Abbey National, 31
Accounting Standards Board, 289
Agency, 59–62
Aggregation, xiii, 72
AS-AD framework and, 84, 86–87, 372n2
British Telecom and, 325–331
downsizing and, 180
inflation and, 97
macroeconomics and, 83, 85
multiproduct firms and, 113
prices and, 213–219, 304–306
productivity and, 92, 113, 119–126
welfare and, 325–340
Alchian, A. A., 49
Allende, Salvador, 26
Annual General Meeting, 161
Anti-Corn League, 4
Antitrust laws, 6
AS-AD framework, 84, 86, 87, 372n2
ATT, 298
Atkinson, A., 48
Attlee government, 3, 17–20
Austrian approach, 57–59
Aylen, J., 117–118
Bank Charter Act, 4
Bank of England, 1
Barzel, Y., 51
Beesley, M. E., 298
Benchmark index, 152, 154–155, 169
Benn, Tony, 300
Bentham, Jeremy, 1
Bergson-Samuelson welfare function, 74
Berlin, I., 28
Bertero, E., 295
Beveridge Report, 1
Bishop, M., 116, 127, 196, 303
Blair, Tony, 14, 271, 289
Boiteux, M., 64
Bonds, 85–86
Börs, D., 60, 73, 372
Boussofiane, A., 127
Boyfield, K., 148–149
Boyland, O., 252
Braddon, D., 28, 276–277
Brau, R., 248–249
Bridgeman Committee, 299
Britain, 133. See also Privatization
divestiture size of, 341
Florence on, 1–2
foreign investment and, 144
hostile takeovers and, 160–161
increased capital stock of, 146
individualism and, 4–6
macroeconomic approach and, 83–109
nationalization and, 14–28, 163, 366, 368
old empire’s decline and, 9–12
popular capitalism and, 138–139
public debt of, 352–353
public expenditure data and, 34–36
purchasing-power-parity and, 90
Sterling levels and, 180
Supplementary Income Support and, 184
tender sales and, 163
unemployment rate of, 183
unions and, 181–182 (see also Labor)
World War II and, 16–17
British Aerospace, 27
British Airways, 117, 121, 143
British Gas, 19. See also Utilities
British Nuclear Fuels, 197–198
British Rail. See Transportation
British Shipbuilding, 27
British Social Attitude Survey, 37
British Steel, 24, 117–118, 121–122
British Telecom, 140, 143, 252–253
aggregation and, 325–331
AT&T and, 298
consumers and, 247, 327–328, 334–337
data sources for, 306–307
downsizing and, 189, 191–192
duopoly of, 298, 300
historical background of, 299–301
investment and, 321–322
Mitel Corporation and, 309
NEDO index and, 301
OFTEL and, 231, 297, 300–301, 306, 312–313, 340
output and, 301–304, 310–312, 331–332
performance analysis of, 331–340
Post Office and, 299
productivity and, 301–304, 333–340
property rights theory and, 332
public corporations and, 22–38
quality issues and, 245
research and development, 321–322
ROS ratio and, 325
RPI and, 300–301, 304, 312–314
self-financing ratio and, 297–298
services of, 306–310
shocks and, 342–343
tariffs and, 314–319, 331
taxes and, 322–325, 329–330, 337
Telecommunications Act and, 300
trunk service and, 299
turnover and, 307–310
welfare effects and, 325–340
Britoil, 27
Brown, W., 180
Bubble Act, 4
Buchanan, J., 45
Budget Report (H.M. Treasury), 295
Budgets
macroeconomic approach and, 75
microeconomic approach and, 77–81
public-finance welfare approach and, 75–77
time-discounted, 70–72
Buiter, W. H., 295, 373n4
Bunn, D., 376n5
Burk, K., 24
Burns, P., 125
Business
antitrust laws and, 6
Austrian approach and, 57–59
British Telecom and, 301 (see also British Telecom)
Corn Laws and, 4
corporate governance and, 52–54, 158–162, 166–168
divestiture and, 24–38 (see also Divestiture; Privatization)
efficiency effects and, 68–69
industrialism and, 4–6
industrial relations and, 23–24, 181, 196–198
insurance companies, 142
international, 114–115
labors and, 7–8, 344–346 (see also Labor)
Martin-Parker study and, 128–130
missing shock and, 342–344, 359, 361–362
municipal corporations and, 6–10
nationalization and, 17–24
NERA report and, 280–287
outsourcing and, 206–207
productivity and, 116–126 (see also Productivity)
