PREFACE TO THE SECOND EDITION

This booklet is an attempt to deal systematically with a number of problems of economic policy. On the one hand the attempt consists of a distinction between the various classes of variables characteristic of the problems of economic policy and of a mathematical formulation of the type of problems involved. It appears that the interesting point from the theoretical side consists in the presence of three classes of variables and their interplay. The theoretical developments are illustrated by numerical examples used in government planning in the Netherlands Central Planning Office.

It is further attempted to supply a systematic survey of the various types of economic policy from simple every-day decisions to social and economic reforms.

The mathematical techniques used are with few exceptions confined to the simple algebra of linear equations.

The core of the theory presented is nothing but an application of the notion of "decision models" as introduced by Ragnar Frisch, and the author feels deeply indebted to their inspiring force. Many of the ideas developed are the result of stimulating discussions with a number of members of the staff of the Central Planning Office. To them he also wants to express his thanks.

I want to express my thanks to Professors Tj. C. Koopmans and H. Theil as well as to Messrs L. Becker, W. Begeer and M. L. Gupta for having drawn my attention to some errors which have been corrected in this edition.