

boasts enormous unused reserves of political and social stability that suffice to endure the deepest difficulties.”

“Openness to argument,” Steele writes, “is a wonderful virtue,” but it did not characterize the academic study of socialism.

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**Universal Economics: Assessing the Achievements  
of the Economic Approach**

Gerard Radnitzky, ed.

New York: Paragon House, 1992, xii + 446 pp.

The editor opens with a 68-page essay setting forth this book’s organizing thesis that economics offers a universally valid approach to all social phenomena. Gerard Radnitzky explains: “What gives economics this ‘imperialist’ power is the fact that its key concepts are universal in applicability . . . . The basic building blocks of economic theory, e.g., optimizing and equilibrium, are . . . readily applicable to almost all social phenomena.” In this respect, the editor remarks that this book “may be viewed as a sequel to the volume *Economic Imperialism*.”

What follows are essays on six substantive areas: biology, sociology, politics, law, history, and international relations, the point of which is to illustrate the universal validity of the economic approach to social phenomena. This book does a good job overall in making its case, even if the essays vary in the degree of support they give to its theme. Nonetheless, the claim that the economic approach provides a universally valid framework for social analysis is weakened, in my judgment, by linking that claim to economic imperialism. One can affirm the universal validity of the economic approach without embracing economic imperialism. The economic approach, which is a formal system for organizing thought about social processes and institutions, must not be confused with economics, which is a substantive inquiry into the coordination of economic activities and the nature and causes of the wealth of nations.

As a formal organizing principle, the economic approach is grounded on two fundamental presumptions, one concerning human action and one concerning human interaction. The former presumption is variously expressed by notions of rationality, maximizing, or optimizing, and in any event is formal and not substantive. It says that people seek to be effective in action, but does not inquire into the specific forms or objects of action. The latter presumption is usually expressed by some notion of equilibrium, which is an assertion that there is a rhyme and reason to all that happens under the sun. The apprehensible order in human affairs

was stated clearly by Ecclesiastes and has nothing to do with any characterization of equilibrium as a state of rest. In any case, the twin principles that people are purposeful and resourceful in their conduct and that vigor and intensity dominate sloth and lassitude in the course of human affairs form the core of the economic approach to social life.

Economic imperialism, by contrast, is the straightforward extension of economic explanations concerning market processes and institutions to alternative subject matter. Economic imperialism claims that this extension is sufficient to supply substantive knowledge in those other areas.

Peter Ordeshook, in his survey of the development of the rational-choice approach to politics and political institutions, goes to great lengths to deny the claims of economic imperialism. He argues that substantive economic propositions concerning rationality and equilibrium do not go very far in explaining political institutions and processes. While denying the claims of economic imperialism, Ordeshook nonetheless affirms the universality of the economic approach when he argues that economics and politics are united in their being governed by the principles of rational choice and equilibrium, even if the substantive application of those formal categories must vary across particular institutions and processes.

Michael Ghiselin argues that biology and economics are united by a common grounding in scarcity and competition, and finds specific instances of reasoning based on those principles in the biological literature on evolution, physiology, sex allocation, foraging, ethology, and ecology. James Coleman contrasts the economic approach to sociology, what he calls rational-action theory, with the approach of functionalism. He argues for the greater explanatory power of the economic approach with reference to such matters as the emergence and maintenance of norms, the generation of panics, the submission to authority, and the emergence of trust.

Alan Schwartz examines the contributions of economic ideas to two bodies of law: unconscionability and damage awards for mental anguish. Schwartz's material is presented thoughtfully, though also very skimpily. In a book dedicated to showing the universal applicability of the economic approach to other substantive areas of social life, it is truly strange to see an essay on law that does not even mention the Posnerian scholarship that argues that the entire body of substantive law conforms to an economic logic. Roger Meiners argues that the economic approach provides a valuable framework for historical investigation, and surveys briefly some of the seminal works in both the cliometric and the new institutional approaches to history.

The unit on international relations contains two essays, one by Gordon Tullock and one by Peter Bernholz. Tullock actually argues that the economic approach cannot provide much insight into international relations, and invokes the claim that economics is more suited to the

study of cooperation than conflict. This is surely a strange claim by the author of a valuable, though undeservedly neglected, book, *The Social Dilemma*, which demonstrates the value of the economic approach to international relations. Bernholz examines the ability of economic reason to illuminate international relations, arguing in the process that balance-of-power systems with several states are more stable than either bipolar systems or multipolar systems with many states.

For the most part, these essays work well as surveys of existing literature: they expose the reader to a lot of different material in the fields being surveyed, and they provide a good supply of references for those interested in further examination of particular topics. The editor is quite right to claim that economics provides a general framework for a unified social theory. This book does a good job of conveying that claim to those who are already predisposed to accept it. However, I doubt that it will prove to be a suitable homiletical instrument for taking that claim before those not so predisposed, because for the most part these essays do not engage the alternative approaches to the subjects that are examined here. But to say that, is simply to say that much work remains to be done in securing general recognition of the universality of the economic approach.

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**Forbidden Grounds: The Case Against Employment  
Discrimination Laws**

Richard A. Epstein

Cambridge: Harvard University Press, 1992, 530 pp.

Discrimination law in the United States is a quagmire of legislation, judicial interpretations, and federal agency edicts that seemingly defy rational treatment. Since the passage of the Civil Rights Act of 1964, and particularly its Title VII outlawing employment discrimination, Congress has seen fit to enact additional antidiscrimination statutes to protect pregnant women, workers over the age of forty, disabled government workers, and most recently, disabled individuals in the private sector.

The judiciary's creative impulses have only added to the complexity. Courts have repeatedly approved affirmative action as a putatively short-term fix for historical discrimination, despite clear language in the 1964 Act averring that nothing therein required preferential treatment or inferences of discrimination from statistical comparisons. Judicial alchemy surmounted Title VII's requirement that intent be proven before an employer could be convicted of discrimination, by affixing to the act the concept of "disparate impact." Thus, employment practices that were