property rights and, 49–52
public choice and, 54–57
quality issues and, 244–246
reference price and, 209
RPI and, 223–224, 300–301, 304, 312–314
short-/long-term performance analysis, 168–178
tariffs and, 254–255, 314–319, 331, 351, 380n7
taxes and, 269–275 (see also Taxes)
tender sales and, 165
water industry study and, 198–201
Cadbury Report, 158
Callaghan, John, 28
Cambridge, 26
Capital
British Telecom and, 321–322
buyout and, 203–204
NEDO index and, 126–128
Private Finance Initiative and, 288–290
productivity and, 114, 126–128, 130, 132
public-sector net worth and, 265–267, 272, 275–280
shareholders and, 138 (see also Shareholders)
Sterling levels and, 180
taxes and, 265–266, 271 (see also Taxes)
underpriced stock and, 138
Capitalism, 1–2
  corporate governance and, 166–167
  popular, 37–38, 138–139, 142, 346–348
  pre–World War I, 9
shareholders and, 346–348
  Thatcher and, 6
  transportation and, 7
Cash flow
NERA report and, 280–287
  profit measurement by, 111
Cave, M., 168, 244, 262, 287
Cawthron, I., 154–155
Central Electricity Generating Board (CEGB), 117, 256, 258
  abolishment of, 222
prices and, 217
  productivity and, 121–126
Centre for Policy Studies (CPS), 27
Chadwick, Edwin, 6–7
Chandler, Alfred, 13
Channel Tunnel, 292
Chartism, 11
Chennells, L., 287
Chester, M., 17
Children, 184
Chile, 26
Churchill, Winston, 12–13
Clause IV, 14–17
Closed-shop systems, 181
Coal miners strike, 196–197
Coase, R. H., 49
Cointegration, 99–102, 107–109
Collective bargaining, 181–182
Collectivism, 6
Combined cycle gas turbines (CCGTs), 224–225
Conservative Party, 1, 3, 12–13, 17
  Austrian approach and, 57
  divestiture and, 24–38
IPOs and, 141
  labor market changes and, 95–96
  nationalization and, 17–24
  productivity and, 120
  shareholders and, 141, 144, 167
  special share issuing and, 144
taxes and, 270
  unions and, 197
Consumers
British Telecom and, 327–328, 334–335
  information access and, 242–244, 260–261
National Consumer Council and, 246
  perceptions of, 242–244
prices and, 236–242, 348–352 (see also Prices)
  protection for, 246–248
  quality issues and, 244–246
  reference price and, 209
  welfare changes and, 248–254
Cook, Thomas, 24
Corn Laws, 4
Corporate governance
  privatization theories and, 52–54
  shareholders and, 158–162, 166–168
Cost-benefit analysis, 63–67
Costs
Annual General Meeting, 161
AS-AD framework and, 84, 86
Austrian approach and, 57–59
British Telecom and, 306–307, 311–312, 319–320
downsizing and, 118–119
efficiency and, 179
K factor and, 220–221
  marginal, 64–67
  microeconomic welfare approach and, 77–81
NERA report and, 280–287
  opportunity, 266
  pass-through mechanisms and, 228
  principal-agent approach and, 59–62
  production, 116–119
  profit measurement and, 111–114
  property rights and, 49–52
  public-sector net worth and, 265–267, 272, 275–280
tender sales and, 163
  transaction, 147–148, 162–163, 203
underpricing and, 148–153
Cox, A., 118
Cragg, M., 159–160
Crosland, Anthony, 26
Curwen, P., 140
Deakin, S., 180
Demutualization, 31
Denationalization. See Privatization
Dessy, O., 194
Diamond, P., 68–69, 71, 76
Dicey, A. J., 2, 6
Dickey-Fuller test, 107
Disability, 183
Discount rates, 85
unemployment rate of, 183
Exchange rates, 88
External financial limits (EFLs), 281

Fabian movement, 1, 11, 14–15
Factory Act, 8
Fair Wages Act, 182
Family Expenditure Survey (FES), 236
Farrell, M. J., 125
Fascists, 14
Ferguson, P., 115
Financial services industry, 181
Financial Times All-Shares (FTA) Index, 152, 154–155, 163, 169
Firms. See Business
Foreman-Peck, J., 23, 29, 115–119, 301
Foster, D., 28, 276–277
France, 161, 337, 340
Franks, J., 161
Fuel poverty, 238–240
Full Monty, The, 184
