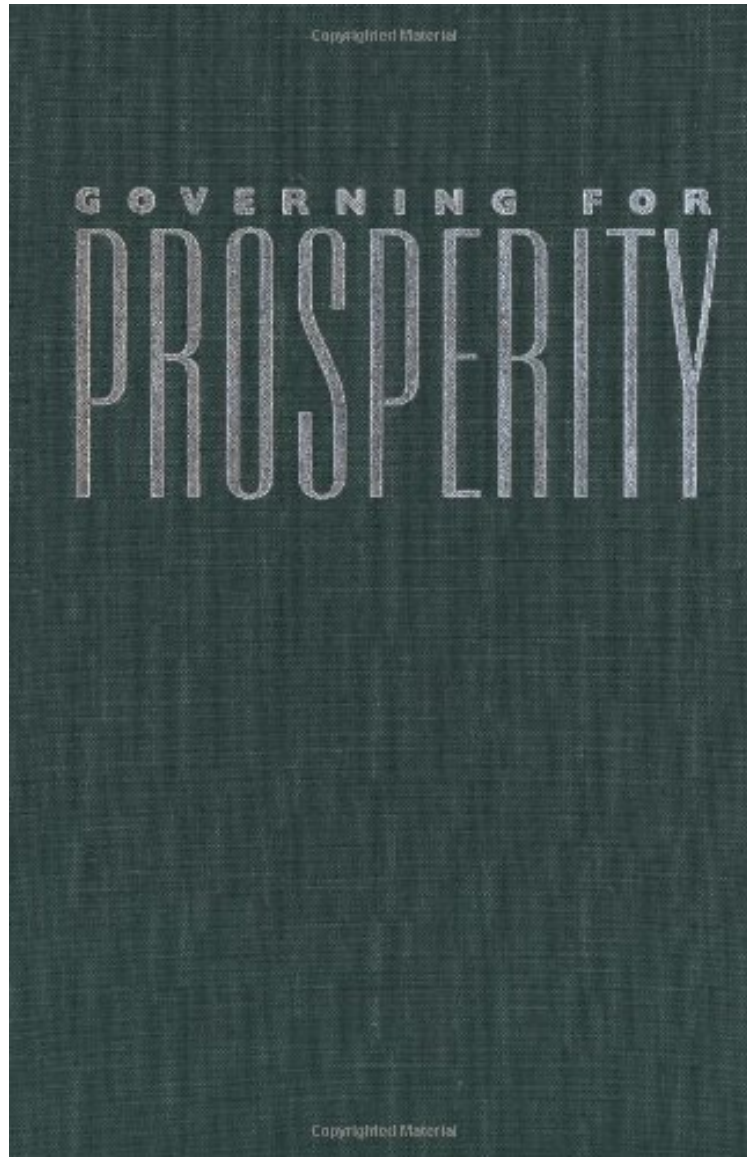


[PDF] Governing for Prosperity

Governing for Prosperity

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From Yale University Press : Governing for Prosperity before purchasing it in order to gage whether or not it would be worth my time, and all praised Governing for Prosperity:

10 of 10 people found the following review helpful. Excellent BookBy Jeffrey M. CavanaughExcellent, excellent book that I highly recommend. Most political-economy books are heavy on the math, light on substantive examples, but this is a book that nicely blends substantive theoretical content with interesting cases. As an instructor, I believe this book would be a good addition to any comparative politics or political-economy class as it allows students to read and understand theory and see that theory applied to interesting cases.15 of 16 people found the following review helpful.

"Perverse Incentives": The Poverty of Political Power
By socraticfury
Rolf Dobelli's review is pretty accurate. I would just like to fill in some details. This book is a direct outgrowth of the New Institutional Economics (NIE), the school pioneered by Ronald H. Coase and Douglass C. North, who were both awarded the Nobel Prize in Economics for their labors. This book is a fine example of what can be achieved when the theoretical results of game theory are applied to real-world situations. One of the classic results in game theory is the discovery of sub-Pareto optimal Nash equilibria. In plain terms, this means that people "do things" (pursue strategies) that make everybody worse off than if they would work together (pursue other strategies). The classic setup is the Prisoner's Dilemma Game. Any time Nash equilibrium (a Nash equilibrium obtains when no one in the game has an incentive to pursue a different strategy) is sub-Pareto optimal, we have what game theorists and economists call "perverse incentives." The most interesting chapters in this book examine this problem of perverse incentives, and demonstrate that it is endemic, especially in countries with a small cadre as the ruling elite. The basic problem is intimated by the title of the Introduction to this book: in countries where effective political power is wielded by a small group, bad economic policy is good politics. That is, if political leaders want to stay in power, it is cheaper to buy the support of the small political elite than to institute costly institutional and policy reforms that will improve the national economy. As a political leader who desires to stay in power, you have great incentive to keep your country poor. Hence countries often get mired in the "poverty trap." As Rolf Dobelli mentions, the key to promoting good economic policy is the rule of law. But why should any gov't respect the rule of law? Any gov't strong enough to protect property rights is also strong enough confiscate citizen wealth. Why wouldn't the gov't do just that? The contributors to this book do not all take up this question, and that's a pity. Some of them confine themselves to saying, "Yes, rule of law is necessary, let me show you my data." However, some of them do take up this question, and they do so in interesting ways. An adequate answer to this question is crucial to understanding how to improve the quality of life for millions of people across the world. I heartily recommend this book to all students in political science, economics, and related business fields. 9 of 10 people found the following review helpful. Highly Recommended!
By Rolf Dobelli
Why do some nations thrive while others seem trapped in a cycle of poverty, instability and corruption? The 14 contributors to this anthology agree on one answer to this question: the rule of law. While the developed West spends billions of dollars promoting democracy in developing nations, the authors suggest that democracy in and of itself does not bring about prosperity. In terms of economic growth, stability and predictability are more important than democracy, they argue. As evidence, they contrast wealthy authoritarian regimes like Singapore with poor and corrupt democracies like India. Some readers might find the implications of such conclusions alarming. That's all the more reason to read this book, which we [...] recommend to anyone with an interest in economic development, public policy and the global political order.

How do political institutions help promote prosperity in some countries and poverty in others? What can be done to encourage leaders to govern not for patronage but for economic growth? In this book, such distinguished political economists as Douglass North, Robert Barro, and Stephen Haber answer these questions, providing a solution to one of the most important policy puzzles of the new century: how to govern for prosperity. The authors begin from a premise that political leaders are self-interested politicians rather than benign agents of the people they lead. When leaders depend on only a few backers to stay in power, they dole out privileges to those people, thereby dissipating their country's total resources and national growth potential. On the other hand, leaders who need large coalitions to stay in office implement policies that generally foster growth and political competition over ideas. The result is that those who promote politics that lead to stagnation tend to stay in office for a long time, and those who produce prosperity tend to lose their jobs. Analyzing countries in North and South America and Asia, the authors discuss the range of political regimes that permit or even encourage leaders to rule by mismanaging their nation's resources. And they show that nations must forge institutions that allow all social groups to participate in and benefit from the economy as well as force political leaders to be responsible for policy outcomes.

About the Author
Bruce Bueno de Mesquita is on the faculty of the Hoover Institution on War, Revolution, and Peace at Stanford University. He is the author or editor of *The War Trap*, *War and Reason*, and *European Community Decision Making*, all available from Yale University Press. Hilton L. Root is senior fellow at the Milken Institute in Santa Monica.