ECONOMICS OF THE PUBLIC SECTOR

Economics of the Public Sector

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To
Caroline, Emma, Oliver and Thomas

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D.I. TROTMAN-DICKENSON

Foreword

This book on economics of the public sector is concerned with the functions and finance of central government, local authorities and the public sector of industry within the framework of a national economy. The subject is of primary importance to any study of society in which people live.

The theory and practice of public finance presented in this book cover public expenditure, taxation and the national debt. Fiscal policy, with its economic, social and political objectives, is discussed and viewed in relation to monetary policy and prices and incomes policy. International comparisons are made and points are illustrated by examples from the British economy, European Community and other countries.

It is hoped that *Economics of the Public Sector* will serve as a source of information to the general reader, and as a textbook for students in their final year at school and on various courses at institutions of higher education. The bibliography at the end of each chapter is intended to give guidance on further reading. The various publications and books listed deal with topics at different levels and provide a basis for continuation of the study of public finance.

The material in *Economics of the Public Sector* is presented in such a way as to facilitate self-study for part-time students. Exercises at the end of each chapter can be used as a basis for revision.

The subject matter of the book is suitable for use for General Certificate of Secondary Education examinations in Economics as the syllabuses of the examining Boards cover public finance. The book is also appropriate for Business and Technician Education Council (BTEC) and degree courses and also for those leading to qualifications of professional bodies such as the Institute of Public Finance and Accountancy and the Institute of Chartered Administrators.

A large number of tables and diagrams have been provided so as to relate the theory to the real world. Students are advised to examine the economic data and to consider its implications.

Every effort has been made to provide the latest statistics available. In some cases, particularly with the United Nations data, there is a considerable gap between the date of publication and the year to which the figures refer. Nevertheless, even if the data becomes superseded by more recent information, the figures are still of value in indicating magnitudes of

money flows and the dimension of economic problems. Some historical background is also helpful in the study of public sector economics. To understand the present and plan for the future, we need to know the past.