resulting therefrom. Nevertheless, very diverse industries were examined: railways and electricity, which in all countries were faced with enormous restructuring; coal and steel, which already before privatisation belonged to the losers in the structural change taking place in the economy as a whole; water and gas, which, because of their social significance, were subject to very specific regulation; or the innovative and dynamic telecommunications sector. In particular, the new regulatory policy introduced with privatisation had also influenced considerably and in varying ways the performance of individual industries and the effects of privatisation. In view of these problems, one can, however, ascertain that in this work by Florio we have an excellent micro and macroeconomic analysis of British privatisation policy. The results show that the plain and simple liberal or neoclassical way of looking at public and private enterprises, which amounts to an unshakeable belief in the blessing of clearly-defined, private property rights or ownership, is not applicable. Things are more complicated; the institutional arrangements concerning property rights and contracts, politics and business economics, private enterprises and public supervision or regulation etc. can scarcely be adequately comprehended by the theory. Florio shows that productivity and profitability are two shoes that do not necessarily form a pair, that the simple change of the form of ownership does not automatically lead to positive results. Enterprises which offer public services cannot be run exclusively with an eye to a reduction in costs and a maximisation of profits. The final judgement of the book will probably be of only limited surprise to the critical contemporary who has followed in recent years the decline of a large part of the public services in Great Britain. Hitherto, one could not find the results of privatisation so systematically understood and presented.

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Macroeconomics was once one of the most controversial fields in economics. There were sharp conflicts of macroeconomic views between the neoclassical school and the Keynesian school, and disputes between the two schools not only developed theories of macroeconomics further but also provided many new insights into the complex macroeconomy. Recently, however, it has been implicitly agreed by most economists that macroeconomic theory must be
constructed on the basis of a microeconomic foundation. As a result, the former conflict now reduces to the small-scale argument about whether imperfections of the market mechanism should be introduced into macroeconomic models such as price rigidities, imperfect competition and so on. On the other hand, some schools, such as post-Keynesian, post-Kaleckian and so forth which do not necessarily think much of the microeconomic foundation, are branded a heresy, and there is even little opportunity to learn theories presented by them. Taylor’s book is written from the viewpoint of such schools, named “structuralist” by the author in order to criticize mainstream macroeconomics and also to provide the basic theories of a structuralist approach.

This book has two main goals. The first task is to provide a historical perspective of the current situation of macroeconomics. Various views of different schools on the relationship between cost and price, the effects of money on the economy, the determination of the interest rate and exchange rate, and the mechanism of the economic development are concisely summarized and criticized from a structuralist perspective. By reading this survey the readers can recognize that there are substitutional theories for the mainstream macroeconomics and accordingly can widen their vision of macroeconomics.

The second and more important purpose of this book is to present basic theories from the structuralist approach. The main characteristic of these theories is that they are based upon the Keynes-Kalecki principle of effective demand and reject the presumption of full employment of labor and capital, namely Say’s law. The basic frameworks are presented in chap. 4, and causal relationships among economic variables in basic models are investigated in detail in chap. 5. Furthermore, the basic frameworks are extended in various ways in the following chapters, for example, the analysis which relates the dynamics of income distribution to the determination of effective demand and the effectiveness of fiscal and monetary policy, a theory of endogenous money supply, the level of which is determined by the lending behavior of the banking sector, the dynamics of the capital-debt ratio in the case where the determination of business investment depends on the confidence of the entrepreneur, and so on. Most discussions are constructed under different presumptions from those of mainstream macroeconomics, so both the angles of the analysis and derived conclusions are new for those who learn mainstream macroeconomics only. Besides, since most of the models are based upon explicit social account with realistic behavioral assumptions, it may be relatively easy to accept them intuitively, in comparison with the models of neoclassical macroeconomics which often make unrealistic assumptions such as representative agent, rational expectations, and so on.