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Preface

This book is intended for second- and third-year undergraduates and postgraduates who are studying the economic basis of public policy and is designed to provide a basic text for a variety of courses concerned with microeconomic decision-making. It assumes an elementary knowledge of the tools of economic analysis (at the level of an introductory course in the subject) but should prove useful to students who are not necessarily economic specialists. The author's main objective is to fill the gap which currently exists between highly specialised and involved works on economic theory and those with a more practical slant, by providing some progression from theory to practice. To achieve this, the book has been divided into three parts, each with four main chapters. Part One considers the theoretical implications of neoclassical welfare analysis, Part Two derives some policy guidelines, and Part Three uses four examples of practical issues to illustrate the ideas developed earlier. Of necessity the material presented is highly selective, and some readers will wish to examine particular aspects in greater depth; there are many more specialised works appropriate for such a purpose, some of which are listed in the bibliography. It is hoped that the present book will provide a useful background against which some of the more esoteric literature can be assessed in a broader context of theoretical and practical issues.

I am most grateful to my husband, Christopher, for preparing the diagrams and for his encouragement and tolerance which have enabled me to combine writing this book with my family commitments. I should also like to acknowledge help from Roger Nellist of the Department of Energy in commenting on Chapter 10, and from John Bates, senior lecturer in economics at Nottingham University, for discussing Part Two, and for inspiring and guiding my original interest in welfare economics.

I hope that this book may help its readers to discover for themselves some of the fascination which I have found in the area of theoretical analysis and public policy.