

## ***Shorter Notices***\*

**Douglass C. North.** *Understanding the Process of Economic Change*. Princeton, NJ: Princeton University Press. 2005. xi+187 pages. Hardback. Price not given.

The author develops an understanding of the process of economic change through a revolution in the economy. Economic performance depends on the kind and quality of institutions that support markets. It is argued that economic change depends largely on adaptive efficiency, a society's in creating institutions, and on the political economic feedback. The author further investigates the determinants of procedures evolving changes in rules and economies. The intentionality has been defined as the essential variable that exhibits the way it works as the product of social learning and how it affects the economy's institutional foundations that raises the capacity to adapt to changing circumstances. The book discusses the past institutional changes and the diverse performance of present-day economies. It specifically provides guidance to improving the performance of developing countries. The author tries to provide a comprehensive analysis on how the mind works, how we form beliefs and understanding about the world, and how societies solve or fail to solve the problems they face. He further stresses for probing into the human minds in understanding the knowledge acquired by individuals and societies that helps in improving the process of change. He has introduced new areas such as social psychology and cognitive science. The new book consists of two parts. The first part discusses the issues related to understanding economic change. The second part is devoted to highlighting the implication of an evolving human environment, pinpoints the sources order and disorder, and to get it right and/ or wrong with the practical example of the rise of the Western World, and the rise and fall of the Soviet Union. The main objective of the book is to understand the underlying process of change through human learning as we live in an uncertain and ever changing world. It would assist the readers in understanding the process of economic change.

**William M. Landes and Richard A. Posner.** *The Economic Structure of Intellectual Property Rights*. Cambridge, MA: Harvard University Press. 2003. vi+442 pages. Hardback. Price not given.

Discussion on the economics of intellectual property rights gained momentum in the last quarter of the twentieth century. The book is the first to review the whole landscape of the law of intellectual property from a functionalist perspective. The book provides a deeper insight to the readers interested in knowing about the pros and cons of intellectual property rights and relates issues in intellectual property rights with economic structure.

This book would be very beneficial in understanding how legal systems affect the development, protection, use, and profitability of this peculiar form of property. It reviews intellectual property from an economic perspective and examines the principles and doctrines of patent law, copy right law, and trade secret law.

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The book contains fifteen chapters. The authors discuss the economic theory of property and explain how to think about copyright. A formal model of copyright and basic copy right doctrines is thoroughly presented in this book. Other important issues elaborated here include the economics of trademark law, the optimal duration of copyrights and trademarks, the legal protection of postmodern art, moral rights and visual artists rights, the economics of patent law, the patent court, the economics of trade secrecy law, antitrust and intellectual property, and the political economy of intellectual property law. Trademark law is unique in scope, highly accessible, and greatly rewarding. This is a very fascinating and resourceful book.

**Ronald C. Griffin.** *Water Resource Economics: The Analysis of Scarcity, Policies, and Projects*. Cambridge, MA: The MIT Press. 2006. xv+402 pages. Hardback. Price not given.

The book “Water Resource Economics” is a very useful addition in the literature dealing with the water management analysis of scarcity, policies, and projects. It offers a comprehensive development of water resource economics to engineers, natural scientists, and economists. It provides a practical platform for understanding and performing economic analysis using both theoretical and empirical tools. Basic knowledge of mathematics and economics is a prerequisite for having a full grasp on the book. It can be used as a text book. The main focus of the book is on the scarcity of water quantity rather than water quality.

The author presents the economic theory of resource allocation including ground water depletion, institutional economics, water law, use of economics in policy and cost benefit analysis, the role of water marketing and water pricing, demand and supply estimation, privatisation, and modeling with demand and supply functions. It helps the readers with specific interests. References to recent literature are given for all of these topics. Each chapter contains a summary and exercises. Mathematical software is used in the most of the calculations and the emphasis is on the graphical representation of economic theory. The book reviews the major water economic issues very comprehensively. The author provides an accurate conceptual basis for economics and water resource economics, simultaneously. Topics covered in the book include optimal allocation and development, efficiency in a dynamic world, economics of social and legal institutions, policy analysis, cost benefit analysis, water marketing, water pricing and demand analysis, supply analysis, modeling with demand and supply, and the water challenge.

**Amihai Glazer and Lawrence S. Rothenberg.** *Why Government Succeeds and Why it Fails*. Cambridge, MA: Harvard University Press. 2005. xii+204 pages. Paperback. Price not given.

The book tries to answer the very interesting question why governments succeed in performing some ambitious goals while at the same time failing to implement policies in the favour of the poor. The author emphasises that a policy succeeds only, if the government officials want a programme to attain its stated goals. He argues that interest groups mould policy in a way that defeat the purpose of the programme originally proposed. The book fills the gap in the analysis of public policy by bringing economic

behaviour to the forefront. It addresses our basic concern regarding the functioning of the government by stepping back from a political mechanism assuming idealised political state where forward-looking politicians in a democracy attempt to realise, rather than undermine policy objectives.

