

a favourable impact on income distribution in Chile, since in the recent plebiscite held there, the majority of Chileans showed their disapproval for Augusto Pinochet, under whose regime privatization has been carried out rather intensively. Other than for this lack of discussion on what I regard as an important social issue, this book has much to recommend.

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***Selling the State: Privatization in Britain.* Cento Valjanovski, with the assistance of Mark Bentley. London: Weidenfeld and Nicolson, 1987.**

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The most well-known and far-reaching programme of privatization has been that of Britain. Privatization has not only changed the corporate landscape in Britain but the effects have spilled over its borders to influence privatization policy in other countries as well. *Selling the State* is a reasoned and balanced account of the history, politics, and economics of privatization in Britain that sounds a few cautionary notes about uncritically accepting privatization as a panacea for all economic ills.

There are two aspects to this book. First, it is a readable account of the history of privatization in Britain. On entering its first term in 1979, the Conservative Party began privatization in a tentative manner, usually through partial sale of assets with the government retaining just less than 50 per cent of ownership. With the programme receiving an initially unexpected favourable political response, the party accelerated its sales, culminating in the sale of British Telecom in 1984 and British Gas in 1986. Until exceeded by the sale of Nippon Telephone and Telegraph by the Japanese Government, the British Gas sale with gross receipts of over £5 billion, was the biggest equity issue in the financial history of the world. By the beginning of

1987, the Thatcher government had privatized twelve major companies and a larger number of smaller ones. In doing so, it had transferred 20 per cent of the state sector and over 400,000 jobs to the private sector. It had also raised over £12 billion and had more than doubled the number of shareholders in Britain. As the Thatcher government continues to dominate the political scene in Britain, the privatization process looks set to continue.

While the privatization programme is generally seen as a success, both politically and economically, there have been criticisms relating to the costs involved in selling the companies through the stock exchange, and in the case of the utilities, the failure to create the more competitive environment seen as necessary to improve efficiency. On the crucial efficiency question, not enough time has elapsed to allow for meaningful judgements. On available evidence, however, there has not been much difference in post-sale performance compared to pre-sale.

The second aspect of the book which should prove of more general interest is the author's lucid treatment of the theoretical political and economic issues underlying privatization policies. This includes discussions of the ideological basis of the New Right, the role of property rights in a market economy, and the economics of regulation. The latter — the linkage between privatization and the demand for more cost-conscious regulation — is too often overlooked in debates on privatization. In sum, as the author points out, "privatization is a complex process which takes place both in the commercial market and in the political market place. If one is to understand the process and consequences of privatization, and even more daringly to comment on its desirability while wearing the mantle of 'expert', one must examine the political and institutional context on an equal footing to the purely economic aspects".

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