Fund managers, 167
Future of Socialism, The (Crosland), 26

G7 countries, 91
Galal, A., 29, 258, 325–327, 330
Gallup poll, 243–244
Gaved, M., 145, 161
General Household Survey, 142–143
General Post Office, 299–300
General Theory of Employment, Interest and Money (Keynes), 1, 14
George, David Lloyd, 2
Germany, 14, 161, 337, 340
Gini index, 75, 152, 183
Glaister, S., 245
Gold standard, 12
Goodman, M., 145, 161
Government. See also Politics
annual deficits and, 271
borrowing reduction and, 271
Clause IV and, 14–17
corporate governance and, 52–54
debt reduction and, 271–272
equity swaps and, 85–86
essential services and, 13–14
interference by, 23–24
investment influence of, 22
laissez-faire policy, 1, 6, 14
lump-sum subsidies and, 260
microeconomic approach and, 77–81
mistrust of, 368–369
NERA report and, 280–287
old empire’s decline and, 9–12
optimum size for, 45–46
prices and, 84–88, 260
principal-agent approach and, 61
Private Finance Initiative and, 288–290
proceeds use and, 85, 89
public-debt redemption and, 85–86
public-finance welfare approach and, 75–77
RPI system and, 219–222
social profit and, 67
taxes and, 265–266 (see also Taxes)
Telecommunications Act and, 300
underpricing and, 148–153, 163, 166
unions and, 181, 196–198
Victorian era and, 4–9
Great Depression, 14
Great Transformation, The (Polanyi), 2, 5
Green, R., 128
Greenbury Report, 158
Gregg, P., 158
Gregory, M., 180–181
Gross Domestic Product (GDP), 342
corporation output and, 86
debt reduction and, 271
income levels and, 90
macroeconomic welfare approach and, 75, 85, 96–109
price analysis and, 214–216
public debt and, 352–353
public expenditures and, 34–35, 45, 96–97, 267–270
public-sector net worth and, 266, 275–276, 278–279 (see also Prices)
purchasing-power-parity and, 90
tax ratios and, 45

Hancock, R., 236–237, 258
Hannah, L., 115, 120, 126, 134
Harcourt, William, 11
Harris, L., 118, 198–200, 244–245
Hart, O., 49, 53
Hartley, K., 140
Haskel, J., 128, 206–207
Hayri, A., 145–146, 373
Health and Moral Act, 1
Heath, Edward, 24, 197
Helm, D., 262, 376
Hicks, C., 67–68
Hills, John, 33, 275–276
Index

H.M. Treasury, 22, 32, 97, 106, 219
fiscal illusion and, 272–275
NERA report and, 280–287
public-sector net worth and, 265–267, 272, 275–280
short-term cash disbursement and, 294
taxes and, 265, 359 (see also Taxes)
Hostile takeovers, 160–161
House of Commons, 5
House of Lords, 5
Housing, 13, 271, 276–277
Housing Act, 13
Huang, Q., 152–153
Hunt, L., 116
Hutchinson, G., 120
Imperial Chemical Industries (ICI), 13
Individualism, 2
laissez-faire and, 14
myth of, 4–6
property rights and, 49–52
Victorian welfare state and, 6–9
Industry and the State (Florence), 1
Inflation, 373n4
macroeconomic analysis and, 97, 102–104
public-sector net worth and, 280
Information asymmetry theory, 137
Initial public offerings (IPOs), 169
abnormal returns and, 153–158
British Telecom, 137
Conservatives and, 141
FTA Index and, 152, 155, 163
Gini index and, 152
initial gains and, 163
IRRs and, 149–151
market size and, 145–147
number of owners and, 142
transaction costs and, 147–148, 162–163
underpricing and, 148–153, 163
Innovation, 112, 198
Institute of Economic Affairs (IEA), 27
Insurance, 142, 271
Internal rates of return (IRR), 149–151, 155, 371n1
International Labor Office, 182
International Monetary Fund (IMF), 26–27, 33
Investment, 5–6, 9
abnormal returns and, 153–158, 169, 173, 177–178
benchmark index for, 152, 154–155, 169
British Telecom and, 321–322
corporate governance and, 52–54
cost-benefit analysis and, 64–67
demutualization and, 31
fiscal illusion and, 272–275
foreign, 142, 144
FTA Index and, 152, 154–155, 163, 169
gap in, 291–292
Gini index and, 152
government influence and, 22
hostile takeovers and, 160–161
