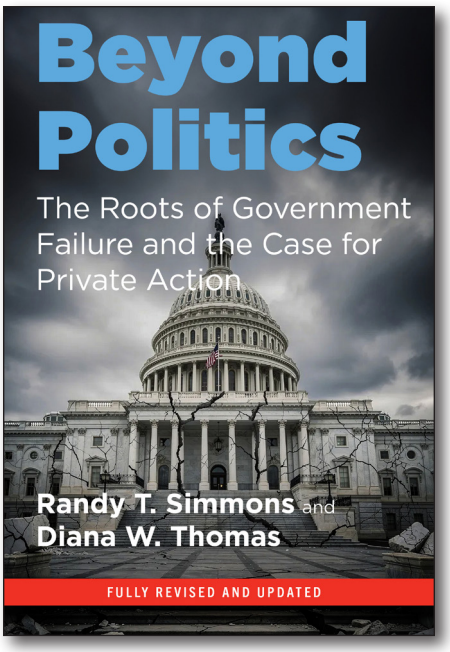
Beyond Politics

The Roots of Government Failure and the Case for Private Action

BY RANDY T. SIMMONS AND DIANA W. THOMAS



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Book Highlights

- **Are there really as many market failures as we've been led to believe? Or might these be better understood as political failures?** In *Beyond Politics*, economists Randy T. Simmons and Diana W. Thomas take up that question with a deceptively simple rule: Judge politics by the same standard used to judge real-world markets. Applied consistently, that rule overturns a century of conventional wisdom. Much of what textbooks call "market failure," the authors show, is really the product of poorly defined property rights or of political intervention itself.
- **The book is a concise, engaging introduction that brings together three complementary traditions: Virginia public choice, with its focus on political incentives; Austrian economics, with its emphasis on dispersed knowledge and entrepreneurial discovery; and the Bloomington School of Elinor and Vincent Ostrom, with its insights into polycentric governance and community self-governance.** Each chapter opens with a story—a colonial bounty on cobra tails that bred more cobras, students passed from grade to grade with report cards that hid how far behind they'd fallen—and closes with readings for further study, making it equally suited to the curious general reader and the undergraduate classroom.
- **Simmons and Thomas bring the costs of politics down to earth.** For example, the U.S. sugar program preserves roughly 2,260 jobs at about $826,000 per job, per year. Tariffs on imported washing machines cost consumers roughly $815,000 for each American job they created. One study cited by the authors estimates the U.S. economy would have been 25 percent larger by 2012 had federal regulation been held at 1980 levels—about $13,000 more per person.
- **The book offers far more than diagnosis.** Drawing on the work of luminaries like F. A. Hayek, Ronald Coase, and Elinor Ostrom, the authors show how property rights, prices, and voluntary self-governance solve problems that politics cannot, from fifteenth-century irrigators in Valencia to trout streams in Montana, to elephant herds in southern Africa, to charter schools in New Orleans. This thoroughly updated new edition also carries the analysis through the disastrous COVID-19 stimulus, the end of Chevron deference, and the Paris Agreement.

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Synopsis

Since the early twentieth century, economists have measured real markets against an imaginary ideal: perfect information, perfect competition, zero transaction costs. Unsurprisingly, they found them wanting. Whenever markets appeared to fall short, the remedy was assumed to be government: more regulation, more taxes and subsidies, more planning, more redistribution. Rarely did anyone ask whether government, staffed by *real people* facing *real incentives*, could actually do better.

Beyond Politics asks that rare but vitally important question.

Simmons and Thomas apply a simple rule of fairness that economists call behavioral symmetry: assume voters, politicians, bureaucrats, and interest groups are no more and no less self-interested than buyers and sellers. As it turns out, once politics is judged by the same standard as markets, the case for political solutions looks very different.

What incentives exist in government? Who wins and who loses? Do good intentions in government produce good results?

