

ECONOMIC ANALYSIS
and
PUBLIC POLICY.

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ECONOMIC ANALYSIS and PUBLIC POLICY

An Introduction

by

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Preface

THE AIM of this book on economic analysis and public policy is to be at the same time rigorous in analysis, yet meaningful and teachable in content. Our goal has been so to integrate theoretical and descriptive material as to give greater meaning to both. By applying the theoretical analyses to problems of current public policy, we have sought to avoid a sterility that is unfortunately common in introductory economics courses and to give students practice in analyzing the real-world problems of today and the future. Because we have not evaded currently disputed issues, on occasion we may have failed to give a completely objective picture; as pointed out in the text, this failure is an inevitable result of any attempt to analyze complex policy problems, and we do not consider an occasional misstep of this kind serious so far as the usefulness of the material as a point of departure in the classroom is concerned. At times principles have been stated without the many detailed qualifications that would make them strictly accurate; inclusion of all such refinements on an introductory level would serve far more to confuse students than to improve their grasp of the material concerned. On the other hand, rigorous adherence to the fundamentals of scientific method in social study has been a major purpose—straight thinking is surely a paramount goal in any college course.

The book is so arranged that the material flows logically from one part to another. However, if desired, certain parts may be used as separate units, and some shifting of order is quite feasible. For example, teachers interested in emphasizing theory and minimizing "institutional" material may want to skip from Part IV to Part VII. Others may prefer to omit some of the theoretical material and focus attention on the descriptive parts, which would in that case be less meaningful but nevertheless could be effectively taught. Certain chapters can easily be omitted without disturbing the flow of thought; examples are Chapter 34 on "Legal Regulation of Wages and Hours of Work," and Chapter 42 on "Gold and the Price Level."

In a work of this sort the problem of acknowledgments is an extremely difficult one. Over the past several years many members of the Department of Economics at Iowa State College have participated in teaching the various versions of the book as it has grown into being. Their suggestions and criticisms have proved extremely valuable. To list all those who have made valuable suggestions is impossible, but special acknowledgment is due to a few. Mr. Limen Smythe continually made useful suggestions and wrote some of the material in the early phases of the

project. Mrs. Marjorie Hill Smythe contributed many hours and innumerable penetrating comments. Mr. Lloyd Barber's suggestions on the sections on value and distribution theory have been judicious and ingenious. Dr. Margaret Reid has served throughout as a kind of "provoker" to renewed and better efforts. Outside this college staff, several other economists have generously read and criticized portions of the manuscript, and special recognition is due our editor, Dr. E. A. J. Johnson of New York University, whose keen comments, devastating criticisms, and enthusiastic eulogies spurred us on to make changes that greatly improved the text in clarity and teachability. Lastly, the many classes of elementary students at Iowa State College who have served as willing, and unwilling, guinea pigs should perhaps have the greatest thanks of all. To all these we are happy to express our sincere appreciation. We alone, however, are responsible for the material as it now stands, and of course nothing in the book is to be construed as reflecting the views of the Board of Governors of the Federal Reserve System.

The book was started and largely completed as a joint work of the two authors, while both were teaching at Iowa State College, and cross-fertilization of ideas has been an important part of its development. Authorship is fairly distinctly divided, however, with regard to most of the material included. Miss Bowman is largely responsible for the organization and writing of the whole of what is usually termed "value and distribution theory" and of most of the accompanying "institutional" material, comprising the first seven parts of the book, except that Mr. Bach has shared equally in the writing of several of the early chapters of Part I, and of important sections of Part V. For the entire remainder of the book, beginning with Part VIII, Mr. Bach is largely responsible.

M. J. B.

G. L. B.

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