

BOOK REVIEW

Title : *Modern Public Finance : Theory and Practice*
Author : *D.M. Mithani*
Publisher : *Himalaya Publishing House, Mumbai, India*
Year : *1998*
Reviewer : *Sulaiman Mahbob*

Modern Public Finance written by Dr. D.M. Mithani, and recently published in India, is another addition to the literature on public finance. Mithani elaborates his discussion on public finance theories and concepts, taking examples mainly from India. Not only has the author included traditional areas of public finance such as analysis of the role of government, effects of taxation and expenditures and social cost-benefit analysis, he has also incorporated issues on debt management and federal finance as well as fiscal policy. The latter concerns are pertinent issues to developing countries such as Malaysia.

In discussing the subject, Mithani, as expected, has drawn upon not only traditional viewpoints from earlier authors such as Keynes, Hicks, Pigou and Musgrave, but he has also updated us with recent views such as those of Adolf Wagner, and incorporated concerns such as supply-side economics.

The book should be welcomed by public finance students as it provides a more recent and updated discussion on the subject. The last good and comprehensive treatment of the subject was by Musgrave and Musgrave (1973), which became a textbook for many public finance courses in the seventies and eighties.

Mithani has elaborated in good detail on the role of fiscal policy in national economic management, particularly on the need for coordination on fiscal and monetary policies. It is difficult to get a coordinated view, as fiscal policy is often subjected to political influences. Mithani could however have ventured further by elaborating on the changes taking place around the world, on the need to deregulate and liberalise as well to down-size the public sector by undertaking privatisation—this is done in order to let the private sector be the engine of economic growth.

It is also a somewhat regretted that the author has heavily emphasised on the Indian experience. However, this is quite understandable; perhaps he wanted to meet the needs of those interested in the subject, specifically those in India. With the strong presence of the government in the economy of many developing countries, it would be beneficial to readers if Mithani had brought in experiences from a few other developing countries, such as Malaysia, for which much data is available. If he had done so, the book would readily find a market as a textbook in many other countries.

Notwithstanding the above comments, I think it is a good book that will be useful to students and instructors of economics and political economy and those interested in public management in developing countries. This is in view of the book's wide coverage of the various dimensions of public finance.

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