IRRs and, 149–151, 155, 371n1
macroeconomic analysis and, 93–95
microeconomic welfare approach and, 77–81
nationalization and, 17
NERA report and, 280–287
performance effects and, 161
price volatility and, 161
public choice and, 54–57
public corporations and, 272–275
public-sector net worth and, 265–267, 272, 275–280
redistribution effects and, 67–68
replacement of officials and, 162
representative appointments and, 162
return on investment (ROI) and, 111
shareholders and, 137 (see also Shareholders)
short/long term performance analysis, 168–178
small portfolios and, 142–143, 146
taxes and, 270–271
transaction costs and, 162–163
underpricing and, 148–153, 163
Investor sentiment theory, 138
IS-LM framework, 84, 86–87, 372n1
Italy, 14
Jaguar, 194
Job security. See Labor
Joint Stock Company Acts, 4
Jones, L., 77–80
British Telecom and, 325–330, 333–340
Joseph, Keith, 28
JTV framework, 77–80
Kay, J., 116, 196, 303
Keynes, John Maynard, 1, 8, 12, 14, 16, 29
K factor, 220–221
Kleinwort Benson Ltd., 145, 298
Labor
AS-AD context and, 84
blue-collar, 113
British Telecom and, 304–306, 319–320,
329–330, 333–334
buyout and, 203–204
closed-shop systems and, 181
decision making by, 20–21
disability and, 183
divestiture and, 24–38
downsizing and, 118–119, 179–180, 184–
189, 191–192
efficiency effects and, 68–69
employment rates and, 95–96
Fair Wages Act and, 182
income distribution and, 97–99
increased regulation of, 10
job security and, 198, 200, 203–205
losses and gains of, 344–346
macroeconomics and, 95–96
Malmquist index and, 125
managerial efficiency and, 113–114 (see
also Management; Ownership)
market policy and, 180–184
miners, 8, 19–20, 196–197
monopolies and, 13
NEDO index and, 120–124
outsourcing and, 206–207
pensions and, 13, 184, 236–237, 271
poverty and, 183–184
principal-agent approach and, 59–62
privatized trends in, 184–192
productivity and, 91–93, 112 (see also
Productivity)
protectionism and, 7–8
shares and, 140 (see also Shareholders)
social security contributions and, 270
strikes and, 12, 181, 196–197
Supplementary Income Support and, 184
turnover and, 202
Unemployment Insurance Act, 13
unions and, 12–13, 22, 181–182 (see also
Unions)
wages and, 90, 97–99, 181–184, 192–196
water industry study and, 198–201
white-collar, 113
workforce incentives and, 118
Labour Party, 1, 3, 13
Clause IV and, 14–17
divestiture and, 24–38
nationalization and, 2, 17–24
Social Contract and, 180
taxes and, 270–271
windfall tax and, 287–288
Laffont, J. J., 59–61, 80–81
Laissez-faire policy, 1, 6, 14
Landes, D. S., 9
Lawson, Nigel, 28, 32, 37
Leape, J., 271, 291
Leisure industries, 181
Levich, R. M., 152–153
Levis, M., 151–154, 173
Liberalization, 1
price impacts and, 85, 256–258
unions and, 196–198
Linear regression, 99
Liu, Z., 132
London Country Council, 14
London Passenger Transport Bill, 15–16
London School of Economics, 14
Lowe, P., 263
Lynk, E., 116
MacDonald, Ramsey, 13, 17
Mac Gragor, Ian, 118
Machin, S., 158
Mackenzie, G. A., 84
Macroeconomics, 69–70
acquisition financing and, 85
aggregation and, 83, 85
AS-AD framework and, 84, 86–87
cointegration and, 99–102, 107–109
closes and, 106
Dickey-Fuller test and, 107
downsizing and, 179–180
employment and, 95–96
equilibrium and, 83
equity swaps and, 85
flexible exchange rates and, 88
GDP ratio and, 85, 99–109
impact testing and, 99–102, 106–107
income distribution and, 97–99
inflation and, 97, 102–104
investment analysis and, 102
IS-LM framework and, 84, 86–87
lax regulation and, 86–87
output data and, 89–91
ownership shares and, 84
Phillips-Perron test and, 107
prices and, 84–88, 102–103
profit use and, 85, 89
productivity and, 85, 88, 91–95, 104–105,
132 (see also Productivity)
Macroeconomics (cont.)
