a more detailed and sober assessment than other publications on this election. In downplaying the influence of *Tampa* as the defining electoral issue, Lynton Crosby makes reference to voters' belief that economic management and leadership were the key issues, that 'the media seemed more interested in its own issues rather than the issues of

