be a qualified 'sometimes'. Chapters 7 and 8 are contributed by Thomas Sargent and Albert Ando. Both authors are concerned in very different ways with the conflict between US monetary and fiscal policy. From their different perspectives each agreed that, as of the conference date, US monetary and fiscal policy were inconsistent in the long run. Two years on, this judgement is still being tested. Myopia may again be at work. The capacity of the US economy to absorb interest-bearing government debt may be limited, but the capacity of the world as a whole to absorb this debt is, presumably, a good deal larger. Ando refers to this point only briefly; Sargent not at all.

There is an interesting dichotomy in the conference which was, presumably, intended: it may well have helped to produce an outcome which, perhaps, was not intended; though participants were certainly aware of its emergence, as witnessed by the comments of Hidekazu Eguchi and Yoshio Suzuki in their introduction. The dichotomy is that the papers were all presented by academics while the discussants were all (at the time) on the staff of one or other of the participating central banks. As Stephen Axilrod comments, a discussant has the liberty to take refuge in critical or negative comment; he might have added that central bank discussants have the additional resource of referring to their own country's experience as not conforming to the theory advanced in the previous paper. I do not intend this as my own negative comment. To me, the striking feature of the volume is the contrast between the confidence of the (academic) papers and the caution of the (central bank) discussants. The contrast goes well beyond what might be expected when theorists and practitioners meet. This is well brought out in Shinkai's excellent (academic!) summing up. Where do economists stand on the key monetary policy problems of our times? Apart from agreeing on the incompatibility of US monetary and fiscal policy, we seem to stand in a great many different places at once. Certainly, this volume reveals continuing disagreement on fundamental issues and it stands more as a statement of this disagreement than as a mark of the undoubted progress which has been made in understanding monetary policy problems in the post-Bretton Woods era.

This is an interesting volume but, as with many such collections, its value appears to be mostly in the conference discussion itself and not in the long-term contribution of the papers to posterity. Though each paper is interesting and carefully researched, none looks to me like a fundamental contribution or review which will be 'required reading' in the next few years.

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Comparative National Balance Sheets. A Study of Twenty Countries, 1688–1978. By RAYMOND W. GOLDSMITH. (Chicago and London: The University of Chicago Press, 1985. Pp. xvii + 353, £46.50 hardback.)

Since his pioneer work on the national and sector balance sheets of the United States in the late 1950s and early 1960s Raymond Goldsmith has extended his field of research geographically, by compiling estimates for a number of developed, less developed and centrally planned economies, and historically, by carrying his estimates as far back in time as statistics and the sketchy estimates of others allow. The thread running through this work is the desire to illuminate the study of the structure of financial systems, the development of the structure, and the relationship between the financial superstructure and economic growth. These are not, alas, heavily populated fields of research, but all who work in them owe an immeasurable debt of gratitude to Goldsmith, the daddy of us all.

The present volume provides national balance sheets for twenty countries, of which two are less developed and three centrally planned, extending over a number of years, although not quite so far back in time as the subtitle of the book implies. There is a solitary estimate for 1688 (that based on Gregory King's work for Great Britain), and the estimates for years before 1850 are limited to those for Great Britain, the United States and France. After 1850 national balance sheets are provided for years close to ten benchmark dates up to 1978. There are eleven countries with a full quota of balance sheets from 1850 to 1875 onwards, but there are also seven countries without figures before 1950 or 1960.

Sector balance sheets have been estimated only for six large countries in the post-war period, and the main tables consist of national balance sheets, showing tangible, financial and foreign assets; the tangible assets are subdivided into eight subclassifications and the financial assets into nine. The main part of the discussion is of various ratios within these national balance sheets, exposing changes in the structure of the financial systems of individual countries and making comparisons between them. The difficulties, both conceptual and statistical, involved in such comparisons between countries and in the construction of a national balance sheet for any country are carefully examined in a separate chapter.

There is a somewhat unexpected introduction to the book in the form of the construction of a balance sheet for the whole world, a planetary balance sheet, for the two years 1950 and 1978. The validity of such a compilation depends greatly on the weights employed to combine the national balance sheets of the countries in the sample, but the author is able to show that alternative methods of weighting do not greatly affect the results. Such a combined balance sheet of all countries is mainly of use to provide a summary introduction, but there is considerably more interest in the results of its breakdown into combined balance sheets for market economies and centrally planned economies, each subdivided into developed and less developed. For the developed market economies the aggregation of national balance sheets can be carried back to 1850 for eight countries and to 1950 for fifteen countries. The similarities in the national balance sheet structures of these two groups of countries for any one benchmark year are demonstrated by calculating the coefficients of variation.

The author excuses the mainly descriptive character of his study by the fact that no theory of national balance sheet structure has yet been proposed. He need not apologise because it is his research that points us in the right direction to achieve this; when a unifying theory of financial structure is advanced, it will be derived from the many generalisations that can be made from this and other research that he has carried out over the years. The decisive step is as likely to come inductively from the growing volume of statistical information that we now have as deductively from the general corpus of economic theory. It is good news that France, the United Kingdom and Japan now have official estimates of national and sector balance sheets, and that they can be derived from official flow-of-funds statistics and estimates of the reproducible capital stock for Germany, Norway, Sweden and the United States.

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Public Choice, Public Finance and Public Policy. Essays in Honour of Alan Peacock. Edited by DAVID GREENAWAY and G. K. SHAW. (Oxford: Basil Blackwell, 1985. Pp. xi+219. £22.50 hardback.)

Whilst I am sure he would have liked a piece on the economics of broadcasting in Britain, Alan Peacock should get much pleasure from this Festschrift. There are twelve papers on mainly applied economic issues in public finance, bureaucracy, forced loans, marginal cost pricing, poverty, the arts, education, and related areas as well as a foreword by the editors and a preface by Jack Wiseman.

Richard Musgrave looks at the role which income redistribution has played, from Locke onwards, in public finance. Much would appear to date from Bentham and the utilitarians but Musgrave is focusing on the theory of fiscal policy and it would be interesting to trace the extent to which the stress by Locke on man's entitlement to his earnings and that by Smith on the virtue of self-interest are mirrored in the actual incidence of public services and taxes in these earlier centuries. Such redistribution, in modern Britain, has taken place in the context of a poverty line which is determined relative to other income groups. Thomas Wilson brings out the full administrative nightmare of a Ministry dealing with both taxes and benefits, which many of us have often blithely advocated. Whatever happens on that score, however, says Wilson, will be dwarfed, in the context of the size of the welfare state, by questions concerning the indexation of state support and the maintenance thereby of some relative dimensions to the poverty line. Lest we fall too much into the trap of focusing on conventional GNP categories there is a nice corrective by Alan Williams. It starts by setting out clearly his conception of the purpose of public intervention, that of enhancing the length and quality of life. It then proceeds to show that the new informal care systems for the elderly look cheaper than the standard official care systems only when one ignores that some 'carers' would otherwise often have worked and that there are other real costs from the drop in household production, the rise in heating bills and the general change in the quality and length of the carers' lives.

Baumol's disease is reviewed by the Baumols, correcting some misapprehensions and making the point that whilst the technology of the performing arts cannot change much, the product range can change and during the last thirty