Contents

chapter 1

What can public wealth do for you?

The single largest owner of wealth in nearly every country is not a private company or an individual like Bill Gates, Carlos Slim, or Warren Buffet. The largest owner of wealth is all of us collectively – you and your fellow taxpayers. And we all have our own personal wealth manager, who we usually call "the government." As far as we can calculate, governments own a larger stock of assets than all very wealthy individuals put together, and even more than all pension funds, or all private equity funds.

What is more, most governments have more wealth than they are aware of, including the many nations caught in the grip of debt crises. Many of these troubled countries own thousands of firms, land titles, and other assets, which they have not bothered to value, let alone manage for the common good. Public wealth is like an iceberg, with only the tip visible above the surface.

For decades, a phony war has raged between those in favor of public ownership and those who see privatization as the only solution. We argue that this polarized debate is partly to blame for neglect of a more important issue – the quality of public asset governance. This makes all the difference to how well public wealth delivers value to its owners – the citizens. Even public assets that are privatized can achieve widely differing outcomes depending on the quality of government regulation, the privatization process, and the competence of private owners. The price for the phony war between privatizers and statists has been lack of transparency, financial waste, and underperformance in the public sector. The only winners are vested interests on both sides of the debate.

In this book, we will argue that how public wealth is governed is one of the crucial institutional building blocks that divides well-run countries from failed states. In fact, the governance of public wealth is not merely a matter of how efficiently state-run companies deliver. Unchecked, public wealth can ruin entire countries and undermine democracy as well. Public wealth can be a curse if it is left as an open cookie jar, tempting its overseers into corruption and clientelism. Even in successful countries like the US, which are, by and large, well organized, public wealth invites democratic perversion that can incite huge policy failures and impose unreasonable hardship and social costs on at least some of its people.

We will argue that democracy is at its best when governments have little direct access to public wealth. This does not mean that all wealth needs to be privatized. The process of privatization itself offers tempting opportunities for quick enrichment, thus risking crony capitalism, outright corruption, or dysfunctional regulation.

We will provide examples of how countries have removed the governance of public wealth from politicians' direct ambit. Freeing governments from having to run public firms changes their mission and focus. Wily politicians will hardly act as consumer activists if they know they are in charge of public companies that fail to deliver, and will have to live up to higher expectations. Freeing politicians from administering public wealth allows them to squarely align themselves with the citizens, formulating expectations, goals, demands, and, where needed, also regulations that attenuate market failures. This goes to the heart of a well-functioning democracy – accountability, transparency, and disclosure.

The most visible public wealth holders are government-owned corporates held by the central government, often called state-owned enterprises (SOEs). Among the world's 2,000 largest companies, SOEs represent 11% of market capitalization of all listed companies worldwide.[1] Several emerging markets, led by Russia and China, have thousands of SOEs. Others, such as Brazil, India, Poland, and South Africa, have several hundred SOEs at the national level. In addition, many countries have thousands of publicly owned corporations at the state/regional and local level.

The central governments of most European countries own dozens or hundreds of large, well-known companies, while countries like Australia and New Zealand have relatively few SOEs. Less visible are the many government-owned corporates, or corporate-like assets owned at a regional and local level. Some of these are proper corporates, but more often they are disguised as various legal entities, but sell commercial services paid for by clients and consumers.

Beyond the corporate organizations owned by governments at different levels lie vast stretches of productive real estate – by far the largest component in public wealth portfolios. More than two-thirds of all public wealth ownership remains opaque – large holdings are owned by local and regional governments or quasi-governmental organizations that are formally independent, but are actually controlled by politician board members. Local savings banks often work like that.

A definition of public wealth

Our definition of public wealth is the sum of the public assets owned by government, namely:

- pure financial assets, such as bank holdings or pension funds
- public commercial assets, such as firms and commercial real estate
- public noncommercial assets, such as roads
- minus government debt.

We use "public" in the financial sense, meaning the wealth owned by various levels of government. It is important to note that "public assets" should not be confused with "public property," which normally refers to assets and resources that are available to the entire public for use, such as public parks.

This book concentrates on public commercial assets, by which we mean assets or operations generating an income (mainly non-tax-based) that could be given some kind of market value if properly structured and used. Typical examples include:

- corporations – typically SOEs
- financial institutions
- real estate
- infrastructure – where toll-based or PPP-related
- noncorporatized commercial activity (e.g. the sale of geographical data or a water utility).

