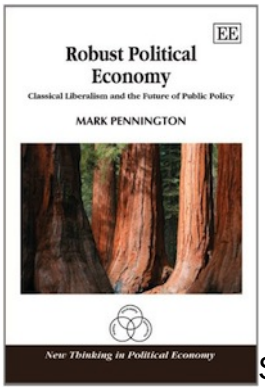
Robust Political Economy [1]

Written by **Tom Clougherty** [2] | Friday 11 February 2011



Sam has already mentioned Mark Pennington?s new book, *Robust Political Economy ? Classical Liberalism and the Future of Public Policy*, describing it as ?required reading?. I?d like to add my own endorsement: this is an excellent book.

For those of you who didn?t see Sam?s piece, Mark sets out to do two things in *Robust Political Economy*. First, he seeks to defend classical liberalism against the charges most commonly levelled at it: that it depends on unrealistic assumptions about rationality and ?efficient markets?, that it fails to appreciate the importance of community, and that it is oblivious to concerns about social justice and inequality.

Mark does this extremely well, drawing on Austrian and Public Choice economics to show that spontaneous, liberal orders are best placed to cope with bounded rationality and imperfect knowledge, that they are most likely to encourage human flourishing, and that they provide the best defence against abusive authority. Hayek would be proud.

In second part of the book, Mark goes on to apply his classical liberal principles to a variety of real-world public policy issues: the welfare state, international development, and environmental protection. Here, Mark talks convincingly about how liberalism can be advanced in practice, noting the inevitable tension between ?evolutionary? and ?constructivist? approaches to reform.

In domestic policy, do we just open public services to competition, use tax breaks to encourage people to go private, and hope that the state will ?wither away?? Or are we so far from where we want to be that liberalization must be an exercise in ?institutional design??

The answer, Mark says, is that it depends on the circumstances. Classical liberal political economy tells us a great deal about the institutional framework we are aiming for, but rather less about the processes and mechanisms that can be employed to bring it about. Mark doesn?t provide easy answers or shirk big questions, and his *Robust Political Economy* is sophisticated enough to recognise the crucial importance of events, opportunities and political judgements.

Of course, coming up with those processes and mechanisms that move us towards classical liberalism is a big part of what the Adam Smith Institute is about. Mark Pennington?s *Robust Political Economy* is a welcome, refreshing, and stimulating contribution to the field.

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