

Cambridge University Press

978-0-521-35695-4 - An Introduction to Modern Welfare Economics

Per-Olov Johansson

Frontmatter

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This book on welfare economics is primarily intended for undergraduates and non-specialists. Concepts such as Pareto optimality in a market economy, the compensation criterion, and the social welfare function are explored in detail. Market failures are analysed by using different ways of measuring welfare changes. The book also examines public choice, and the issues of provision of public goods, median voter equilibrium, government failures, efficient and optimal taxation, and intergenerational equity. The three final chapters are devoted to applied welfare economics: methods for revealing people's preferences, cost-benefit analysis, and project evaluation in a risky world.

The book is intended for introductory and intermediate courses in welfare economics, microeconomics, and public economics. It will also be suitable for courses in health economics, environmental economics, and cost-benefit analysis, as well as those undertaking project evaluations in government agencies and private firms.

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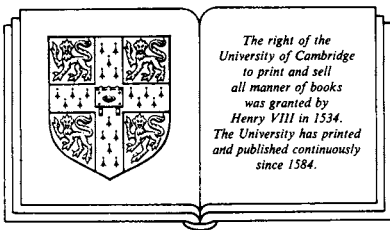
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Preface

There are several strong textbooks on welfare economics, such as *Welfare Economics* by Boadway and Bruce, and *Applied Welfare Economics and Public Policy* by Just, Hueth, and Schmitz, just to mention two recent works. However, these are principally intended for advanced courses in welfare economics. In contrast, this book is intended for undergraduates. The reading is greatly facilitated if the student has completed an introductory course in microeconomics. As a service to the reader, I present basic parts of the economic theory of household and firm behaviour in an appendix at the end of the book. Parts of the book, notably a few sections of chapter 4 on measuring welfare changes and chapter 9 on cost-benefit analysis may seem a bit difficult, but have been included because my aim has been to cover the state of the art. The hope is that the book will turn out to be useful not only in education, but also for those working with cost-benefit analysis and similar evaluation techniques at government agencies and private firms.

I am grateful to Magnus Henrekson, Bengt Kriström, Stefan Lundgren, Karl-Göran Mäler, Henry Olsson, and Jörn Stage for helpful discussions and comments upon an earlier version of the manuscript. The publisher's (anonymous) referee has done a splendid job, and contributed significantly to improving the quality of the manuscript. My special thanks must go to Eva Uddén-Jondal. The discussions we have had on the manuscript and her detailed comments and suggestions have been of invaluable importance for the completion of this work. Miriam Culjak made the manuscript readable by scrutinizing the language. Parts of the manuscript were written while I was at the Trade Union Institute for Economic Research, Stockholm. I am grateful to Susanne Seinemo at the Institute for her excellent work with typing the manuscript. Finally, my warm thanks to Marie Hammarstedt who greatly simplified life for me, and also typed the first draft of the manuscript, while I was a Professor at the Department for Forest Economics, Swedish University of Agricultural Sciences, Umeå.

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In spite of all the help that has been provided by outsiders, there are undoubtedly errors, flaws, and ‘Scandinavianisms’ remaining. As a matter of good form, I remind the reader that they are the responsibility of the author.

P.O.J.