Our definition of public wealth comprises all levels of government – central, regional, and local. However, most statistics or attempts to value public wealth ignore the regional and local level, or capture it only in part.

We generally exclude from our estimates of public assets public noncommercial assets such as national parks, historic buildings, or non-toll-generating roads. Some of the chapters, however, discuss how even these often can be managed in ways that generate higher social value.

Outside our definition of public wealth, we sometimes refer to and discuss quasi-governmental organizations, such as the US home mortgage institutions Fannie Mae and Freddie Mac, or formally independent local savings banks in many countries with local politicians on their boards.

More than 25% of all land in the US is owned by the federal government. Along with all this land, it holds buildings with a book value of $1.5 trillion. In addition, state and local government assets amount to four times these federal holdings, that is, $6 trillion, according to a cautious estimate by the International Monetary Fund.[2]

The US General Accounting Office (GAO), the government spending watchdog, found that "many [federal] assets are in an alarming state of deterioration," noting that the federal government has "many assets it does not need."[3] These include billions of dollars' worth of excess, or vacant buildings. The federal government spends billions of dollars each year maintaining excess facilities in the Departments of Defense, Energy, and Veterans Affairs.

The total worldwide public wealth in government hands, conservatively calculated, is so vast that a higher return of just 1% would add some US$750 billion annually to public revenues.[4] That's a sum equivalent to the GDP of Saudi Arabia. We argue that the professional management of public commercial wealth among central governments could easily raise returns by as much as 3.5%, to generate an extra $2.7 trillion worldwide. This is more than the total current global spending on national infrastructure – for transport, power, water, and communications combined.[5]

In the US, for every 1% increase in yield from the federal government asset portfolio, total taxes could be lowered by 4%. This alone should make every individual citizen, taxpayer, investor, financial analyst, and stakeholder stand up and pay attention. And it should spur demand for action.

As an illustration of the huge difference the governance of public wealth can make, we can look at Panama after the US turned over the management of the Panama Canal Zone in 1977 to the government of Panama. One of the most highly indebted nations in the world at the time now held a potential goldmine. Property within the Canal Zone was an attractive location for many international firms and, in fact, the property value alone at that time was enough to cover Panama's entire national debt. That is, if it had been managed in a professional and commercial way. With a proper focus on value maximization, the Panamanian government could have monetized this attractive asset by renting or selling off attractive parcels. Instead, this opportunity was wasted, with much of the land being overrun by vested interests and used as municipal garbage dumps, informal unregulated housing, and noneconomic military use.[6] In recent years, however, the Panama Canal Authority has become much more efficient and has started to develop the area around the canal, also creating the Colón Free Trade Zone.

Many cities and states in rich countries like the US have similarly mismanaged land holdings that could be an integral part of public finance and used to lower taxes or pay for vital infrastructure. Countries like Greece and Italy, currently in the throes of a financial and fiscal crisis, could use their considerable public assets to help pull themselves out of their bind – without even selling these assets.

Better management is not just about financial returns, but other important social gains as well. Vito Tanzi,[7] an Italian economist, and his co-author Tej Prakash illustrated the misuse of public assets with two examples of schools located in prime property locations, one in Rio de Janeiro, squeezed in between the large hotels on the splendid avenue next to the famous Copacabana beach, and another in the heart of Bethesda, Maryland, established in 1789 when the area was agricultural and the land inexpensive. A relocation of the schools only a few blocks away would bless pupils with a quieter, healthier, and more peaceful study environment. The sale of the more expensive property could be used to hire more teachers.

On top of that, new real estate investment on the current school site would raise national income and tax revenue.

The traditional public sector approach to budgeting almost guarantees the misuse of public commercial assets. Most countries do not have a comprehensive register of public assets (a cadaster). Many governments, be they national, local or regional, would not be able to list, never mind describe, the assets they own and their market value. This makes it difficult to manage these assets in a way that exploits synergies and alternative uses of public assets. Often, decisions are more emotive, such as when, in 1983, President Mitterrand of France decided to move the Ministry of Finance from the Louvre after almost 200 years, to give more space to the Museum of the Louvre.