The book contains both theoretical material and detailed empirical analysis about what governments can accomplish. More emphasis is given to policies concerning the macroeconomics to promote employment and growth, redistribution to transfer income and wealth among persons, production to manufacture goods or to supply services or to buy them, and regulation to direct the specific behaviour of firms or individuals. The authors investigate the policy effects that alternative institutional arrangements may have on government outputs. This book thoroughly develops the thinking of scholars and practitioners in searching what problems are amenable to government intervention and through what means and how economics and politics fit together. In the end of the book five lessons are drawn on what governments can do on the basis of the literature investigated. Firstly, government manipulation of a small fraction of firms or persons may lead to effective policy. Secondly, the possibility of failure may promote success. Thirdly, policy can benefit from ignorance. Fourthly, inefficiency may be efficient. Finally, weak institutions may be powerful.

**Kenneth E. Train.** *Optimal Regulation: The Economic Theory of Natural Monopoly*. Cambridge, MA: The MIT Press. 2001. xiv+338 pages. Hardback. Price not given.

In the previous decade the topic of optimal regulation has emerged as a fairly unified body of thought with commonly accepted objectives and approaches. Regulatory mechanism induces firms to produce the optimal output with the optimal inputs. The book addresses the important issue of regulatory economics. It presents the extensive theoretical literature on what constitutes optimality and what regulatory mechanism can be used to achieve it. All the technical aspects have been elaborated graphically with clear explanations. It presents the synthesis of twenty years of theory on regulation of natural monopoly very clearly. It is an excellent contribution to the literature. It discusses forward-looking theory and contains many useful applications of the theory without involving a complicated technical apparatus and provides a comparable structure to the study of regulation.

The book contains ten chapters. The topics covered in this book include economic rationale of regulations, rate of return regulation, regularity mechanism, uncertainty, Ramsey Prices, Vogelsang-Finsinger Mechanism, surplus subsidy schemes, multipart tariffs, time-of-use price and Riordan's Mechanism, self-selecting tariffs and Sibley's mechanism, and optimality without regulations.

**Mark Armstrong, Simon Cowan, and John Vickers.** *Regulatory Reform: Economic Analysis and British Experience*. Cambridge, MA: The MIT Press. 1994. x+392 pages. Paperback. Price not given.

Regulatory reforms are the need of the day in this century. Many of these reforms are the outcome of privatisation. The authors of the book have provided a guideline to industrial policy-makers to regulate firms with market power. It presents an analytical framework and discusses the main issues in the regulatory reform in the context of the British experience in four utility industries. These industries have been restructured, markets have been liberalised, and new regulatory methods and institutions have been created. This analysis would also be beneficial, in general, to solving the variety of issues relating to monopolistic and anti competitive industries in the world.

The book consists of two parts containing five chapters in each part. The first part presents an accessible and insightful analysis of the policy implications of recent theoretical work on optimal regulatory institutions and policies. It provides a comprehensive description on monopoly regulation using static analysis, discusses multi-product and dynamic issues, elaborates competition and liberalisation, and emphasises on the importance of vertically related markets. The second part of the book is concerned with application of rules and regulations described in the previous part in analysing the U. K. experience with price cap regulation in general and the post privatisation developments in telecommunications, gas, electricity, and water supply. The book provides a useful insight to policy makers concerned with the industry and to those interested in the price cap regulation, the regulatory institutions, and policies.

**Nicholas Barr (ed).** *The Labour Market and Social Policy in Central and Eastern Europe: the Accession and Beyond*. Cambridge, MA: Harvard University Press. 2005. iii+267 pages. Paperback, Price not given.

The book is a collection of articles on the labour market and social policies in Central and Eastern Europe by renowned authors. The book covers large parts of social policy over the period from pre-transition to post-accession. This was the period of emerging unemployment, rising poverty, and increased uncertainty. It provides linkages between the different parts of social policy and explains the historical range of the reforms. The experience of Central and Eastern Europe is unique. It provides an evidence of great success in demolishing the Communist system and building a market economy. The author strongly stresses the importance of social policy and is open about the great debates facing Europe and discusses how social policy institutions be designed. The basic challenge is to find the right path forward between the past and future in order to attain social change.

The book consists of seven chapters. It provides the logic of transition, the process of accession, and beyond accession in all the chapters. It also discusses the course of transition that includes from output collapse to recovery, institutional developments, and living standards and poverty. Topics on labour markets, social safety nets, pensions, health care, and education and training are also discussed in detail in different chapters. A brief description of authors of each chapter in the book is given at the start of the book. Each chapter also contains the recent references in the end. The analysis in the book is based on statistical evidence supported by recent data. The book will benefit the readers interested in social policy, regarding the process of post-communist transition, in EU accession, and in future social policy challenges for a wider Europe.