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About the Authors

The book unfolds in four parts. Part I lays out the orthodox case for intervention and the political assumptions hidden inside it. Part II applies public choice analysis to voting, interest groups, politicians, macroeconomic policy, bureaucracy, and redistribution. Part III turns to the institutions that make markets work—property rights, prices, profit and loss, and private assurance—as well as the economics of law. Part IV puts real markets and real government side by side in two extended case studies, education and the environment, before closing with a hopeful vision of what lies beyond politics.

Clear, engaging, and thought-provoking, ***Beyond Politics*** challenges readers to look beyond traditional political solutions and discover how decentralized human cooperation has long been the most powerful force for peace and prosperity.

De-Romanticizing Politics

When James Buchanan won the Nobel Prize in 1986, a journalist asked him to sum up public choice economics. His reported answer: "Don't let the fox guard the chicken coop."

Simmons and Thomas argue that economists and political scientists have been asking the wrong question for generations. Markets have been held to an ideal of perfect competition and perfect information, and every shortfall has been recorded as a "market failure." Government, meanwhile, has been treated as the obvious remedy, without anyone asking how real politicians, bureaucrats, and voters actually perform. Public choice insists on judging both by the same standard. It assumes that people do not change their nature when they move from the grocery store to the voting booth.

The results are sobering.

Because a single vote almost never decides an election, it is rational for voters to stay uninformed—what economist Anthony Downs of the Brookings Institution called "rational ignorance." And because a nearly worthless vote costs the voter nothing, people can afford to back policies that *feel* virtuous, even when they suspect (often rightly) that those policies will backfire. As economist Bryan Caplan puts it, "Like diners at an all-you-can-eat buffet, we should expect voters to 'stuff themselves' with moral rectitude."

But none of this, the authors stress, requires bad people in office: "Even a government and polity composed entirely of saints would produce results approximating those we currently get . . . unless the rules of the game were changed."

Concentrated Benefits, Dispersed Costs

If the ballot box is a weak tool for ordinary citizens, organized interests quickly learn it is a powerful one for them. In 2019–20, American Crystal Sugar, a cooperative of about 2,800 sugar beet farmers, gave $2.8 million to political campaigns. Their reward? A program that has kept U.S. sugar prices *near double* the world price since the early 1980s, at a total cost of $2.4 billion to $4 billion a year. But spread across every household, the bill comes to just $20 to $34 annually—too little for anyone to notice. Which is precisely the point. The mere blip on the radar is a feature, not a bug.

Indeed, this pattern repeats across thousands of laws. Between 1995 and 2021, 78 percent of farm

subsidies went to the wealthiest 10 percent of recipients. Economist Bruce Yandle's "Bootleggers and Baptists" theory explains why such laws endure: Moralists supply the public rationale while self-interested industries supply the quiet, devil-laden details.

For example, when Tennessee made it a crime for anyone but licensed funeral directors to sell caskets, a federal appeals court found the state's justifications came "close to striking us with the force of a five-week-old, unrefrigerated dead fish." The agencies that administer these programs face every incentive to grow; staffing at federal regulatory agencies rose from about 57,000 in 1960 to nearly 287,000 in 2020, while their budgets grew *sixteenfold*.

Property, Prices, and Self-Governance

Asked in 2004 where market forces should be limited, Nobel laureate Vernon Smith answered simply: "None." Markets, he explained, are about finding institutions that let people make good decisions "without anyone having to tell them what to do."

In this book, Simmons and Thomas show how. Property rights that are defined, defendable, and divestible give owners reasons to conserve and to weigh the wishes of others. When farmers in Niger were finally allowed to own the trees on their land, they stopped clearing saplings and began nurturing them, adding tree cover across some 7.4 million acres. Prices, as F. A. Hayek showed, carry knowledge no planner could ever collect—whether about a sudden scarcity of tin or a snowstorm that sends Uber's surge prices soaring and more drivers onto the road.

