## Privatization, Deregulation and the Macroeconomy

Measurement, Modelling and Policy

Peter A.G. van Bergeijk Robert C.G. Haffner

Edward Elgar Cheltenham, UK ● Brookfield, US

## Contents

Lists of Figures and Tables Preface and Acknowledgements		
PART I STRUCTURAL CHANGE		
1. On the Macroeconomic Consequences of Microeconomic Reform	3	
1.1 Structural Change	5	
1.2 Three Strategies to Tackle Product Market Inertia	7	
1.3 Focus on the OECD	10	
1.4 Modelling and Policy Making	12	
1.5 Plan of the Book	15	
Notes	18	
2. Structural Change: The Policy Stance	19	
2.1 Structural Reform in the OECD	22	
2.2 Eastern Europe, NIEs and Developing Countries	30	
2.3 Common Characteristics	34	
2.4 Common Problems	37	
Notes	39	
PART II INDUSTRIAL ECONOMICS		
3. Economic Dynamism, Competition and the Structure—Conduct—Performance Paradigm	43	
3.1 The Invisible Hand	44	
3.2 Economic Dynamism and the SCP Paradigm	46	
3.3 Market Structure Indicators	50	
3.4 Indicators of Conduct	56	
3.5 Indicators of Performance	60	
3.6 Conclusions	64	
Notes	66	

vi Contents

4.	Mea	suring the Speed of the Invisible Hand	69	
	4.1	The Persistence of Profits	70	
	4.2 Mark-up Ratios			
	4.3	The Speed of Price Adjustment	80	
	4.4 ]	Product Market Inertia	85	
	4.5	Discussion	95	
	Note	s	98	
PA	RT I	II MACROECONOMICS		
5.		ctural Rigidity, Macroeconomic Inefficiency and the cacy of Economic Policy	103	
	5.1	Three Questions and the Literature	104	
	5.2	Macroeconomic Efficiency and Policy Effectiveness	106	
	5.3	Static Efficiency	110	
	5.4	Dynamic Efficiency	112	
	5.5	Economic Fluctuations	116	
	5.6	Incomes Policy	123	
	5.7	The Balance of Payments	125	
	5.8	The Instruments of Macroeconomic Policy	127	
	5.9	Conclusions	131	
	Note	S	133	
6.	Mod	lelling Strategies for Structural Reform	135	
	6.1	The Macro Paradox	138	
	6.2		143	
	6.3	Germany	147	
	6.4	The Netherlands	152	
	6.5	Australia	159	
	6.6	The Macroeconomic Impact of Privatization,		
		Deregulation and Competition	163	
	6.7	Discussion	165	
	Note	25	167	

PART	IV POLICY		
7. T	he Art of Reform	173	
7.1	Credibility	174	
7.2	Sequencing	175	
7.3	Speed	182	
7.4	The Political Economy of Structural Reform	185	
7.5	Empirical Evidence on Policy Reform	190	
No	tes	195	
8. C	ombating Product Market Inertia: Some Conclusions	197	
8.1	Measurement	198	
8.2	Modelling	199	
8.3	Policy	201	
8.4	Ways to Go	205	
No	tes	206	
Refere	nces	207	
Author	Author Index		
Subject Index			

**Contents** 

vii