Alas, all too often, the management of public assets is not conducted in people's best interests. This may come as no surprise in countries where governments are not elected by the people, or are downright kleptocratic. Yet, even democratically run countries rarely take decisions that ideally reflect the people's will or best interests. The institutional governing setup makes all the difference. Greece and Switzerland, for example, are geographically very close and both are democracies. Yet Switzerland, with solid institutions, is one of Europe's richest countries, while Greece is one of the poorest, thanks to dysfunctional institutions.

We argue in this book that democracy has the best chance of working in the public interest when governments are restricted from direct access to public wealth. This does not mean that all wealth must be privatized. The process of privatization itself offers tempting opportunities for quick enrichment, risking crony capitalism, outright corruption, counterproductive regulations, and selling assets at big discounts to placate vested interests.

To some extent, techniques for better management can be borrowed from the best in corporate management. This would include transparency, proper accounting, and realistic balance sheets.[8] We will describe empirical proof that better management techniques make a big difference, and tend to be more common in private firms, especially those that are exposed to competition. Yet, the management of public assets must also work in a political environment, and sometimes respond to social aims beyond financial returns. Much of this book is concerned with analyzing the institutional setups that support the professional governance of public assets by politically steered governments.

The resistance against more commercial governance of public assets shows many similarities with the historical resistance against professional sports. Vested interests long held amateurism in sports as the ideal, until finally, in the early 21st century, the Olympic Games and all the major team sports accepted professional competitors. Today's professionals have taken almost all games to a different level and created a range of multi-billion dollar industries in the process. At the same time, many will probably lament the excesses and misguided incentives that sometimes occur in professional sports. The key in the governance of public wealth is to combine the best of private enterprise management methods with mechanisms that guarantee the pursuit of countries' social aims.

Removing the governance of public wealth from direct government control allows them to concentrate on running their country rather than running a number of public firms. They can then align themselves squarely with consumers and the general public in monitoring performance, and, where needed, implement regulations to attenuate market failures. The holy grail of public commercial asset management is an institutional arrangement that detaches management concerns from direct government responsibility, and simultaneously encourages active governance designed to create greater societal and financial value. Institutional structures that achieve this also help provide a firmer foundation for sound democracy.

In particular, we delve into how some nations successfully manage their commercial assets using professional wealth managers working with a measure of political independence in national wealth funds (NWFs), or similar arrangements. NWFs enable transparency. Debt ratings for these enable independent borrowing that optimizes capital structure and maximizes value. Public listing is also possible, providing the ultimate form of transparency, while broadening the shareholder base and potentially maximizing value to the taxpayer.

Despite the successful examples, only a small percentage of global public commercial assets are managed in these independent and more transparent NWFs, that is, at arm's length from daily political winds. Instead, the vast bulk of public wealth is managed by civil servants inside the government bureaucracy and held in various forms of conglomerates. At best, this is a bureaucratic system designed for handling the allocation of tax money. At worst, it is an arena for political meddling and, occasionally, downright profiteering. Publically owned commercial assets that remain hidden with no transparent economic value are at risk of being whittled away.

The honey trap of public wealth

A common misconception is that a rich state is a strong state. One might think of authoritarian states, such as Russia, where the state controls a third of the local stock market capitalization. Or China, where the government owns four out of five of the Chinese companies on the Fortune 500 list of the world's biggest firms. Yet, while these countries flout powerful state authorities, they can be surprisingly weak in their ability to manage their country in the best interests of the people.[9] For example, 1.2 million Chinese die prematurely every year from air pollution,[10] largely from emissions generated by SOEs.

Some countries with rich and pervasive central governments are what Gunnar Myrdal termed a "soft state."[11] The potential for state action in the common interest is undermined by cadres of state employees who pursue their own agendas. Russia is so much of a soft state that it cannot even produce much economic growth beyond that provided by its oil and gas revenues. At the democratic end of the scale, countries like Brazil find themselves in a similar dilemma, thanks in part to the fact that the state owns a poorly performing third of the country's market capitalization.

In recent decades, many wealthy nations have begun to employ more professional managers and board members in SOEs. But much less progress has been made in establishing professional ownership functions that take responsibility for corporate restructuring, stock offerings for new investments, and other strategic issues. Here, most countries grapple with problems similar to those in Brazil or Russia, but not always as flagrant.

