

Truger, Achim

Book Review

Book review: Unger, Brigitte, Daan van der Linde and Michael Getzner (eds) (2017): *Private or Public Goods: Redefining Res Publica*, Cheltenham, UK and Northampton, MA, USA (304 pages, Edward Elgar Publishing, hardcover, ISBN 978-1-78536-954-4, £90)

European Journal of Economics and Economic Policies: Intervention (EJEEP)

Provided in Cooperation with:

Edward Elgar Publishing

Suggested Citation: Truger, Achim (2018) : Book review: Unger, Brigitte, Daan van der Linde and Michael Getzner (eds) (2017): *Private or Public Goods: Redefining Res Publica*, Cheltenham, UK and Northampton, MA, USA (304 pages, Edward Elgar Publishing, hardcover, ISBN 978-1-78536-954-4, £90), *European Journal of Economics and Economic Policies: Intervention (EJEEP)*, ISSN 2052-7772, Edward Elgar Publishing, Cheltenham, Vol. 15, Iss. 1, pp. 113-115, <https://doi.org/10.4337/ejeep.2018.01.09>

This Version is available at:

<https://hdl.handle.net/10419/277410>

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Book review

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The editors of this book, Brigitte Unger, Daan van der Linde and Michael Getzner, have set themselves the extraordinarily ambitious task of ‘Redefining res publica’ and answering the question in the title: ‘Public or private goods?’. The underlying research project was inspired by the discovery of an unpublished manuscript authored by Egon Matzner, the great Austrian public finance economist, who had died in 2003 (Matzner 2001, as cited in Unger et al. 2017: 16). In the manuscript, Matzner is preoccupied with the problem of preserving the *res publica* in times of globalisation and decreasing policy space for nation states.

Brigitte Unger is an Austrian economist and social scientist and professor at the Utrecht University School of Economics, the Netherlands. From 2012 to 2015 she was also the director of the Institute of Economic and Social Research (WSI) at the Hans Böckler Foundation in Düsseldorf, Germany. Daan van der Linde is a public finance economist at the Utrecht University School of Economics, the Netherlands and Michael Getzner is a professor and the director of the department of spatial planning at Vienna University of Technology, which also was Egon Matzner’s longtime domain from 1972 to 1998. The editors have gathered an impressive multidisciplinary team of authors, which mirrors Egons Matzner’s socio-economic and interdisciplinary approach to public finance: The authors are academics from economics, sociology, political science, geography and spatial planning.

In their introduction (chapter 1), Brigitte Unger, Look Groet und Daan van der Linde deal with fundamental issues concerning the justification of public or government action, introducing important differentiating categories. They differentiate between equality-related, moral and efficiency-related justifications of collective action. With regard to actual collective action they ask who are the actors: is it the government, civil society or the markets? With regard to dimensions of collective action they differentiate between provision, funding and regulation. The ensuing 3×6 matrix of combinations of categories is used as a helpful pattern to structure the following chapters and their contributions to different fields of collective action. The introduction is quite dense, but nevertheless delivers a very sophisticated and complex account of potential reasons for and kinds of collective action. Modern mainstream approaches to public finance and their analysis of collective action are dwarfed by Unger et al. and are unmasked as extremely narrow and technocratic. As a critical aside, however, it must be mentioned that the introduction hardly serves its proper function of introducing readers to the contents of the subsequent contributions and why they were selected for the edited volume.

In the second chapter, which is also concerned with fundamental issues, Klaas van Egmond looks at the demarcation between the public and the private domain and insists that this has to be necessarily value based. The wave of privatisations and deregulations since the 1980s solely driven by allegedly value-free cost efficiency considerations is denounced as being driven by ideology. In contrast, van Egmond in his remarkably erudite contribution advocates a holistic perspective based on the Aristotelian worldview.

