

Information, Strategy and Public Policy edited by David Vines and Andrew Stevenson (Basil Blackwell, Oxford, 1991), pp.172, \$US59.95, ISBN 0-631-17693-4.

The lectures in this book were a series given at the University of Glasgow in 1988-9, each distinguished speaker addressing the general theme of public policy in a world of imperfect information and strategic behaviour. According to the Preface, the lectures were intended to be accessible to a non-specialist audience. Admittedly, the audience has to bear with a few Cournot oligopolists and some Nash equilibria but this is a small price to pay for what is rightly claimed in the blurb to be "a remarkable and accessible insight into the dilemmas of modern economics".

In a forceful Chapter 2, Joseph Stiglitz sets his sights on the fundamental theorems of welfare economics. He concludes (pp.14-15) that the basic theorems stand "as one of the triumphs of modern mathematical economics", but key assumptions "make the theorems of limited relevance to modern industrial economies". In summary, he says "Adam Smith's invisible hand may be invisible because, like the Emperor's new clothes, it simply isn't there; or if it is there, it is too palsied to be relied upon".

The elements of his attack relate to information and strategic behaviour — an emphasis that gains support from the empirical findings on growing information-intensity in modern economies. In Chapter 3 Frank Hahn continues the attack, his criticisms relating to the informational requirements of the welfare theorem that states that the competitive economy is always Pareto-efficient. He warns (p.70) that "the larger the matter at hand, the less complete will welfare economics be found to be". "[T]he textbooks have not only encouraged bad welfare economics but, much worse, a belief in a 'scientific' welfare economics".

Chapter 4 by Partha Dasgupta, "The Environment as a Commodity", will be of interest to all those concerned with questions about conservation, pollution, national parks and heritage lands. Edmond Malinvaud looks to macroeconomics and market failures in Chapter 5, i.e., unemployment, inflation and major imbalances in economic evolution that prevent an efficient division of labour and utilization of resources.

Kenneth Rogoff examines strategic behaviour by governments in two contexts: the notion of credibility, first, in setting and implementing macroeconomic policy, and, second, in international economic relations. The final lecture by the editors extends the discussion to the problems raised by strategic behaviour by governments in the sphere of exchange rate policy.

The concern with informational and strategic behaviour problems, so much to the fore in the early chapters, lessens as we move through these lectures. Perhaps this is no more than testimony to the enormous task ahead if the notion that information has the key role in the economy is to be fully tested.

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Rejuvenating the Mature Business: The Competitive Challenge by Charles Baden-Fuller and John M. Stopford, (Routledge, London, 1992), pp.xii + 232, £21.50, ISBN 0-415-08987-5.

According to Baden-Fuller and Stopford, "Maturity is a state of mind" (p.1). Firms, like people, are only as young as they feel. To overcome the problems