public finance and, 96–97
purchasing-power-parity and, 90
regression analysis and, 105–106
shocks and, 85, 102–104
welfare approach and, 74–75
Major, John, xiv, 6, 30
annual deficits and, 271
income distribution and, 37
national debt and, 271–272
Private Finance Initiative and, 289
taxes and, 270, 353
wage councils and, 182
Malmquist index, 125
Management. See also Unions
British Steel and, 117–118
buyout and, 203–204
CEO salaries and, 158–159
corporate governance and, 158–162, 166–168
efficiency and, 113–114
fund managers and, 167
gains of, 205
increased wages of, 196
productivity and, 116–119, 133
quiet-life, 114
rent-seeking and, 202
replacement of officials and, 162
taxes and, 266
turnover and, 202
water industry study and, 198–201
Manning, D., 301
Manufacturing sector, 119–126
Manzoni, K., 153, 168
Markets. See also Shareholders
abnormal returns and, 153–158
British Telecom and, 300 (see also British Telecom)
competitive, 22–23
dowry and, 156
employment rates and, 95–96
FTA Index and, 152, 154–155, 163
hostile takeovers and, 160–161
increased capital stock of, 146–147
individualism and, 4–6
information access and, 260–261
labor policy and, 180–184
orthodox doctrine and, 46–48
popular capitalism and, 138
prices and, 210, 260, 348–352 (see also Prices)
Morrison, H., 14, 15–16
Mueller, D. C., 54
Municipal Corporation Act, 6
Municipal corporations, 6–10
Musgrave, R., 45
Myners Committee, 161

Napoleonic Wars, 4
Nash, C., 377n12
National Association of Citizens Advice Bureau, 237
National Audit Office, 289
National Board of Prices and Incomes (NBPI), 217–219
National Bus. See Transportation
National Coal Board, 20
National Consumer Council, 220, 246
National Economic Development Office (NEDO), 24
British Telecom and, 301
capital productivity and, 126–128
labor productivity and, 120–124
prices and, 213–214, 218
National Enterprise Board (NEB), 23, 29
National Freight Corporation. See Transportation
National Grid Company, 222–224
Nationalization, 2–3
Attlee government and, 17–20
Clause IV and, 14–17
costs and, 163
divestiture and, 24–38
errors in, 366, 368
government influence and, 22
industrial crisis and, 23–24
miners and, 19–20
motivation behind, 18–19
technocratic drift and, 20–23
National Loans Fund, 281
Nazi, 14
NERA report, 280–287
Netter, J. M., 115, 298
Newbery, D. M., 117, 126, 256, 258, 295
New Labour Party, 6, 14, 377n15
consumer protection and, 246
public-sector borrowing requirements and, 277
shareholders and, 167
Newman, K., 243
Nicoletti, G., 252
Niskanar, W. A., 54–55
Nuclear Electric, 224
O’Donnell, K., 115
OECD countries, 89–91, 373n3
income distribution and, 97–99
investment analysis of, 93–95
Office of Free Trade (OFT), 229
Office of National Statistics (ONS), 122
Office of Passenger Rail Franchising (OPRAF), 233
Office of the Electricity Regulator (OFFER), 222–223
Office of the Gas Regulator (OFGAS), 228–230
Office of the Rail Regulator (ORR), 233
Office of the Water Regulator (OFWAT), 220–222, 237, 238, 245, 247, 374n14
Old Age Pension Act, 10
O’Mahoney, M., 105–135
Opportunity cost, 266
Ordinary least-squares (OLS) regression, 130
Orthodox microeconomic doctrine, 46–48
Outsourcing, 206–207
Owen, Robert, 1
Ownership, xiv, 24
British Telecom and, 332–333 (see also British Telecom)
CEO salaries and, 158–159
Clause IV and, 14–17
corporate governance and, 52–54, 158–162, 166–168
efficiency and, 179
as indirect phenomenon, 141–142
individualism and, 4–6
missing shock and, 342–344, 359, 361–362
performance and, 49
prices and, 84–85
profit and, 116
property rights and, 49–52
public-sector net worth and, 265–267, 272, 275–280
utilities and, 258 (see also Utilities)
Oxford, 26
Pareto optimality, 103
Parker, D., 56, 115, 118, 127
British Telecom and, 303, 305–306, 379n3
performance study by, 128–131
shareholders and, 140, 143
wage data and, 192, 194
Parkinson, Cecil, 32
Parliament. See Politics
Payne, P. L., 5–6
Peel government, 8
Pendleton, A., 192, 197
Pensions, 13, 184
distribution effects and, 236–237
taxes and, 271
Phillips-Perron test, 107
Pigou, Arthur Cecil, 11–12
Pinochet, Augusto, 26
Pitt, William, 8
Polanyi, Karl, 2, 5
Policy
Bank Charter Act, 4
Bubble Act, 4
demand management and, 29
final analysis of, 359–369
fiscal illusion and, 272–275
laissez-faire, 1, 6, 14
nationalization and, 17–24
NERA report and, 280–287
Poor Law and, 2, 4–5
postwar, 12–14
prices and, 256–258 (see also Prices)
privatization interpretation and, 29–31
public-sector net worth and, 265–267,
272, 275–280
tax, 265–295 (see also Taxes)
technology and, 20–23
Politics. See also Reform; specific party
antitrust laws and, 6