The subsequent eleven contributions have been organised – with little convincing explanation – into three parts: First, security as ‘traditional core task of the state’; second, ‘social security as new core task’; and third, ‘public goods’. In the first part about security there are only two contributions. Chapter 3, by Joras Ferwerda, is dedicated to the public task of fighting money laundering, which has seen a major shift towards involving private-sector actors, particularly in the financial sector, in recent years. Chapter 4, by Ian Koetsier, deals with the problem of coping with natural disasters and the frequently observable consequences in terms of increasing government debt levels. Both chapters in this part are well written and interesting to read. Given the fact, however, that traditional core responsibilities of public administration such as public safety and the correctionary system have increasingly been shifted to the private sector, as the introduction claims, at least one more chapter on these aspects would have been highly desirable.

The second part comprises five chapters on different areas of social security. Chapter 5, by Ian Koetsier, is preoccupied with the advantages and disadvantages of different kinds of pension systems. He focuses on the different risks that will have to be dealt with by the pension system, and advocates – rather unsurprisingly from a traditional mainstream perspective – a multi-pillar system for reasons of risk diversification. In chapter 6 Florian Blank analyses the development of the German system of old-age insurance since the reforms at the beginning of the twenty-first century. Blank underlines the necessity of using a complex analytical approach, and, irrespective of the dismantling of the system, he sees an essential role for the public provision, funding and regulation of old-age insurance systems.

Brigitte Unger presents an interesting overview of the development of the systems of unemployment insurance in the European Union in chapter 7. Almost everywhere efficiency arguments are used in order to justify unemployment insurance as a government or at least collective task. In chapter 8 Frans van Waarden focuses on health insurance systems, noting a most interesting paradox: How come the expansion of the market for beer and the ensuing higher private consumption expenditures by private households usually create positive resonance in the media, focusing on the utility side, whereas an increase in health expenditures usually gets negative coverage, focusing on the cost side? His answer: Irrespective of the justification of public action in health care, public provision (in particular public funding) leads to a shift of perception which puts cost aspects into the focus of public attention, possibly restricting the quality of health care. His solution does not consist of privatisation or any other form of provision designed by experts, but instead on using the *res publica*, that is, citizens’ well-informed democratic decision on the organisation of the system. Chapter 9, by Trudie Knijn and Jane Lewis, analyses the systems of child care in the Netherlands and England, which are said to be based on private provision with strong public regulation and funding.

The third part consists of four chapters dealing with selected areas of public goods. Chapter 10, by Gerlinde Gutheil-Knopp-Kirchwald und Justin Kadi, analyses the housing policies in Vienna and Amsterdam, emphasising the strong decrease of public intervention and its problematic effects. Chapter 11, by Grazia Withalm, and chapter 12, by Michael Getzner, deal with public funding of protected areas and the public promotion of cultural institutions, mostly focusing on the Austrian example. The last (but not least)

contribution by Daan van der Linde in chapter 13 analyses income redistribution as a public good, emphasising the problem of misinformed voter preferences. A contribution about another key public good, namely macroeconomic stabilisation, is unfortunately missing in this part of the book.

In their conclusions in chapter 14 the editors try to classify some of the chapters with regard to the structure laid out in the introduction. Partly this also gives an *ex post* justification and structure for the whole book. All in all they identify different justifications for public intervention in different areas. What is striking, however, is a clear shift in the kind of intervention away from public provision and funding towards stronger regulation of private provision in health care, housing, pension systems and the fight against money laundering. Due to a lack of visibility, this shift, they argue, could cause serious problems for the perception and legitimisation of government action. Therefore they advocate more transparency and visibility with regard to regulation, funding and provision of public action.

The book is quite demanding theoretically and therefore is definitely aimed at graduate students and academic specialists. Maybe this is also why the editors and most of the authors are also rather contemplative and reluctant when it comes to concrete economic policy conclusions. Nevertheless the contributions in this book form an indispensable starting point for all those who want to deal with questions of public goods and the common good in a fundamental and modern non-neoclassical way.

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