participants, it considers markets where parties compete in contracts rather
than prices.

To summarize, this book offers an excellent overview of the vast field of
contract theory. It is aimed at a somewhat more advanced readership and
represents an excellent teaching tool for the PhD level and any ambitious
master programme. Also active researchers will find this book extremely
helpful for its overview, interpretation, and references (latest references date
to 2004). I am confident the book becomes a classic in economic theory and
will promote future interest and research in contract theory.

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From the seminal works of Arrow and Kurz (1970), Aschauer (1989), and
Barro (1990) to the most recent empirical works devoted to developing
countries (Easterly and Serven, 2004), the issue of whether government
capital is productive has received a great deal of attention. As scheduled in
one of the first surveys on this subject (Gramlich, 1994), the number of
empirical and theoretical articles or books seems to follow a "speculative
bubble". For instance, if you use the keywords "Public Capital" in Econlinit,
you will obtain at least 388 bibliographic references (books or articles)
published only after 1990. So, one is highly curious to see how the dynamic
macroeconomic effects of public capital could possibly be treated originally
and systematically in a book of 238 pages. This book does not disappoint for
many reasons. In particular, the work of Kamps leads to three original and
nice developments on the subject which could be summarized as follows: a
new set of data of public capital stocks for OECD countries, new results on
the dynamic effects of public capital based on an original structural VAR
approach and an extension of the dynamic general equilibrium model of
Baxter and King (1993). In addition to that, the text is particularly clear and
the econometric methodologies used are precisely detailed.

The book is divided in three chapters. The aim of the first chapter is mainly
to provide new estimates of Government net capital stocks for 22 OECD
countries over the period 1960–2001. In my opinion, this new database is one
of the main achievements of this book. Indeed, if there are more than 100
empirical papers devoted to the measure of the effects of public capital stocks
on the private investments, the total factor productivity, the growth etc. (see
Sturm, 1998 for a survey on the topic) there are very few databases on the public capital stocks, and for many OECD countries these data do not exist. The only great exception is the case of the United States for which very long and very detailed (in ten great categories of assets) series of stocks are available in the database of the Bureau of Economic Analysis\(^3\). For other countries, even when these data exist, they come from national sources and the definitions used are generally not homogeneous. These problems of availability and comparability are even worse when one considers the case of developing countries. Thus, to the best of our knowledge, no internationally comparable database on the public capital stocks was available before the work done by C. Kamps\(^4\). That is why, for instance, most researchers employing the VAR approach to measure the effects of public capital have used data of public investments (which are more largely available) instead of data on the stocks. In others cases, some attempts to estimate series of stocks for particular countries were done (Sturm and De Haan, 1995 for the Netherlands; Ford and Poret, 1991, for France and Japan; Berndt and Hansson, 1992, for Sweden etc.), but in these cases the definition used varies according to the availability of the data of public investments and the definition of the public sector (with or without the public firms). This problem was so evident that it was already evoked in Gramlich (1994). As quoted by C. Kamps,

\begin{quote}
"most authors employ data in their analysis which are generally chosen on the ground of their availability, without analyzing whether their conclusions are sensitive to the concept of public capital stock, but also to the way the capital stock has been constructed" (Sturm, De Haan and Kupper, 1998, p. 382).
\end{quote}

In this context, Kamps proposes new estimates of the net capital stocks for 22 countries based on a homogenous definition of public investments and the use of the perpetual inventory method (PIM). The methodology of estimation is very precisely exposed in this chapter and the discussion on the major drawbacks of the PIM (i.e., the assumptions on the initial stocks, the depreciation method and the depreciation rate) is very detailed. In particular, Kamps proposes to use a time varying depreciation profile which allows taking into account the changes in the composition of the public investments.


\(^4\) One exception is the database Flows and Stocks of Fixed Capital, OECD (1997). But the series are generally very short and not available for many major OECD countries.