Austrian approach and, 57–59
Clause IV and, 14–17
divestiture and, 24–38 (see also Divestiture)
efficiency and, 179
Electricity Supply Act, 14
fiscal illusion and, 272–275
Keynesian, 29
laissez-faire, 1, 6, 14
Marxism, 11
mission loss of, 366
Municipal Corporation Act, 6–7
nationalization and, 17–24 (see also Government)
popular capitalism and, 142
Private Finance Initiative and, 288–290
public choice and, 54–57
public corporations and, 272–275
Railway and Canal Act, 7
Special Areas Act, 13
taxes and, 265–295 (see also Taxes)
Telecommunications Act and, 300
unemployment and, 180
unions and, 180–181, 196–198
Pollitt, M. G., 117, 126, 256, 258, 288
Poor class, 1, 11, 183, 363
children and, 184
fuel and, 238–240
income distribution and, 97–99
Supplementary Income Support and, 184
Poor Law, 2, 4–5, 13
Post Office, 15–16, 184, 218
British Telecom and, 299
as monopoly, 299
productivity and, 123–124
trunk service and, 299
Prices
aggregation and, 213–219, 304–306
AS-AD context and, 84
British Telecom and, 230–232, 241–242,
capital gains and, 138
causation analysis and, 210–211
consumers and, 348–352
cost-benefit analysis and, 63–67
distributive impact of, 236–242, 259–
260
efficiency and, 211–212
equity swaps and, 85
evaluation of, 211–213
final analysis of, 348–352
fossil fuel levies and, 224
GDP analysis and, 214–216
government and, 84–88, 260
international comparison and, 263
liberalization and, 85, 256–258
lump-sum subsidies and, 260
macroeconomics and, 74–75, 84–88, 102–
103
Marshallian surplus and, 249
National Board of Prices and Incomes
and, 217–219
NEDO index and, 213–214, 218
optimal rules and, 211–212
postprivatization trends in, 219–236,
254–259
preprivatization trends in, 213–219
production costs and, 116–119
profit maximization and, 211–212
quality issues and, 212–213, 244–246
rationing and, 212
redistribution effects and, 67–68
regulation of, 312–314
reputation-building theory and, 137–138
RPI and, 214, 216, 219–224, 228–231, 235–236, 249, 255, 294
shadow, 65, 265, 356
supply of goods and, 212
taxes and, 265 (see also Taxes)
time-discounted budget and, 70–72
transportation, 232–236, 264
underpricing and, 138, 148–153, 163, 166, 265–266
volatility effects and, 161
water and, 220–222
weighted, 209
windfall tax and, 287–288
Principal-agent theory, 59–62, 137
Private Finance Initiative (PFI), 267, 288–290
Privatization, 73. See also Shareholders as accepted norm, 341
Austrian approach and, 57–59
British Telecom and, 297–340 (see also Privatization)
consumers and, 209–264 (see also Consumers)
corporate governance and, 52–54, 158–162, 166–168
cost-benefit analysis and, 63–67, 72
database for, 40–44
divestiture and, 24–38
downsizing and add, 118–119, 179–180, 184–192
efficiency effects and, 68–69, 179, 341–342
employment trends and, 184–192
exchange rates and, 88
fiscal illusion and, 272–275
gross proceeds table, 43–44
interpretation of, 29–31
labor and, 113 (see also Labor)
liberalization effects and, 31, 38
licensing and, 366–367
macroeconomics and, 69–70, 74–75, 83–109 (see also Macroeconomics)
Martin-Parker study and, 128–131
methodology for, 30
microeconomic approach and, 46–48, 77–81
missing shock and, 342–344, 359, 361–362
orthodox doctrine and, 46–48
as policy change, 45–46
principal-agent approach and, 59–62, 137
proceed use and, 85, 89
procurement changes and, 118–119
production costs and, 116–119
property rights and, 49–52
public choice and, 54–57
public expenditure and, 34–36, 70–72, 75–77
public-sector net worth and, 265–267, 272, 275–280
purchasing-power-parity and, 90
shareholders and, 140–170 (see also Shareholders)
taxes and, 265–295 (see also Taxes)
utilities and, 261–262 (see also Utilities)
water industry and, 198–201, 220–222
weak part of, 367
welfare economics of, 62–72
Productivity, xiv
aggregation and, 92, 113, 119–126
British Steel and, 121–122
British Telecom and, 301–340, 333–340
capital and, 114, 126–128, 130, 132
costs and, 116–119
efficiency effects and, 68–69
European Union and, 92–93
labor and, 119–126
macroeconomics and, 85, 88, 91–95, 104–105
Malmquist index and, 125
management pressure and, 133
manufacturing sector and, 119–126
Martin-Parker study and, 128–131
missing shock and, 342–344, 359, 361–362
NEDO index and, 120–128
orthodox microeconomic doctrine and, 46–48
redistribution effects and, 67–69
total factor, 84, 112 (see also Total factor productivity (TFP))
United States and, 91–92
Profit
cost-benefit analysis and, 63–67
downsizing and, 118–119
income distribution and, 97–99
innovation and, 112
lax regulation and, 86–87
maximization of, 211–212
measurement of, 111–114
Proﬁt (cont.)
