Preface

Good Public Economics depends on good empirical information and analysis. These, in turn should be related to theory (Stern, 2003, p.13).

The above quotation describes best the purpose of the Companion to Public Economics: Empirical Public Economics. The intent was not to elicit new contributions, although we did, but rather to organize the existing literature in such a way as to spotlight the findings as they bear on the public sector issues that the theoretical models were constructed to address.

As every student of public economics knows, empirical testing is held hostage to data availability and its accuracy. The findings are shaped as much by the underlying theory and its structure, its assumptions, as by the technique employed in testing the theory. Empirical testing of hypotheses in economics, especially over the past 10 years, has undergone a great deal of change. Findings reported earlier had to be revised or discarded while others survived the acid test of empiricism. The empirical findings reported in this volume will be subject to scrutiny and revisions as time goes by and as new econometric techniques develop. Nonetheless, they offer students of public economics a framework for assessing the validity of postulates about public sector behavior, to sort out those that have survived the test of time (Wagner’s Law), from those where the jury is still out.

This volume is dedicated to two special scholars in the field of public economics: Professor Richard A. Musgrave and Professor Sir Alan Peacock. I was fortunate enough to be a student of Professor Musgrave at the University of Michigan. I was also privileged to know Professor Peacock during my research tenure at Brookings and at York University where Professor Peacock taught. Contributors to this volume share with me this dedication. We hope that by this dedication we repay, even in a small way, our debt of gratitude to Professors Musgrave and Peacock for making the field of public economics vibrant and exciting for students to pursue.

Attiat F. Ott