

**Kenneth M. Davidson, Reality Ignored: How Milton Friedman and Chicago Economics Undermined American Institutions and Endangered the Global Economy ISBN -13:978-1456391867 (2011)**

**Kenneth Davidson, a former law professor and senior official with the Federal Trade Commission, has written a personal and passionate analysis of the causes of consequences of blindly following a theory when it increasingly ignores the reality of a complex global economy. His target is Chicago School of Law and Economics, its focus on price theory, its unwavering assumptions of rational producers and consumers, and its long term effects on antitrust law, public policy, and much more.**

**He begins with the rise of the Chicago School and its evolution from a 1930s concern with concentrations of private economic power to its later concern almost exclusively about the power of government. Davidson analyzes and critiques the work of both George Stigler and Milton Friedman as the most influential proponents of these views.**

**He then turns to the Chicago School in action, first in antitrust, and then in broader public policy arenas. Key intellectual and political events are interwoven as the rise of the Chicago School narrows the law, policy, and enforcement of the Sherman and Clayton Act as to price discrimination, mergers, vertical restraints, and monopolization.**

**Davidson then expands his lens to look at the effect of Chicago School market fundamentalism on a broad array of public policy questions. The central theme is the relentless belief in the perfection and self-regulating nature of markets despite massive evidence to the contrary in the real world. Davidson examines important and timely issues from deregulation, corporate governance, labor policy, privatization, macroeconomic growth, monetary policy, and the ongoing financial crisis.**

**Davidson brings to bear a wonderful range of erudition from history, all strains of economics, psychology, business theory, and more to bring home his thesis that theories are only as good as their descriptions and predictions about facts on the ground. He is deeply critical about the Chicago School but not markets, which he applauds as great creators of prosperity. Davidson emphasizes the need for a more vibrant role for government to support and regulate the free market than most Chicago school theorists have been willing to assume or tolerate. He vigorously and persuasively argues that this failing has led to our great detriment in the real world.**

**Spencer Weber Waller  
Loyola University Chicago School of Law**