microeconomic welfare approach and, 77–81
outsourcing and, 206–207
prices and, 211–212 (see also Prices)
production costs and, 116–119
as reform indicator, 113–115
shareholders and, 139 (see also Shareholders)
social, 323
unions and, 202–203
weak regulation and, 139
Property rights theory, 49–52, 341
British Telecom and, 332
efficiency and, 179
labor and, 179, 201
monopolies and, 202
Protectionism, 4, 7–8
Public choice, 54–57
Public corporations
competitive, 22–23
divestiture and, 24–38
Public ﬁnance, 96–97
Public goods. See also Utilities
Austrian approach and, 57–59
corporate governance and, 52–54, 158–162, 166–168
government interference in, 23–24
orthodox microeconomic doctrine and, 46–48
principal-agent approach and, 59–62
property rights and, 49–52
public-sector net worth and, 265–267, 272, 275–280
social-welfare function and, 64, 74
Thatcher and, 267–270
time-discounted budget and, 70–72
Public-sector borrowing requirement, 271–272, 277
Public-sector net worth (PSNW), 265–267, 272
collapse of, 291
GDP and, 275–279
housing and, 276–277
inﬂation and, 280
Purchasing power parity, 90
Quality issues, 212–213, 244–246
Railway and Canal Act, 7
Railway and Canal Commission, 10
Ramsey’s Reset, 107
Reform
aggregation and, 213–219
antitrust laws and, 6
Chartism and, 11
Corn Laws, 4
electorate, 8
Electricity Act, 245
Factory Act, 8
Fair Wages Act, 182
Health and Moral Act, 1
inheritance taxes and, 10–11
Mines Act, 8, 19–20
Old Age Pension Act, 10
Poor Law, 2, 4–5, 13
quality issues and, 244–246
replacement of ofﬁcials and, 162
Ten Hours Act, 8
Trade Union Act, 8
Utility Bill, 247–248
wage inequality and, 182–183
Water Act, 245
Regional electricity companies (RECs), 140, 143
benchmark index for, 155
electricity privatization and, 222–228
mass documentation of, 145
Regulation, 256–257, 362–364
binding resolutions and, 161
British Telecom and, 307, 312–314 (see also British Telecom)
corporate governance and, 52–54, 158–162, 166–168
increased, 167–168
industrial action and, 181
licensing and, 366–367
local attitudes on, 364
OFFER, 222–224
OFGAS, 228–230
OFTEL, 231, 312–313
OPRAF, 233
ORR, 233
prices and, 214–219 (see also Prices)
quality issues and, 244–246
replacement of ofﬁcials and, 162
RPI and, 223–224
Thatcher and, 365
utilities, 222–230
wage conﬂicts and, 181
water industry and, 198–201, 220–222
Rent, 8, 163
British Telecom and, 379n5
management and, 202
Index 421

principal-agent approach and, 61
underpricing and, 166
Reputation-building theory, 137–138
Retail price index (RPI), 106. See also
British Telecom; Business; Equations;
Government; Prices; Regulation; Taxes;
Transportation; Utilities
Return on assets (ROA), 111, 159
Return on equity (ROE), 111
Return on investment (ROI), 111
Return on sales (ROS), 111, 325
Ricardo, David, 1
Ridley Report, 27
Right Approach, The (Thatcher), 27
Ritter, J. R., 173
Rock, K., 149
Rolling stock companies (ROSCOs), 233
Rolls-Royce, 194
Rowntree Foundation, 240
Ryan, P., 180
Saal, D., 127
Salama, A., 192, 197–198
Samuelsonian goods, 47
Sanitation, 6–7, 10
Sappington, D., 59
Sargent Florence, Philip, 1–2, 5
Sassoon, D., 20–21
Saunders, P., 198–200, 244–245
Savage, I., 235
Sawyer, M., 115, 295
Scargill, Arthur, 20
Schipke, A., 88
Schumpeter, Joseph, 57–58
Shaftesbury, Lord, 7
Shapiro, C., 60
Shareholders. See also Ownership
abnormal returns and, 153–158, 169, 173,
177–178
Annual General Meeting and, 161
Associated British Ports and, 140
benchmark index for, 152, 154–155, 169
binding resolutions and, 161
buyout and, 203–204
CEO salaries and, 158–159
coalitions and, 139
Conservatives and, 141, 144, 167
discount shares and, 139
dispersed ownership and, 139, 164
exchange capitalization and, 138
foreign investment and, 142, 144
FTA Index and, 152, 154–155, 163, 169
Gini index and, 152
hostile takeovers and, 160–161
increased capital stock of, 146
insurance companies and, 142
IPOs and, 137, 140–145 (see also Initial
public offerings (IPOs))
IRRs and, 149–151, 155
knowledge level of, 145
market size and, 145–147
popular capitalism and, 138, 346–348
price volatility and, 161
regulation issues and, 139, 158–162
