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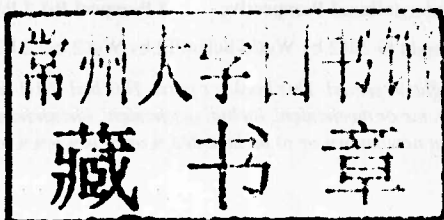
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PUBLIC FINANCE

AN INTERNATIONAL
PERSPECTIVE



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An International Perspective

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Preface

The first decade of the twenty first century has brought public finance into prominence. Always a concern in developing and emerging market countries, the Financial Crisis and subsequent global downturn in 2009 made fiscal policy a prime concern among countries at all income levels. With monetary policy of limited help in addressing a recession triggered by falling asset prices and rising debt burdens, countries turned to tax cuts and expenditure increases to support demand and cushion the decline in employment. The resulting budget deficits caused public debt levels to soar, particularly in advanced economies. Adding to the fiscal pressures resulting from aging populations, many of these countries faced strong pressures to curb future debt increases. By mid-2011, several countries had introduced controversial programs to restrain public debt over the medium term. Others were debating the proper mix of spending cuts, revenue increases, and restraints on pension and health programs to address future debt problems while maintaining an appropriate level of public services and protection for vulnerable groups.

This book is designed to address the need for a better understanding of public finance. Based on courses delivered at Singapore Management University, the text incorporates examples from a variety of countries in different regions and at different income levels. Although some mathematics is inevitable in explaining such topics as fiscal (public debt) sustainability, the goal has been to minimize the technical demands on readers and focus on policy issues. Thus, this book should be suitable for students at the master's and upper undergraduate levels, as well as civil servants interested in enhancing their understanding of public finance. Besides limiting the use of jargon, the book contains an extensive glossary that defines most of the technical terms used.

Writing a book is always an extended undertaking, and thanks are due to many people who contributed to its realization. I would like to

thank professors Wallace Oates, Harvey Brazier, and Mancur Olson, for demonstrating the excitement and relevance of public finance; former colleagues at the International Monetary Fund, and particularly the IMF Institute, the IMF's department for training, for providing an opportunity to develop and refine training programs on public finance issues; Singapore Management University and former Dean Roberto Mariano, for offering the chance to develop master's level courses reflecting my views on how the subject should be taught; Eugene Steuerle, William Gale, Mukul Asher, Parthasarathi Shome, Phua Kai Hong, Eduardo Ley, Angel Antonaya, and Ling Hui Tan, for sharing insights on public finance issues; Max Phua of World Scientific Publishing, for his willingness to undertake publication of this book; and several professional colleagues who reviewed a preliminary version of the text. I also want to acknowledge the World Bank and International Monetary Fund for granting permission to reproduce a chart and several tables from World Bank and IMF publications. Finally, I would like to thank my children, Ashira and Alex, for their support, and particularly my dear wife, Dara, who encouraged me to see this project to completion and patiently endured the many hours I needed to draft and revise the text. This book is dedicated to her.

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