Even where formal ownership is hard to establish, people still find ways to cooperate. Elinor Ostrom, the 2009 Nobel laureate, documented self-governing communities such as the irrigators of Valencia, Spain. These irrigators have shared scarce water under their own rules for more than five centuries. Brand names, online ratings, warranties, and private certifiers do similar work for buyers facing unfamiliar sellers. Government mandates, by contrast, often backfire. In fact, a National Academy of Sciences report estimated that federal fuel-economy standards contribute to between 1,300 and 2,600 traffic deaths each year by pushing drivers into smaller, lighter cars—a reminder, the authors write, that "consumers should be cautious of their benefactor."

Real Markets vs. Real Government

The authors set real markets beside real government in two areas where intervention is usually taken for granted: education and environment.

On education, Baltimore spends some $17,000 per student per year, yet in 2021, a student who had passed just three classes in four years ranked 62nd in a class of 120. School choice, meanwhile, is surging in America and across the globe: A large voucher program in Colombia raised secondary-school completion rates by 15 to 20 percent, and post-Katrina New Orleans, rebuilt around charter schools, saw student test performance climb by 15 percentage points.

On the environment, the authors recount how Ronald Coase won over a room of skeptical Chicago economists—thirteen to none!—with the insight that the real problem is not pollution "spillovers," but missing property rights and high transaction costs. Where rights are clear and tradable, he argued, results follow. When sulfur dioxide permits became tradable, the cost of cutting emissions fell to as little as $150 a ton, far below official forecasts. Elephant populations rose more than 200 percent in southern African communities allowed to profit from wildlife, even as Kenya's fell by 75 percent. And Montana's instream water leases have protected nearly 800 miles of trout habitat. Asked whether his stream project was an example of "free market environmentalism," one Trout Unlimited lawyer replied, "I do not know what that is. All I know is that this is environmentalism that works."

Across seventeen chapters, the authors never lose sight of their larger purpose: not cynicism, but what they call "a kind of civic reformation." The problem, they argue, is rarely bad people in office; it is that "liberty gets run over by the tyranny of good intentions." The task ahead is "not to perfect the state, but to reweave the social fabric from the bottom up."

For those who suspect politics has promised more than it can deliver, ***Beyond Politics*** belongs on their shelf.

Praise for *Beyond Politics*

"*Beyond Politics* is a superb, thought-provoking, and penetrating book, analyzing the real, as opposed to the presumed, effects of government regulation. . . . The book deserves to be read by all serious students of public policy."

—**Sam Peltzman**, Ralph and Dorothy Keller Distinguished Service Professor of Economics Emeritus, University of Chicago

"Throughout the world, publics are looking for a new conception of government and its role. Happily, there is a whole new theory that fills the bill called 'public choice,' which is clearly and persuasively presented in the excellent book *Beyond Politics*."

—**Robert L. Bartley**, Pulitzer Prize winner and former editor, *The Wall Street Journal*

"There is a need for a public philosophy that would provide a framework for discussion of appropriate spheres for markets and government. . . . The seeds of such a public philosophy are to be found in this book."

—***American Political Science Review***

"*Beyond Politics* is a valuable analysis, making a cogent case for thoroughly rethinking what government should do. The book deserves wide reading."

—**John Engler**, former governor of Michigan

About the Authors



Randy T. Simmons is a senior fellow at the Independent Institute; professor emeritus of economics and former director of the Institute of Political Economy at Utah State University's Jon M. Huntsman School of Business; cofounder, president, and director of research of Strata Policy; senior fellow at the Property and Environment Research Center; and former mayor of Providence, Utah. He received his PhD in political science from the University of Oregon.



Diana W. Thomas is a senior fellow at the Independent Institute; professor of economics in the Heider College of Business at Creighton University; and coeditor of *The Independent Review: A Journal of Political Economy*, North American editor of *The Review of Austrian Economics*, and associate editor of *The Journal of Private Enterprise*. She received her PhD in economics from George Mason University, and she previously served as assistant professor of economics in the Jon M. Huntsman School of Business at Utah State University.

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