replacement of officials and, 162
short/long term performance analysis,
168–178
social position and, 164–165
special share issuing and, 144
statistics for, 141–143
transaction costs and, 147–148, 162–163
transportation and, 140
underpricing and, 148–153, 163
utilities and, 140
voting and, 162
working class and, 164
Shocks, 26
macroeconomic analysis and, 85, 102–104
missing, 342–344, 359, 361–362
productivity and, 342–344
utilities and, 227
Simpson, R., 247
Singal, V., 117
Smith, Adam, 1, 6–7
Social Contract, 180
Socialisation and Transport (Morrison), 15–
16
Socialism, 6
Clause IV and, 14–17
Fabian, 1, 11, 14–15
information-asymmetry theory and, 137
investor sentiment theory and, 138
liberty and, 28
nationalization and, 17–24
pre–World War I, 9
principal-agent theory and, 137
reputation-building theory and, 137–138
skeptical sympathy and, 11–12
Social security, 270
Social-welfare function, 64, 70–72, 74, 112
South Sea bubble, 4
Special Areas Act, 13
Starrett, D. A., 69, 74
Stern, N., 63, 73, 74–75, 79–80
consumer issues and, 253
downsizing and, 187–189
employment trends in, 184–185
firm analysis and, 114–115
nationalization and, 18
NEDO index and, 121, 124, 127
postprivatization prices and, 232–236, 264
prices and, 232–236, 264
productivity and, 121, 124–125
RPI and, 235–236
shareholders and, 140
shocks and, 342–343
tariffs and, 234
taxes and, 294, 353
wage levels and, 194–196
Transport Commission, 21
Trevelyan, George Macauley, 9, 11

Unemployed Workmen’s Act, 10
Unemployment, 2, 179, 183. See also Labor
British Telecom and, 189, 191–192
extent of, 184–187
firm analysis and, 118–119
increased levels of, 180–181
Thatcher and, 180–181
transportation and, 187–189
unskilled workers and, 204
utilities and, 189–190
Unemployment Insurance Act, 13
Unions, 2, 13, 22
collective bargaining and, 181–182
composition effect and, 181
Conservatives and, 197
decrease of, 181, 205
profit and, 202–203
strikes and, 12, 181, 196–197
Thatcher and, 180–182
transaction costs and, 203
water industry study and, 198–201
United States, 26, 37, 78, 89
AT&T and, 298
productivity and, 91–92
TFP and, 135
Utilities, 30, 217, 367–368, 376n7
capital productivity and, 114
CCGTs and, 224–225
consumers and, 246–248, 252–253, 257
downsizing and, 189–190
fossil fuel levies and, 224
fuel poverty and, 238–240
household use data, 224
nationalization and, 19
NEDO index and, 120–128
postprivatization prices and, 222–230, 254, 256, 261–264
prepayment meters and, 240
productivity and, 116–126
quality issues and, 244–246
RPI and, 228–231
shareholders and, 140, 143
shocks and, 342–343
wage levels and, 195
Utility Bill, 247–248
Value-added tax, 270
Vass, P., 244
Vickers, J., 59, 149, 151–152, 163, 275
Victorian era, 2
individualism and, 4–6
taxes and, 8
Thatcher revolution and, 38
welfare state and, 6–9
Vlahos, K., 376n5
Vogelsang, I., 77–80
British Telecom and, 325–330, 333–340
Voting, 162

Waddams Price, C., 126, 236–237, 240, 258
Wage councils, 182
Walker, Ian, 32
Walras’s law, 71
Ward, R., 116–119
Water Act, 245
Water industry, 198–201, 220–222, 245
Watson, M., 116–119
Wealth of Nations (Smith), 1
Webb, Sidney, 14–15, 19
Welfare, 62
British Telecom and, 325–340
consumer impact and, 248–254
cost-benefit analysis and, 63–67
final analysis of, 355–359
income distribution and, 97–99
labor protection and, 7–8
macroeconomic approach and, 74–75
microeconomic approach and, 77–81
missing shock and, 342–344, 359, 361–362
municipal corporations and, 6–7
overall balance of, 355–359
poor class and, 1–5, 11, 13, 97–99, 183–184, 238–240, 363
profit measurement and, 111–114
Welfare (cont.)
  public finance and, 70–72, 75–77
  social-welfare function and, 64, 70–72, 74, 112
Weyman-Jones, T. G., 125–126
White, P., 235, 258
White Papers, 22, 300
Willig, R., 60
Wilson, Harold, 28
Windfall tax, 287–288
Winterton, J., 197
Workers. See Labor
World Health Organization, 239
World War I, 2, 9–10
World War II, 2, 16–17

X factor
  British Telecom and, 300–301, 312–314, 319–320
  consumers and, 223–224, 228–229, 235–236

Yarrow, George, 59, 115, 149, 152, 163, 225, 275
Yilmaz, K., 145–146, 373