For example, the US Army Corps of Engineers is a federal agency that builds and maintains the infrastructure for ports and waterways. Most of the agency's US$5 billion annual budget goes to dredging harbors and investing in controlling waterway locks and channels, as on the Mississippi River. In addition, the Corps is the largest owner of hydroelectric power plants in the country and manages 4,300 recreational areas, funds beach replenishment, and upgrades local water and sewer systems. The

US Congress has used the Corps as a "pork barrel" spending machine for decades. Funds are earmarked for low-value projects in important members' congressional districts, while high-value projects go unfunded. Unsurprisingly, the Corps has been involved in many scandals, including the levee failures in New Orleans during Hurricane Katrina in 2005, which flooded over 100,000 homes and businesses, led to the deaths of at least 1,833 people, and caused an estimated $100 billion in damage.

Another example is Amtrak, the National Railroad Passenger Corporation, a publicly owned entity operated and managed as a for-profit corporation. Amtrak operates a 22,000-mile nationwide passenger railroad service. Apart from the multiple instances of mismanagement frequently taken up by the GAO, the more costly problem is that state ownership has perverted the democratic process. Amtrak's long-haul routes are deeply unprofitable. Yet maintaining them is necessary for Amtrak to receive the continued support of senators from states that would otherwise lose services. If lossmaking long-haul trains were canceled, Amtrak would serve just 23 states, down from the current 46. That would make it more profitable, allowing it to improve services in areas where it actually has profitable riders. But support from only 23 states is not enough for Congress to keep providing subsidies. Many question why their train tickets often cost much more than an airline flight, despite the more than $30 billion in subsidies Amtrak has received since 1971. This has two important implications. The political deadlock of Amtrak poisons the government's ability to implement an effective railroad or transport policy. Moreover, members of Congress must spend valuable time and energy lobbying to keep Amtrak services to their state.

These examples help illustrate how managing public wealth can pervert democracy, an issue that tends to receive much less attention than the mismanagement of public monopolies. Public wealth within easy reach of governments creates incentives for abuse, for example:

- buying political favors in exchange for lucrative contracts or positions in SOEs
- offering organized interests free access to federal land, or water from public water companies in exchange for political support
- buying the support of unions by allowing higher wage increases in SOEs.

In each of these ways, democracy for the common good degenerates into clientelism. Politicians are rewarded for deftly buying support from various special interest groups rather than enacting reforms that benefit wider public interests. This is the essence of a soft state.

In a clientelist or soft state, governments have little interest in making the management of state assets more transparent. It is hardly an accident that Greece had no consolidated accounts of its considerable state assets, or that the US has no central registry of federal state or local government assets. As long as state ownership stays murky, it is easier for government institutions to distribute favors without scrutiny.

This came back to haunt countries when the financial crisis hit in 2008. No country experiencing financial problems had a remotely true picture of all their public commercial assets. Not only were the assets owned by local or regional governments unknown, but, surprisingly, even central governments had little understanding of their portfolio of assets, its value and yield. Spain and Portugal had both previously pulled together some of their holdings into SEPI (Sociedad Estatal de Participaciones Industriales) and Parpública (Participações Públicas (SGPS) S.A.), respectively, but each held only a fraction of nationally owned assets. Still, this partial consolidation helped to create transparency and save public finances by selling some assets and establishing some creditworthiness with the remainder. Similarly, Ireland set up the National Asset Management Agency in 2009 to manage the bad banking assets from its forced restructuring of the banking sector.

Greece, on the other hand, established a privatization agency with no clout at all. Without a mandate to own any commercial assets, it was reduced to a mere adviser to line ministries, to liquidate assets rather than being allowed to develop and maximize value. With this fragmented approach, ruled by vested interests and crony capitalism, international investors understood that, at best, it would take Greece many years to assess its vast state holdings and be able to reorganize them into productive and valuable assets. What's more, when the government actually produced a consolidated financial review of its commercial asset portfolio, as required by international lenders, publication was stopped.

Those who profit from shady accounting will always argue that revealing the monetary value of public assets will promulgate economistic rather than social aims. We show the opposite to be true. When the value of public assets is revealed, and their managers are told to focus on value creation, then a government can make informed, transparent choices of how much resources to pay SOEs for achieving social aims. Without this transparency, social aims will always be proclaimed by those with selfish agendas.

