

CONTENTS

General introduction	v
List of figures	xvii
List of tables	xix

Part I – General theory

Chapter I. A system of definitions

A. Introduction	3
B. Economic frameworks	3
C. Economic policy	9
D. The complete system of economic policy concepts	11
E. Policy-makers and their aims	11
F. Objectives	17
1. Definition	17
2. Classification	17
3. Pure objectives	18
4. Social welfare and other resource-consuming objectives	19
5. Quasi-objectives	23
6. Combined objectives	26
7. Formulation of targets	27
8. Achievements	28
9. Objectives as translations of aims	29
G. Instruments	29
1. Definition	29
2. The categories of instruments	29
3. Constraints	31
4. Sanctions	32
H. A warning on differences between our model and real life	32
1. The idealized picture	32
2. Real and hidden aims	33
3. Characteristics of parties and of policy-makers	34

4. Conflicting or insufficient advice by economists	35
Appendix 1. Comparison between Tinbergen's terminology and ours	37
Appendix 2. Political parties in the West	38
Bibliography	44
<i>Chapter II. Objectives, targets and achievements</i>	
A. Introduction	45
1. Purposes of the chapter	45
2. Targets	45
3. Achievements	51
4. Comparison between targets and achievements	51
5. Structure of the chapter	53
Bibliography	54
B. Pure economic policy objectives	55
Objective 11: Full employment	55
Objective 12: Price stability	63
Objective 13: Expansion of production	70
Objective 14: Increase in leisure time	75
Objective 15: Distribution or redistribution of income by size	79
Objective 16: Reduction of regional disparities	89
Objective 17: Protection of specific branches or industries	105
Objective 18: Improvement in size of population	107
Bibliography	115
C. Social welfare and other resource-consuming objectives	118
Objective 21: Defence	119
Objective 25: Aid to less developed countries	122
Objective 27: Improvement of passenger transport	126
Bibliography	132
D. Quasi-objectives	134
Objective 31: Balance of payments equilibrium	134
Objective 32: Security of supply	159
Objective 33: Promotion of international division of labour	160
Objective 34: Promotion of internal competition	165
Objective 35A: Industrialization	174
Objective 35B: Modernization	179
Objective 36: Promotion of investment	185
Objective 37: Promotion of collective consumption	187
Bibliography	191
E. Comparison between targets and achievements	193
1. Introduction	193
2. The influence of achievements on welfare	193
3. Intercountry comparisons	196
4. East-West comparison	209

Appendix 1. Statistics	213
Bibliography	236
Appendix 2. Non-numerical targets	238
Bibliography	243
Appendix 3. Some related topics on objectives	245
Bibliography	246
Appendix 4. Statistical study of comparable objectives	247

Chapter III. Interrelations between objectives

A. Welfare, possibilities and preferences	258
1. The economic choices of the individual	258
2. The choices of the interest group	260
3. The choices of the economist	261
4. The policy-maker's choices	262
5. The economic adviser's choices	263
B. Possibility functions	264
1. Certain types of conflict	264
2. Other possibility relationships between objectives	269
3. The compatibility of objectives in the West	271
4. A few instances of conflicts in eastern economies	275
C. Preference functions	276
1. Preference functions obtained through econometric analysis	276
2. Preference functions derived from enquiries	278
Appendix 1. Description of an enquiry among Belgian policy-makers	283
Bibliography	288

Chapter IV. Frameworks, mechanisms and instruments

A. Purpose of this chapter	290
1. Similarities	290
2. Differences	291
3. Coexistence	293
B. Differences in institutional frameworks: The problem of ownership and control of the means of production	293
1. Capitalist private ownership	293
2. Socialist state ownership	294
3. Present relationships between economic agents in the West and in the East	295
4. Psychological attitudes of the employee linked to ownership	298
C. Contrasts of certain important economic mechanisms	299
1. Introduction	299

2. Market and planning	299
3. Income distribution	306
4. The distribution of wealth	309
D. Instruments	310
1. General classification of instruments	310
2. Public finance	313
3. Credit	317
4. Exchange rates	319
5. Direct controls	327
6. Instruments for the reduction of regional disparities (objective 16)	328
7. Instruments used in some western countries against capital inflows	331
E. Problems of coexistence	333
1. The stability of the systems	333
2. From the cold war to economic competition and to joint ventures	334
3. Convergence?	335
Appendix 1. Further comparisons between mechanisms for international cooperation	337
Appendix 2. Yugoslav economic policies	341
Bibliography	347
<i>Analytical index</i>	349