the "Patinkin controversy" as of but historical interest. The Patinkin controversy—how relative prices are determined in a monetary economy—remains *the* fundamental problem for monetary theory. Frank Hahn showed in 1965 that, unless special assumptions are made (e.g., fixed relative prices or no distribution effects), a model of money such as Patinkin's, in which money is valued only because it is valuable, has two flaws: (1) If there is a monetary equilibrium, then there is also a barter equilibrium (i.e., money is not essential); and (2) in general, there is no monetary equilibrium.

The usual story used to rationalize the general-equilibrium model is that there is an auctioneer (Walras) or an institution of recontracting (Edgeworth) so that there is no trading outside of equilibrium. These mechanisms not only determine relative prices, but ensure that there are no barriers to the execution of trade: Every buyer finds a seller and vice versa. The upshot of Hahn's attack on Patinkin is that, if money is modeled without specifying in detail *how* it acts to reduce transactions costs, the existence of equilibrium is threatened. Since Hahn's paper, an important project (largely unnoticed by Richter) in monetary theory has been to give better accounts of the mechanisms through which money facilitates trade and through which equilibrium is established. Richter takes his brief to be money in equilibrium. By concentrating on money at rest rather than on money at work, and by adopting strong assumptions (such as one-good economies) that short-circuit Hahn's criticisms, Richter skirts the really difficult problems in monetary theory. The marriage between the economics of institutions and general equilibrium theory is unhappy because it is unconsummated. Rather than being used as a checklist, the currency order should stress the interaction of its elements at a deeper level and should have been used to expose the shortcomings of the (implicit) institutional foundations of the general equilibrium model.

Reservations aside, Richter's treatise is a welcome relief from the common currencies of monetary economics. It presents a splendidly annotated guide to standard and nonstandard topics in both the English-language and the German-language literature. It is sprinkled with numerous interesting historical notes. As a readers' guide to monetary economics, Richter's *Money* is, and likely will remain, a useful book.

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The Political Economy of James Buchanan
David Reisman
College Station: Texas A&M University Press, 1990, 204 pp.

Can a quarter of a century already have passed since I first met James M. Buchanan? As his colleague at the University of Virginia when public choice (as it came to be called) was in its infancy, I was privileged to participate in the discussions and witness the formation of a fresh way of thinking about politics and economics. A new paradigm was being born. It was a tremendously exhilarating time to be an economist at Mr. Jefferson's University, although the intellectual excitement was brought to an abrupt halt when the administration refused to promote Buchanan's closest associate and collaborator, Gordon Tullock. Buchanan, in protest, departed for UCLA. Thus it was that the University of Virginia lost its chance for a Nobel Prize. Buchanan later moved to Virginia Polytechnic Institute and then to George Mason University where he continues to turn out profound technical and philosophical manuscripts at a dizzying rate.

Buchanan was awarded the Nobel Prize in Economics in 1986. Since that time, I have often been asked by people who know of my interest in his work, which single book of his they should read to understand the essence of his contributions. Up to now I have been stumped. There was no single work of Buchanan's that contained the Buchananian system. I was not even sure that there was such a system; indeed Buchanan would probably deny that one existed. He always claimed, after all, that he had only been clarifying ambiguities, dispelling confusions, and exploring neglected areas of analysis in the work of his fellow economists and philosophers. He seemed to have no underlying motivation to create a single, unifying, coherent system of economics. His work consisted of many glittering but scattered gems not neatly structured into a form-giving tiara. There was his book *Public Principles of Public Debt* (1958) that challenged the Keynesian orthodoxy of debt finance as exemplified in the work of Keynes's disciple, Abba Lerner. This work can be best summarized under the epigram, "We owe it to ourselves." His collected essays in *Fiscal Theory and Political Economy* (1960) were devoted to integrating economic and political theory in the body of fiscal doctrine. This book contained a masterful survey and interpretation of the Italian tradition in fiscal theory in which Buchanan contrasted the organismic and individualistic approaches to fiscal decisionmaking. The latter was to play a stellar role in his work in public choice and constitutional economics. *The Calculus of Consent* (1962) could be interpreted as a brilliant attempt to examine the structure of politics. *Cost and Choice* (1969) clarified ambiguities in terminology and confusions in analysis in standard economic theory, especially regarding the meaning of opportunity cost. And so on through *Academia in Anarchy* (1970), *The Limits of Liberty (1975), The Power to Tax (1980), The Reason of Rules (1985),* and many others. Each stood on its own as an important contribution to economic philosophy. But one was hard pressed to point to one work that could present the essence of Buchanan's vision of social order.

This small book by David Reisman has now made it possible to send an inquirer to a single volume that puts Buchanan's contributions into a coherent framework. Moreover, it does so better than any one or even several volumes by Buchanan himself. It is a fine achievement, being an admirable summary of Buchanan's main writings placed into a setting that brings out the essential coherence of his work. After reading this book, I have come to believe that Buchanan, however unconsciously, was from his earliest writings attempting to construct a unified system of political economy after all.

In addition to the introduction, the book is divided into seven chapters that organize Buchanan's work, not chronologically, as a less analytical or less energetic writer might have been tempted to do, but logically. It starts where any work on Buchanan must start: with Buchanan's methodological individualism, because that is the only perspective from which Buchanan can view the world. That perspective provided him with a profound understanding of the process of exchange, the gains from trade, and the importance of voluntary contract. Buchanan's key insight—that the political process is a political *market*—would have been impossible had he accepted the centrality of the allocative paradigm of orthodox economics. Here Reisman does a fine job of comparing and contrasting Buchanan's political philosophy and methodology with that of John Rawls and Robert Nozick. The role of Pareto optimality in Buchanan's analysis of constitutional choice, his surprising defense of vote-trading or logrolling, the crucial distinction between the constitutional and the postconstitutional levels of political interaction, the requirements for moral order and social stability, the role that the Keynesian revolution played in undermining the fiscal constitution, the rejection of both anarchy and Leviathan as alternative political settings within a democracy—all of these elements (and more) of Buchanan's thinking are integrated in such a way as to show the relation of each to the whole. Moreover, Reisman does not neglect the moral dimension of Buchanan's philosophy, nor does he ignore Buchanan's dissent from his fellow economists who, clinging to the maximization paradigm, indulge in "piddling trivialities," thereby opting out of their essential responsibilities to the moral science of political economy.

One finishes this tract with a renewed confirmation that the searching and important questions raised by James M. Buchanan, and the answers he has provided, place him among the ranks of the most distinguished social philosophers of our time.

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Black Hole Tariffs and Endogenous Policy Theory
Stephen P. Magee, William A. Brock, and Leslie Young
Cambridge: Cambridge University Press, 1989, 438 pp.

This book dates from an early working paper by Brock and Magee (1974), which showed great promise and has now borne much fruit. In the interim, Peltzman (1976) published his famous paper on "Economic Regulation," which had more structure and content than the early Brock