Even in countries with less outright profiteering, public commercial assets force politicians into a producer mindset. In countries as diverse as Sweden and India, governments have rarely shown any interest in responding to consumer demands for more reliable railway services while being the main owner and provider of train services. Any criticism of state railways threatens to raise questions about government responsibility. As it happens, both countries have mismanaged and grossly underinvested in railroad maintenance for decades. Only when deregulation in Sweden enabled private sector operators to compete did it become politically expedient for the government to pay attention to consumer interests.

This book aims to show that democracy is immensely strengthened when wealth is not at the direct disposal of political control. A strong state is one where politicians must compete with each other over the political agendas intended to promote the common or public interest, rather than competing with promises of dishing out favors that yield access to the public cookie jar.

How countries have removed wealth from political control

In the 1980s and 90s, it became apparent to many that bloated state monopolies often fail to satisfy increasingly sophisticated consumers. Spearheaded by the supply side economics advocated by Ronald Reagan, many countries privatized state firms. Surprisingly, perhaps, the US government only sold a minute share of its public assets. Conrail, a freight rail service, was privatized in 1987, while the Alaska Power Administration and the Federal Helium Reserve were privatized in 1996. The Elk Hills Naval Petroleum Reserve was sold in 1997, and the United States Enrichment Corporation, which provides enriched uranium to the nuclear industry, was privatized in 1998. These were all small entities. More significantly, a number of countries worldwide, including several countries like Sweden under social democratic governments, divested a significantly larger percentage of state assets and began managing remaining state-owned assets more professionally.

Privatization is one way of placing public wealth out of easy reach of politicians. But it also opens pitfalls. If the privatized state firms are monopolies or financial institutions, smart regulation is usually required to force them to act in consumers' best interests. Without well-designed regulation, there may be a backlash in public opinion. The privatization process itself is a challenge in countries prone to corruption and crony capitalism.

Some countries have taken broader steps than simply privatizing a few businesses. The recent book, *Renaissance for Reforms*, analyzed 109 rich national governments and found that when an incumbent government implemented ambitious market-oriented reforms, they were also more likely to be re-elected.[12] Even more surprising, perhaps, is that this reward for reforms tends to be most pronounced for governments seen to be on the left.

In many cases, ambitious market-oriented reforms came in waves, moving slowly from a clientelist political culture toward placing the common good above demands from special interests. A good example of this was Canada in 1993 when Paul Martin was appointed minister of finance in the newly elected center-left Liberal Party government. Canada had been running deficits close to 7% of GDP at the time, and the following year gross national debt exceeded 100% of GDP. Martin realized that real change was needed for the country to reverse its deepening debt spiral. David Herle, at the time an adviser to Martin, and his co-author John Springford, related in the *Financial Times* the difficulties involved in introducing reforms in early 1990s' Canada.[13] According to Herle and Springford, a rare cabinet ally to the minister of finance was Ralph Goodale, minister of agriculture. But their friendship took a turn for the worse when Goodale, raised on the Canadian prairie and representing a wheat-growing Saskatchewan farm district, strongly opposed Martin's proposal to abolish the so-called "Crow Rate" – a system of wheat transport subsidies. What's more, the agricultural minister wasn't the only person upset by reduced expenditures. Large segments of the Canadian Liberal Party resented the reforms, as did many organizations and businesses whose public subsidies were affected. The drastic market reforms were tough medicine for them to swallow.

The Canadian reforms included privatizing several government-owned corporations and instituting more professional management in others. This strategy moved the nation toward what can be described as a new social contract. Short term, these changes seemed to upset several interest groups, businesses, and families. Still, the Canadian Liberal Party won a second term of majority rule in 1997. Following another term of reform policies, it again won the election in 2000. Over this period, the party shifted from describing its growth-oriented reforms as an emergency response to crisis, and instead promoted them as long-term reforms designed to create a better society. *The Wall Street Journal* and the Heritage Foundation have published a report annually on the degree of economic freedom in the world since 1995. Their 2013 Index of Economic Freedom report stated that: "Canada's economic freedom score is 79.4 [out of 100, the theoretical maximum], making its economy the 6th freest" in the world, compared to the 12th place ranking for the US. In 2014, Canada passed the 80 point score level, while still ranked sixth, it joined the highest level of economic freedom – "free."

In other countries that similarly revamped their economies, including Australia and Sweden, reforming SOEs had a much wider effect on the economy than simply improving productivity within each enterprise. When an SOE was either privatized or put under more professional management, it was also natural for politicians to open up the whole sector to competition. This drove structural change, sometimes with dramatic consequences. When telephone companies lost their monopolies, the mobile phone and Internet access markets took off in a way that would not otherwise have been possible.

Privatization is not always necessary to dramatically improve asset management. Even in market-oriented Netherlands, SOEs account for 5% of market capitalization of the local stock market. In 1998, Sweden changed direction and decided to become an active owner of its central government-owned commercial assets, with value maximization as the sole objective, along with proper transparency, appointing professional boards, and setting relevant targets for dividend yield and capital structure on a par with its private sector competitors, aiming to follow national wealth pioneers in Austria and Singapore. After a few years, however, Sweden partially retreated, taking a more hands-off approach to governing SOEs. This is convenient for politicians wanting to avoid taking operational decisions they could be blamed for. Yet it turned out to be insufficient to ensure success.

Without a proper institutional framework and governance allowing for a professional management, or governance, these firms were often left as "orphans." At one end of the spectrum, profitable companies were left with no controls on their surpluses, allowing for uncontrolled investment expansion into foreign markets. At the other end, unprofitable organizations with ballooning operational costs were left unreformed, sometimes serving mainly to provide tax-subsidized employment. As we show in more detail later, better management within SOEs can still lead to spectacular failures if professional governance is neglected.

Toward better governance of public wealth

In our view, the best way to foster good management and democracy is to consolidate public assets under a single institution, removed from direct government influence. This requires setting up an independent ring-fenced body at arm's length from daily political influence and enabling transparent, commercial governance.

A similar international trend has been to outsource monetary and financial stability to independent central banks. A central bank is a deposit for reserves and a source of revenue from profits gained from creating money. Easy cash also renders central banks tempting for politicians seeking a quick fix. In blatant cases, a government will force its central bank to print too much money, eventually leading to hyperinflation. Even in many well-run countries, though, government meddling has consistently led to excessive money creation or excessively low interest rates. Following the inflationary 1970s and 80s, the most common response among OECD countries was to make central banks independent of short-term government influence, vesting the responsibility for the institution with a board, nominated and approved by the legislative branch, or parliament, and given a long-term mandate.

Independent central banks were controversial in many countries when introduced. In particular, trade unions were worried they would punish negotiated wage increases with higher interest rates, and criticized the idea as undemocratic. Over time, however, experience with independent central banks has been positive and has been widely copied.

The main argument in this book is that similar reforms of public wealth governance can bestow significant economic and democratic benefits. We also show how some countries have fared after putting the management of public pensions and assets in so-called "bad banks" out of easy reach of government meddling. A few countries have placed most public wealth in holding companies or funds with remarkable independence. We use the term national wealth funds (NWF) for these institutions for independent governance of public commercial assets. As with independent central banks, NWFs do not offer a watertight guarantee of better management in kleptocratic governments. But they would help most countries that are trying to make their democratic institutions more robust. Even stable democracies stand to gain much from more professional governance of their assets.

This book provides an in-depth look at the economic arguments in favor of governing public commercial assets more effectively and the tools available to do so, while emphasizing the importance of proper regulation. We make head-to-head comparisons between success stories in contrasting systems – Singapore, Abu Dhabi, China, Austria, Finland, the UK, and Sweden – providing a variety of examples for what has worked and what has not. Interestingly, a few Asian countries now have state-of-the-art governance of state assets.

Our proposals extend beyond the governance of just commercial assets. An NWF with sufficient independence from government control could be allowed to rebalance its portfolio and not only help finance infrastructure investments, but also act as the professional steward and anchor investor in newly formed infrastructure consortia. This could mean that an NWF could be a great boon to investment in much needed infrastructure.

In the aftermath of the financial crisis, many countries remain heavily indebted and fettered by fiscal austerity, attempting to restore budgetary balance and thereby economic growth. Policy choice is confined to saving more, either now or later. Structural labor market reforms and competition rules are also on the cards, but these can take years to nudge growth and employment rates in the right direction.

When people describe the economic situation of a country, they often ignore an essential element. Most European countries own huge portfolios of commercial assets, as do both federal and local governments in the US. The value of these public portfolios may be even larger than the corresponding public debts in each country, but governments rarely possess the detailed information needed to understand the extent of their own wealth. Even heavily indebted countries like Greece may be asset rich. This is why we should start asking: "What can public assets do for the economy?"

Index

Numbers in *italics* refer to figures and tables